

Making Local Institutions Work for People and the Nation

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Summary

Bhutan has a unique opportunity, with the ongoing public sector reform process, to shape and capacitate its institutions, to build trust and empower people to lead their own development, through local organisations and governance.

This requires further devolution of the development mandate with local elected representatives leading decision-making based on strategic vision and local demands. Local administrations are to empower evidence-based decision-making and deliver services for genuine investment benefit and sustainability. Central institutions should enable local development by providing conducive policies and larger-scale investments, and ensuring overall transparency and accountability.

Key for success will be institutional and organisational structures which are open to inclusive decision-making and truthful deliberation, including between the public sector, civil society, and private sector. Conscious efforts will be required to facilitate a change in mind-sets and values of politicians, civil servants, civil society, and the people. Both people and institutions should work towards the benevolent vision of a GNH society where compassion and kindness are the norm and where people live in harmony with nature and animals.

The Benevolent Centralised Bureaucracy

The civil service in Bhutan was established by the Monarchy as the instrument of governance to serve the people. Over time, the centralised bureaucracy acquired an aura of benevolence as the sole and natural provider of all services to the people. In people's minds, the bureaucracy was responsible for solving all development challenges and providing free basic services.

The Constitution of Bhutan introduced democratic institutions with elected representatives at the local government level, given enhanced authority and accountability for community development. Democratic local institutions were specifically intended to “re-empower” people and communities to lead their own development processes and govern themselves.

The establishment of new local democratic institutions has, however, not been matched by a transformation of the bureaucracy towards a service orientation and an enabler of people-led development.

Bureaucratic institutions largely maintained a sense of benevolent paternalism, and devolution has been stymied by a continuous concentration of the “most significant” development functions at central level. The perception that “benevolent knowing” is endowed only at the centre undermines local governance capacity for strategic decision-making, based on long-term local development needs, opportunities, and challenges. Central institutions often see local administrations merely as implementing agencies for national plans, based on nationally developed laws, policies, strategies, rules and development priorities.

The establishment of a national elected government, led by the Prime Minister, has created a further drive towards centralisation of decision-making, as it is now deemed to be responsible for providing for all of the people’s needs. As local elected leaders have no political party alliances, there is a disconnect between national and local elected leadership. The central bureaucracy is largely accountable upward within the hierarchy and to the national government.

Historical hierarchical mind-sets are thus still impeding the devolution of development powers and governance to local levels and, more importantly, to the people who are, perhaps in the subconscious, still regarded as beneficiaries of development efforts and thus disempowered from their own agency, and infantilised.

People are mostly content to receive development benefits as passive participants, even if criticism on service delivery has substantially increased. For true people-led local governance, these prevailing mind-sets still need to be overcome, in part through strengthening deliberative engagement between people, local leaders, and administrations towards an interconnected understanding of development results.

Erosion of Social Trust

Democracy and devolution are thus not only to bring governance closer to — and include — the people, to counter their alienation from the civil service, which is increasingly seen as a rule-focused self-serving collective, with little performance accountability. This perception is further exacerbated as the civil service and the government, as assumed external entities, are often the easy target of expressions of newfound empowerment and independence, liberated by democratisation of society.

Modern communication structures, such as social media platforms, allow for expression of voice to by-pass traditional institutional systems, where issues were communicated upward from village level through bureaucratic processes. Now, political and bureaucratic leadership is required to be responsive to an individual's post, as the resulting collective discourse can be impactful especially as the power of social media for "truthful and constructive joint solution finding" is often underutilised.

An individual's striving towards independence, and recognition of victimhood, combined with disempowering centralised bureaucratic mind-sets, cause a gradual erosion of trust between people, government, and civil service. This undermines the social contract between citizens and their democratic institutions, increasingly seen as external powers beyond people's influence, threatening people's independence.

Fortunately in Bhutan, reverence and trust in the State are founded in its Monarchy and the Triple Gem. The insightful and timely initiation of public sector reform by end 2021 can, therefore, reinvigorate social trust in Bhutan's institutions. The ongoing reform process ideally empowers local institutions for people-led governance and community-based development, served by central institutions. Amending institutional and organisational designs alone will, however, not suffice, and conscious facilitation will be required to transform mind-sets and ways of working towards a more interdependent worldview in line with GNH.

Building Social Capital for Happy and Healthy Communities

Social capital in rural communities in Bhutan has substantially increased over the past decades with free health and education services as well as

increased connectivity. Communities are also increasingly challenged by external pressures like the climate crisis and disasters, as well as internal demographic changes due to rural-urban migration and out-migration; the latter also providing valuable financial capital through remittances.

Strengthening social capital, and interlinked human capital, requires a focus on people's development where government institutions are a means to an end. Firstly, it requires a shift in thinking away from merely strengthening local government, to empowering local governance as stakeholders. Local governance entails empowering participatory decision-making within elected bodies, which genuinely represent local communities especially those most vulnerable and excluded. It also entails strengthening social accountability of local leaders and administrations for prioritising and delivering the services needed.

Local government must be an enabler and capacitor for development as well as part-implementer of development activities. The present local government-led development in contrast is still largely insensitive to social systems and often based on community shopping lists of perceived useful input, without much consideration for localised development opportunities and needs. Local government service delivery is often characterised by isolated inputs through annual planning and budgeting cycles, devoid of community development process facilitation. Limited outreach and high workloads also create indicator-driven performance without a result orientation based on community capacity.¹

Local government enabling community-led development with empowered vibrant “local organisations” will strengthen social and human capital. This is especially critical, as communities need to be more resilient and adaptable to deal with systemic development challenges and external shocks.

Although the above overview is far from complete and disguises community diversity in Bhutan, it can be concluded in general terms that local governance and development should focus on a “life cycle” with lifelong advancement of human and social capital.

¹ Performance accountability of sectoral staff in local governments is often upward in the sectoral or Ministerial line, not downward to communities or elected representatives/bodies.

Harmonising National and Local Institutions

Strengthening local governance capacity and empowering local institutions require a slimmed-down centre, which concentrates on enabling policies, generating data/evidence, tools and instruments for strategic local planning based on spatial opportunities, local government performance evaluation mechanisms and on capacity development of local governments for basic service delivery, engaging multiple stakeholders.

In essence, the national level's hold on local demand formulation (sector policy and plan priorities), as well as on allocation of local development funds through centralised projects, needs to be loosened.

Multi-lateral donor projects from partners like IFAD, World Bank and ADB² are mostly managed by central ministries through separate Project Management Units with little inter-departmental interaction and engagement with local governments. Good practice and innovative approaches and models developed within such projects are not adequately enriching national policies and are not mainstreamed at local levels. Such projects often reflect the government's focus on filling gaps in annual budgets and are under-utilised as vehicles for capacity strengthening of institutional systems and local governance. The way projects are implemented reflects furthermore the well-acknowledged but not yet addressed institutional triple-C barrier.³

This central project-based funding is also contradicting Bhutan's vision of fiscal decentralisation as expressed in the 12th Five Year Plan, where 50% of development funds are allocated directly to local governments, but largely through "static" development plans, fulfilling less an empowerment objective but increasing plan implementation workloads. Fiscal decentralisation is thus in itself not enough and there is a need to holistically re-assess the system of local basic service delivery for long and short term needs.

² International Fund for Agriculture Development; World Bank; Asian Development Bank.

³ The 12th Five Year Planning guideline identified institutional barriers in (i) lack of inter-Ministerial Coordination; (ii) lack of Collaboration between public sector, civil society and private sector; and (iii) low priority for Consolidation or sustainability of development investments (lack of quality and maintenance).

Local Basic Service Delivery System

The core development processes at the local level around which trust, empowerment, and governance capacity can be enhanced, are related to the State's duty to deliver basic services, which can only fully materialise if appropriately devolved to local levels.⁴

The local basic service delivery system comprises four fundamental decision-making and administrative processes:

1. Strategic scenario-based planning founded on mapping of localised development opportunities and challenges (asset-based development⁵), as well as longer-term scenarios and sustainability interventions. Local governments should have the mandate and capacity to lead such strategic planning processes, with central ministries empowering local governance with the right data, evidence, and instruments;
2. Multi-year investment planning for longer-term goals as well as sequenced annual investments for optimal impact. Local governments need certainty of available multi-year investments to optimise investment planning for area-based impact;
3. Annual planning and budgeting cycles, based on immediate needs and area-based development approaches. Local governments need to engage with communities to annually validate plan priorities and budgets as part of adaptive governance for an ever-changing context. Annual reflection is also required to learn from past investments and development approaches and especially to reassess if development benefits are equally distributed and if the needs of the most vulnerable people are addressed⁶;

⁴ The small size of Bhutan provides further opportunities to delineate which services can be better provided centralised in some form, e.g. through digitalisation, and which services do need to be devolved to communities and local governments.

⁵ Asset-based development build upon what communities can do themselves with their own already available assets, and thereafter assesses the community support needs to be provided by local governments.

⁶ The need to target with a leaving no one behind (LNOB) approach requires disaggregated data, participatory approaches generating empowerment and inclusion, evidence at impact level and joint learning towards a common understanding of underlying structural impediments and opportunities.

4. Annual budget execution with integrated interventions to maximise community benefits and sustainability, including Operation and Maintenance of infrastructures (asset management).⁷ Local governments need capacity for community-led implementation (community contracting) as well as for performance-based outsourcing of service delivery⁸ to civil society and the private sector.

At present local capacities for strategic planning with a longer term perspective on development opportunities and challenges are weak as central policies and strategies still predominantly frame local development thinking, and local government's role is willingly or unwillingly seen as plan implementer.

Bhutan's good development progress in general has masked the need to move away from the centralised blanket approach, to identifying and targeting the more vulnerable and excluded groups within the local population. Such a "leave no-one behind" focus requires a better understanding of social patterns of vulnerability and exclusion, beyond the traditional one of geographical remoteness. Within the diversity of Bhutan, targeting the vulnerable with appropriate development approaches and models (How of development), can only be achieved by empowering local governance.

The Five Year Plan and annual local planning cycles are often dominated by a rather singular infrastructure perspective, based on a compilation of small-scale community demand. They miss the broader landscape of upstream-downstream linkages between communities and administrative units (gewogs and dzongkhags) and area-based approaches as value-chains for commercialising agriculture. There is consequently a lack of insight in, and attention for, the multiple stakeholders, which need to be engaged to deliver sustainable results.

Benefit and sustainability of government investment is, therefore, questionable, and uneconomical local assets are increasingly a drain on scarce government resources.

⁷ Communities see 'gifted' assets (roads, irrigation, water supply, schools, health centres) as government owned and do not have a sense of ownership or O&M responsibility (Consolidation).

⁸ Local Governments need collaborative structures in service delivery, including outsourcing and Public Private Partnership (PPP) arrangements with CSOs and PS, as they will never have adequate capacity and outreach to adequately engage with communities and to create societal values based on GNH.

For example (i) agriculture production is often delinked from crop nutrition value (healthy meals) and market opportunities (income generation); (ii) rural road investment is not based on a road network approach to optimise connectivity (leveraging investment towards overall outreach) and is not accompanied by community investments in income generating activities, e.g. from access to new markets; and (iii) demographic data is not adequately used to forecast health demand, school enrolment and subsequent size of schools, or the labour availability within communities to benefit from agriculture production and to maintain community assets.

A fragmented approach to service delivery also has a negative impact on the social capital of communities. Traditional local organisations or institutions are often overlapping and intertwined with more modern organisation structures for specific development purposes, as e.g. water user groups (irrigation), farmer groups (agriculture production), cooperatives (agriculture commercialisation), saving groups (income generation), and farm road maintenance groups. All of these are framed for specific infrastructure construction and maintenance functions, based on imposed administrative requirements, and not for empowering community management of a public good to derive maximum benefit from such investments over time. Often, these specific purpose local organisations are suffering from “form-over-function” creation⁹ with limited actual competence or agency.

In short, there is a lack of investment in local organisations and strengthening consultation and decision-making processes and a limited understanding of the social effects of superimposing functional organisations for infrastructure assets upon traditional community organisation. Although corresponding guidelines are well designed, it is preferable for communities to decide which organisation(s) they want to utilise for managing different types of infrastructure and related inclusive benefit sharing.

Within the context of a GNH society, communities’ own organising capacity provides impetus for conserving and strengthening social relations based on sharing, compassion, kindness, and mutual support within an interdependent worldview. This is especially important to counter dominant

⁹ Form-over-function refers to institutional designs and organisations existing formally on paper but having low functional capacity to deliver upon their assigned purpose and mandate.

global divisive development discourse which often creates mindsets of individualistic competition for scarce resources, instead of collaboration.

Leveraging Existing Good Practice and Capacities

Basic service delivery is often rather statically executed through annual plan activity implementation (what of development) and can benefit from a more community development facilitation perspective (how of development). This requires a change in perspective, where local government participates in community development processes, instead of communities participating in local government service delivery processes. Thus the present confusion on mandates, roles and responsibilities between elected representatives at the local level and local administrations also need to be resolved and capacity for “team-work” needs to be strengthened.

Fortunately, much good practice in terms of local development approaches and models, is already available within existing development programmes and projects. These are often well tested and ready for scaling within the local government basic service delivery system, as well as within national policies.¹⁰ Here are some examples of such existing and dormant opportunities¹¹, which can be better leveraged:

- Data and evidence generation for policy and strategy development as well as informed local decision-making;
- Use of GIS-based data mapping and spatial opportunities analysis for informing local development processes and investments;
- Integration of vulnerability targeting and creating resilience and disaster risk reduction capacities (prevention, response) within annual and strategic planning cycles;
- Specific vulnerability targeting programmes, including issues around women (e.g. gender dynamics and gender-based violence), children, elderly, differently abled, sexual identity, and geographical isolation;
- Human rights and normative development processes with capacity development for rights holders and duty bearers;
- Transparency and social accountability mechanisms;

¹⁰ The fact that much learning and good practice from (externally funded) development projects is underutilised is a critical institutional barrier, which undermines the socio-economic feasibility of such projects. The public sector reform process will hopefully resolve this.

¹¹ The listing is for purpose of providing examples and is not intended to be exclusive. The scope is limited as it draws upon personal experience of the author with project designs and other work in Bhutan.

- Outsourcing basic service delivery and community voice representation to Civil Society Organisations (CSO);
- Strengthening cooperatives and community groups for genuine community asset management and common purpose entrepreneurship (beyond achieving registration targets);
- Climate resilient infrastructure development and ecosystem based approaches;
- Behavioural change approaches within Community Water Sanitation and Health (WaSH), village health workers, mother and child nutrition and community health interventions;
- Strengthening outreach within agriculture extension through lead-farmers, farmer field schools, village animal health workers and “barefoot” youth extension entrepreneurs;
- Genuine value-chain development (commercialisation) for e.g. through the school nutrition programme with a scaled market-based approach (beyond infrastructure-led investments);
- Group-based saving and community income-generation activities, micro-finance, and whole-of community development approaches;
- Climate smart agriculture and sustainable farming systems and technologies;
- A focus on nutrition requirements within a life cycle approach, instead of on agriculture production;
- Eco and community-based tourism for income generation (e.g. heritage trails and farm-houses)¹²;
- Service delivery approaches and voice generation by public benefit CSOs in (i) community development; (ii) strengthening democracy and good governance; (iii) (mental) health, vulnerability and disability services; (iv) youth engagement; (v) animal welfare; (vi) environmental conservation; and (vii) arts and social expression.
- Innovation, digitalisation and other leapfrogging technologies.

Bhutan has much to build upon in terms of vision, leadership and social relationships, which can further empower people’s action for the common good towards a GNH society. Bhutan can also be an inspiration for further transforming global development thinking and practice, much of which is devastating to the environment and people.

¹² The impact of the new tourism sector policies on viability and design of community-based tourism needs to be assessed.