Decentralisation of development planning has been a popular policy in developing countries over the past four decades. Academics argue that the potential benefits of decentralisation include such things as improving public service delivery and accountability, and promoting popular participation as the reasons for developing countries to initiate decentralisation reforms. During the early 1980s Bhutan initiated the decentralisation of development planning with one objective being to promote popular participation and mobilise local resources. The government established development committees at the district level called dzongkhag yargye tshogchung (DYTs) in 1981 and also development committees at block or county level called the gewog yargye tshogchung (GYTs) in 1991.

The main objective of this study is to evaluate the impact of decentralisation policy on promoting popular participation in local development planning and decision-making. In order to provide in-depth analysis of the local development planning and implementing processes, this study employed qualitative research design and methods.

The study found the existence of a weak form of decentralisation and a low degree of popular participation in the processes of dzongkhag and gewog development planning and implementation. Central government agencies were found to be playing a prominent role in administering and financing the local development plans. This is the major factor contributing to a weak decentralisation and a low degree of popular participation. Research data indicated two main reasons for central government agencies playing an important role in local development planning and implementation. First, the lack of local resources and limited capacity of elected local leaders and local residents in planning and implementation resulted in central government agencies taking the major role in financing and implementing projects in dzongkhags and gewogs. Second, all local development plan activities had to align to national development goals and targets in the result-based matrix planning framework of the country. Thus, to ensure local governments align their plan activities to national planning goals and targets, central government agencies direct, guide and where necessary identify and implement local plan activities.