

Austrian Development Agency

Thematic Evaluation: The Relevance of Culture and Cultural Heritage in ADC

Field Report - Bhutan

August 2007

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April 2007

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Appendix 1: Programme

List of Abbreviations

| | |
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| ADA | Austrian Development Agency |
| ADC | Austrian Development Cooperation |
| BPC | Bhutan Power Corporation |
| CEDAW | Convention on the Elimination of All forms of Discrimination against women |
| DAC | Development Assistance Committee of OECD |
| DCAH | Division for Conservation of Architectural Heritage, Department of Culture, Ministry of Home and Cultural Affairs |
| DoT | Department of Tourism |
| EU | European Union |
| GNH | Gross National Happiness |
| LDC | Least Developed Country |
| HTMI | Hotel Training and Management Institute |
| MoFA | Ministry of Foreign Affairs |
| MoHCA | Ministry of Home and Cultural Affairs |
| NGO | Non-government organisation |
| NCWC | National Commission for Women and Children |
| NEX | National Execution |
| PS | Psycho-social |
| RGOB | Royal Government of Bhutan |
| Sida | Swedish International Development Cooperation Agency |
| TOC | Table of Contents |
| TOR | Terms of Reference |
| UNESCO | United Nations Educational, Scientific and Cultural Organisation |
| WB | World Bank |

Executive summary

This field report summarises the findings from the Bhutan study carried out by COWI A/S as part of the thematic evaluation of the relevance of culture and cultural heritage in Austrian Development Cooperation. The study was commissioned by the Austrian Development Agency (ADA).

The study concentrated on the Trongsa Dzong restoration project as the key case project, but an assessment was also made of two reference projects - Tourism Development Strategy as well as the Rural Electrification. Other projects in the field of tourism and culture are incorporated in the discussions of the ADA approach and analysis of selected ADA interventions, when relevant.

The Bhutanese context

Through the policy of Gross National Happiness (GNH), the Bhutanese Government recognises the core importance of culture and cultural heritage in the Bhutanese society. Culture is regarded as vital for the country's survival, given that it provides a strong basis for national identity and unity. The actual Ninth Five Year Plan 2002-2007, outlines concrete actions to preserve cultural heritage sites as well as documenting and promoting intangible heritage such as legends, dances, music, poetry and ethnic languages.

Bhutan is facing a number of barriers for the practical implementation of these cultural heritage initiatives. There is an enormous task of restoration of temples, stupas and fortresses (Dzongs), but the budget allocated for culture in the Ninth Five Year Plan is very limited. Policies, restoration guidelines, action plans and inventory list of heritage sites have not yet been produced and The Division for Conservation and Architectural Heritage (DCAH), which was established in 2000, is in the process of building up capacities. Bhutan ratified the World Heritage Convention in 2001, but so far the national heritage sites have not been nominated for inscription on the UNESCO List of World Heritage.

The ADC programme in Bhutan

Bhutan is the only ADA priority country in the Asian region. The first bilateral agreement was made in 1989 and an Austrian Coordination Office opened in Thimphu in 1994. Since then, the total annual budget has increased from 2 million EURO to the present 2.4 million. This makes Austria one of the largest bilateral donors in Bhutan. ADC operates in four sectors in Bhutan – Energy, Tourism, Culture and Mountain Ecology.

The preliminary surveys of the Trongsa Dzong started in 1993 and the key stakeholders finally agreed upon a restoration concept in 1999. This process was cumbersome due to the "reconstruction versus conservation" dilemma. The outcome was a restoration concept based on conservation principles (preservation of authenticity) but with exceptions made for the portal building, which was demolished and rebuilt due to technical (engineering) concerns about the stability of the structure. The restoration took place over the period of 2000-2005 and the total cost was 2.87 million EURO, of which Austria contributed 2.10 million.

Main findings

Over the recent years, the ADC at the central level has been streamlined, professionalized, and modernised through the introduction of new thematic strategies and guidelines highlighting some of the key trends and principles in the international development aid such as national ownership, donor coordination, gender awareness, participation and human rights. The Bhutan study shows that these new principles only to a varying degree have filtered down to the country level and resulted in concrete changes in the mode of operation in Bhutan. Thus, it is evident that the success of the ADC in Bhutan depends not only on *what* ADC is doing but also on *how* it is done and there is a need to strengthen the implementation of key policies and principles at the country level.

The main findings are structured after the five dimensions of the evaluation matrix – relevance, effectiveness, sustainability, effects and responsiveness.

Relevance of overall approach and programme

- The ADC intervention areas fully correspond with the overall policies, priorities and plans of the Bhutanese government. The government covers 25% of the cost of the cultural projects.
- ADC has recently started the process of formulating a country strategy. It is, however, problematic that Bhutan has been a priority country with an ACO for more than a decade now, without a coherent country approach. This limits long term planning as well as synergies and effectiveness of the country programme as a whole. A country strategy would also form a key reference point for the annual consultations with the Bhutanese counterparts.
- At the sector level, the ADC approach in Bhutan is a mixture of sector-programme support (energy), policy support and individual projects (tourism) and traditional project support (cultural heritage). There has been an energy programme for Bhutan since 2002, but the modality has not been applied to other sectors. There is a strong need for a sector approach to culture that moves the focus "upstream" to policies, strategies, guidelines and capacity building at the macro level. This would increase flexibility, national ownership and replicability of the interventions.
- Strengthening the strategic approach would also bring the programme more in line with principles of the Rome and Paris declarations on aid

effectiveness and donor coordination. The ADC Three-year strategy 2005-7 emphasises these principles.

Relevance in relation to ADC policies

- In the design of the tourism and culture projects, there is insufficient focus on poverty reduction, which is the overarching goal of ADC. The target groups are often unclear and it is not explained how the project impacts the local community in socio-cultural terms. It is assumed that economic trickle down effects from tourism happen automatically and the risk of negative side effects of tourism is not taken into account.
- The Bhutan projects are based on a rather narrow understanding poverty in more material and quantitative terms. Culture projects must be looked at from a multi-dimensional understanding of poverty – including social inclusion and capabilities – what the local people are actually able to do and to be. This would also bring the approach much more in line with not only the ADC Federal Act but also the Bhutan concepts of well-being and happiness.
- There is a need to strengthen the links between culture projects and the ADC three-year strategy for 2005-2007, in which culture is not mentioned directly. One option is a human rights approach. Human rights form an ADC priority theme and fulfilment of rights often has a direct cultural bearing, for example in relation to cultural heritage, freedom of expression and minority/gender rights. A rights based perspective ensures that culture is not seen as a “luxury” or “desire” of the population but a legal entitlement.
- In line with the rights perspective and the aims of the Ninth Year Plan, it is proposed to take a broader approach to culture that encompasses both tangible and intangible heritage. While the Trongsa Dzong at the national level is mainly a symbol of dominant Buddhist culture, a focus on intangible heritage would include promotion and documentation of the various ethnic groups in Bhutan – for example in terms of languages, music or handicraft products.
- The project documentation generally signals a lack of gender awareness. In most cases, gender issues are either ignored or simply claimed as “irrelevant” or “inappropriate” without an explanation. There is a general lack of gender-disaggregated data for beneficiaries as well as efforts to increase women’s participation in project organisation and decision-making. Some of the projects like rural electrification claim to have a very positive gender impact, but this is questioned by the gender screening carried out by ADA specialists, which points at the need for a much more profound gender analysis. It is positive that such screening is carried out, but the consultants have not seen clear evidence that the recommendations are taken into account at the project level – nor that it has increased the gender awareness in general of ADC in Bhutan.
- There is very limited analysis of cultural aspects such as ethnicity, local structures, norms and traditions in the programme documents. The ADC Federal Act directly mentions the need to pay attention to cultural aspects as one of the core principles, but so far ADA has not made the tools,

procedures and strategies to make the policy concern operational. Thus, there are no stated requirements for cultural mainstreaming (except gender) at the programme level.

- The evaluation team has not come across ADC appraisal studies in Bhutan and the feasibility studies have a varying quality. Besides the cultural aspects mentioned above, the feasibility studies need a more critical analysis of a) the adaptability of international/Austrian models (e.g. a state-of-the-art museum and a hotel training management institute) into the Bhutanese context, and b) cost of alternative options. This hampers cultural mainstreaming and it again points back to the need for clearer guidelines from the central level.

Relevance of selected ADC projects

- The Trongsa Dzong project is highly relevant. Besides being one of the most important national heritage sites it also serves a multi-function purpose for the district and the local community. The fortress is the seat of the civil administration, it contains a monastery with 20 temples providing accommodation, working space and prayer halls for 250 Buddhist monks. It hosts a number of religious celebrations – which form key social events for the whole community. The local schools also use it as part of their teaching programme.
- The tourism sector has a high potential in Bhutan – not only in terms of foreign revenues but also to provide employment and income opportunities in rural areas, which suffer from high migration rates. Moreover, culture and tourism are closely interdependent. It is thus relevant for ADC to support the tourism sector, but ADC need to strengthen the links between support to the macro level (tourism strategy) and the district level support (Ta Dzong Tower and Traditional Bridge projects). Also, the focus on the local communities – their roles, expected benefits, etc. is vague.
- Rural electrification is clearly in line with the priorities of the rural population.

Effectiveness of selected ADC projects

- The Trongsa Dzong project has achieved the objectives laid out in the project document. Conservation/reconstruction of key structures, local capacity building and restoration of frescoes and wall paintings were carried out successfully. A critical factor, however, is the large amount of resources spent on the technical investigation missions in the project preparation period from 1994-1999. Through the missions, many relevant discussions and studies were carried out, but the documentation is weak. The consultants did not produce a solid feasibility study that gave the stakeholders sound information to decide on the restoration concept.
- The technical support to the Department of Tourism (DoT) has partly achieved the objectives. A tourism strategy was produced and approved by the authorities, but the quality is not high (lacks a clear road map for

implementation, conceptualisation and relevant tools). Likewise, the formulation process was not sufficiently open and participatory. Consequently, the output produced so far does not justify the high cost of the technical assistance. ADA and DoT is currently planning the continuation, which will include a road map and eventually hotel standardisation.

- The rural electrification project has achieved its objectives. The number of households provided with electricity is 14% above the target.

Sustainability of selected ADC projects

- The restoration of the selected parts of the Trongsa Dzong was carried out at high professional technical standards. Sustainability of the Trongsa Dzong project, however, is limited by a number of “soft” factors:
 - RGOB decided not to declare the Dzong a UNESCO heritage site due to dissociation with the (western) approach to conservation, which they find is not applicable in the Bhutanese context. This however, seems to be based on the misunderstanding that UNESCO heritage sites cannot be used as “living structures”. Seen from the donor point of view, the advantage of putting sites at the UNESCO heritage list is that it implies a number of requirements for the national government in terms of maintenance plans, budgets, organisation and training of staff.
 - Concrete problems relate to human capacity and management. There is no long-term plan and budget for operations and maintenance of the Dzong. The project failed to establish an efficient caretaker structure for water and sanitation management (which is critical for the rock foundation) and the attempts to sensitise the main users (monks) in terms of water use, cooking fire etc. were limited. Thus, the approach of the ADC has been to deliver the restored building and leave it up to the Bhutanese to take care of the maintenance. The Trongsa Dzong project could have benefited from an approach similar to the Basochu project, in which a steering committee was set up with technical and financial support from ADC to take care of the maintenance part after construction was completed.
- Through support to a UNICEF project on health and religion ADC has tried to cover the need for awareness raising for the monks on health and sanitation issues in the Trongsa Dzong. Unfortunately, the project also included a water construction part, which was poorly implemented and has created severe problems of water leakages. This may undermine the previous restoration and stabilisation work, but so far no action has been taken. It points to the need for more solid feasibility and appraisal studies as well as effective monitoring from the ADC side.
- In the tourism sector, the Tourism Strategy contains a situational analysis and policy indications of a revised pricing system, which provides valuable input to the DoT strategic planning process. Apart from that, the Tourism Strategy has limited long-term importance. The major needs of the counterpart relates to policies, legislation (Tourism Act) and master plan – documents, which are presently being produced.

- In terms of rural electrification, the government maintains a system of subsidised energy tariffs benefiting small-scale consumers. This increases the financial sustainability at the community level.

Effects of selected ADC projects

- The Trongsa Dzong project has a very positive effect at the local level. Through the multi-functions mentioned above, it is part of the social “cement” in the community, or the “heart of their culture” as the locals put it. The Dzong gives the community a strong sense of pride and dignity and it represents a mental milestone combining roots and traditions with promotion of identity. There has also been a direct socio-economic effect in terms of capacity building and employment of local workers.
- At the national level, the project has increased awareness among key Bhutanese stakeholders on conservation principles and the value of preserving authenticity. They consider Trongsa Dzong as a showcase that will inspire restoration work elsewhere in the country. Yet, if ADC had taken a sector approach, including capacity development at the macro level, formulation of conservation guidelines, stronger involvement of national technicians, etc., these replication effects could have been further increased.
- Effects of ADC support to the tourism sector have so far been limited by the lack of a coherent strategy. It is positive that the macro level was used as an entry point, but ADC started off with the tourism strategy before policies and legislation were in place. The rationale was that some background analysis was needed to move forward at the policy level, but the starting point should then had been an inventory of the tourism sector – not a strategy. Besides that, ADC launched into single tourism projects before the strategy and master plan were in place. ADC now supports the construction of specific tourist sites in the Trongsa area, but this is not part of a district plan for tourism that could address some of the structural barriers such as the lack of hotels and infrastructure. The Austrian assistance is thus characterised by a sporadic project approach. An integrated sector approach is likely to have produced more effective, relevant and sustainable results.
- The rural electrification project has brought many positive changes for the communities in terms of health, school performance, environment, access to information and development of local enterprises.

Responsiveness of the ADC

- The implementation modality followed by all ADC projects is the national execution guidelines (NEX). This means that the Bhutanese authorities formally implement the projects and that overall national ownership is ensured.
- ACO has developed good relations with Bhutanese stakeholders at both the central and district level. The mode of communication is open, direct and constructive and the Bhutanese have a good understanding of the comparative advantages of Austria, for example in hydropower and eco-

based tourism. Furthermore, the ACO demonstrates a strong commitment to the implementation of the projects. This has made ADA a respected partner for the Bhutanese.

- The challenge for the ACO, however, is to fully respect the principles of national ownership. There is a tendency towards intervening to solve problems at the project level. This may deliver short-term results but this is not, and should not be, the role of the ACO to act as project managers and implementers. If the project structure is not working well, the organisation should be changed or capacitated – the solution is not to take over responsibility or to bypass it.
- A critical issue concerns the selection – and use of Austrian experts and the quality of their output. There are many examples over the past decade of “hand picking” Austrian consultants – either done solely by ACO or together with the Bhutanese counterparts. ACO has recently strengthened recruitment practice and procedures to be more participatory and transparent, but most Bhutanese counterparts still see a need to open up for non-Austrian candidates to get a bigger resource base. The quality of the consultants' output varies too much - e.g. tourism master plan, tourism strategy, feasibility studies, etc, - and there seems to be extensive use of the small pool of Austrian consultants.
- Transfer of know-how takes place to a varying degree. There are good examples in the Trongsa Dzong project, but the Ta Dzong project is a critical case. While the need for some technical assistance to design the museum can be justified, the group of international consultants seem to have a very dominant and extended role in the project design and implementation, thereby limiting the transfer of know-how to the local counterparts.
- In terms of local participation, some of the projects like the Trongsa Dzong and the rural electrification have had a clear focus on generating socio-economic benefits to the local people. Yet, in most cases the people have had few opportunities to voice concerns regarding the project design or the implementation process. Thereby, the local people are merely seen as beneficiaries rather than active stakeholders that have a right to be consulted. In the case of the Ta Dzong, for example, it would have been relevant to uncover and further investigate the priorities of the local people – such as a “folklore and local history collection” in connection with the museum.

1 Introduction

This Field Report is the third output under the "Thematic Evaluation: The Relevance of Culture and Cultural Heritage in Austrian Development Cooperation & Cooperation with Eastern Europe" carried out by COWI A/S on behalf of the Austrian Development Agency (ADA).

The Field Report is based on a desk analysis of relevant documentation received from ADA and data and information obtained during a field visit to Bhutan between 13 and 20 November 2006.¹ During the field work meetings were held with relevant stakeholders and key informants, visits were conducted at various project sites, and project files were screened at the Austrian Coordination Office in Thimphu. The programme of meetings and a list of persons met are included in Appendix 1.

The Field Report summarises preliminary findings and conclusions and will be translated and circulated to ADA staff and partners in Austria and in Bhutan. The Field Report will be an important input to further analyses and to the overall evaluation report.

1.1 Objectives of the evaluation

The key objectives of the evaluation are to:

- Assess the relevance of culture and cultural heritage projects with the aim of developing lessons learned and recommendations, including:
 - Identification of synergy and the creative potential of cultural cooperation for the practical work of ADC in partner countries; and
 - Identification of examples of good practice with regard to working with the cultural context and the process of intercultural communication in partner countries.

¹ The evaluation team comprised Niels E. Olesen, Team Leader; Claudia Heim, Social Development Expert, COWI A/S; Morten G. Poulsen, Culture Specialist, Danish Center for Culture and Development Barbara Torggler, ADA Evaluation Section; Kai Weise, Architect and Heritage Specialist; Tshering Yangchen, National Expert and Interpreter.

During the evaluation process, the evaluation team will also aim to:

- Contribute to increasing the sensitivity and understanding for the cultural dimension in development cooperation with the aim of improving strategies, programmes and management in ADC and increasing mutual respect and understanding;
- Contribute to the discussion of “culture and development” in ADC and through the evaluation report provides recommendations on positions and guidelines for this cross-cutting issue.

Further details concerning objective and scope of the evaluation are provided in the Terms of Reference and the Inception Report.

1.2 Methodology

The applied methodology, the choice and use of assessment criteria (including relevance, effectiveness, sustainability, effects and responsiveness), and the rationale for the choice of key case projects and reference projects is presented in the Inception Report. The evaluation framework that was used to guide the screening of documents and to conduct interviews with various stakeholders during field work is presented in the synthesis report.

The evaluation of the core cultural heritage project and the reference projects/non-cultural projects is different in scope. Whereas the core projects are being assessed against all the above mentioned evaluation criteria, the reference projects are assessed with particular reference to mode and degree of integration of culture as a cross-cutting issue and responsiveness to the cultural context, and to a certain degree with regard to relevance and sustainability.

In Bhutan, the Trongsa Dzong restoration project was selected as key case project and the Tourism Development Strategy as well as the Rural Electrification as reference projects. Besides the selected core projects and reference projects, the team also visited some of the other ADA projects in the field of culture and tourism in Bhutan. This was done to get a broader understanding of the Bhutanese context and the ADA approach. There will not be a separate evaluation of these projects as such, but specific elements will be incorporated in the discussions of the ADA approach and analysis of selected ADA interventions, when relevant.

2 Background

2.1 Country context

While Bhutan's economic growth since 1980 has been impressive, averaging 7% per year, the country remains poor in socio-economic terms. The poverty rate of 32% is relatively high by international standards. One of the main reasons is the rugged and harsh terrain limiting infrastructure development and access to electricity, social services and feeder roads is still limited in rural areas. Another factor is the small and scattered population combined with strong cultural preferences for white-collar jobs leading to shortage of labour and market demand and thereby underdevelopment of the private sector. Energy is presently Bhutan's biggest source of export revenue – mainly electricity to India from Hydropower plants – followed by tourism in the second place.

In 1999, the government prepared a long-term development strategy Bhutan 2020: A vision for Peace, Prosperity and Happiness. This anticipated what the nation wishes to achieve by the year 2020, complete with a set of development targets, covering the four pillars of Gross National Happiness (GNH) which are:

1. Sustainable and Equitable Socio-economic Development
2. Conservation of the Environment
3. Preservation and Promotion of Cultural Heritage
4. Good Governance

2.1.1 Cultural heritage

Through the GNH, the Bhutanese Government recognises the core importance of culture and cultural heritage in the Bhutanese society. Culture is regarded as vital for the country's survival, given that it provides a strong basis for national identity and unity. In addition, culture is viewed as a perennial source of human values that strengthens social bonds and provides popular support for sustainable development practices. Finally, culture serves to cushion Bhutanese society from the negative impacts of globalisation and helps it cope with associated stress.

In the actual Ninth Five Year Plan 2002-2007, the importance of culture is further stressed. Cultural heritage is considered the foundation upon which the

identity of the people and the country as a sovereign and independent nation is built. At the more concrete level, the plan sets out to:

- Identify, declare and maintain traditional architectural settings that should be preserved as cultural heritage and sites
- Bring out a legislation to prevent encroachment to these historical sites and maintain them in their original state
- Make adequate provisions for the safety of architectural designs, construction methods and materials and ensure strict norms of restoration
- Provide technical assistance and encourage the local communities to uphold their tradition of maintaining their own temples and monasteries.
- Document and promote ancient traditions and practices such as folklore, legends, dances, poetry, etc (“intangible heritage”), including support to traditional regional languages and dialects

Bhutan is facing a number of barriers for the practical implementation of these cultural heritage initiatives. One is that there is a very big gap between actual needs in the cultural sector and the budget allocated for culture in the Ninth Five Year Plan. The country has over 2000 ancient Buddhist temples and monasteries, over 10,000 Buddhist stupas and 20 large fortresses. As many of these monuments were constructed at a relatively short period of history – and many are situated in inaccessible areas - Bhutan is now facing an enormous restoration task. With high poverty rates and strong needs for public investments in other sectors, there is a competition for scarce government resources. Compared to other developing countries, Bhutan allocates a relatively high percentage of its central budget to the cultural sector, but in absolute terms it is still tiny² and it does not meet the demand. Bhutan does initiate a number of medium sized projects from its own budget, but for the larger restoration works it depends on foreign donors. So far the largest donor has been India followed by Austria.

In the Trongsa district, about 34.000 USD per year is allocated for maintenance of the Trongsa Dzong. This covers basic maintenance, smaller repairs and reconstruction of the interior but it does not allow for substantial restoration works. At the municipal level, there are examples of relatively high budget allocations for cultural heritage (30% of budgets for temples) and it is common practice that the households provide voluntary labour for construction and maintenance of religious and cultural sites³. This demonstrates a high priority for cultural heritage at the community level, which is positive, but it has limited impact on the wider scale.

² 0,6 % of the total budget of the Ninth Year Plan, amounting to 9,2 million USD. In addition, the Districts also spend parts of their budget on culture.

³ The system is community based and purely voluntary, and it should not be mixed with the government’s mandatory national work service for community works such as schools, roads and hospitals, which was abolished in 1996

Another barrier is the limited capacity at the institutional level. The Division for Conservation and Architectural Heritage (DCAH) is establishing a team of skilled architects and conservation specialists, but the task of cultural heritage preservation is large and complicated, and there is a lack of manpower. Besides this, there is a lack of clear policies, restoration guidelines, action plans and inventory list of heritage sites at the central level. This hampers the ability of the department to carry out standardised and effective efforts.

Bhutan ratified the World Heritage Convention in 2001, but so far the national heritage sites have not been nominated for inscription on the UNESCO List of World Heritage. The advantage of having sites on List of World Heritage is that it generates tourism (estimates say up to 40% increase) and specifies the global responsibility for the site, including access to technical expertise and a global fund. On the other hand, it also entails certain requirements for the state party in terms of policies, guidelines, plans and technical capacities for preservation. The Bhutanese authorities explain that they see the monuments as “living structures” and fear that adoption of international conservation practices (i.e. Venice charter) will reduce the functionality and sustainability of the monuments. Apparently there is a widespread misunderstanding on the Bhutanese side and at the ACO that sites on the UNESCO Heritage List can only, as a rule, be used for tourism purposes. In reality, if the site is considered a living heritage and the intangible aspects are an important part of the overall value of the site, the site would be inscribed accordingly (criteria 3 and 6 of the Operational Guidelines) and these aspects would also need to be preserved. This might mean for example that the monks “should” live in the Dzongs. There is a need for a closer dialogue with UNESCO on this issue, as it is possible to include specific national practices and conditions in formal agreement regarding the heritage sites.

In the area of Intangible Heritage Bhutan has moved further. The country has not only ratified the convention but also made a national inventory on intangible heritage in Bhutan with UNESCO support. It focused explicitly on the practices on the verge of extinction. The larger part of the Bhutanese people lives in dispersed and often rural villages and the intangible traditions are particularly vulnerable to rapidly changing modes of life. As the elders are the primary custodians of much of the Bhutanese intangible culture, there is a critical need to document and conserve the intangible traditions. Different aspects of rituals and performances such as masks, ritual cakes and drums making formed a part of the inventory. One of the traditional mask dances has subsequently been put on the UNESCO list. The central government supports the annual festivals at the Dzongs (tsechus), which are very popular and form a boost to traditional performing arts. Thus, in terms of preservation of intangible heritage, the more immediate needs seem to be in relation to legends, literature and ethnic languages.

2.1.2 Democratisation

Since the Monarchy was established in Bhutan 1907, democracy has gradually been introduced in Bhutan. In 1953, His Majesty the King established a

National Assembly and in 1998, a transfer of full executive power to an elected Council of Ministers followed. More recently, in 2001 His Majesty the King commanded the drafting of a Constitution to codify its systems of governance and, in so doing, to make the transition to a constitutional democracy. A draft of the Constitution was released in March 2005 for national consultation, which is leading to a new constitution in 2008. This establishes a parliamentary democracy and elections are planned for 2008.

Over the past decades, democratisation has also led to a widespread decentralisation process. The key principle is to ensure the peoples active participation in their own development. Some of the key steps have been the establishment of district administrations (“Dzongkhags”) in 1981 and blocks (“Gewogs”)⁴ in 1991 and the devolution of administrative and financial powers and human resources from the central level to the district level. The Ninth Five Year Plan is based on systematic bottom-up process in which development plans are formulated from the village level. 24.5% of the total budget of the Ninth Five Year Plan is earmarked for the district and municipal levels. This is higher than most other developing countries.

At the civil society level, Bhutan has a wealth of small and informal organisations at community level. They provide people with opportunities to participate in taking decisions that have a bearing on their day-to-day life. As for the more formal CSOs, a Cooperatives Act was passed in 2001, which has led to the formation of independent associations. Some of the new associations are relief –or sector/economy based such as the Association of Bhutanese Tour Operators. At the local level, some of the local groups and associations play a role in preservation of monasteries and in the organisation of religious ceremonies and traditional games to restore Bhutan’s rich cultural heritage. So far, there are very few development NGOs in Bhutan but this may soon change as an NGO Act has been drafted and is currently awaiting adoption by the national assembly.

2.1.3 Human rights

With the respect to health, education and other socio-economic rights, Bhutan has made concerted efforts over the past decades and the situation is better than in average LDC countries. Bhutan is one of the few countries to meet the 20:20 target (20% public investment in health and education). With the new constitution, fundamental constitutional rights will be guaranteed to the Bhutanese citizens and it also establishes basic rights of equality before law. Yet, it is noted that Bhutan still has to ratify basic human rights covenants such as the International Covenant on Civil and Political Rights and the International Convention on Economic, Social and Cultural rights.

Compared to most other countries in the region, the actual human rights situation is far better, but there is room for improvement. Private media are still

⁴ A “Block” comprises a number of villages. It resembles municipalities – although it is primarily a traditional governance structure with limited administrative functions

nascent in Bhutan and press freedom can be further strengthened. Bhutan will also need to take further steps to solve the refugee problem in Eastern Nepal. The refugees comprise of ethnic minorities from Bhutan who fled the country more than a decade ago after citizenship requirements were tightened. The actual number is around 110,000 people and international donor agencies have called for Bhutan to accelerate the process of repatriation and ensuring basic citizen rights for the refugees.

2.1.4 Ethnicity

Bhutan is a multi-cultural society with a variety of ethnic groups and languages. The total population of 670,000 includes a variety of ethnic groups and languages, which are often categorised in three main groups⁵: 1) “Ngalop”, often called Drukpas, who form the ruling ethnic group of Bhutan. Ngalop originates from the Tibet, follow the Drukpa Kargyupa school of Mahayana Buddhism and speak the official Dzongka language, 2) “Sharchop” who inhabit the eastern and central regions, practice Nyingmapa sect of Mahayana Buddhism and belong to Tibeto-Burman ancestry. They speak Tsangla, Kurteop, Kheng and Brokpa dialects, and 3) “Lhotshampas”, who mainly live in six southern districts, speak the Nepali language, practice mostly Hinduism and migrated from Nepal, Darjeeling and Sikkim in India.

Since the ethnic clashes in southern Bhutan took place in the beginning of the 1990s, the government has taken steps to ensure nation building and recognition of the different cultures of the ethnic minorities. All major ethnic groups are represented in the National Assembly, but so far there are no ministers or high-ranking civil servants from the Lhotshampa ethnic group. Radio stations do broadcast in Nepali but the Nepali language is not taught in school where the major languages are Dzongka and English. Services such as electricity, health and education have been strengthened in southern Bhutan but there is still restricted access to the area for foreigners allegedly due to the security situation.

One of the key human rights instruments to ensure minority rights and cultural identity is the International Covenant on Civil and Political Rights. Article 27 stipulates the rights of ethnic, religious or linguistic minorities to enjoy their own culture, to profess and practise their own religion and to use their own language. Likewise, minority rights in relation to land, education and employment and political participation are stipulated in the ILO Convention 169 concerning indigenous peoples in independent countries. Bhutan is not signatory to these two conventions.

2.1.5 Gender

Bhutanese women generally experience relatively less inequality compared to other south Asian societies. Bhutan has ratified the UN convention on

⁵ See for example Ellen Buch Hansen, Bhutan, a political and economic overview, Danida 1997

Eliminating all Forms of Discriminations Against Women (CEDAW) and in writing Bhutan's law treats men and women equally. The inclusion of women is one of the key areas of the current Ninth Five Year Plan. In 2001, the government formed the Gender Theme Group to ensure that women's rights were addressed across many sectors and in 2004 this was followed by the "National Plan of Action on Gender".

At the family level, it is a common feature among Ngalong and Sharchops that women often head the household and oversee domestic business transactions, and men and women's traditional work roles frequently overlap – in productive as well as household tasks. Wives and husbands take most household decisions together. And with respect to inheritance, traditional customs favour women – in western and central Bhutan, land is inherited through the mother. Yet, in the case of Lhotshampa women, the situation of women is very different and resembles more the traditional male dominated cultures in Nepal and India. Thus, there is an ethnic dimension to the gender issue.

One of the key gender issues in the Bhutanese society is education for girls. For years, the enrolment of girls in primary and especially secondary school have been low compared to the boys, but recent statistics demonstrate that Bhutan has made substantial progress. The overall ratio of girls to boys in secondary school is now 0,84:1, however, there are still significant differences in some of the more remote and rural districts.

Another issue is women's participation in public decision-making. When it comes to holding political office, women are still under-represented. Of the 100 members of the National Assembly, only 8 were women in 2005. There is also a lack of women's representation at lower levels of government. Very few of the local public decision-making offices, such as gup (village leader) or tshogpa (village representative), are held by women.

Finally, there are indications of an increase of sexual and domestic violence against women. So far this has not been documented as it is to some extent still a taboo in the society. The new draft constitution contains special clauses for the protection of women against all forms of discrimination and exploitation. The challenge will be to sensitise police, judges, doctors, teachers, young men and political leaders on this issue to make implementation more effective.

2.1.6 Social capital

Bhutan is characterised by strong family and community relations – especially in rural areas, which provide social networks and safety nets. One of the fundamental problems at present, however, is the lack of education, employment and income opportunities – especially for young people – in rural areas. This has led to high migration from rural areas to the major towns of Thimphu and Phuentsholing. When people move to town, there is a risk that their social network breaks down or it is replaced with large, extended families, which puts pressure on scarce resources of the family members in the major towns. Although the situation is still far better than elsewhere in the region,

Bhutan has witnessed some of the negative symptoms of urban poverty and marginalization in terms of squatters, debt, beggars, street children, environment/sanitation problems and crime. Recently, the squatters have been resettled in their respective Dzongkhags.

2.2 Austria's cooperation with Bhutan

2.2.1 Brief history of Austrian support

ADC partner countries in the Asian region include Bhutan, Nepal and Pakistan, of which Bhutan is the only priority country. The responsibility for the implementation of the development programme has been delegated to an “Austrian Coordination Office” (ACO) in Thimphu, which was officially opened in 1994. Since the office was established, the total annual budget has increased from 2 million EURO to the present 2.4 million, although in some years it has gone up to around 6-7 million (e.g. at the height of implementation of hydro-power stations).

Development cooperation between the two mountainous countries began in the early 1980s with a fellowship programme for Bhutanese students and deployment of Austrian experts. The first bilateral agreement, focusing on technical cooperation, was signed in 1989, and Bhutan became a priority country. Some of the main projects up through the 1990's have been in the field of hydropower. Due to its topographic conditions, Austria has a large pool of knowledge and experience in the optimum utilisation of hydro-electric power.

Following a UNESCO report on the safeguarding of the cultural heritage of Bhutan, Bhutan requested support from Austria to restore key cultural heritage sites. A fact finding mission was carried out in 1993 to assess four different options presented by the Bhutanese authorities, i.e. Ministry of Home Affairs and the Special Commission for Cultural Affairs⁶. The Bhutanese authorities assigned the highest priority to Trongsa Dzong, which is one of the most important historical and cultural buildings in Bhutan. The first investigations and observations of Trongsa Dzong started in 1994 and the restoration work took place from 2000-2005.

Over the last decade, the thematic focus and the project portfolio of the programme has been further expanded. In 1997, a large Bhutan exposition organised by Austrian specialists took place in Vienna, and it sparked off the mutual interest and resulted in further collaboration. Rural Electrification has been included in the energy sector together with the Basochhu and a new hydro power plant, Dagachhu, which is in the upstart phase. Two new sectors – Tourism and Mountain Ecology – have also been introduced. The latter mainly consisted of training and research and it has in recent years turned to conifer research, this though has limited relevance for the present study.

⁶ In 2003, the Special Commission on became a Department under Ministry of Home and Cultural Affairs.

The main activity in the tourism sector has been a tourism development project 2003-2005, which included two major components - technical support to the formulation of a “Tourism Development Strategy” and local costs related to tourism facilities such as hiking trails, web portal for DoT, capacity building, workshops etc. The project was implemented by the Department of Tourism under the Ministry for Trade and Industry. Recently, a large project concerning a “Hotel and Tourism Management Training Institute” (HTMTI) has been initiated. The project contains a construction part (training hotel and school/dormitory facilities) of which the government covers 50% of the costs, as well as a “software” part including curriculum development, teaching aids and training of trainers – which is covered by ADC.

The activities in the cultural sector have been maintained after the completion of the Trongsa Dzong. In 2005, the restoration of the Tower of Trongsa (“Ta Dzong”) was initiated in collaboration with the MoHCA and the authorities of Trongsa District. The tower was built as a military watch post to protect Trongsa about 350 years ago. The main aim is to restore the structure, which was on the verge of crumbling, and the two Lkakhangs (temples) inside. It was then decided to establish a “state of the art” museum for royal/monastic objects from the area. One of the main objectives is to attract tourists to the Trongsa area. Parts of the structure will continue to serve as a small monastery for the few monks who live there.

Further in the cultural field, ADC has entered into a partnership with UNICEF concerning a project for religion and health that focuses on awareness raising for monks and improvement of sanitation and dormitory facilities at 5 monasteries. Finally, as part of its focus on culture and tourism in the Trongsa area, ADC also supports a smaller project for restoration of a traditional bridge and foot trail in Trongsa.

2.2.2 Current country programme and project portfolio

Today, Austria is one of the largest bilateral donors in Bhutan – after countries such as India and Denmark. So far, a country strategy has not been formulated, but this is planned for next year. The strategy will be based on an analysis of the Bhutanese context, priorities of the Bhutanese authorities and the experience from the various sector interventions.

Besides the projects mentioned above, ADC has also established funds for capacity development. Part of these funds are linked to the sector interventions in culture, tourism and energy (EURO 60,000 for each sector in 2006/7), while others are directed at scholarships and smaller projects in other sectors.

Table 1. Ongoing ADC Projects in Bhutan, Budget in Euro.

| Sector | Project | Total Budget |
|------------------|----------------------------------|--------------|
| Mountain Ecology | CORET II | 450,084 |
| Tourism | Tourism development, Local costs | 200,000 |

| | | |
|---------------|--|-----------|
| | TA for strategy | 544,463 |
| | HTMTI ⁷ | 2,852,126 |
| | Capacity building, DoT | 60,000 |
| Culture | Ta Dzong (plus additional for main tower reconstruction) | 1,379,322 |
| | UNICEF Religion and Health | 170,000 |
| | Trongsa Traditional Bridge | 87,500 |
| | Capacity development | 60,000 |
| Energy | Rural electrification II-IV | 1,491,347 |
| | Basochhu, O&M training | 270,000 |
| | Dagachhu, feasibility and tendering ⁸ | 965,000 |
| | Others | 223,561 |
| | Capacity development for DoE | 260,000 |
| Other sectors | Various projects (per AC 2006) | 1,038,301 |

Tourism has become the major sector in terms of actual projects, but this is likely to change when the new potential projects related to hydro power plants are put in place.

2.3 Overview of cultural heritage and reference projects

2.3.1 Restoration of Trongsa Dzong

The monastic fortress was constructed in the year 1553 and further enlarged in the 1640s. It is regarded as one of the most important cultural, historical and religious monuments in Bhutan. On the one hand, it represents the cradle of the Bhutanese monarchy and is the seat of the newly crowned king. By tradition, the heir to the throne has to act as “Penlop”, i.e. as abbot of Trongsa Dzong, for 3 years, before he can ascend to the throne as king. On the other hand it is one of the marvels of Buddhist medieval architecture - the second largest Dzong in Bhutan, which is situated on top of a steep rock at an altitude of 2200 meters. In addition, the fortress is also the seat of the administration of the surrounding district and it contains a monastery with 25 temples providing accommodation, working space and prayer halls for 250 Buddhist monks. It also hosts a number of religious celebrations – including the annual festival “Tsechu” which is both a Buddhist ceremony and an important social occasion with 3-400 participants, mainly from the local community.

Parts of the fortress, particularly the oldest part of the building with the most valuable and oldest frescos in Bhutan, were exposed to the threat of collapse and there was urgency for restoration and stabilisation measures. The reason for this danger was that piped water was introduced inside the Dzong without the preparation of a proper sewage system. This damaged the rock foundation.

⁷ Including planning, construction and software costs. Contracts are not yet signed for construction and software

⁸ contract not yet concluded for tendering EURO 300,000

In 1993, ADC engaged an Austrian consultant company to carry out investigations and develop a restoration concept for Trongsa Dzong. The Austrian company carried out 24 site visits over the period 1994-1999, before the restoration concept was finalised. There were several reasons for this long and cumbersome process. As Bhutan does not have national guidelines or policies for conservation of national heritage sites, a restoration concept had to be developed specifically for Trongsa. It soon became evident that some of the solutions preferred on more technical (engineering) grounds, such as demolishing the portal building and anchoring it in the rock foundation, collided with not only international conservation practices and UNESCO policies (aiming to preserve and restore the existing structure) but also religious beliefs (the rock foundation was considered holy and untouchable).

A UNESCO mission was fielded to Bhutan in 1999, but failed to come up with a clear recommendation for the conservation and restoration concept. Consequently, a more pragmatic approach prevailed focusing on the monument as a “living structure”. This means that the sustainability and the functionality of the building came into focus, which is in line with the Bhutanese tradition, and it was decided to follow the recommendations of the construction specialists. For the project period 2000-2004, the Austrian support concentrated on: dismantling and re-building of the Portal Building; restoration of Chorten Lakhang and Monk Body School; establishment of water and drainage systems in all the courtyards; construction of toilets, electrification, fire and lightening protection; restoration and conservation of frescoes. The total budget for the project amounted to 2.87 million EURO, of which Austria contributed 2.10 million.

The implementation of the project followed the regulations of the Bhutanese authorities in terms of the National Execution Approach (NEX). The Trongsa District Administration implemented the project and the project director (The Dasho Dzongdha Trongsa⁹) was directly responsible to the MoCHA in all matters related to the field administration of the project. A project management team was set up to take care of the implementation. The team was headed by the Dasho and comprising of Deputy Secretary Planning, MoH; Secretary of Trongsa Rabdey (Monk Body), project manager and representative from the Austrian consultant company. Around 150–200 local craftsmen and workers were involved in the project and received a regular payment and on-the-job training.

The local monks and conservators carried out the restoration of the wall paintings with technical supervision and training from a conservation specialist from South Tyrol. This was financed by a donation from the respective municipality in South Tyrol. The completion of the major restoration works was celebrated in October 2004 in a consecration ceremony followed by the instalment of the Crown Prince, designated King of Bhutan, as Choetse Penlop (Governor/Ruler of Trongsa Dzongkhag).

⁹ Head of Trongsa district administration

2.3.2 Tourism development strategy

The government of Bhutan has identified Tourism as a priority sector in the Ninth Five Year Plan. The main goals are to promote Bhutan as a quality tourism destination and thereby to generate employment and earning opportunities particularly for the local rural communities. Maintaining the historical sites and preserving local traditions is also seen as an important objective related to tourism. By the end of 2006, arrivals of international tourists (Indians excluded¹⁰) should reach 15,000 per year¹¹, which amounts to double of that in 2000. In 2012, the target for international tourists is 55,000, plus an estimated amount of 60,000 Indian tourists. The length of stay should also be increased and the seasonal nature of tourism in Bhutan reduced. Some of the main instruments to achieve these targets are improving of facilities and services, development of new products and further promotion of eco-tourism involving the local communities.

Tourism development has become a strong priority area for ADC in Bhutan. One of the first attempts to support the sector took place in the mid-1990s in which the Austrian consultant from the Trongsa Dzong project was engaged to elaborate a Tourism Master Plan for the sector. The Bhutanese authorities, however, did not approve this plan.

In 2003, it was jointly decided that ADC would provide technical support to the Department of Tourism. According to the project document (p.2) the expected results were “step by step implementation of a tourism policy and a sustainable tourism strategy in the form of a *Masterplan* to be adopted by the RGOB as well as the development and enactment of relevant tourism *legislation* and *guidelines* for tourism development”. ADC provided a long-term technical advisor from Austria to DoT over the period 2003-2005, who was supported by a senior advisor based in Austria. The technical assistance resulted in a “Sustainable Tourism Development Strategy” for Bhutan in 2005. DoT and ADC have discussed the need for follow up and formulation of an implementation plan. ADC has offered additional technical advise from Austria in this respect.

2.3.3 Rural electrification

Austrian involvement in the power sector dates back to 1986 when support was provided for the construction of the Rangjung hydro-power station in Eastern Bhutan. Construction started in 1993 followed by a re-design in 1994 to increase capacity and was finally completed in 2001. Another hydro-power scheme was supported in Basochhu which started operating in 2004. These activities were complemented by a national rural electrification project under the Department of Power which provided transmission and distribution lines with ADB and SNV financing and support.

¹⁰ As they do not need visas their numbers are not monitored

¹¹ The actual number in 2006 was 17,365

Since 2002 Austrian support to the energy sector is provided in the form of energy sector programmes. The main focus of the sector programmes is on operation, maintenance and management of the hydropower plants, rural energy supply and appropriate capacity building with a view to reduce poverty and to contribute to the conservation of the environment and job creation. About one third of the country allocations have been earmarked for the energy sector (ca. EUR 2,2 million or BTN 130 million).

Within the sector program, the evaluation focused on Austria's support to the RGoB's National Programme for Electrification under the 9 FYP (2002 to 2007). About 15000 households are to be connected to the Bhutanese grid. As part of the programme Austria supports the connection of clusters of houses in remote areas that would otherwise be left out by the large scale planning because of the high costs involved in provision of electricity to very isolated and scattered settlements. Support is based on yearly contracts whose sizes vary, depending on the availability of funds.

The objectives of the rural electrification programme are:

- To improve access to modern forms of energy sources, especially in rural area;
- To enhance sustainability and efficiency of investments in rural energy;
- To optimise the use of energy.

The expected results are:

- Efficient and sustainable use of rural energy;
- Reduction in use of firewood and other energy sources.
- Improve the living conditions, improvement of health
- Gender issues – studies, additional income

The project finances all installations comprising high voltage power lines from the nearest power source to pole mounted distribution transformers in designated villages, low voltage lines from the distribution transformers to the households, and energy meters in each connected house. The households finance electric installations in the house and pay monthly fees.

Since rural electrification reduces the firewood consumption by about 35%, support should also be provided to study and implement different measures to tackle the remaining 65%, like improved stoves, better insulation of houses, use of alternative sources of energy i.e. solar water heaters, etc. Studies on the possible use of waste materials such as saw dust, vehicle oils, used cooking oils as energy solutions in Bhutan including the implementation of pilot installations for various use and technologies to heat institutions, like schools, clinics, tourist shelters, army camps etc. are considered.

3 Assessment of culture in Austria's cooperation with Bhutan

3.1 Relevance of country program and overall Approach

The ADC programme in Bhutan fully corresponds with the overall policies and plans of the Bhutanese government. The three main focus areas – tourism, cultural heritage and energy all have a very strong position in key documents such as vision 20/20 and the Ninth Five Year Plan.

Following the Rome and Paris agreements on aid effectiveness, most donors have abandoned the project approach and moved “upstream” to programmes, sector based support, basket funding and in some countries to general budgetary support. In Bhutan, one of the main bilateral donors, Denmark, follows a sector wide approach (SWAP), but as far as the evaluation team is informed, no donors have so far moved to general budget support.

The ADC three-year strategy 2005-2007 states that ADC follows these international trends and “places stronger emphasis on political dialogue, donor harmonisation, coordination and joint donor reviews of the attainment of goals”. The strategy aims at placing higher responsibility, autonomy and ownership on the partner country and introducing “new forms and instruments” of cooperation such as basket funding, SWAPs and budget financing.

The ADC approach in Bhutan is a mixture of sector-programme support (energy), policy support on a project basis (tourism) and traditional project support in the field of cultural heritage. The ADC office explains that the project approach to culture follows the priorities of the Bhutanese counterpart (MoHCA). This means that projects are supported directly and implemented according to the Bhutanese guidelines for national execution (NEX). A special project organisation comprising a steering committee and a project management team is set up. In a meeting with the evaluation team, the Minister of Culture confirmed the need for ADC to support concrete projects, but also welcomed efforts to move “upstream” and balance this with an institutional/sector-based approach.

In the view of the evaluation team, it is problematic that ADC has not yet taken a coherent and strategic approach to its work in Bhutan. Bearing in mind that

there has been a coordination office since 1994 and that ADC has provided substantial support to selected sectors over the last 5-10 years, not only a country strategy but also sector strategies should have been in place long time ago. Most of the individual projects are relevant and have achieved the stated objectives, but there is a need an overall strategic approach to strengthen synergy and replication effects in the country programme as a whole – and within culture and tourism in particular – as these sectors are so closely interlinked.

It is positive that ADC has now started a process of formulating a country strategy. The next step will be to formulate specific sector strategies and programmes for the key sectors, which are also in the pipeline. ADC is presently operating in 4 sectors, but looking at the programme documentation, it is unclear how and on what basis the decision was made to enter into these sectors. The evaluation team has not seen identification – and/or feasibility studies of these sectors that recommend strategic focus, interventions and partners, but merely studies of selected project ideas. It seems as if it is the project approach – based on a relevant project idea or proposal – that has moved ADC in Bhutan into certain sectors. Thus, as part of the country strategy there is a need to critically assess the experience from these sectors and decide where the future focus should be.

Moving upstream to a sector approach would also enable ADC to strengthen its coordination, co-funding and harmonisation with other donors – and thereby its aid effectiveness. A sector approach also provides more flexibility as well as higher responsibility and ownership for the government of the partner country. Thereby, commitment, active involvement and capacity development of the central administration is strengthened and government is supported in replicating the projects elsewhere.

3.1.1 Relevance in relation to ADC policies and strategies

According to the ADC Federal Act on Development Cooperation (2002), the overarching goal of ADC development assistance is to combat poverty in developing countries through sustainable economic growth combined with structural, institutional and social changes.

Looking at the cultural projects – Trongsa Dzong and Ta Dzong, there are few references in the project documentation to target groups and expected benefits for the poor. Benefits for the local community are briefly mentioned and mainly in terms of technical capacity development, direct job creation through the project and (expected) tourism. It is not explained how the project impacts the local community – positively or negatively - in socio-cultural terms. Especially the Ta Dzong project document is very much oriented towards the technical and architectural aspects. It does not clearly specify how and to what extent the local people are supposed to use the museum and the benefits from tourism are based on (implicit) assumptions about trickle down effects to the community. Experience from Bhutan, and Nepal in particular, demonstrates, that such trickle down effects may not happen automatically. At present, the main

revenue earners are the hotels, restaurants and tour operators. Often the income and employment effects for the local community are limited. UNDP has recently embarked on a project for community-based tourism that establishes clear modalities for local revenues. The same explicit approach is not found in the ADC culture and tourism projects in Trongsa. There is a need to strengthen the poverty orientation of the ADC tourism and cultural heritage projects in Bhutan.

In case of the Trongsa Dzong, the project document states directly that the project “does not claim first of all to be a poverty reduction project”. This seems to be based on a rather narrow understanding poverty in more material and quantitative terms. This does not correspond with the Federal Act. Culture projects must be looked at from a multi-dimensional understanding of poverty – stressing also quality aspects such as inclusion, human rights, freedom of expression, entitlements and capabilities – to focus on what the local people are actually able to do and to be. This would also bring the approach of poverty much more in line with the Bhutan concepts of well-being and happiness.

Moving to the sector level, the Federal Act opens for projects in the cultural field, but culture is not among the priority themes in the ADC three-year strategy for 2005-2007. In fact, of the four sectors of ADC in Bhutan – tourism, cultural heritage, energy and mountain ecology, only energy is mentioned directly among the 7 priority themes/sectors from the three-year strategy. Tourism, however, seems to fall under “Private Sector Development”, where it is mentioned indirectly as a comparative advantage of Austria.

The question is then how cultural preservation and cultural heritage can be linked to the ADC three-year strategy? One option is to link cultural heritage more closely with human rights, which form a separate sector for ADC under the heading of “democratisation, rule of law, human rights and good governance”. The ADC strategy on human rights explicitly states that human rights serve as an “interdisciplinary aspect of ADC work with poverty reduction” - both as mainstreaming and a separate intervention sector. Culture and cultural heritage are not directly mentioned but the strategy does make a reference to empowerment and marginalized groups.

Taking such a rights perspective, the label or the entry point may not be support to the cultural sector as such but fulfilment of rights – of which some have a direct cultural bearing. As described above, cultural heritage, tangible as well intangible, are protected by UNESCO conventions and the right to cultural identity by the International Covenant on Civil and Political Rights. Recently, UNESCO has adopted a convention on cultural diversity, which further promotes cultural identity (languages, art, literature, etc) as a factor in development and a safeguard against globalisation. In the broader understanding of culture, rights related to gender equality and freedom of expression also become relevant. This is further discussed in the sections on cross-cutting issues below.

3.2 Relevance of selected project portfolio

At the project level, there is a clear link to government priorities. The government was involved in the selection of Trongsa Dzong, rural electrification projects are based on plans within the Department of Energy and the need for a tourism master plan is spelled out in the sector plan for tourism. In terms of the Ta Dzong, the project idea originally came from the ADC as part of their focus on Trongsa, but it was endorsed by the Ministry for Culture and Home Affairs and placed in the sector plan for culture afterwards. Such a process is rather unconventional and raises questions about the role of ADC and the Bhutanese principles of bottom-up planning. It is clear that the watchtower has a historical value for Bhutan, without, however being classified as a national heritage site as the Trongsa Dzong and similar monuments. The opportunity costs of selecting Ta Dzong – instead of another historical site that may have had a higher cultural heritage value, therefore, should not be overlooked. This however, does not change the fact that the Ta Dzong project is found relevant by the government at central and district levels. The fact that the government covered 25% of the costs of the Trongsa Dzong project and will cover 25% of Ta Dzong cost and 50% of the construction of hotel management training institute demonstrates, that ADC supported projects are in line with government priorities.

Cultural heritage

At the district level, the evaluation team carried out a small survey regarding the relevance of cultural heritage projects. This mainly included teachers, village leaders and market women in the Trongsa village. The local people uniformly and very strongly emphasise the relevance and importance of the Trongsa Dzong, not only as the national heritage site but also as a key symbol and common ground for the local community. Besides the key multi-functions mentioned above, the local schools also use it as part of their education in history and social subjects. Further, it is part of the social “cement” in the community, or the “heart of their culture” as the locals put it. The Dzong gives the community a sense of pride and dignity and forms a mental milestone – majestic, impressive, historical – which is highly relevant in the present society. A collapse of the Trongsa Dzong would have been a tragedy for the community, not only due to its multi-functionality, but also due to the loss of identity, roots and traditions that it represents.

Yet, when asked openly which sectors they prefer a donor such as ADC to support after Trongsa Dzong, their main choices were education and health. Culture and tourism were not mentioned. Apparently, many see culture and cultural monuments as integrated part of the community, it belongs to them, and thus it is not picked as an area for external support. Asked directly about Ta Dzong, they all support the idea, not so much because of the museum itself, which they know little about, but merely due to the expected income from tourism.

In the view of the evaluation team, it is highly relevant to focus on tourism and culture in Trongsa - and Ta Dzong clearly has tourism potential. As described in the previous chapter, some of the main problems in the rural areas of Bhutan

are lack of income and job opportunities, especially for the young generation, which leads to migration. 85% of tourists come to Bhutan because of its unique culture, and tourism can be further explored at district –and community level. The challenge, however, as is to ensure maximum benefit for the local people as already discussed.

Energy

The power sector and rural electrification are highly relevant in the context of poverty reduction and socio-economic development for Bhutan as a whole and for the rural population. On the one hand, the power generation sector is the largest generator of government revenue primarily through energy export to India. During the 9th FYP, it is expected that the power sector accounts for 38 % of total government revenues. In comparison, the 7th FYP accounted for 25% of government revenues and the 8th FYP accounted for 45%. The revenues from energy export are in turn a precondition for social programmes such as subsidised power consumption for the poorest segments of the population. On the other hand, rural electrification contributes to increase the quality of life in rural areas, is one of the preconditions for economic development in these areas, and contributes to reduce firewood consumption.

3.3 Effectiveness of selected projects

3.3.1 Trongsa Dzong

The Trongsa Dzong project has achieved the objectives laid out in the project document. Most of these objectives concern technical aspects such as stabilisation of the selected buildings and upgrading of drainage and sewage systems. As far as the evaluation team can assess, these renovation and construction tasks have been carried out successfully. Stakeholders confirm that the work is of a high technical standard. It is noted positively, that in terms of the restoration of frescoes and wall paintings, the project itself did not fully complete the work, but training was carried out, and the local technicians managed to complete the work on their own afterwards.

Other objectives were concerned with on-the-site training and capacity development of managers and technicians. The project clearly managed to establish a pool of skilled manpower such as carpenters and masons, which are now of benefit to the local community. In terms of management and engineering skills, there was a transfer of knowledge to the members of the project team, whom are now used by the Ministry of Culture and Home Affairs for similar projects elsewhere in Bhutan – or in the present Ta Dzong project. The Trongsa Dzong project also met its objective of using local, unskilled manpower during construction phase. Up to 200 people were employed by the project, which gave a direct boost to the local economy, for example in terms of growth of local shops and trade. After the completion of the Trongsa Dzong project, there has been a new money influx to the local community from the Ta Dzong project, which has also hired local staff. Therefore, it is not yet possible

to assess the sustainability of the more immediate income growth effects of the Trongsa Dzong project.

The total cost of the Trongsa Dzong was 2.87 million EURO of which Austria contributed 2.1 million. It is difficult to make a clear cost-effectiveness assessment, as the work is unique in its character. The task was complicated in terms of accessibility and technical requirements. The restoration work included expensive drilling carried out by foreign experts and with imported equipment. Establishing the sewage system also required extensive plumbing work.

A more critical factor is the resources spent on the technical investigation missions in the project preparation period from 1994-1999. Over these 6 years, 29 journeys of Austrian experts were carried out involving 8 different experts. According to the project completion report, only 2-3 different technical specialisations were required, so it is not clear why so many experts were involved. In terms of output, the missions did not lead to a solid feasibility study. When the steering committee took the key technical decision in 1999 about completely demolishing the buildings, it seems to have been based on a short fax from the Austrian consultant company briefly outlining 3 different options. Demolishing and reconstruction of the portal building was by far the cheapest option. It may also have been the optimal decision seen from an engineering perspective, but it is still controversial as it goes against the principles of conservation and preservation of authenticity. The technical surveys carried out during the 1990s may have generated a common knowledge and understanding about the problems on the ground, but the written documentation available to the evaluation team is highly insufficient bearing in mind the complexity of the issue.

3.3.2 Tourism strategy

The technical support to the Department of Tourism has only achieved part of the results laid out in the project document. The document states that the expected results are a “tourism strategy in the form of a master plan as well development and enactment of relevant tourism legislation and guidelines for tourism development”.

The technical assistance has resulted in a tourism strategy, which contains a profound background analysis of the tourism sector in Bhutan as well as various ideas for tourism development, but it does not set out a clear road map for implementation. In fact, the strategy only contains one page about implementation, which is a brief overview, so it does not have the character of a master plan. The counterpart on the Bhutanese side, Department of Tourism (DoT), therefore finds the strategy rather broad and difficult to implement.

As the legislative aspects were not covered by the technical assistance, DoT has later made an arrangement with other donors and international advisors to complete this important task. There is now a Tourism Act ready in a draft form

and DoT has also started the elaboration of an overall policy paper. There are also plans of moving to the more operational level and start working on hotel standardisation. Seen in this perspective, most stakeholders consider the Tourism Strategy to have limited importance. There is a general feeling that ADC has picked one document out of the strategic planning process without working sufficiently with the other parts – policies, legislation, implementation – as spelled out in the project document.

The Bhutanese stakeholders have also raised a number of critical points in terms of quality. First of all, they feel that the process of making the tourism strategy was not very participatory. Most of the work was done by the Austrian consultants and communicated to the stakeholders through the project Steering Committee meetings. The involvement of external parties like the Chamber of Commerce and the Bhutanese Tour Operators was limited, and the district levels were not consulted. Secondly, there are issues in the Tourism Strategy, which are out of context, like the idea of a Bhutan Card - inspired by big amusement parks in Europe but irrelevant in a country where credit cards still cannot be used. Thirdly, the strategy emphasises community participation and benefits, but there are no instruments or clear guidelines for how to develop community based tourism and increase district earnings – for example through the royalties.

The total cost of the Technical Assistance for the tourism strategy plan was 545,000 Euro. This included an advisor posted two years at the Department of Tourism, plus 325 days of support from a senior advisor which included 85 working days in Austria. The output produced does not justify the high cost spent – especially the added value of the backstopping from the senior expert remains doubtful. For comparison, DoT has recently produced the Tourism Act, with input from an international consultant, which implied a total cost of about Euro 45,000.

3.3.3 Rural electrification

Since 2001, 3 projects have been implemented and the fourth project will be completed in December 2006. A total number of 1571 rural households will be provided with electricity, which is higher than the stated objective of 1247. The total cost has been 1.7 million EURO.

Support was provided to the government's own programme and implemented without Technical Assistance. Apart from delays caused by the environmental clearance procedure, the projects were implemented effectively and efficiently which is reflected in the fact that within the budget framework more households were connected than originally planned. Austrian support could also be said to have increased the government programme's own effectiveness as it has enabled isolated households and scattered settlements to be connected that would otherwise have been left out from the programme due to high costs.

3.4 Sustainability of the selected projects

3.4.1 Trongsa Dzong

As outlined in the chapter on effectiveness, the reconstruction and restoration part of the Trongsa Dzong seems to have been carried out at a high professional standard. This increases the technical sustainability. It is also noted positively, that the restoration of wall paintings and frescoes had a strong training aspect, which focused on European methods that reduce the use of chemicals. These methods have not been fully adapted by the local technicians, who have found their own mode of operation, but the training clearly provided them with inspiration and new insights. The central department provides the instruments and chemicals on a continuous basis, which enables the local technicians to continue their work.

The problems in relation to the Trongsa Dzong project are found on the “soft side” regarding human capacity and management. First of all, there is no long-term plan for operations and maintenance of the Dzong. The district authorities have a limited annual budget for maintenance, which is mainly spent on the interior part. As the ADC assistance only covered reconstruction and restoration of the most critical parts, improved maintenance of the whole structure is crucial. The overall responsibility of the Trongsa Dzong involves the Ministry of Culture and Home Affairs, both in terms of finances and technical aspects. Thus, in terms of sustainability, the project should have involved the district authorities and the DCAH in the elaboration of a long-term maintenance plan with cost estimates. This is not to say that ADC should decide on how to run a Bhutanese monastery but rather to ensure that, as part of the project support, capacities, budget and organisation on the Bhutanese side for such maintenance are in place.

Some of the major factors that caused the damage of the rock foundation and need for urgent stabilisation of the Dzong were a combination of old drainage systems and inappropriate water and wastewater use and management. The system was renovated successfully and toilet facilities established, but again the management and human capacity aspect was not really taken into account by the project. The project failed to establish an efficient caretaker structure and the awareness raising of main users (monks) was limited. The behaviour of the monks is actually a critical factor – not only in terms of water usage but also cooking in private rooms (fire risk) and throwing rice on the roof (blocks the gutter). It is clear that such practices are difficult to change, but it is found that the project could have focused more on these critical issues.

In the case of heritage monuments, another key aspect of sustainability is documentation and drawings of the structure. In case of a fire or earthquake that may destroy the building, such documentation is needed for exact reconstruction of the original structure. Apparently, after the field visit (and more than two years after the completion of the major restoration works), the Austrian consultants have prepared some documentation. As far as the evaluation team is informed, however, this only cover the parts restored by the ADC project – Portal building, Monk Body and Chorten Lhakhang.

Thus, the project and the work of the Austrian consultants have focused very much on delivering the final product – a restored Dzong – while paying little attention to the institutional aspects in terms of setting up management structures, organisation, maintenance plans, documentation, awareness raising, etc.

ADC has on various occasions supported a UNICEF project on health and religion, which aimed at creating awareness raising for the monks on health and sanitation issues at Trongsa Dzong and providing additional water supply. While it is positive that ADC thereby tries to establish synergy effects between the projects, it was noted on the spot that the new water supply system provided by the UNICEF project suffers from severe leakages. The local technicians explain that the quality of the faucet is low. This may cause new damages to the rock foundation, which is so critical for the Dzong, and thereby undermine the previous restoration and stabilisation work. This raises some of the shortcomings of the projects approach with parallel and separated activities on the same spot and it also emphasises the need for ADC to ensure that more solid feasibility studies are carried out as well as effectively monitoring and evaluation of the projects supported.

3.4.2 Tourism strategy

The tourism strategy has a fair degree of sustainability in the sense that it has been endorsed by the DoT and is likely to form a reference point and pool of information for future plans and initiatives in that field.

3.4.3 Rural electrification

The sustainability prospects for the rural electrification program are fairly promising. On the one side, support was provided to the government's own programme and implemented without technical assistance. The degree of national ownership is therefore high. Likewise, institutional sustainability has been increased with the passing of the Electricity Act in 2001, which provides a legal framework for the sector. Likewise, the administrative system dealing with the energy and power sectors has recently gone through an ADB supported structural reform which has resulted in more appropriate institutions and distribution of roles and responsibilities.

As far as financial sustainability is concerned, the government maintains a policy of pro-poor power supply through subsidised energy tariffs according to which small scale consumers pay relatively less as compared to large scale consumers.

Although at the moment this system is fairly sustainable, in the longer run the government may face a conflict resulting from the two contradicting mandates of its energy policy. On the one hand, the power sector is to generate export revenues needed for social programmes and economic development. On the other hand, there will be a growing demand for domestic power supply as currently less than 30% of the population has access to electricity. Unless the

government substantially increases its power generation capacity¹², in the future export revenues will not be sufficient to subsidise electricity tariffs and finance welfare and economic development programmes.

3.5 Effects of the selected projects

3.5.1 Cultural heritage

The previous chapters have described the high importance of the Trongsa Dzong project, mainly in terms of capacity building at the district level and restoration of the structure, and also some of the wider effects for the community following the multi-purpose of the Dzong (civil administration, annual festivals, place of worship, monastery, contribution to basic education, etc). It was described how Trongsa Dzong serves as a national icon but also and forms the heart of the Bhutanese culture. Finally, there was a direct employment and income generation effect for the community as local manpower – masons, carpenters, plumbers, unskilled people – was involved. The following section will further discuss the effects of capacity building.

Before the work of the Trongsa Dzong was initiated, Bhutan had already carried out a large restoration of the Punakha Dzong¹³ with funding from India. While the work is reported to have been long and costly and the process rather cumbersome, it was concluded successfully. This shows that there was some expertise available in Bhutan when the ADC project started. Yet, the restoration of the two Dzongs differs in at least two aspects: 1) Trongsa Dzong is situated on a rock foundation while Punakha is down in the valley, 2) The restoration of the Trongsa Dzong gave high priority to preserving the original structure.

One of the positive effects of the Trongsa Dzong project and the ongoing Ta Dzong project is that they have created more awareness among key Bhutanese stakeholders on the importance of conservation principles. There has been a tendency in the country to demolish and rebuild rather uncritically – mainly based on the principle of living monuments i.e. that the functionality is crucial, which tend to collide with international principles of conservation and preserving authenticity. The major part of the restoration work in the two projects follows conservation principles. In some particular cases it was decided at the end to completely demolish the structure (Portal building and the Tower of Trongsa), but only after a long discussion and taking into account the fragile conditions of the structure. Thereby, Trongsa Dzong has become a showcase, significantly contributing to developing conservation ethics in Bhutan and inspiring restoration work elsewhere in the country. Yet, it must also be stated, that if ADC had taken a sector approach including capacity development at macro level, formulation of conservation guidelines and eventually, as a possible outcome, putting Trongsa Dzong at the List of world Heritage, the replication effects could have been increased (referring to the discussion on page 13).

¹² According to the DoE, expansions are in the pipeline and supported by India.

¹³ One of the largest and most important Dzongs in Bhutan

In this respect, it is critical that the project did not include Bhutanese architects. This limits the transfer of know-how in an important field. The explanation provided is that architecture is a new professional specialisation in Bhutan and in the late 1990s only few architects were available in Bhutan – and mainly in the private sector. There were no conservation architects at the time. However, in 2000 – the same year that Trongsa Dzong project was initiated – the DCAH was established and was staffed with team of architects – including one conservation architect. Therefore, the main issue here seems to be the ADC project approach. Had ADC taken a programme or sector approach, the work at the Trongsa Dzong could have included capacity support at the institutional level. Working with the newly established division may have delayed the restoration, but it would have increased the multiplier and replication effects and thus enhancing overall impact.

Some of the same points are also valid for the drilling aspect. The fact that Trongsa Dzong is situated on a rock foundation made the restoration work more complicated. It turned out to be necessary to drill deep into the rock foundation and fasten the structure, an area where Bhutan has little expertise and equipment. Thus, it can be justified that the project was based on input from foreign experts. What may still be debated, however, is if the key stakeholders such as Department of Geology were sufficiently involved when the concrete work took place. Apparently a team of 4 Austrian technicians arrived with full equipment and did the drilling work over a period of 3 days in March 2003. There was very limited involvement of local experts. Thus, there was little transfer of know-how to national specialists – combined with handing over/provision of equipment - that may have enabled the central agencies to carry out drilling work elsewhere.

It is relevant to compare with the approach applied to the Ta Dzong project that was started in 2005 with the Trongsa Dzong. A team of international experts designed the Ta Dzong museum and wrote the project document. The project and the drawings were formally approved by the MOCHA, but there has been limited involvement of technicians from the DCAH in the process so far.

A local architect from the private sector was involved in the fact-finding phase of the Ta Dzong, but there are no local architects engaged in the project on a more permanent basis. ADC explains that they had the intention of hiring a private architect but it did not work out due to some discrepancies on the Bhutanese side. The key question raised by the evaluation team is, however, why the role of the DCAH has been reduced to a representation at the steering committee? As the department now have a conservation architect and a group of architects at its disposal, they could have been strongly involved in the project from the beginning to build up local capacity. DCAH explains that they do not have sufficient resources/manpower for the project due to a high workload elsewhere. From the Austrian side it is also emphasised that part of the architectural structures is based on foreign design (international museum standards) so international expertise is required. In the view of the evaluation team, however, this does not justify the substantial amount of foreign manpower utilised. There seems to be a tendency on both sides to “let the foreigners take care of it”. However, effective development assistance is not a

matter of gap filling and taking over responsibility from the national counterpart.

3.5.2 Tourism development

The overall impression is that it has been difficult for ADC to find a right way into the tourism sector in Bhutan. Like in the culture area, the project approach blocks for a more integrated and profound approach. There are relevant initiatives, but also more haphazard examples of support.

It is positive that ADC has started from the more strategic level, but the processes and the product delivered has not been of the expected standard. In the first place, ADC contracted the conservation architect from the Trongsa Dzong project, who is claimed also to have a specialization in tourism management, to elaborate a Tourism Master Plan. The authorities were not involved in the selection and formulation process and they did not approve the plan. The second time, ADC provided technical assistance to DoT. The support was better designed and resulted in a tourism strategy, which however, have some shortcomings as already described.

Parallel to the work with the tourism strategy, ADC initiated a number of projects that have a clear tourism dimension – the traditional bridge, the Ta Dzong and the Hotel Training and Management Institute. It is also positive that ADC thereby tries to establish a cluster of projects that may interrelate and supplement each other. Also that there is this attempt to combine cultural heritage with tourism in Trongsa and build on the experience from the Trongsa Dzong project. Such an approach has a clear potential and it corresponds with the intentions of the Ninth Year Plan.

The problem, however, is that the individual projects are initiated parallel to the policy formulation process at the macro level. Thereby, ADC so to speak launch into the concrete projects before the master plan for the implementation of the overall tourism policies (vision, strategy, tourism act) is in place. This is not to say that these interventions are irrelevant or contradictory to the government policies, but merely that the projects become “disconnected” from the strategic planning process.

The risk is that the individual projects are carried out well but fails to achieve objectives because the macro context has not been settled. One example is Trongsa. ADC and district authorities aim to attract more tourists to the Trongsa area through projects like Ta Dzong, restoration of traditional bridge and Trongsa Dzong (although not the main objective of the project). While the Dzongs clearly have an attraction to tourists, there are also many structural barriers for tourism in Trongsa – not only at local level (hotel/restaurant capacity, infrastructure, etc) but also from the macro level (price policies, seasonality, permits, few entry points to Bhutan, etc).

Gradually, some of these issues are being addressed by the key stakeholders, but there is still a need for a more holistic plan for the area that links up with

policies and regulations at the macro level and at the district level; sets clear targets and indicators; develop a concept for community-based tourism; and identifies potential negative aspects of tourism (pressure on culture and environment) and how these can be avoided. Bearing in mind that ADC works with tourism both at the policy level and in Trongsa, the links between the tourism strategy/DoT and the district level in Trongsa could have been further developed.

In relation to the individual projects in the tourism sector, the evaluation team has come across some critical issues related to the overall design – and the need for strengthening the feasibility analyses. In case of the traditional bridge project, there does not seem to exist a solid feasibility analysis. In case of the HTMI, the feasibility analysis is comprehensive but it fails to address key questions regarding the relevance and cost-effectiveness of the Austrian model in Bhutan. External stakeholders criticize the approaches of both projects.

The HTMI represents a strong priority of the government. Individual stakeholders involved in tourism development and business confirm the need for a vocational training and in-service training of existing staff and hotel managers, but raise doubts about the necessity of establishing a large structure with a training hotel and school/dormitory facilities. The institute will carry out short-term vocational courses on a regional basis, but the main aim is to conduct long-term diploma courses. There may also be a gender aspect. Fixed training institutions, as opposed to training on the job often poses an obstacle for women who are less likely to attend training that is located far from their homes due to their family responsibilities.

There is a feeling among many stakeholders that the HTMI is an “Austrian model” which may not be fully adaptive to the Bhutanese context. In the view of the evaluation team, the cost-effectiveness seems to be problematic. It is not clear why training could not be linked to some of the existing hotels in Thimphu (there is a new luxury hotel under construction). On a long-term basis, there also seems to be a limit to the number of students in Bhutan who will take this diploma course (population is only 670,000). The logic from the ADC/government side is that it should be a centre of excellence that will attract students from the region. If Bhutan wants to develop such a niche and compete with countries like India or Thailand, it requires a profound feasibility analysis of needs, markets and institutions in the region. The project has not made this kind of regional analysis.

The core idea behind the restoration of the traditional bridge comes from the district authorities of Trongsa. Apparently, the tourists would get off the minibuses before they reach Trongsa and walk the last part along the steep trail. Some stakeholders, including private tour operators, doubt that this will work. The track is not seen as a major sight, although there is a waterfall, and tourists may not be interested in this after a long journey. The evaluation team cannot further assess this issue, but it is a critical finding that the project document simply states that “the project would be an additional attraction for tourists” without a further analysis and reference to tour operators.

3.5.3 Rural electrification

According to the inhabitants of Dagala, the village visited during field work, and the interviewed staff of Bhutanese Power Corporation (BPC) and the Department of Energy, rural electrification has brought many positive changes, of which some of the major ones are mentioned below:

- The school performance of children has improved as they can attend to their homework after five in the evening;
- Use of firewood has gone down; according to ADA's Sub-programme for Rural Energy from 2005 to 2007, there is some indication that this has been reduced to 25%;
- Cleanliness and hygiene levels are higher and health – in particular asthma among women has improved because they are less exposed to smoke¹⁴;
- People use rice cookers and water boilers - but continue to use wood stoves instead of electric ones;
- Small businesses/shops have mushroomed;
- Small enterprises have developed such as rice and grain mills workshops;
- Local women claim that they spend their additional income from these new enterprises for children's education
- Additional time for small scale production and domestic chores is available; as expressed by one person: "The work of six people can now be done by three people";
- Communication has improved - fax, telephone and computers can now be utilised for village administration, and many households have bought televisions and radio;
- In-migration has increased because people are attracted by electricity. As a result e.g. in Dagala the population has increased and land prices have gone up - they are now five times higher than before the rural electrification.

A more systematic impact assessment has been conducted by Eco Himal. The assessment confirms the above mentioned quality of life improvements and Rural Electrification's contribution to halt rural-urban migration: *"The tremendous improvements in public health; in time savings which allow for additional economic and social activities; greater awareness of the importance of investments in the agricultural sector; a new understanding of the world outside brought by new and more intensive media consumption patterns - all this has made rural life more attractive, especially for young people."*

The impact assessment found that about two-thirds of the young people surveyed in 2006 would like to stay in a village, whereas in 2003 more than two-thirds of the young people surveyed wanted to stay in a town. Those who wanted to remain in the villages mentioned rural electrification and resulting increases in the quality of life as an important reason for this choice.

The assessment also found that rural electrification has been less effective in triggering economic development due to lack of funds for investment. In 2006,

¹⁴ This is partly due to the fact that the people burn less firewood now they have electricity and rice-cookers but also that they have improved stoves with chimney

households did not have more cash at hand than in 2003. A macro-economic take-off - in terms of more cash to invest - cannot be observed in the wake of electrification. Awareness of the importance of investing in agriculture and the business sector has increased but the actual opportunities have not. The actual cash circulating in the rural economy is still low and so electrification could not break the "cycle of poverty" in the short run. The study also underlines that such investment will only materialise in the long run and that electricity is only one among several preconditions for future investments.

3.6 Culture as a cross-cutting issue

Mainstreaming of culture in its ideal sense implies that cultural aspects – gender, ethnicity, norms, traditions, local structures, etc. are taken systematically into account throughout the project cycle – identification, design, appraisal, implementation, monitoring and evaluation. All development projects aim at changing something – communities, organisations, institutions, human behaviour, etc. - and, as culture is inevitable part of the context, it will be a determinant factor of the success or failures of the project. In the new EU draft strategy for culture, mainstreaming is one of the main pillars to ensure or “the integration of the horizontal nature of culture in all aspects of development cooperation”.

In reality, however, a full mainstreaming of culture in all project aspects, is an ambitious and time-consuming goal, that very few donor would be able to live up to. Thus, each agency needs to find its practical approach to ensure that culture is taken sufficiently into account in the design and effectuation of the project. The ADC Federal Act directly mentions the need to pay attention to cultural aspects as one of the core principles, but how to do so is not specified in other ADC policies and guidelines. Based on the experience from other donors, some of the key instruments for cultural mainstreaming are feasibility and appraisal studies.

All ADC projects in Bhutan are started by a feasibility analysis. Yet, the feasibility studies consulted by the evaluation team do not have a profound discussion of cultural issues. The team has not come across appraisal studies. Consequently, the project documents say very little about cultural issues, except for a special section in relation to gender issues, which is imperative according to the ADC project format. Each project also has a separate gender assessment carried out by an ADA specialist (see gender section below).

Some donors use local participation as a proxy for cultural sensitivity. Active participation is first and foremost a human right of the population “to seek receive and impart information and ideas” (Universal Declaration of Human Rights, Paris 1948, art. 19) and, as stated in the Declaration on the Right to Development, “the human person is the central subject of development and should be the active participant and beneficiary of the right to development”. Yet, participation is also a means to an end to ensure culturally sensitive and successful projects. While most development agencies, therefore, can agree to the importance of local participation, there are also practical limitations and

dilemmas. Thorough local participation, systematically involving a representative diversification of local groups (women, ethnic groups, age groups, etc), is time and resource demanding. In case of the bilateral donors, national participation and ownership is normally ensured at governance levels – ministries or districts authorities – following the principle of representative democracy. In some cases, however, this “representative democracy” is not working well so there may be national ownership but no local participation.

The ADC three-year plan 2005-2007 explicitly discusses efficient partnerships and national ownership principles. The issue of local participation is not mentioned explicitly, but the strategy has clear policies for the incorporation of marginalized groups. In the case of Bhutan, the Ninth Year Plan is based on decentralisation and bottom-up planning, and the new constitution is formulated from a broad consultative process. This may reduce the schism between local participation and national policies. The present report will focus on the national responsibility and ownership and analyse local participation in the discussion of target groups and impact.

3.6.1 Gender

The Austrian Federal law of development Cooperation states that the Austrian Development Policy is based on the principle that all projects have to encourage equality of women and men. Consequently, all project documents have to describe the contribution to this principle. Promotion of women is also one of the priority themes in the ADC three-year development programme for 2005-2007. The focus is on social services, legal equality, equal access to resources and prevention of violence against women and girls. Besides forming an area for specific, targeted interventions, the ADC approach to gender also implies mainstreaming of gender issues into the programmes. A gender screening called “Expert opinion on Environment and Gender criteria” is carried out by ADA specialists of all project documents.

Both in the Trongsa Dzong and Ta Dzong project documents, there is very little focus on gender issues. It is concluded in the Trongsa Dzong document that: “the Dzong as a religious institution does not accommodate women, some women, however, are working in the administration. It is very questionable whether a direct and specific gender oriented project would support the achievement of the (gender) project objective as such”.

In the Ta Dzong project it says that: “The main objective of the project is to convert Taa Dzong into a museum. Therefore, no goals for promoting gender equality have been formulated. However, gender equality in Bhutan is not an issue. Women in Bhutan enjoy equal rights in all aspects of life as men”.

In the rural electrification II, it is again stated that “gender inequality in Bhutan is not an issue” and the document does not specify the gender segregation of beneficiaries. The program does not devise mechanisms or procedures that should be used under the program to ensure participation and empowerment by

the beneficiaries or to enhance the programme's impact on both practical (work burden) and strategic (decision making) gender needs.

In the programme document for the Tourism Development Strategy, the gender questionnaire is scantily answered. It is simply stated that “Gender is not an issue” and that “no gender barriers could be identified” without explanation.

These documents signal a clear lack of gender awareness. It is just claimed that mainstreaming of gender issues is either irrelevant (as there are no problems) or inappropriate (as it is not possible). Bearing in mind the gender analysis from chapter 2, women's participation in decision-making in Bhutan is an issue that donors need to consider. It may not be realistic to have an equal representation in steering committees and project management teams in restoration projects (male dominated field), but ADC should work actively to promote the participation of women – and especially local women – in the decision-making. As far as the evaluation team is informed, this has not happened in the cultural projects. In terms of local manpower, it is found that women form(ed) part of the unskilled workforce in the projects. Yet, reports from the Trongsa Dzong project do not specify the numbers and income earned. Nor are there any gender targets in this respect in the Ta Dzong project.

It is correct that the direct beneficiaries of Trongsa Dzong are male-dominated, as it is obviously monks living in the monastery and monks performing all rituals and religious dances at the Tsechus. Yet, women do participate in the annual festivals in large numbers, not only as spectators but also performing secular/traditional songs and dances together with the men, and the women stress the very wide cultural, religious and historical importance for the Trongsa community of the Tsechus and the Dzong. Therefore, preserving the Dzong has a clear benefit for the local women.

In terms of rural electrification, the programme document sees women as the major beneficiaries of rural electrification. It is based on the rationale that women spend more time in the household and use improved lightning, and that rural electrification has reduced the work burden linked to fuel wood collection, which is traditionally the responsibility of women. These assumptions, however, are questioned in the screening carried by the ADA gender specialist¹⁵. The screening rightly points to the risk that the rural electrification may increase the (already high) work burden for women, especially in the poorer households. The main argument is that as rural electrification adds an extra cost to the household in terms of bulbs and electricity fees. As the women can now work even late at night with weaving and other cottage industries, they are likely to bear the burden of generating extra revenues.

The bulky impact study on rural electrification done by Eco-Himal mentions some concrete examples of gender effects - but it is done not systematically. There are many statements and statistics in the report that lack the gender segregation. One example is the finding that “73.1% of the respondents say that

¹⁵ As described in the “Expert opinion on Environmental and Gender Criteria” – RE II

the standard and quality of living have increased very much since electrification (p.10). It is not followed by a gender analysis.

In the Tourism Development project, no gender form is provided. The document briefly states that the project will benefit women but there is not real analysis. This is criticised by the ADA screening¹⁶, which points to the risk that women employed in the Tourism sector often earn low wages, have irregular working hours and may be exposed to sexual harassment or abuse.

A strengthened focus on gender equality and culture in the ADC programme could take a rights approach and focus on the situation of Lhotshampa women as a specific target group and/or on domestic violence. The latter is one of the focal points in the gender section of the ADC three-year strategy; a core issue in the new draft constitution of Bhutan; and a growing although “invisible” problem in the Bhutanese society, this would form a relevant area for support.

3.6.2 Ethnicity

Minorities form one of the specific target groups of the ADC three-year strategy and it is explicitly mentioned as one of the main focal areas of the human rights strategy. As described in previous chapter, Bhutan is a multi-ethnic society and ethnicity issues are closely related with poverty and rights, but it is also a sensitive area for the Bhutanese authorities due to the problems and riots in the south.

There are no references to ethnic groups or minority issues in the ADC culture projects in Bhutan. It is not clear whether these issues are found irrelevant or inappropriate for the project analyses and design. In the case of the Trongsa Dzong, the evaluation team has made some enquiries regarding the wider impact. The question is whether the fortress - being a “pure” Buddhist institution with the monastery and the tsechus commemorating the deeds of Buddha and honouring Guru Rimpoche Padmasambhava, who brought Buddhism to the country, also have some relevance for non-Buddhist minorities living in the area? It was found that ethnic minorities also participate in the annual festivals, which besides the religious dimension also have the character of a festival for the community. In fact, based on the interviews conducted in the area, the evaluation team got the impression that ethnic cleavages do not have a strong importance in the daily life in the Trongsa village.

It is therefore recommended for ADC to bring in the rights perspective and to take a broader approach to culture that encompasses both tangible and intangible heritage. This would include promotion and documentation of the various ethnic groups in Bhutan, of which some are threatened by extinction, and support to performances, literature, languages and handicraft, eventually through the traditional handicraft training school.

¹⁶ Expert Opinion on Environmental and Gender Criteria, Tourism Development, 2003

3.6.3 Local traditions, structures and norms

The Trongsa Dzong project has demonstrated a high degree of sensitivity towards Bhutanese norms, traditions and local structures. The project was implemented through the district governance structure. It was a stated goal from the beginning to respect and preserve the unique style of Bhutanese architecture, and also to sensitise the Bhutanese counterparts about the value of conservation. This was carried out successfully. Likewise, the local restoration work with frescoes and wall paintings was supported and further developed.

In many Bhutanese societies, including those in the Trongsa area, it is a common practice that the community itself organises the construction and maintenance of religious sites such as temples and stupas and to a large extent relies on voluntarily work of community members. The same kind of system exists in Nepal, where it is used by some of the donors like GTZ in cultural heritage projects. The aim is to reduce cost and ensure local ownership. The Trongsa Dzong project used unskilled local labour, but this was on a contractual basis. It is clear that overall restoration of Trongsa Dzong could not be a community task, but the question is if the project could have utilised the community model of organisation for selected tasks? The decision of ADC and its partners can be justified – it ensured a professional organisation and money influx to the community – but it is found that there should have been some reflections on this issue somewhere in the project document or pre-studies.

In the Ta Dzong project, some of the old religious artefacts from the temples are moved to the museum. They will be replaced with new objects, which are presently under construction. This is critical in the view of international conservation specialists as the value of an artefact is much higher when located in its original setting. Yet, the local stakeholders appreciate this replacement practice. This comes back to the issue of living structures and functionality – many Bhutanese see it as an opportunity to get something new, something fresh, something better. Many of the artisans involved in the work come from the Paro area (where the only existing museum is situated). There is thus a support to national capacity building in terms of local arts, craft skills and reproduction, whereas the direct benefits for the local community are more limited.

In terms of the ADC support to tourism, the findings are less positive. The main problem is that the tourism strategy lacks a critical analysis of tourism and its implications for the local culture. The strategy claims that: “Quality tourists inspired to visit Bhutan by its promotion as an eco-tourism destination will search for an authentic experience and will meet the people and their natural environment with *great respect*. However, the tourists are sometimes tempted to supplement the authentic experience by non-genuine actions”. These “non-genuine actions” are not further explained and there are no clear proposals of how to minimise that, apart from a rather diffuse idea of an ethic commission. Nor are the concepts of eco-tourism or community based tourism spelled out.

Bearing in mind, that the strategy aims at tripling the number of tourists over a 10-year period and directing the tourist to “new and undisturbed” areas, it is

surprising that the cultural implications are not analysed in the strategy. Bhutan only has to look at this neighbour country, Nepal, to learn what may be expected from mass tourism – good or bad – and what measures to take. And there is already a strong awareness among the key national stakeholders such as DoT and MoHCA about the potential risks of mass tourism.

So far, the Bhutanese population has a very positive opinion about tourism, the number is still relatively few, it is a potential source of income for the community and for some Bhutanese it is interesting to meet the foreigners. One of the sensitive areas in the future, however, may be the cultural festivals. There are already reported incidents of tourist misbehaviour – pushing the locals aside to get to the forefront and take pictures – and the problem is that the venue for the festivals (the Dzong) has a limited audience capacity. If more tourists turn up and there is no space for everybody, there is a risk that some of the locals may not get in. And a risk that the larger numbers of tourist will affect the content and performances at festivals negatively. This is not to say that ADC in any way should neglect the strong local wishes of attracting more tourists, but merely to ensure that there is a dialogue with the local people about the possible downside to tourism and how it these can be minimised. This should be reflected upon and taken into account in the relevant ADC documents – feasibility studies, appraisals and the project documents. As far as the evaluation team is aware, this has not happened.

3.6.4 Responsiveness

As explained above, the ADC project follows the national execution guidelines (NEX) as the main principle. This means that in formal terms, there is participation and ownership of the Bhutanese authorities in terms of project implementation. At the more practical side, however, there are examples in which NEX principles were not fully applied in reality. One of the critical issues concerns the use of Austrian experts – both in terms of selection process, role of the consultants, and the quality of their work.

In the Ta Dzong project, the MoCHA and ACO hand-picked the four international consultants – firstly to design the project and then to implement it together with the Bhutanese partners. The whole design of the project – drawings, concept, selection of artefacts for the museum, etc. – has been undertaken by the foreign experts. In practice, the overall management of the project lies with the international consultants. As the consultants are not stationed in Bhutan, most of the material is produced outside of Bhutan and presented to the project steering committee for approval – and subsequently to the management team for implementation. The Bhutanese counterparts approve everything at the end, so they do have the official ownership and responsibility of the products – but not the process itself. The evaluation team does not question the fact that some foreign expertise is needed to establish an “international state of the art museum” (if that the Bhutanese actually desire), but the real national ownership in the execution of the project could have been stronger.

In the case of the rural electrification project, it appears that ACO had commissioned an impact evaluation of the Austria financed rural electrification project by Eco Himal without involving the Department of Energy and the BPC in the decision making and selection process. Communication between the consultants and the two organisations has been very limited during the process and has led to a number of methodological and data collection problems, which could have been avoided through better communication and partnership. BPC's completion report for rural electrification support in 2002 to 2003 remarks that:

"The project office in Thimpu does not recall ever meeting the Eco Himal consultant nor does it recall ever being informed on such consultancy mission. Henceforth, if any consultants are hired for whatever purpose on rural electrification, the BPC needs to be informed on such consultancy and after every mission of consultancy, preliminary findings to be presented prior to circulating the report."

Similar cases with problems of process and quality are found in the tourism sector. In the first attempt to elaborate a Tourism Master Plan, DoT was not involved in the recruitment of the consultant (conservation architect from Trongsa Dzong project). In the second attempt, DoT was involved in the selection process, which followed open tender procedures in Austria. The problem was that the consultant apparently had a vested private interest in the field and later on took up a role of a private tour operator in Bhutan. The quality of the consultant output and the process was not high. Apparently, the same consultant had already done some work for ADC in 2002 on the feasibility study for HTMI, which was not satisfactory to ADC and its counterparts. Thus, the decision to use the same Austrian consultant for the tourism strategy can be debated, but one of the explanations is that the resource base of the Austrians with knowledge about tourism and South Asia (Bhutan) is limited.

The conclusion is, that while ADC has recently approved the selection process and made it more open and participatory, there is a feeling among some of the Bhutanese stakeholders in the tourism sector, that cost-effectiveness of technical assistance needs to be strengthened. One of the problems is that ADC focuses too much on contracting Austrians. The Bhutanese stakeholders prefer to see a much wider field of candidates. As part of the practices of following EU tendering guidelines, ADC should make sure that procurement announcements are made widely available, for example by announcing in Asia as several Nordic donors do.

There is no doubt that ADC is a highly respected donor by the Bhutanese and that it has developed good relations with Bhutanese stakeholders at both the central and district level. The mode of communication is open, direct and constructive, and the Bhutanese seem to have a good understanding of some of the comparative advantages of Austria, for example in the field of Hydro-power, cultural heritage and eco-based tourism. Furthermore, it is encouraging that the ADC office demonstrates strong commitment to the projects as well as an urge to see them move forward. The challenge for the ADC office in this respect is again ownership and process. There is a tendency towards intervene

to solve problems at the project level. This may deliver short-term results but this is not, and should not be, the role of the ADC office according to the guidelines for national execution. These are Bhutanese projects supported by Austria and there is an organisational structure in place to handle them. If that is not working well, the organisation may be changed or capacitated – the solution is not to take over responsibility or to bypass it.

Local participation

There has been strong involvement of the local people in the implementation of the Trongsa Dzong project, mainly through providing labour. The local population has had few opportunities to voice concerns regarding the design or implementation process. The point here is not to demand public participation in overall planning and decision-making, which would be unrealistic in a large nationally executed project, but to ensure that they are duly informed and consulted in the design phase.

In the case of Ta Dzong, there has been no community consultation in the design of the project. This probably follows from the intention of making a national state of the art museum with royal objects that shall attract tourists. In interviews with the evaluation team, the local people express a clear interest in a museum that would reflect their reality and the history of their community (dresses, music instruments, household tools, etc). The ADC focus is different, and the whole concept, design and infrastructure of the museum are made for a permanent exhibition of certain artefacts (the frames fit the objects). This means that there will be limited flexibility for changing the exhibition and incorporating some of the wishes of the local people. This is not to say that the museum objects should be selected through a participatory rural appraisal but merely that the purpose and concept for the museum should be the product of a consultative process involving not only national but also local stakeholders. The outcome could have been to establish a “local historic collection” in connection with the museum. Yet, it is not up to the evaluation team to make specific recommendations for the concept of the museum - this is a decision of ADC and its partners. But, it must be criticised that there are no reflections in the project documentation about the priorities of the local people. In relation to the rural electrification project, discussions with representatives from BPC and the Department of Energy indicate that sector institutions have a very technical orientation. When asked in which ways beneficiary participation is ensured and how gender and socio-cultural consideration are integrated in decision making and planning processes, the answer was that by providing electricity such considerations are taken care of automatically. Another response was that the environmental assessments that have to be conducted prior to construction of power transmission and distribution lines to obtain environmental clearance from the National Environment Commission cater for socio-cultural aspects. The application must among other things give an account of the following conditions:

- Households affected by the establishment of sub-stations and transmission lines, and loss of houses and other infrastructure, need for resettlement and compensation;

- Affected cultural and heritage sites;
- The public consultation process that was conducted with beneficiaries and affected people.

As compared to international standards, e.g. the environmental impact assessment guidelines, social impact assessment guidelines, safeguard policies including indigenous people and ethnic minorities, involuntary settlement, cultural property, by ADB and World Bank, the Bhutanese procedure is limited in scope and apart from environmental considerations does not really contribute to the integration of crosscutting issues.

Appendix 1: Programme

| Date | Time/Place | Activity |
|--------------------|---|---|
| 13 Nov 2006 Mon | 11.20h 14.00h | Arrival at Paro Airport, pick up by hired car and drive to Thimphu Meeting/briefing at ACO Overnight at Hotel Pedling OK (tel: 325714) |
| 14 Nov 2006 Tue | Evening | Ministry of Home and Cultural Affairs (MoHCA) Dasho Lhatu Wangchuk, Director General, Department of Tourism, Ministry of Trade and Industry (MTI) Association of Bhutanese Tour Operators (ABTO) Bhutan Chambers of Commerce and Industry (BCCI) Dr. Francoise Pommaret, Centre for Bhutanese Studies Hotel Business (Mr. Chambula, Proprietor, Dragon Nest Resort or Manager, Hotel Druk) Overnight at Hotel Pedling OK |
| 15 Nov 2006 Wed | | Team Splits up in two groups Group 1: Mr. Gerald Daly, Country Director, World Food Programme (WFP) Mr. Nicholas Rosellini, Resident Representative, UNDP Group 2. Mr. Sonam Tshering, Director General, Mr. Ngawang Choeda, Project Manager, Rural Electrification Division Department of Energy, Ministry of Trade and Industry (MTI) and Mr. Suresh Nepal, Project Manager, Rural Electrification, Bhutan Power Corporation Journalist (Kuensel or Bhutan Times) Group 1 and 2 Mr. Torben Bellers, Minister Counsellor Liason Office of Denmark (Mission members will arrange themselves) |

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|----------------------|--------------------------------------|--|
| | | <p>Right after the above meetings, proceed to Dagala village (electrified by Austrian Development Cooperation). Meet BPC Staff, Headmaster of the school, Gup (Village headman), local peoples and visit farm houses.</p> <p>overnight at Hotel Pedling OK</p> |
| 16 Nov 2006 Thurs | 08.00h | <p>Drive to Trongsa via Punakha, enroute visit Punakha Dzong</p> <p>Introductory visit to Trongsa Dzong and Ta Dzong</p> <p>Overnight at Yangkhil Ressor OK(tel: 03-521417)</p> |
| 17 Nov 2006 Fri | | <p>Team Splits up in two groups</p> <p>Group 1. In-depth meeting with Administration and Sector Officers from Trongsa Dzong (Dasho Dzongdag, Project Management Unit)</p> <p>Group 2. Key informant interviews with external people – headmaster, artisans, local craftsmen, Monk body and hotels</p> <p>Overnight at Hotel Pedling OK</p> |
| 18 Nov 2006 Sat | <p>09.00h – 12.00h</p> <p>12.00h</p> | <p>Team Splits up in two groups Focus group interviews – youths, ethnic groups, women and hotels</p> <p>Drive back to Thimphu</p> <p>Overnight at Hotel Pedling OK</p> |
| 19 Nov 2006 Sun | <p>10.45</p> <p>10.00h</p> | <p>Mr. Kai Ube Prasad Weise departs to Kathmandu</p> <p>Wrapping up with ACO</p> <p>Overnight at Hotel Pedling OK</p> |
| 20 Nov 2006 Mon | 08.30h | Depart to Bangkok |