

**GUIDELINES FOR IMPLEMENTATION OF THE GEWOG  
DEVELOPMENT GRANT**

## **1. Introduction:**

Towards strengthening the decentralization process and good governance at the grass roots level, the Government has initiated a system of **Gewog Development Grants (called ‘Grant’ hereinafter)**. The Grant shall be provided over and above the regular budget provided to the Gewogs.

The Gewogs, which are in the best position to know the diverse and specific local needs and priorities, would benefit from this Grant by enjoying discretionary choice and flexibility in allocation across a range of sectors and activities. This will, in turn, allow them to make more independent decisions and enhance participation in the local development process.

The Grant shall also help to bridge the resource gap faced by the Gewogs in implementing the planned activities within the annual budget. Such flexibility would not only enable the Gewogs to achieve their plan targets, but also help in facilitating quicker public service delivery.

## **2. Objective**

The primary objective of establishing the Grant is to achieve “**Wangtse Chirphel- Prosperity for All**” by empowering Gewogs with greater financial flexibility. By providing additional resources over and above the regular budget, it is also aimed to help promote and achieve balanced and equitable socio-economic development.

### 3. Amount, scope and criteria for the Grant

The grant:

- i. Shall comprise maximum of Nu.2 million per annum per Gewog;
- ii. Shall be used to create income and employment generating programs and activities in the Gewog;
- iii. May be used to co-fund developmental activities covered by the annual budget;
- iv. May also be used to fund immediate disaster relief activities;
- v. Shall cover activities that benefit the communities;
- vi. Shall cover and benefit all chiwogs broadly;
- vii. Shall not be used for financing:
  - a. *Normal operational/recurrent expenditure of the Gewog Administration;*
  - b. *Purchase of office vehicles;*
  - c. *Acquisition of land and buildings;*
  - d. *Contributions and donations;*
  - e. *A project or any part thereof which involve personal awards to any person in cash or in kind and buying shares, purchase of CGI sheets & barbed wire fencing, and providing scholarships, to an individual;*
  - f. *Celebrations;*
  - g. *Political campaigns;*
  - h. *Programs/activities that conflict with existing government policies.*

#### **4. Budget process:**

- i. The Grant shall be kept in the Gewog budget on annual basis under a separate Financing Item Code (FIC).
- ii. The Grant shall form part of the annual national budget.
- iii. The total cost of the activities funded by the Grant shall not exceed Nu.2 million per annum.
- iv. All activities under the Grant shall be deliberated upon and endorsed by the GT after consultation with the general public of the Gewog in a zomdue.
- v. Upon approval by the GT, the Gewog administration, through the Dzongkhag Budget/Accounts Officer, shall write to the Department of National Budget (DNB) for creation of activities in the Multi Year Rolling Budget (MYRB);
- vi. The Gewog shall have full autonomy to carry out re-appropriation from one existing activity to another existing activity under the Grant upon GT's endorsement. However, for re-appropriation to a new activity, the Gewog, upon GT's endorsement, shall request the DNB for creation of the new activity in the MYRB system.
- vii. Any unutilized portion of the grant shall not be carried forward to the next financial year. Cases of spill-over activities and unutilized funds shall be dealt with as per existing practice.

**5. Fund release and accounting:**

- i. Fund releases shall be made as per the financial rules and regulations-2001 (FRR-2001).
- ii. Public Expenditure Management System (PEMS) shall be used for recording all fund releases and accounting transactions.
- iii. All the disbursement shall be made by the respective Gewog Administrations.
- iv. The Gewog shall maintain records and books of accounts as per FRR-2001.

**6. Procedures for implementation of activities under the Grant:**

- i. All the activities under the Grant shall be implemented in accordance with the established Government rules and regulations.
- ii. The activities shall be implemented directly by the Gewog.
- iii. The Dzongkhag Administrations shall provide technical backstopping for the implementation of activities to the Gewogs.

**7. Transparency in the utilization of the Grant:**

- i. The Ministry of Finance shall confirm via the budget presentation in the Parliament, the actual amount budgeted and made available for the Grant.
- ii. The Gewog Administration shall submit an annual report on utilization and status of their Grant to GT, DT and the Ministry of Finance.

## **8. Monitoring**

- i. Concerned Dzongkhag Administrations shall carry out monitoring and review of the activities under the Grant at least three times during the project period , i.e., at the start, mid way and end of the project.

## **9. Custodian of assets created:**

- i. It shall be the responsibility of the beneficiaries to maintain the assets created through the Grant.
- ii. The Gewog Administration shall maintain an inventory of all assets created under the Grant.
- iii. The ownership of the assets so created shall vest with the Gewog and any transactions, disposal, sale or transfer of such assets shall be in accordance with the applicable rules and regulations.

## **10. Accountability:**

- i. The Ministry of Finance shall be accountable for ensuring the timely release of funds to the Gewogs.
- ii. The GT shall be accountable for the selection and overall benefit or lack thereof with respect to funds distributed under the Grant.
- iii. The Gups shall be accountable for timely disbursement of funds and implementation/execution of the Grant activities in accordance with the applicable rules and procedures.

**11. Auditing:**

- i. The Dzongkhag internal auditor shall conduct periodic review of the accounts of the Grant-funded activities.
- ii. The Royal Audit Authority shall audit the accounts relating to the Grant as per the auditing practice.

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