



དངུལ་ཅེས་ལྷན་ཁག།  
**ROYAL GOVERNMENT OF BHUTAN**  
**MINISTRY OF FINANCE**  
**TASHICHHO DZONG**



ཨང: དངུལ་ལྷན་/བཅའ་ཡིག་- འབྲུས་/༢༠༠༩/ 4642

དགའ་ཤོས་རྫོང་བདག་དང་ཀའོ་ཡོངས་ལཱ།

ལུ་འོན་ དེ་ནི་ ལྷི་ལོ་ ༢༠༠༩ ཟླ་ ༣ པའི་ཚེས་ ༢༥ འཕྲིན་འཛོགས་གནང་མི་ ལྷན་ལྗས་  
 གཞུང་ཚོགས་ཐེངས་ ༣༥ པའི་ནང་ལས་ ལྷོས་ཚོད་རྒྱབ་ཡོད་པ་བཞིན་དུ་ འདེམས་ཁེངས་གོང་འཕེལ་  
 གནང་གྱིན་གྱི་བཅའ་ཡིག་དེ་ མཉམ་སྲུགས་ལུ་ལ་བཏང་ཡོད་པ་དང་ འབྲེལ་ཡོད་རྫོང་ཁག་དང་ཆེད་འོག་ཚུ་གིས་  
 གནང་གྱིན་གྱི་མ་དངུལ་ ལག་ལེན་འཐབ་པའི་སྐབས་ལཱ་ བཅའ་ཡིག་འདི་གི་འོན་ཚན་ཚུ་དང་ དམ་ཟབ་སྡེ་  
 འབྲེལ་ཏེ་ ལྷག་ལཱ་གནང་དགོ་པའི་བསྐུལ་མ་ལུ་བམ་ཁྲེན། ཞེས་ལྷི་ཚེས་ ༡༥/༠༩/༢༠༠༩ ལཱ་

ལཱ།

*(Signature)*  
 ལྷན་ཚོགས་འཛིན་པ།

འབྲེལ་ལཱ།

- ༡) ལྷན་ལྗས་གཞུང་ཚོགས་ཀྱི་དགའ་ཤོས་དྲུང་ཚེན་མཚོགས་ལཱ།
- ༢) རན་ལྷན་བཀག་བཟོམ་ལྷན་ཚོགས་ཀྱི་དགའ་ཤོས་ལྷི་འཛིན་མཚོགས་ལཱ།
- ༣) ལྗས་གཞུང་ཅེས་ཞེབ་དབང་འཛིན་གྱི་ཅེས་ཞེབ་སྤྱི་ལུ་ལཱ་མཚོགས་ལཱ།
- ༤) ལྗས་ཡོངས་དགོའ་སྤྱི་དཔལ་འཛོམས་ལྷན་ཚོགས་ཀྱི་དྲུང་ཚེན་མཚོགས་ལཱ།
- ༥) དངུལ་ཅེས་ལྷན་ཁག་འཆར་དངུལ་ལས་ཁུངས་ཀྱི་མདོ་ཚེན་ལཱ།
- ༦) དངུལ་ཅེས་ལྷན་ཁག་དམངས་ཅེས་ལས་ཁུངས་ཀྱི་མདོ་ཚེན་ལཱ།

## **CONSTITUENCY DEVELOPMENT GRANT (CDG)**

### **INTRODUCTION**

The Constituency Development Grant (CDG) is established by the Royal Government as a separate budget head in the annual budget (herein after referred to as the Grant) to be placed at the disposal of the Members of the National Assembly (MNA). Its primary purpose is to deepen and strengthen democracy by establishing a basis for direct and regular interaction between the MNAs and their constituencies. It is aimed at ensuring that the government elected by the constituencies does not become distant and estranged from the realities of life in the communities.

The Grant shall support decentralization, strengthen local governments and provide communities with access to small funds that are flexible and able to meet emergent and unplanned needs expeditiously. It is so designed as to promote innovation, community vitality and self help. At the same time, the highly visible nature of the limited fund and the competition for it is expected to compel imagination and judicious decision-making on the part of the MNAs while giving the voters the opportunity to assess the merit of their representatives.

It may, however, be mentioned that just as democracy itself is failing in many nations, the CDG scheme or its derivatives are failing in some countries, not because of their inherent faults but because they have been manipulated and mismanaged. The CDG shall be implemented in Bhutan with noblest intentions and implemented with adequate measures and safe-guards to ensure that it truly strengthens Bhutan's unique democracy and the people it must serve.

#### **1. Goal:**

The goal of the Grant is to help promote the highest level of good governance within the parliamentary democratic system by MNAs who are competent, responsive and directly accountable to the voters. This goal shall be pursued without compromising the legislative role of the MNAs or the principle of the separation of the three branches of government.

## 2. Objectives:

1. To cause legislators to stay close and be accessible to the constituencies while ensuring that they remain human centered, knowledgeable, sensitive and responsive to grass-root needs even as they live in the capital and must maintain a national perspective,
2. To give MNAs the capacity for direct and prompt response to various emergent, unforeseen or unplanned needs of their constituencies through small but very useful and flexible funding. *(This will require legislators to assess requests, grant (approve) funds, and oversee activities. In the process, the MNAs will undertake and inspire creativity, innovation and enterprise in order to maximize the benefit of their small funds. This also gives them the opportunity to acquire valuable leadership skills),*
3. To give to the local governments and communities easy and convenient access to a constant and assured source of funding outside the normal budgetary framework.
4. To create synergies of partnership between the local leaders and the MNAs, both of whom are elected largely on a development platform, for the creation of sustainable goods and services within the community through innovative and self-help mechanisms.
5. To create reasons and bases for trust, understanding and cooperation among central government, local governments and the MNAs as opposed to acting as competing rivals. The dangers of conflict among them at this early stage of democracy are real and could threaten its integrity in the long run.
6. To compel and enhance the constitutional purpose of good governance through ‘check and balance’ and the principle of ‘separation of power’. *(The Grant will create mutual dependence and compel the MNAs and local leaders to work closely and openly with each other while keeping themselves abreast of all activities in the constituency since Grant activities must take into account all other developments in the area. It will persuade MNAs to attend Gewog Tshogdeys (GT) and Dzongkhag Tshogdus (DT) meetings as observers and elevate the quality of deliberations in these local bodies which in turn will promote transparency, accountability and informal oversight opportunities).*

7. To enable voters to be familiar with their own MNAs beyond their rhetorical/ intellectual skills in parliament and to ensure that it is the true spirit of 'free and fair' elections that prevails in the elections by providing voters a clear basis for choice of individual MNAs or candidates aside from 'party performance'. *(The Grant does not give the incumbent MPs any electoral edge over new comers. Instead, with the responsibility to distribute a highly visible but small resource among many competing demands, the MNAs will be forced to take hard decisions, with beneficiaries taking what they receive as their right and the rest feeling deprived and aggrieved. In a small, miniscule way, the Grant brings the legislature to the grass-roots and exposes the MNAs directly to the expressions and venting of powerful sentiments of the people).*

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

The grant shall:

1. comprise of a sum of Nu.10.00 million per constituency for a period of five years or Nu 2.00 million per annum.
2. be placed at the discretion of the MNA.
3. be used to fund activities which are not covered by the normal budgetary programmes.
4. encourage socio-economic innovation and community asset creation in areas such as advancement of women and children, poverty alleviation, skills development, community vitalization and cooperation, environmental preservation, sustainable energy, cultural promotion etc.
5. ensure that any activity funded by the Grant must benefit a minimum of ten *gungs*,
6. be used to fund at least ten activities over a period of five years,
7. not be used to finance activities listed below:
  - a. Recurrent expenditure,
  - b. Construction and renovation of Gewog office buildings and government staff quarters,
  - c. Purchase of vehicles,
  - d. Acquisition of land and buildings,

- e. Contribution/donations and
- f. Supplement activities funded by the government under regular programmes.

**4. Budgetary process for the Grant:**

1. The Grant shall form a part of the National Budget.
2. The Grant budget shall be maintained in the Department of National Budget (DNB) and shall be transferred to the Gewogs as and when requested by the Dzongdag based on the approval of the MNA.
3. The Grant may be adjusted to the extent of lapsed amount at the end of a financial year to enable the completion of on-going activities.

**5. Procedure for request and approval of grants:**

1. The MNA shall announce publicly to his/her constituency the availability of the fund, its actual amount and the period within which it is available. He/she shall also inform the public periodically of the changes in the funding position.
2. The MNA shall inform and advise his/her constituency of the specific criteria and time frames for the submission of grant proposals and their implementation schedules by interested parties.
3. The MNA may make known his/her own innovative project ideas, if any, that he/she wishes to recommend to the local leaders/communities. Such projects, if accepted by the beneficiaries, must then be owned by the beneficiaries themselves and the MNA shall have no part in its actual execution.
4. The MNA shall hold preliminary discussions on project ideas and general areas of need with the Dzongdag, GTs and any interested civil society organization (registered NGO) in order that some general understanding can be reached on the areas and the amounts that the MNA is in a position to support.
5. Regardless of how or where the project ideas originate, all proposals must be deliberated upon and endorsed by the GT and submitted to the MNA through the Dzongkhag Administration vide a stipulated **form** which may be improved from time to time. It is imperative that the process for

endorsement and recommendation by the GT and the Dzongdag is completed expeditiously.

6. A proposal that is recommended by the Dzongdag will become eligible for the Grant and shall generally receive the due approval of the MNA.
7. In the event a GT or the Dzongdag does not recommend a proposal, due reasons shall be given to the concerned community or NGO.
8. The approval of Grant by the MNA shall be conveyed in writing to the Dzongdag with copies to the Gup, the Ministry of Finance (MoF) and to any other concerned party.
9. Upon receiving the Grant approval letter (**form** annexed), the Dzongdag shall request, in writing, to the designated officer in-charge in the Finance Ministry for fund release. The latter shall promptly transfer the approved amount to the respective Gewog through Letter of Credit (LC) within one week unless requested otherwise with due information to the Dzongdag and the office of the MNA.

#### **6. Release of grant and accounting procedures:**

1. Fund releases shall be made as per the Government's financial Rules and Regulations-2001 (FRR 2001).
2. All disbursements shall be made by the respective Gewog Administrations.
3. The Budget and Accounting System (BAS) shall be applied for recording accounting transactions.
4. The Gewog Accountant shall maintain records and books of accounts as per FRR-2001 in respect of all projects directly implemented by the Gewog administration. In the case of projects implemented by NGOs, actual accounts shall be maintained by the concerned NGO as per FRR-2001 with monthly accounts submitted to the Gup.

#### **7. Procedure for implementation of projects under the Grant:**

1. All activities under the Grant shall be implemented in accordance with the established Government rules and regulations.
2. The respective recipient shall prepare work-plan for implementation of the activities to be endorsed by the MNA. This will ensure that the MNA

will have control over the actual utilization of his Grant which might otherwise lapse.

3. The Grant activities shall be executed by the Gewogs and may be implemented by:
  - a. the Gewog directly,
  - b. a civil society organization (registered NGO) or
  - c. by the beneficiary community.
4. The Gup shall submit a periodic progress report on each project to the Dzongdag with copy to the MNA in addition to the project initiation (start of implementation) and project completion reports. Standard **forms** shall be made available for the purpose.
5. The Dzongkhag Administration shall provide technical backstopping for the activities.

#### **8. Transparency in the utilization of the Grant:**

1. The Ministry of Finance shall confirm via the budget presentation in the NA, the actual amount budgeted and made available for the Grant.
2. The MNAs shall make announcements and invite proposals from their constituencies for Grants. They shall also make clear the additional criteria that they may apply for the Grants. These will differ among the MNAs.
3. The MNAs shall declare, at the end of each year, the projects approved by them and the amounts granted against each.
4. The MNAs shall, with confirmation obtained from each Gewog administration, state how many have or will benefit from each project.
5. The MNAs shall submit an annual report on the utilization and status of their respective Grants to the Speaker of the National Assembly who shall publish it in the journal of the National Assembly and on its web site.

#### **9. Monitoring and Evaluation:**

1. The MNA shall closely monitor the projects against the agreed work-schedule and quality specifications.

2. The Dzongkhag Administration and the Gewog Administration, where relevant, shall conduct periodic review and report on the physical and financial progress of the activities.
3. Where projects do not start on time, the MNA will reserve the right to divert the Grant to other more deserving proposals.

**10. Custodian of Assets Created:**

1. It shall be the responsibility of the beneficiaries to maintain the assets created through the Grant.
2. The Gewog Administration shall maintain an inventory of all assets created under this scheme.
3. The ownership of the assets so created shall vest with the Gewog and any transactions, disposal, sale or transfer of such assets shall be guided by Government rules and regulations.

**11. Accountability:**

1. The MNA shall be accountable for the selection and overall benefit or lack thereof with respect to funds distributed under the Grant scheme.
2. The Ministry of Finance shall be accountable for ensuring the timely release of funds to the Gewogs.
3. The Gups shall be accountable for timely disbursement of funds and implementation/execution of the Grant activities.

**12. Auditing:**

1. The Dzongkhag internal auditor shall conduct periodic and timely auditing of the accounts of the Grant-funded activities.
2. The Royal Audit Authority shall carry out audit as per the prevailing auditing practices.

Monday, 05 January, 2009



## **ANNOUNCEMENT**

(As per Rule No. 5.1)

**Subject: Activities to be undertaken under the Constituency Development Grant (CDG)**

I, ..... .., Member of the National Assembly, representing the constituency of ....., ..... Dzongkhag, hereby announce to the constituency that there is an amount of Nu. 2 million (Ngultrums two hundred thousand) per annum as Constituency Development Grant for every constituency. Its intention is to encourage socio-economic innovation and community asset creation in areas such as advancement of women and children, poverty alleviation, skills development, community vitalization and cooperation, environmental preservation, sustainable energy, cultural promotion etc.

The activity funded from this Grant should benefit a minimum of ten *Gungs*. A minimum of ten activities may be covered over a period of five years. The grant may be used to finance activities which are not covered by the normal budgetary programmes.

I shall appreciate receiving project ideas from the constituency in accordance with the CDG rules attached herewith. I will hold preliminary meetings with the Dzongdag, the Mithey Gothips and/or any interested civil society organisation (registered CSO) to reach a general understanding. I will then make proposals for activities and recommend to the constituency through the Gewog Tshogdeys (GT). The people may discuss it in the GT meeting and inform me through the Dzongkhag Administration of the GT's views in the form attached. If the proposal is appropriate, my consent will be intimated to the Dzongdag in writing with copies to the Gup, the Ministry of Finance and to any other concerned party. Upon approval, the Dzongdag will write to the Ministry of Finance for release of funds which shall be released to the Gewog concerned. Activities shall be undertaken in accordance with the Government's Financial

Rules and Regulations in place. The detailed procedures are outlined in the Rules for the Constituency Development Grant.

.....

Name & Signature of the Member of the National Assembly (MNA)

Constituency: .....

Dzongkhag:.....

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**Format for letter from GT to the MNA informing of the GT's views on the MNA's proposed activities (As per Rule No. 5.5)**

The Honourable MNA,  
..... Constituency,  
National Assembly Secretariat,  
Thimphu

Sir,

**Subject: Activity(ies) proposed for funding from the MNA's CDG**

**Through the Dzongdag, .....**

This is to inform you the views of the GT on the proposed activity(ies) received from you for financing from the CDG. The proposal(s) was discussed in our ... GT meeting held on ..... .

*Alternatives as the situation may be:*

I am pleased to mention that the GT concurred with the MNA's proposal. We look forward to implementing the activity as soon as the funds are received.

*Or*

I regret to inform that the GT has not been able to concur with your proposal in total. The GT has taken the liberty to suggest the following amendments to the proposal with reasons. We look forward to your kind response.

*Or*

I regret to inform you that the GT has not been able to concur with your proposal for the following reasons. The GT is confident that you will be able to propose another activity for the benefit of the public.

Yours  
sincerely,

Gup,  
Thridzin

Comments of the Dzongdag:

.....  
.....  
.....  
.....  
.....  
.....

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Signature, Name &  
Seal

**Letter to Dzongdag conveying MNA's approval of the CDG activity(ies)  
and for seeking fund release (As per Rule No. 5.8)**

To

The Dzongdag,

Dzongkhag Administration,

.....

Sir,

I would like to inform you that the following activities have been decided to be implemented in the respective Gewogs with funding under the Constituency Development Grant in the Financial Year ..... The activities were decided upon after consultations with the GT and relevant civil society organisations.

You are therefore requested to follow up with the Department of National Budget, Ministry of Finance, for necessary budget incorporation and release of funds.

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| Sl. # | Name of Gewog | Name of Activity | Cost Estimate |
|-------|---------------|------------------|---------------|
|-------|---------------|------------------|---------------|

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(Nu. m)

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All activities may be undertaken in accordance with the Government's Financial Rules and Regulations in place.

Yours faithfully,

Name \_\_\_\_\_ of  
Member:.....

Name of Constituency:.....

Copy to:

1. The Honourable Speaker, National Assembly, Thimphu;
2. The Director, Department of National Budget, Ministry of Finance, Thimphu;
3. The Gup, Chairman, GT, .....

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**Work-plan Format**

(As per Rule No. 7.2)

The Honourable MNA,  
..... Constituency,  
National Assembly Secretariate,  
Thimphu.

Sir,

Subject: **Work-plan**

Please find herewith the work-plan for the activity to be implemented under the CDG for your kind endorsement.

Name of Activity: .....

Location: .....

Starting Date of Activity: ..... Completion Date: .....

Estimated Cost: Nu. .... m;

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| Sl. No. | Activity Item | Dates | Remarks |
|---------|---------------|-------|---------|
|---------|---------------|-------|---------|

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Prepared by: Name ....., Designation, .....Office.....

Yours sincerely,

Gup

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**Dzongdag's comments** (with name, signature and seal):

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**Endorsement by MNA** (with name, signature and seal): As may be the case.

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*(After endorsement, this letter is to be returned to the Dzongdag and the Gewog along with the Progress Report formats.)*



**Format of Periodic PROGRESS REPORT FOR ACTIVITY FUNDED UNDER CDG (As per Rule No. ....)**  
**For the period from ..... To .....**

To be submitted to the MNA through the  
**Dzongdag**

**Constituency:** .....

**Dzongkhag:** .....

**Activity:** XXX

**Location:** .....

| Sl. No. | Sub-activity | Completion Date  |        | Expenditure                           |                          | Remarks |
|---------|--------------|------------------|--------|---------------------------------------|--------------------------|---------|
|         |              | As per Work-plan | Actual | Estimated Cost as per Work-plan (Nu.) | Actual Expenditure (Nu.) |         |
| 1       | .....        | .....            | .....  | .....                                 | .....                    | .....   |
| 2       | .....        | .....            | .....  | .....                                 | .....                    | .....   |
| 3       | .....        | .....            | .....  | .....                                 | .....                    | .....   |
| ...     | .....        | .....            | .....  | .....                                 | .....                    | .....   |

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**Period Total** .....

**Cumulative Total** .....

**Activity:**      YYY

**Location:**    .....

| Sl. No. | Sub-activity        | Completion Date  |        | Expenditure                           |                          | Remarks |
|---------|---------------------|------------------|--------|---------------------------------------|--------------------------|---------|
|         |                     | As per Work-plan | Actual | Estimated Cost as per Work-plan (Nu.) | Actual Expenditure (Nu.) |         |
| 1       | .....               | .....            | .....  | .....                                 | .....                    | .....   |
| 2       | .....               | .....            | .....  | .....                                 | .....                    | .....   |
| 3       | .....               | .....            | .....  | .....                                 | .....                    | .....   |
| ...     | .....               | .....            | .....  | .....                                 | .....                    | .....   |
|         | <b>Period Total</b> |                  |        | .....                                 | .....                    | .....   |

**Cumulative Total**

.....

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**Period Grand Total**

.....

**Cumulative Grand Total**

.....

Signature and Name of Gup (with date & seal)

**Dzongdag's Comments:**

Signature and Name of Dzongdag (with date & seal)

ROYAL GOVERNMENT OF BHUTAN