

Public Financial Management Multi Donor Fund (PFM-MDF) Financed Strengthening Public Financial Management Project



PFM-MDF Bhutan Public Financial Management
Multi Donor Fund

Project Overview

Background

Public Financial Management Multi Donor Fund (PFM-MDF) Project was instituted in 2017. It is a five-year project. The main objective of the project is to contribute to further improvement in the efficiency, accountability and transparency of PFM systems in Bhutan, building upon the reforms already undertaken and furthering the reforms that are in process of implementation. The project aims to support the RGoB's priority areas and key gaps identified in the 2016 PEFA assessment.

The project is funded by the European Union (EU) and the Austrian Development Agency (ADA). The PFM-MDF is administered by the World Bank. The DPA is the coordinating agency for implementation along with other Implementing Agencies which include the PPD, PMDD, DNB, DRC, CCA, DMEA, HRD in the MoF, AASBB, RAA and the two Parliamentary Committees.

Project Components:

The project has 2 components with sub-components:

Component 1: Strengthening PFM Legal and Institutional Framework

This component will support the RGoB's objective of strengthening tax collection and budget documentation through the following sub-components:

Sub-component 1a: Setting the legal and operational environment and developing a roadmap for the GST Introduction.

Sub-component 1b: Improving Budget documentation, analysis and classification through enhanced focus on gender and climate change.

Component 2: Strengthening Budget Execution and Oversight Capacities

This component has four sub-components:

Sub-component 2a: Strengthening Public Procurement Systems including automation

The activities under this component are Design and Implementation of Electronic Government Procurement (eGP).

Sub-component 2b: Improving Accounting and Reporting Systems

The objective of this component is to enhance financial management systems and standards in order to promote good financial management in the public service. This component will support the following activities:

- i) Strengthening of PFM processes and information systems and their integration for moving towards IFMIS
- ii) Implementing cash basis IPSAS

Sub-component 2c: Strengthening Internal Controls and Accountability Institutions

This component will support the following activities:

- i) Enhancing Internal Audit Effectiveness
- ii) Supporting AASBB on implementation of accounting and auditing standards and establishment of professional accountancy organization
- iii) Capacity Building of Parliamentary Committees

Sub-component 2d: Capacity development in PFM

This sub-component will support capacity building in PFM of RGoB officials deputed at national and sub-national levels across the country, with adequate participation of women officials.

Project Beneficiaries

The key beneficiaries of the project will be the MoF and its Departments and oversight bodies like the Royal Audit Authority (RAA), and the Parliamentary Committees (Economic & Finance Committee and Public Accounts Committee)

