

# Guidelines for Dzongkhag Development Grant (DDG) -July 2016

## 1. Introduction

In line with Article 22 section 18 (C) of the Constitution of the Kingdom of Bhutan, the Royal Government has introduced the system of “**Dzongkhag Development Grant**” (DDG) to further promote *Wangtshe Chhirpel* thereby enabling the Local Governments to respond to the specific needs and priorities of Local Governments. Therefore, for efficient and effective utilization of the grant by the Local Governments to generate maximum social benefits, the Government hereby issues the Guidelines.

## 2. Objective

The main objective of the DDG is to:

- i. Further deepen *Wangtshe Chhirpel*;
- ii. Empower Local Governments in the utilization of the grant for funding priority activities of the respective Dzongkhags; and
- iii. Promote transparency, accountability and ownership in the use of the public resources.

## 3. Scope and use of the grant

- i. There shall be a grant of Nu.7 million (Ngultrums seven million) only per annum for each Dzongkhag;
- ii. The Grant shall be used for funding one or more activities that would **strengthen economy** and generate employment, income and benefit the LGs/communities;
- iii. The grant *may* be used to supplement the planned programmes, if the funds secured for the planned program is insufficient.
- iv. Based on the priority, up to 10% of the grant *may* be used for activities related to preservation and promotion of cultural heritage;
- v. *May be used for immediate minor restoration works;*

vi. Shall not be used for financing:

- a. *Recurrent expenditure of the Dzongkhag/Gewog;*
- b. *Purchase of vehicles, contributions and donations;*
- c. *Celebrations and gatherings, political campaigns, offerings, games and sports;*
- d. *Programs and activities that conflict with existing government policies;*
- e. *Investment in shares, deposits, etc.; and*
- f. *Activities that benefit only individuals and individual households other than disaster.*

#### 4. Approval of Activities

- i. The Dzongkhag Administration shall submit activities proposed under DDG to the Dzongkhag Tshogdu (DT) **for approval.**
- ii. The activities **approved** by the **DT** shall then be implemented by the Dzongkhag Administration.

#### 5. Budget Process

- i. The Grant shall be kept in the annual budget of the Dzongkhag Administration under a separate Financing Item Code (FIC);
- ii. The total expenditure shall not exceed the maximum grant amount allocated in a financial year;
- iii. Once the activities are **approved** by the **DT**, the Dzongkhag Administration shall request the Department of National Budget (DNB) for incorporating the specific activities in the Multi-Year Rolling Budget (MYRB);
- iv. The budget incorporation shall be processed only if the activities are in line with DDG guideline; and
- v. Any un-utilized fund at the end of the financial year shall lapse and will not be carried forward to the next Financial Year (FY).

**6. Fund Release, Procurement and Accounting**

Fund releases, procurement and accounting shall be as per the Financial Rules and Regulations (FRR) and the Procurement Rules and Regulations (PRR) of the Government.

**7. Monitoring**

- i. The Dzongkhag M & E Committee shall monitor the progress and quality of the activities;
- ii. The Dzongkhag Administration and concerned elected LG members must institute proper monitoring and asset inventory mechanism of DDG Activities and *information must be made public.*;

**8. Accountability**

The Dzongkhag Administration shall be accountable for all the activities implemented under the DDG.

**9. Auditing**

The Royal Audit Authority shall audit the accounts as per existing practice.

**10. Amendments**

Amendments to the guideline, if any, shall be made by the Ministry of Finance.

**11. Interpretation**

Ministry of Finance shall be the final authority for interpretation of the provisions of this guideline.

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