



Poverty and Social
Impact Analysis of
**Bhutan's Draft
Heritage Sites Bill**



Royal
Government
of Bhutan



THE WORLD BANK

Poverty and Social Impact Analysis of Bhutan's Draft Heritage Sites Bill

Stefania Abakerli

Coordinator, The World Bank

&

Division for Conservation of Heritage Sites

Coordinator, Royal Government of Bhutan

January 2014



*Royal
Government
of Bhutan*



THE
WORLD
BANK



PSIA
MDTF

Copyright @ World Bank, 2014
All rights reserved

This report is a product of the staff of The World Bank Group. The findings, interpretations and conclusions expressed in this report do not necessarily reflect the views of the Executive Directors of The World Bank or the Governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgement on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Cover: Punakha dzong in spring.

All photographs were taken by Stefania Abakerli with exception of the images on pages 8 and 47. The team acknowledges and is grateful to all individuals and organizations for sharing the additional images and maps used in this report.

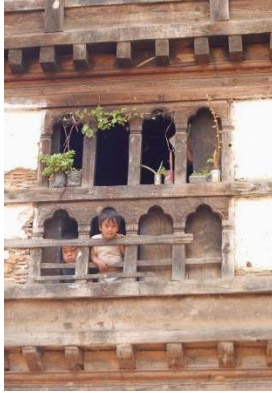


Table of Contents

Glossary of Terms vi

Acknowledgments vii

Executive Summary 1

Background 1

Report Structure 2

Overview of the Draft Heritage Sites Bill 2

Focus and Methodology of Poverty and Social Impact Analysis 3

Profiles of Surveyed Heritage Sites 4

Potential Impacts of the Heritage Sites Bill 5

Policy Lessons and Recommendations 8

Incentives for the Heritage Sites Bill 9

Bhutan: Responding to 21st Century Challenges 10

1 Overview of the Draft Heritage Sites Bill 12

1.1 Policy Reform Motivation 12

1.2 Policy Goals and Intended Targets 13

1.3 Policy Instruments 15

2 Focus and Methodology of the Poverty and Social Impact Analysis 17

2.1 What is a PSIA? 17

2.2 PSIA Phases in Bhutan 18

2.3 Policy Impact Areas and Questions 18

2.4 Methodology 19

2.5 Limitations of the PSIA 26

3 Profiles of Surveyed Heritage Sites 27

3.1 Rural Heritage Villages 27

3.2 Traditional Houses in Thimphu 37

4 Potential Impacts of the Heritage Sites Bill 42

- 4.1 Enlarged Framework for Bhutan’s Heritage: Implications for Development and the People 42
- 4.2 Impact on Assets 44
- 4.3 Impact on Employment 51
- 4.4 Impact on Financial Architecture 57
- 4.5 Impact on Governance 69

5 Policy Lessons and Recommendations 77

- 5.1 Summary of Main Findings 77
- 5.2 Incentives for Heritage Stewardship in Bhutan 78

Appendix A. List of Key Experts Interviewed 82

Appendix B. Description of Secondary Data Sources 84

Appendix C. Listing of Potential Heritage Villages Identified by the PSIA 86

Appendix D. PSIA Bhutan Rural Heritage Village Survey 88

Appendix E. Areas Covered in the Rapid Appraisal of Thimphu Traditional Houses 96

Appendix F. Case Study on Incentives for Residents of Protected Areas in Bhutan 97

Appendix G. Draft Outline of a Heritage Village Stewardship Plan 99

Appendix H. Sources of Income in Sampled Heritage Villages (BTN) 104

Appendix I. Potential Bureaucratic Effects 105

Appendix J. Agencies that have Carried out Heritage Asset Mapping in Bhutan 106

Appendix K. Tourism in Potential Heritage Villages 107

Appendix L: Key Stakeholders for the Heritage Sites Bill 108

Appendix M: Laws and Regulations Pertaining to Heritage Site Conservation 110

Annex N: Views of Residents of Potential Heritage Villages 112

References 114

Boxes

Box 1 Bhutan’s Gross National Happiness Framework 10

Box 1.1 What Are Cultural Landscapes? 13

Box 3.1 Lower Babesa, Thimphu 38

Box 4.1 Insurance Solutions Specific to Heritage Properties 51

Box 4.2 Rural Labor-Sharing Practices 52

Box 4.3 Institute of Zorig Chusum 54

Figures

Figure 2.1 Rural Heritage Villages Sampling Process 22

Figure 2.2 Bhutan Poverty Map and Heritage Survey Villages	23
Figure 2.3 Traditional Villages and Houses Identified in Thimphu	25
Figure 3.1 Architectural Features of a Bhutanese Traditional House	29
Figure 3.2 Distance of Latrines from Houses in sampled Heritage Villages	31
Figure 3.3 Sanitation Facilities in Sampled Heritage Villages	32
Figure 3.4 Literacy Rates of Household Heads in Sampled Heritage Villages	32
Figure 3.5 Annual Household Consumption Expenditure by Item	35
Figure 3.6 Purposes for Borrowing Money	35
Figure 3.7 Poverty Incidence for Heritage Villages (%)	36
Figure 3.8 Subsistence Poverty Incidence for Heritage Villages (%)	36
Figure 3.9 Households by Landholding Size: Nation, District, Gewog, Heritage Village (%)	37
Figure 4.1 Frequency of Rural Traditional House Repairs and Renovations	59

Tables

Table 1.1 Proposed Heritage Site Designations and Responsible Parties under the Bill	14
Table 1.2 Bhutan's Currently Listed Heritage Site Ownership	15
Table 2.1 PSIA Methodology Overview	19
Table 2.2 Stakeholder Analysis: Primary Data Gathering Methods and Scope	20
Table 2.3 Selected Rural Villages and Criteria Scores	22
Table 2.4 Total Households and Number of Households Surveyed	24
Table 3.1 Rural Heritage House Profiles	29
Table 3.2 Main Crops Grown by Farmers (%)	33
Table 3.3 Household Remittances by Sample Village	34
Table 4.1 Urban Traditional House Profile and Statistics	40
Table 4.2 Owners View on Traditional Houses Use in Thimphu	48
Table 4.3 Comparative Analysis of Land Values in Thimphu (BTN per Decimal)	48
Table 4.4 Expatriate Workforce in Bhutan 2010	53
Table 4.5 Traditional Building Skills in Sample	54
Table 4.6 Cost of Construction and Rehabilitation of Traditional Houses in Bhutan	58
Table 4.7 Budget Allocated to DCHS for Conservation of Heritage Sites, FY 2011-12	62
Table 4.8 Process and Permit Requirements for Modifications of Traditional Buildings	65
Table 4.9 Rankings of Preferred Assistance and Incentives for Heritage Site Conservation by Sample Rural and Urban Heritage House Owners	66

Government Fiscal Year (July 1 – June 30)

Currency Equivalents

US\$ / Bhutan ngultrum (BTN)

US\$1 = 54.6 BTN as of April 11, 2013

Glossary of Terms

Chorten	Monument encasing relics and offerings, often built for protection against harm
Dratshang	Monastic body
Dzong	Fortress-monastery structure
Dzongkhag	District
Gewog	Group of villages or administrative blocks under a district
Gup	Administrative head of a gewog
Latruel	Ownership based on reincarnates of prominent religious figures
Lhakang	temple
Mani wall	Long horizontal stupa
Pazop	Rammed earth supervisor
Thromde	Municipal corporation
Tshogpa	Locally elected village head
Rinpoche	Literally means "precious one", and is used to address lamas and other high-ranking or respected teachers. This honor is generally bestowed on reincarnated lamas by default

Heritage Site Conservation is an endeavour that seeks to preserve, conserve and protect buildings, objects, landscapes or other artifacts and practice s of cultural significance; Actions or processes that are aimed at safeguarding the character-defining elements of a cultural/natural resource so as to retain its heritage value and extend its physical life.

Cultural Landscape is the combined works of humanity and nature that represent “a diversity of manifestations of the interaction between humankind and its natural environment” (UNESCO 2011). It expresses heritage in land uses, shaped by traditional and spiritual practice s or design, that are associated with significant groups, events, or cultures.

Heritage Asset is a resource or valuable quality owned by individuals, groups and governments; it gives meaning and cultural significance to a person and/or society and contributes to its continuous evolution.

Heritage Stewardship encompasses protection, research, documentation and preservation interventions, maintenance and operations as well as management of heritage assets, sites and landscapes.

Vernacular Buildings are non-engineered structures built using local materials and skills, reflecting local tradition.

Buffer Zone provides an additional layer of protection to a heritage property or site. A management tool to deal with the transition from site to its surroundings through added protection, which safeguards certain aspects of the site.



Acknowledgments

This Poverty and Social Impact Analysis (PSIA) was financed by the World Bank and prepared under the coordination of Stefania Abakerli (Task Manager, Senior Social Development Specialist, South Asia Region) with a team of World Bank experts comprising Thirumalai G. Srinivasan (Senior Economist), Aphichoke Kotikula (Senior Economist), Krishna Joshi Parajuli (Poverty Data Analyst), Diane Mars (Research Analyst), Alex Pio (Tourism Specialist) and Mr. N. Wangchuk (Senior Economist, Ministry of Finance, Royal Government of Bhutan, in deputation to the World Bank) as well as Bhutanese experts, including Mr. Sonam Jatso (Research Coordinator in Thimphu), and Mr. Saroj Nepal (Research Coordinator in the Heritage Villages). The PSIA also benefited from the advisory support from June Taboroff (Heritage Policy Analyst, UK) responsible for the preparation of brief background notes on international experiences, Professor Kanefusa Masuda (Cultural Heritage Specialist, Ritsumeikan University, Japan) in charge of the preparation of a preliminary management plan for Rinchengang village, and Patricia O'Donnell (Cultural Landscape Expert, ICOMOS) peer reviewer and advisor on cultural landscape and on the model stewardship plan for heritage villages.

The PSIA was prepared in response to a request from the Royal Government of Bhutan, through its Department of Culture, Ministry of Home and Cultural Affairs, for the World Bank to support its Division for Conservation of Heritage Sites (DCHS) in analyzing potential impacts of the draft Heritage Sites Bill on poor and vulnerable groups, as well as mitigation strategies and options for policy improvement. The PSIA concept, scope of work, and survey instruments were developed in close coordination with Ms. Nagtsho Dorji (Head, DCHS) and Mr. Choening Dorji (Architect, DCHS), responsible for the drafting of Bhutan's Heritage Sites Bill. Its main findings, preliminary recommendations, and final report were reviewed and fine-tuned jointly with DCHS officials, including Ms. Nagtsho Dorji, Mr. Choening Dorji, Ms. Junko Mukai, and Mr. Yeshe Samdrup.

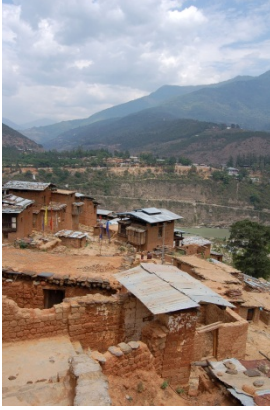
The PSIA was carried out under the overall guidance of Mr. Dorjee Tshering (Director General, Department of Culture), Ms. Maria Correia (Sector Manager for Social Development, South Asia Region, World Bank), Mr. Nick Krafft and Mr. Mark LaPrairie (former Country Director and Resident Representative for Bhutan, World Bank, respectively), and Mr. Anthony Cholst (Country Program Coordinator for Bhutan, World Bank). Mr. Robert Saum and Ms. Geneviève Boyreau (Country Director and Resident Representative for Bhutan, World Bank, respectively) advised on the review and

dissemination of this final report. The PSIA was financed by the PSIA Multi Donor Trust Fund (MDTF). The team is particularly thankful to Cem Mete (PSIA Regional Window Manager) and Mario G. Picon (PSIA MDTF Regional Coordinator).

The PSIA findings and recommendations were shared with all concerned government agencies and partners during a workshop held in Thimphu on February 24, 2014. The team is deeply thankful to his Honorable Lyonpo Damcho Dorji, Ministry of Home and Cultural Affairs, for delivering the keynote speech and chairing the workshop, as well as to all participants for their invaluable suggestions and support to the draft Heritage Sites Bill.

The PSIA team would like to extend its sincere gratitude and deep appreciation to all government officials, residents in traditional houses, development agencies, and respondents met for sharing their experiences and insights on how best to protect and manage Bhutan's cultural landscape and heritage sites in a defining moment of its development.

Tashi Delek!



Executive Summary

BACKGROUND

This report presents the findings of a poverty and social impact analysis (PSIA) of Bhutan’s draft Heritage Sites Bill. The Bill proposes a significant shift in policy by widening Bhutan’s definition of cultural heritage beyond monuments to embrace a wider range of historical assets, both tangible (physical structures) and intangible (cultural expressions and traditions). The aim of the poverty and social impact analysis was to assess the potential impacts and effectiveness of the draft Bill, in order to inform its further development.¹

The Bill has been drafted within the context of Bhutan’s unique development philosophy, as encapsulated in the Gross National Happiness (GNH) Index. First developed in the late 1980s, the concept of GNH was an attempt to redefine national development away from a material-centered focus towards a more holistic vision, strongly influenced by Buddhist concepts of well-being, social cohesion, spirituality, and cultural consciousness.

One of the main pillars of GNH – preservation and promotion of local culture – is also a key principle of the Royal Government of Bhutan’s five-year development plans and its Vision 2021. In addition, the country’s Constitution recognizes culture as an “evolving dynamic force”, stressing the role of monuments, places, and objects of artistic or historic interest in safeguarding the nation’s identity.² Passed on from generation to generation, Bhutan’s cultural preservation strategy includes:

- A strict civic and cultural code of conduct and etiquette.
- The oral transmission of cultural morals from older to younger generations through extended families.
- A strong social support system, promotion of communal festivals and ceremonies.
- The protection of its broad national heritage, including preservation of emblematic monuments and support for traditional arts and crafts.

While notable, this strategy however has not paid enough attention to the country’s majority of “vernacular” (nonmonumental) assets, villages and the immediate

¹ The Bill is being drafted by the Division for Conservation of Heritage Sites (DCHS), Department of Culture, Ministry of Home and Cultural Affairs; the PSIA was conducted by the World Bank jointly with the DCHS.

² Article 4

surroundings (landscapes) that have supported community life for centuries. Bhutan's proud heritage is also increasingly under threat from a number of unprecedented challenges. Economic liberalization of the country has brought an influx of "modern" influences and materialistic aspirations, especially among young people, and ways of living, landscapes, and cultural practices, particularly those enshrined in rural communities and that have shaped Bhutan's society as a whole, are being transformed in the quest for new lifestyle and less laborious job opportunities. The weakening of cultural traditions and practices has spurred the Royal Government of Bhutan to enact measures to formally steward its cultural heritage assets with an emerging emphasis on vernacular (nonmonumental) assets and rural landscapes.

The draft Heritage Sites Bill, therefore, has to strike a delicate balance between preserving the valued heritage of Bhutan and accommodating the understandable aspirations of a vibrant young community. The purpose of the PSIA was to shed light on how well the Bill's provisions could perform that task.

REPORT STRUCTURE

The report is structured in five sections:

1. **Overview of the draft Heritage Sites Bill.** This section describes the motivation for the Bill, its main components, and the policy instruments it will use to achieve its aims.
2. **Focus and methodology of poverty and social impact analysis.** This section describes the evidence-based policy-making tool and its research methodology, while recognizing its limitations.
3. **Profiles of surveyed heritage sites.** This section presents findings on the demographic and socioeconomic makeup of the owners and residents of potential heritage villages and traditional houses, in order to inform decision making and help identify future policy directions.
4. **Potential impacts of Heritage Sites Bill.** This section analyzes key findings on the possible distributional impacts of the Bill on four main categories: assets, employment, financial architecture, and governance.
5. **Policy lessons and recommendations.** This section offers recommendations based on the PSIA findings and other sources of information, and outlines the incentives by which the Bill could achieve its policy objectives in the areas identified.

OVERVIEW OF THE DRAFT HERITAGE SITES BILL

Drafting of the Heritage Sites Bill began in 2010. It aims to move beyond protection of nationally recognized monuments towards preservation of the very social and cultural fabric and cultural landscape of which historical monuments are but one element. The proposed categories for protection include cultural sites and vernacular properties in addition to monuments and archeological sites, and the Bill establishes the required institutional, financial, and regulatory framework for their stewardship, conservation, management, and development into the 21st century.

The Bill thus adopts a “cultural landscape” approach, which recognizes that all facets of the cultural landscape are intertwined and cannot be preserved in isolation and without the stewardship and commitment of host communities. By strengthening its own identity and integrity as a cultural landscape, Bhutan will thus be better equipped to cope with powerful external economic and social pressures in a way that meets its aspirations to promote an inclusive development, based on nonmaterial well-being, happiness, and cultural tradition.

The draft Bill, in its current form, has three main goals:

<p><i>Goal 1: To broaden the recognition of and instill values in Bhutan’s cultural landscape, with an emphasis on contributing to societal well-being and continued evolution.</i></p>	<p>Protected assets under this goal include not only archeological sites but also heritage buildings and cultural sites. For each category, responsibilities for protection, maintenance, and funding are identified.</p>
<p><i>Goal 2: To foster citizens’ responsibility for heritage conservation in Bhutan.</i></p>	<p>The Bill devolves further responsibility for stewardship from government to local authorities, communities, and owners of designated sites.</p>
<p><i>Goal 3: To promote the comprehensive stewardship of heritage sites across the country and their tangible and intangible assets as a foundation to improve local economy, ecology, and social conditions, and thereby raise self-esteem and community vitality.</i></p>	<p>By adding value to cultural sites, the Bill aims to reinforce local economic development and slow the urban migration trend due to lack of alternatives and adequate living conditions in rural areas.</p>

To achieve those goals, the Bill proposes a number of policy instruments, including a landscape approach to heritage site protection and management; clear formulation of the principles for registration and designation of heritage sites; establishment of a dedicated Heritage Sites Trust Fund; and provisions for adaptive reuse of heritage sites.

FOCUS AND METHODOLOGY OF POVERTY AND SOCIAL IMPACT ANALYSIS

A poverty and social impact analysis (PSIA) focuses on the distributional impacts of a policy, particularly on poor and vulnerable groups. It can help identify gaps, thus assisting the policy- and decision-making process. The PSIA in Bhutan was carried out during 2012 and 2013. It used quantitative and qualitative methods to determine the potential implications of the Bill for sample heritage villages, their geographic areas, and their cultural assets, and for urban heritage houses in Thimphu, the capital city. The main tools used were as follows:

1. **Stakeholder analysis and institutional mapping**, including through interviews and focus group discussions.
2. **Compilation of secondary data** from various sources.

3. **Sampling and baseline survey** of 56 potential heritage villages and households, and selection of 4 sample villages (Drugyel, Korphu, Rinchengang, and Sakteng); and a rapid appraisal of traditional houses and their residents in Thimphu.
4. **Poverty assessment** to determine the characteristics of those potentially affected by implementation of the Bill.
5. **Comparative case studies** on incentive mechanisms, penalties, and funding mechanisms.

In summary, the PSIA had a dual focus: the primary focus was on individuals potentially impacted by the Bill, especially those residing in “heritage buildings” and “cultural sites”; the secondary focus was on institutional needs, including the capacity, regulations, and financing mechanisms to ensure effective implementation of the Bill and effective preservation of Bhutan’s heritage and cultural landscape.

PROFILES OF SURVEYED HERITAGE SITES

As mentioned above, the PSIA included a survey of owners of traditional houses in potential rural heritage villages and in the capital city, Thimphu. Some key findings were as follows.

Rural Heritage Villages

- Rural heritage villages are part of an “organically evolved continuing landscape” in which extended families live, work, and express their culture. Their cultural significance is reflected in their spatial planning, traditional construction techniques (with wood, stone, rammed earth, and other materials), land use (such as communal forests, rice paddy terraces), and other elements (such as stupas, temples).
- Provision of basic services – health, water, sanitation, electricity, education – was variable, with some villages well supplied though disparities were often apparent between the poor and nonpoor. Literacy rates were low.
- Agriculture is the main source of livelihood, though landholdings are small on average, with sale of nonagricultural products and services (including portering loads) also prominent. Cultural assets, such as crafts, weaving, and masonry, accounted for very little income, and out-migration from villages was increasing.
- Many households were close to the poverty line, and the incidence of poverty was greater in rural heritage villages than in nontraditional villages. The single main item of expenditure was house renovations. Other expenditure categories included food, clothing, and religious ceremonies.
- Despite the high cultural significance of heritage villages, from a poverty perspective, the PSIA showed that the poor are more likely to inhabit houses constructed of traditional materials.

Traditional Houses in Thimphu

- Many traditional houses in Thimphu have been demolished. Demand for land and rental housing has grown, and owners of traditional houses often replace them with concrete blocks of flats in order to gain rental income.
- The rapid appraisal of remaining private traditional houses in Thimphu revealed that most are isolated (individually or in small groups) as they have been engulfed by unplanned urban expansion. Recent plans and regulations have not included adequate provision for the management and conservation of the remaining enclaves.
- Owners of traditional houses in Thimphu had better access to basic services and facilities – health, water and sanitation, electricity, and education – than owners of traditional houses in rural heritage villages.
- All families interviewed had at least one person earning cash income, and most had savings accounts, though difficulties were faced obtaining credit. Poverty rates were much lower than for rural villages.

POTENTIAL IMPACTS OF THE HERITAGE SITES BILL

The PSIA findings gave insight into the possible impacts of the Bill in four key areas: assets, employment, financial architecture, and governance. These areas merit particular attention given the broad “cultural landscape” approach adopted under the Bill, which implies careful identification and definition of the economic, ecological, cultural, and community elements that give meaning and define the identity of the Bhutanese society. To ensure that informed Action is taken to ensure stewardship of those “character-defining features” of the landscape in a way that maximizes the intended objectives of the Bill, categories of value need to be assigned, from “fundamental” (highest level, to be strictly safeguarded) to “noncontributing” (within a heritage site but not a heritage resource).

1. Impact on Assets

In rural areas, the provisions of the Bill are expected to yield net positive impacts. For example, well-served properties (with water and electricity supply and other amenities) could encourage income-generating uses (provision of accommodation, for example). In Thimphu, the dynamics are rather different, with strong incentives to profit from the land on which a traditional building stands, rather than the building itself. Concrete structures have much higher market values than traditional structures, and are better endowed with amenities.

In cities, in turn, a major hurdle that the Bill needs to overcome is the low value placed on traditional buildings and the financial and technical resources needed to maintain them, which together make it difficult for owners to invest in or draw on their assets. The Bill’s provisions therefore need to be linked to a reliable incentive system that rewards stewardship of traditional assets. Such a system would require a registration process for designation of heritage sites, and adoption of coherent standards for their renovation, construction, or indeed demolition.

Examples of incentives that could encourage owners to keep and maintain their traditional homes include:

- Technical support to homeowners and concerned organizations, including model drawings and simplified permits for upgrading heritage buildings and sites, and guidelines for new construction;
- Provision of basic public services in heritage sites, such as in-house water supply, power connections, and primary schools;
- Adequate valuation of heritage properties, taking into account nonmonetary elements, including aesthetic, cultural, and communal values.

2. Impact on Employment

Positive impacts on employment arising from the Bill include increased demand for skilled heritage-specialized craftspersons and preservation of their knowledge and skills, and generating new employment opportunities, especially for young entrepreneurs and outside Thimphu, through tourism and centers of excellence. Areas of expertise that may receive renewed impetus include stonemasonry, carpentry, and wood carving, with already experienced practitioners acting as master craftspersons. Careers attractive to youth that may be stimulated include conservation architecture, landscaping, green engineering, business management, among others.

For tourism, there is scope for adaptive reuse as sites for restaurants, homestays, Buddhist prayer centers, cultural schools, among others.

Again, adequate incentives are needed to instigate employment opportunities, including certification and training, and adequate remuneration and job security of heritage-specialized labor. For training, the Institute of Zorig Chusum provides a useful start point. One challenge would be how to accommodate the current rural labor-sharing practices, and urban use of low-skilled foreign labor, into a more formal and career-oriented employment setup.

3. Impact on Financial Architecture

The further decentralization of financial responsibilities to homeowners and caretakers proposed in the Bill may not be equally experienced by all user groups. Owners of traditional houses in cities might absorb greater absolute costs while those in rural heritage villages may be greatly impacted because they are poorer than average households, and may lack the financial resources to carry out the house maintenance and repairs proposed in the Bill. Many owners reported having to borrow to finance maintenance and repairs. An incentive-based approach and financial support to promote repair and reuse and emergency-based works for both urban and rural registered heritage sites may be required under the Bill to ensure those negative impacts are curtailed.

Supportive measures and incentives in the area of finance may include:

- Setting up a Heritage Sites Trust Fund, operated by the Heritage Sites Committee, to help fund conservation of designated heritage sites;

- Awareness-raising campaigns to promote a culture of preventive maintenance, which is currently lacking;
- A more flexible approach to timber subsidies, which are currently not available especially to urban households;
- Facilitating access to microcredit;
- Exploration of further sources of funding, for example a tourism sector tariff levied to support the upkeep of heritage sites visited by tour groups, under the “user pays” principle;
- Establishment of a clear governance framework, clarifying institutional roles and responsibilities and filling gaps in regulations, procedures, and guidelines, in order to remove any unnecessary levels of bureaucracy and avoidable transaction costs.

Note should also be taken of the preferred modes of assistance for heritage site conservation identified by both rural and urban heritage house owners: financial contributions to house maintenance, subsidized or free housing materials, community infrastructure improvements, individual building improvements, and support for labor or technical expertise.

4. Impact on Governance

The Bill may positively impact the overall governance of heritage conservation in Bhutan by clarifying roles and responsibilities of central ministries, as long as mechanisms for proactive coordination among all concerned agencies are put in place. The Bill will further delegate responsibility to local governments and homeowners or caretakers, but with increased quality control, which will require provisions for technical support, incentives, and capacity enhancement at district and site level. The greatest impact will be felt by site owners and caretakers, who will have substantially increased legally binding responsibilities, and will need to be equipped with the knowledge and skills to manage those responsibilities.

Successful implementation of the Bill will require significant coordination among a wide range of stakeholders in key areas under the oversight of the Ministry of Home and Cultural Affairs, including:

- **Skills.** The Ministry of Labor and Human Resources will be central to skills development, and the Department of Disaster Management can help ensure resilience of structures to earthquakes, fires, and other natural hazards.
- **Finance.** The Ministry of Finance play a crucial role in budgetary allocations and coordination with donors.
- **Tourism development and promotion.** The Tourism Council of Bhutan, the Association of Bhutanese Tour Operators, and the Hotel Association of Bhutan will need to engage on such matters as the proposed tourism tariff.
- **Heritage management and local governance.** The Ministry of Agriculture and Forests in rural areas, and the Ministry of Works and Human Settlements in urban areas, will continue to be closely involved in the stewardship of national cultural assets and heritage sites, in coordination with local government.

- **Outreach and awareness raising.** Key partners in this regard include the Zhung Dratshang, the central monastic body; private monks' bodies and religious organizations; and His Majesty the King's Welfare Office.

POLICY LESSONS AND RECOMMENDATIONS

The PSIA aimed to inform the drafting of Bhutan's Heritage Sites Bill through an analysis of its potential impact on the poor. It determined the profiles of vernacular heritage sites and their owners and caretakers, and assessed the financial and governance mechanisms for cultural stewardship in Bhutan. Its data, analysis, and recommendations are offered as one of the possible references for the cultural authorities in Bhutan to successfully prepare an Bill with positive impacts on its stakeholders, especially the poor.

Main Findings

The PSIA findings demonstrate that the Bill comes at a critical time, as modernization is promoting changes in Bhutan that require a rethinking of the way the country has been promoting and safeguarding its cultural properties, and their continuity in the 21st century. As the PSIA has shown, the Bill may have a number of positive implications for Bhutan's communities, society, economy, and ecology, as it broadens the definition of cultural heritage preservation from the protection of monuments to the promotion of a living cultural landscape with:

- Increased appreciation of Bhutan's vernacular heritage;
- Increased self-esteem of Bhutan's ageing skilled craftspersons, and incentives for them to pass on their knowledge;
- Generation of new employment opportunities, especially for youths, outside Thimphu;
- Greater clarity of roles and responsibilities for cultural stewardship in Bhutan;
- More reliable financing for the maintenance and development of heritage sites.

For the positive impacts of the Bill to materialize, however, a number of possible threats or adverse impacts identified by the PSIA need to be given due attention, especially to the following distributional impacts:

- Owners of traditional houses, who tend to be substantially poorer than the national average, may struggle to finance the additional stewardship responsibilities.
- Increased transaction costs may arise due to regulation and permit requirements and economic burdens on communities and individuals.
- City dwellers face the greatest opportunity costs with heritage site designation and may be the most resistant to nomination.
- While rural owners stand to gain more from designations, they may be unable to meet conservation requirements due to lack of funding and technical knowledge.

To mitigate the negative impacts and realize the positive impacts of the Bill, a number of recommendations arise from the PSIA and consultations with relevant authorities:

- Engage key stakeholders, particularly owners, caretakers, local authorities, and concerned agencies, in identification, inventorying, designation, and stewardship of heritage sites;
- Adopt an incentive-based approach, rather than use of command and control mechanisms, as outlined below.

INCENTIVES FOR THE HERITAGE SITES BILL

Possible incentives for implementation of the Heritage Sites Bill are as follows, grouped by the four key areas identified by the PSIA:

- **Assets.** Incentives for heritage house owners, including assistance with model drawings and guidelines on upgrading; technical support and guidelines for new construction and infrastructure; provision of basic public services to heritage sites; adequate valuation of heritage properties.
- **Employment.** Support to craft skills, including through certification and training; support to entrepreneurship and professional development in the heritage sector; support to local government officials through trainings in conservation, accreditation, and other procedures.
- **Financial architecture.** Facilitate access to fiscal, subsidy, and other incentives for owners and caretakers to conserve their heritage properties.
- **Governance.** Partnering with stakeholder agencies and organizations, including through memoranda of understanding; partnering with the Ministry of Finance to estimate budgetary needs for successful implementation of the Bill; discussion with the Ministry of Agriculture and Forests on conserving sites inside protected areas and revising timber concessions; partnering with the Ministry of Works and Human Settlements and other entities to draft regulations and provisions; partnering with all other relevant stakeholders on raising awareness and assisting implementation of the Bill's provisions.



Bhutan: Responding to 21st Century Challenges

“One should feel proud of knowing the history of his or her village, but the tradition of passing it on to the next generation is slowly disappearing”
Resident of Sakteng

Bhutan’s material and intangible cultural heritage and natural assets are highly valued as intrinsic sources of happiness and socioeconomic development, resulting in one of the highest per capita cultural endowments in the world. The significance of Bhutan’s culture in everyday life, the respect for the environment, and the morals of governance have been advocated by the Bhutanese people for centuries. These concepts were formally embraced as Bhutan’s unique development philosophy through the adoption of the Gross National Happiness framework in the late 1980s (box 1). Such ascribed inward-looking development philosophy has led to practices and skills that are highly adapted to the country’s ethos and geography, defining its overall social organization, way of living, and landscapes.

Box 1 Bhutan’s Gross National Happiness (GNH) Framework

Coined in the late 1980s by the fourth Druk Gyalpo, Jigme Singye Wangchuk, the GNH framework was an attempt to redefine development away from a material-centered focus towards a more holistic vision.

Strongly influenced by Buddhist concepts of well-being, social cohesion, spirituality, and cultural consciousness, GNH is supported by four pillars: (a) the achievement of equitable and sustainable development; (b) the preservation and promotion of local culture; (c) the protection of environmental health and diversity; and (d) the upholding of good governance. Currently, all development activities in Bhutan undergo a GNH “filter” against a GNH Index to ensure their adherence to those principles.

The preservation and promotion of local culture is also a key principle under the Royal Government of Bhutan’s five-year development plans and its Vision 2021. Article 4 of the country’s Constitution also stresses the role of culture in shaping the nation’s identity. In practice, Bhutan’s cultural heritage has been preserved through a strict civic and cultural code of conduct and etiquette; oral transmission of cultural morals from older to younger

generations through extended families; a strong social support system; promotion of communal festivals and ceremonies; and protection of a broad national heritage, including preservation of emblematic monuments and support for traditional arts and crafts.

Bhutan's society, communities, and cultural and natural landscapes are however facing unprecedented changes. The gradual opening up and increasing economic liberalization of the country are bringing an influx of "modern" influences and aspirations, especially among young people. Searching for a lifestyle and job opportunities that are less laborious and more secure than those in rural areas,³ many young Bhutanese are migrating to cities.⁴ New sociocultural patterns influenced by outside values are emerging, leading to marked transformations in ways of living, landscapes, and community practices. In rural areas, an increasing number of villages are being abandoned, while traditional neighborhoods and houses in cities are being razed and replaced by concrete buildings. New spaces and towns are being created to respond to such demand for modernity, but at the cost of breaking down the very foundation of Bhutanese society and community vitality.

There are many implications of these changes for Bhutan's ambitions to promote an inclusive development, based on nonmaterial well-being, happiness, and cultural tradition. Some of the most visible impacts on Bhutan's culture and GNH-focused development are the breakdown of the family unit (from extended to nuclear), increased materialism, and diminished community vitality, with often negative implications for societal happiness. According to the 2010 GNH Index, only 37 percent of people in rural areas report being happy, versus 50 percent in cities. The factors that contribute most to the happiness of rural Bhutanese are cultural diversity, community vitality, and good governance, whereas in cities these are living standards, education, and health (Centre for Bhutan Studies 2010).

The weakening of cultural traditions and practices has spurred the Royal Government of Bhutan to enact measures to formally steward its cultural heritage assets with an emerging emphasis on vernacular (nonmonumental) assets and rural landscapes. To this end, the government has taken two critical Actions at policy level. First, it has focused its 11th Five Year Plan, on "Creating Rural Prosperity," on raising awareness of the unique value of Bhutan cultural landscapes and traditional way of life as drivers for an inclusive and sustainable pattern of development. Second, it has begun drafting the country's first Heritage Sites Bill, aiming at establishing the necessary provisions and regulations for the protection of Bhutan's breadth of heritage resources, including cultural landscapes and heritage sites containing multiple properties, as a means of improving the socioeconomic and subjective well-being of the communities imbued with heritage assets. The stewardship of heritage sites, including broad cultural landscapes shaped over time by communities and nature, is also expected to expand and strengthen the linkages of the rural population and its intrinsic assets with the country's growing urban economy.

³ Bhutanese youths are generally reluctant to accept employment that is rural based and manually intensive. Many leave school with aspirations of jobs especially in the prestigious civil service, where there is job security, an established 9 a.m. to 5 p.m. working culture, and flexibility (Chua 2008, p. 11).

⁴ According to government projections, it is expected that around 400,000 Bhutanese will live in urban areas by 2017, more than 4 times the present urban population (Planning Commission 1999).



1

Overview of the Draft Heritage Sites Bill

Section 1 elaborates on the draft Heritage Sites Bill’s reform motivation, main goals, and intended targets, as well as proposed policy instruments and provisions.

1.1 POLICY REFORM MOTIVATION

Drafting of the Heritage Sites Bill began in 2010. It is the first piece of legislation aimed at protecting Bhutan’s cultural landscape and heritage sites. It moves beyond monuments to recognize living communities that are founded in such sites and the surrounding landscapes shaped by them. The Bill proposes the required institutional, financial, and regulatory framework for their stewardship, conservation, management, and development. Thus far, the Royal Government of Bhutan has focused primarily on protecting major religious and historic monuments with national significance, such as a temples and dzongs⁵. There are 2,084 such monuments currently listed in the country’s inventory.⁶ While continuing to protect those major monuments and archeological sites, the Bill’s main emphasis is on the protection of Bhutan’s breadth of “vernacular heritage sites.”

Adopting a cultural landscape approach (box 1.1), the draft Bill encompasses the evolved and continuing cultural sites of communities and a broad range of vernacular heritage assets, from individual structures – such as rice terraces, views, footpaths, stupas, chortens, watermills, and traditional houses, embracing the cultural, historical, architectural, and spiritual values that are at the heart of communities – to groups of buildings, the cultural expressions and natural dynamics taking place in such places, and surrounding landscapes. The scale shift to cultural landscapes recognizes entire villages and the immediate surroundings that support village life as heritage sites whose stewardship presages a vibrant, vital future. Vernacular heritage sites include about 56 villages and more than 10,000 related assets in Bhutan.⁷ This is a significant number, given the country’s small size of 46,500 square kilometers and sparse population of about 730,000 inhabitants.⁸

⁵ High-walled fortresses that serve as the religious and administrative centers of districts.

⁶ This official list, however, is acknowledged as incomplete, as it includes nationally designated and monumental assets only, missing thousands more vernacular structures and heritage sites that could possibly be recognized under the Bill.

⁷ This is an estimated number given that, to date, no detailed inventory of vernacular heritage, including traditional houses, minor structures, and landscapes, has been conducted in Bhutan.

⁸ World Bank country data, Bhutan: <http://data.worldbank.org/country/bhutan>.

By broadening its interpretation of cultural heritage through the Bill, the Royal Government of Bhutan seeks to acknowledge Bhutan’s diverse material and intangible heritage and the ongoing, valuable contribution of that heritage to community identity and societal development. The shift comes at a pivotal moment in the country’s history. Having long maintained a policy of strict isolationism to preserve its culture and independence, Bhutan has become increasingly open to outside influences, and now feels the need to institutionalize a broad, inclusive range of principles and practice s aimed at steering its development in a culturally sensitive manner.

Box 1.1 What are Cultural Landscapes?



Cultural landscapes are the combined works of humanity and nature that represent “a diversity of manifestations of the interaction between humankind and its natural environment” (UNESCO 2011).



Cultural landscapes express heritage in land uses, shaped by traditional and spiritual practice s or design, that are associated with significant groups, events, or cultures. Cultural landscapes can be classified as designed, evolved, or associative.

Since its inception, the drafting of the Bill has continued to evolve through research and consultation. The Bill’s provisions are being carefully developed to ensure its adherence to underlying Gross National Happiness (GNH) principles, national relevance, and larger development goals.

1.2 POLICY GOALS AND INTENDED TARGETS

The draft Bill, in its current form, has three main goals:

Goal 1: To broaden the recognition of and instill values in Bhutan’s cultural heritage assets, with an emphasis on contributing to societal well-being and continued evolution.

As mentioned, Bhutan’s vernacular heritage has the closest connection to the daily life of Bhutanese people but is the least recognized and protected of the country’s rich cultural assets. In order to include assets other than monuments, in line with Article 4 of the Bill, proposals for heritage sites fall broadly within three categories:

- Registered heritage buildings;
- Designated archeological sites;

- Designated cultural sites.

The first and third categories signify an important policy shift, as they include vernacular houses and minor structures as well as the areas immediately around those properties. Each category has a provision regarding responsibility for funding, maintaining accounts, and implementing protection measures (table 1.1).

Table 1.1 Proposed Heritage Site Designations and Responsible Parties under the Draft Bill

Designation category	Primarily responsible for:		
	Protection	Maintenance	Funding
Registered heritage building	Property owner	Property owner	Property owner /other
Designated archeological site	Department of Culture and district authorities	Department of Culture	Royal Government of Bhutan
Designated cultural site	Property owner	Property owner	Property owner; government through district may provide assistance

Source: Draft Heritage Sites Bill. The definition of “owner” in the Bill includes individuals as well as government agencies and public and private bodies.

Goal 2: To foster citizens’ responsibility for heritage conservation in Bhutan.

Today, the Royal Government of Bhutan is the main stakeholder responsible for the identification, researching, renovation or rehabilitation, and financing of cultural heritage in Bhutan. Article 4 of the Bill proposes to expand these roles and responsibilities, applying the principle of “public interest,” by which the protection of heritage buildings and sites is the “responsibility of every citizen of Bhutan” (DCHS 2013).

The three largest changes in this regard are (a) the shift in the DCHS mandate from an implementing to a regulatory agency; (b) the further decentralization of management and increased administrative responsibilities allocated to local governments; and (c) the further transfer of responsibilities for the maintenance and management of the registered properties and the designated sites to their owners and caretakers. Four user groups have been identified as direct site stewards, based on ownership: communities, private individuals, the government, and *latruel*⁹ (table 1.2).

⁹ Ownership based on reincarnates of prominent religious figures.

Table 1.2 Bhutan’s Currently Listed Heritage Site Ownership

Ownership	Number of sites	Percentage
Community	1,040	50
Private	674	32
Government	326	16
Latruel	44	2
Total	2,084	100

Source: Department of Culture, 2012.

Goal 3: To promote the comprehensive stewardship of heritage sites across the country and their tangible and intangible assets as a foundation to improve local economy, ecology, culture, and social conditions, and thereby raise self-esteem and community vitality.

The shift in emphasis under the Bill places a stronger focus on the role of cultural heritage in shaping people’s lives and Bhutan’s social fabric and identity (Article 3). This is expected to promote a more balanced rural-to-urban transition in the country by supporting in situ local economic development in rural areas, thus decreasing the pressure on rural dwellers, especially educated youths, to migrate to urban areas in search of job opportunities and better living standards. This urban migration trend is weakening rural communities, eroding social codes, and threatening unique local skills. With this trend, heritage villages are losing human resources and stewardship capabilities, resulting in disrepair of rural village heritage assets.

1.3 POLICY INSTRUMENTS

To achieve these goals, the draft Bill proposes clear provisions and tools for the protection and conservation of Bhutan’s cultural landscape and heritages sites:

- **A landscape approach to heritage sites protection and management.** The Bill advances the thinking and practice in Bhutan by adopting a landscape approach to heritage stewardship that integrates the density of its heritage assets within a large societal, environmental and economic context.
- **Principles for registration and designation of heritage sites.** “To respect Bhutan’s cultural landscape,” the Bill lays out foundational principles to guide the registration and designation of heritage sites in a way that respects the associated natural settings, living traditions, and values (Article 4).
- **Provisions by which the different categories of heritage properties and sites should be registered/designated or deregistered/designated.** These provisions set clear responsibilities for central and local governments and owners. The Bill stipulates the creation of a Heritage Sites Committee (Articles 9–12), charged with determining the registration of a property and the designation of heritage sites and the administration of a proposed Heritage Sites Trust Fund and related incentives (see below). Depending on the designation of the heritage site, this committee would Bill on nominations submitted by the DCHS in consultation with dzongkhags.

This will formalize and set the basis for a potentially clearer institutional framework, coordination, and funding mechanisms at national, district, local, and community levels. This system also readjusts the role of the DCHS from an executing agency to a regulator and promoter of conservation of heritage sites under a long-needed regulatory framework.

- **Heritage Sites Trust Fund.** The Bill proposes the establishment of a dedicated fund for the stewardship of registered heritage sites and to cover administrative expenses of the Heritage Sites Committee. The fund would also provide emergency funds for the protection of registered heritage sites at risk, and for the DCHS to organize public campaigns, conduct research, and issue publications relevant to the protection of heritage sites in Bhutan (Articles 12–14).
- **Adaptive reuse of heritage sites by owners.** Following international good practices, the Bill proposes a series of provisions and responsibilities for central and local government, site owners, and caretakers to protect designated heritage sites. It also entitles owners to adapt heritage structures to contemporary uses with guidance on interventions to ensure that original features and meaning are valued and stewarded. Taking into account the presentation of heritage to visitors, the Bill grants the possibility of charging fees to visitors as one important incentive, when applicable (Articles 38–39).



2

Focus and Methodology of the Poverty and Social Impact Analysis

Section 2 describes the main focus of analysis and methodology of work, including the sampling criteria, of the poverty and social impact analysis (PSIA).

2.1 WHAT IS A PSIA?

A PSIA is an analysis focused on a policy's distributional impacts, particularly on poor and vulnerable groups. The PSIA approach has been mostly used to predict *ex ante* what the economic and social impacts of a policy will be before it is instituted. Through empirical evidence and stakeholder engagement, PSIA's have proven to be helpful tools in identifying any gaps, possible negative impacts, and mitigation strategies. PSIA's ultimately serve to inform policy dialogue, decision making, and development-related investments in order to improve a country's capacity and equity.

The PSIA of Bhutan's Heritage Sites Bill focused on assessing the potential socioeconomic effects of the proposed policy changes under its current draft form, from the conservation of monuments and intangible assets to a people-centered and landscape-wide approach. The Bill's potential distributional impacts were analyzed, with the objective of identifying ways of maximizing its intended positive impacts while minimizing any unintended negative consequences. The PSIA also addressed institutional needs in terms of capacity, financing, and institutional mechanisms to ensure the effective implementation of the Bill.

The PSIA focused primarily on analyzing the potential impacts of provisions aimed at vernacular houses, heritage villages, and surrounding landscapes, which fall under the proposed registered heritage building and designated cultural site categories. To this end, it used mixed quantitative and qualitative methods and a combination of tools to determine the potential implications of the Bill for sample heritage villages, their geographic areas, and their cultural assets, and for urban heritage houses in Thimphu. The PSIA paid special attention to assessing the socioeconomic profile of owners in order to identify different impacted user groups and the extent of these impacts on each of them.

2.2 PSIA PHASES IN BHUTAN

The Bhutan PSIA comprised five phases carried out over a period of about 12 months:

- **Phase 1 (September–October 2012)** focused on the definition of the PSIA scope and design of the survey instruments jointly with the DCHS, and secondary data collection and the selection of sample heritage sites with the DCHS.
- **Phase 2 (October 2012)** focused on consultations and interviews with concerned ministries and relevant agencies¹⁰ working on heritage-related programs and projects; gathering preliminary data for stakeholder analysis and institutional mapping; and the testing of survey instruments in Rukubji, a potential heritage village located in Wangdue Phodrang district in the Black Mountains National Park.
- **Phase 3 (November 2012–March 2013)** focused on main data gathering through primary data collection, including baseline surveys of four sample rural heritage villages and their households and a rapid appraisal of traditional houses in Thimphu.
- **Phase 4 (March–May 2013)** focused on the review of the field surveys, preparation of comparative studies, and compilation of relevant international examples and poverty analyses.
- **Phase 5 (May 2013–ongoing)** focuses on the compilation of findings and analysis in a draft report, followed by a national-level stakeholder workshop to validate and discuss the research findings. This workshop is also expected to serve as a platform to discuss issues related to the Bill, including content concerns, implementation arrangements, and cooperation agreements for its approval and later implementation and enforcement.

2.3 POLICY IMPACT AREAS AND QUESTIONS

Based on the draft Bill's goals, four specific policy impact areas were identified as being most relevant: assets, employment, financial architecture, and governance. For each impact area, specific questions were formulated to identify the possible positive and negative impacts on heritage site owners and users, with special emphasis on the poor, as follows:

- **Assets.** How might the Bill impact entitlements and the ability of those affected to invest in or draw on their own assets?
- **Employment.** How might the Bill impact employment, and for which groups?
- **Financial architecture.** How might the conservation of heritage sites serve as transfer mechanisms to the poor? Will potential recipients be affected equally?

¹⁰ Entities interviewed include the Department of Culture, National Museum, Tourism Council of Bhutan, Agency for Promotion of Indigenous Craft, Thimphu District Municipality, Department of Human Settlements, Policy and Planning Division and Engineering Services Division in the Ministry of Works and Human Settlements, National Statistics Bureau, National Land Commission, Ministry of Labor and Human Resources, National Assembly of Bhutan, Taj Tashi, GNH Commission, United Nations Development Programme, United Nations Educational, Scientific, and Cultural Organization, SNV Netherlands Development Organization, Austrian Development Cooperation, Association of Bhutanese Tour Operators, Hotel Association of Bhutan, Nature Recreation and Ecotourism Division in the Ministry of Agriculture and Forests, Royal Institute for Tourism and Hospitality, and Norbu Bhutan Travel.

- **Governance.** How might the shift in the responsibilities for heritage site conservation affect entitlements and conservation practices in heritage sites?

2.4 METHODOLOGY

Five methods were used to answer the policy questions in section 2.3, as shown in table 2.1 and described in the following subsections.

Table 2.1 PSIA Methodology Overview

Tool	Description	Objective	Method
1. Stakeholder analysis and institutional mapping	Identification of stakeholders and review of their perspectives, resource and power flows among them, and institutions	To map stakeholders potentially affecting and affected by the Bill; level of impact and institutional arrangements for heritage conservation	34 semistructured interviews, focus groups, and on-site observations
2. Compilation of secondary data	Compilation of secondary data on stakeholders, property values, conservation costs, skilled workforce, demographic and socioeconomic profiles, heritage asset mapping	To form a data and knowledge basis for research design and analysis	Mapping and household data gathering in selected rural villages from Land Commission; house conservation cost estimates compiled by DCHS; skilled workforce listing by dzongkhag compiled by DCHS; transaction costs compiled from DCHS, Ministry of Works and Human Settlements, and Ministry of Agriculture and Forests data
3. Sampling and baseline survey	Household survey of residents and owners of potential heritage houses and cultural sites in urban and rural areas	To gather views, and demographic and socioeconomic data, on owners and caretakers of traditional homes, heritage villages, and cultural sites potentially impacted by the provisions of the Bill	Rural. Identification of 56 potential heritage villages; selection of 4 sample villages and 1 test village with criteria elaborated jointly with DCHS; Survey of 89 households Urban. Rapid appraisal of 27 traditional houses in Thimphu; focus groups and one-on-one interviews with 89 rural and 27 urban households

Tool	Description	Objective	Method
4. Poverty assessment	Desk review and field assessment of poverty profiles in heritage villages and traditional houses	To determine potentially impacted user characteristics and poverty profiles	Desk review of Bhutan Living Standards Survey, Labor Force Survey, GNH Survey, Population and Housing Census of Bhutan, National Statistics Bureau
5. Comparative case studies	Comparative case studies on incentive mechanisms, penalty provisions, consultation for heritage site registration, and funding mechanisms	To provide relevant and practical national and international examples on matters relating to heritage site policy and protection	Preparation of two national cases (Bhutan Trust Fund for Environmental Conservation and incentives and regulation for residents of national protected areas); global examples of incentive mechanisms, penalty provisions, consultation and funding mechanisms

To help ensure that the draft Bill's provisions and regulations conformed to Bhutan's diverse geography and rural and urban contexts, the PSIA covered rural heritage villages sampled in four districts across the country and traditional houses in Bhutan's capital and largest city, Thimphu (see section 3.2).

Method 1 – Stakeholder Analysis and Institutional Mapping

The stakeholder analysis and institutional mapping were conducted in three steps over 11 months:

Step 1: Desk review, consisting of analysis of secondary sources and reports (laws, guidelines, articles, websites, and publications) from a variety of national and international entities.

Step 2: Qualitative in situ primary data gathering through 34 semistructured interviews, focus group discussions, and on-site observations (table 2.2).

Table 2.2 Stakeholder Analysis: Primary Data Gathering Methods and Scope

Research Method	Stakeholder	Scope
Semistructured interviews	Public and private sectors; community members; owners	Understanding the possible effects of the Bill on relevant stakeholders and their levels of interest and power
Focus group discussions	Experts and leaders in the fields of heritage, law, tourism, and economic development	Gathering of noninstitutional views on heritage site conservation

On-site observations	Potentially impacted user groups (heritage site residents, owners)	Understanding and consulting with potentially impacted households and user groups
----------------------	--	---

Step 3: Verification and validation of data with experts and authorities. The use of mixed research methods allowed for the triangulation of information for greater accuracy and increased insights into differing contexts and viewpoints (but see section 2.5 on limitations of the study). Focus group discussions helped to fill information gaps identified in the desk review and to contextualize information. The in situ data gathering also allowed stakeholders to provide their feedback and perceptions on institutional processes for the conservation of heritage sites in Bhutan, including the possible effects of the Bill on them.

Method 2 – Compilation of Secondary Data

Secondary data were collected from different entities and analyzed to generate microlevel knowledge and further inform the research design and analysis:

- Mapping of services, village, and household data from the Land Commission database, and conservation cost estimates for heritage houses compiled by the Department of Culture;
- Skilled workforce listing by dzongkhag compiled by the Department of Culture;
- Transaction costs compiled from DCHS, Ministry of Works and Human Settlements, and Ministry of Agriculture and Forests documents;
- Socioeconomic household and village-level data compiled from the Bhutan Living Standards Survey, Labor Force Survey, GNH Survey, Population and Housing Census of Bhutan, and National Statistics Bureau (appendix C).

Method 3 – Sampling and Baseline Survey

One of the PSIA’s unintended early contributions was the preidentification of potential heritage villages in Bhutan. Given the absence of a comprehensive inventory of potential heritage villages and cultural sites in Bhutan, the PSIA team, comprising DCHS officials, local experts, and the World Bank team, produced a preliminary mapping of the potential heritage villages and cultural sites in the country.

Application of Criteria and Village Selection

To this end, the team defined the following criteria for site selection, following discussions with experts from the United Nations Educational, Scientific and Cultural Organization (UNESCO) to ensure their concordance with global standards:

- Heritage significance;
- Heritage authenticity and integrity;
- Outstanding value of heritage.

Based on those criteria, 56 villages were preidentified by the team as potential heritage village sites, covering 17 districts. The villages were then placed into three categories based on the scores assigned for the above criteria (appendix D).

The top 10 ranked villages were shortlisted and further researched based on 10 different factors: location, access, village size, livelihoods, socioeconomic status, community organizational capacity, heritage characteristics, heritage significance, authenticity, and tourism scope (figure 2.1). With no such research having been done in the past, information on heritage characteristics, socioeconomic status, livelihoods, and community capacity was unavailable for some villages. Thus, a qualitative rapid appraisal was conducted, including triangulation of interviews and secondary data sources.

Following the rapid appraisal of the 10 shortlisted heritage villages, 4 were selected for surveying based on purposeful sampling to ensure they were representative of Bhutan’s diversity in terms of the 10 factors listed in the previous paragraph.

Figure 2.1 Rural Heritage Villages Sampling Process



The selected villages and respective districts were Drugyel (Paro),¹¹ Korphu (Trongsa), Rinchengang (Wangdue), and Sakteng (Trashigang), with Rukubji (Wangdue) selected as the village in which to test survey instruments (figure 2.2)¹². Table 2.3 shows the criteria scores for each village on the scale of 1–4, with 4 being the highest.

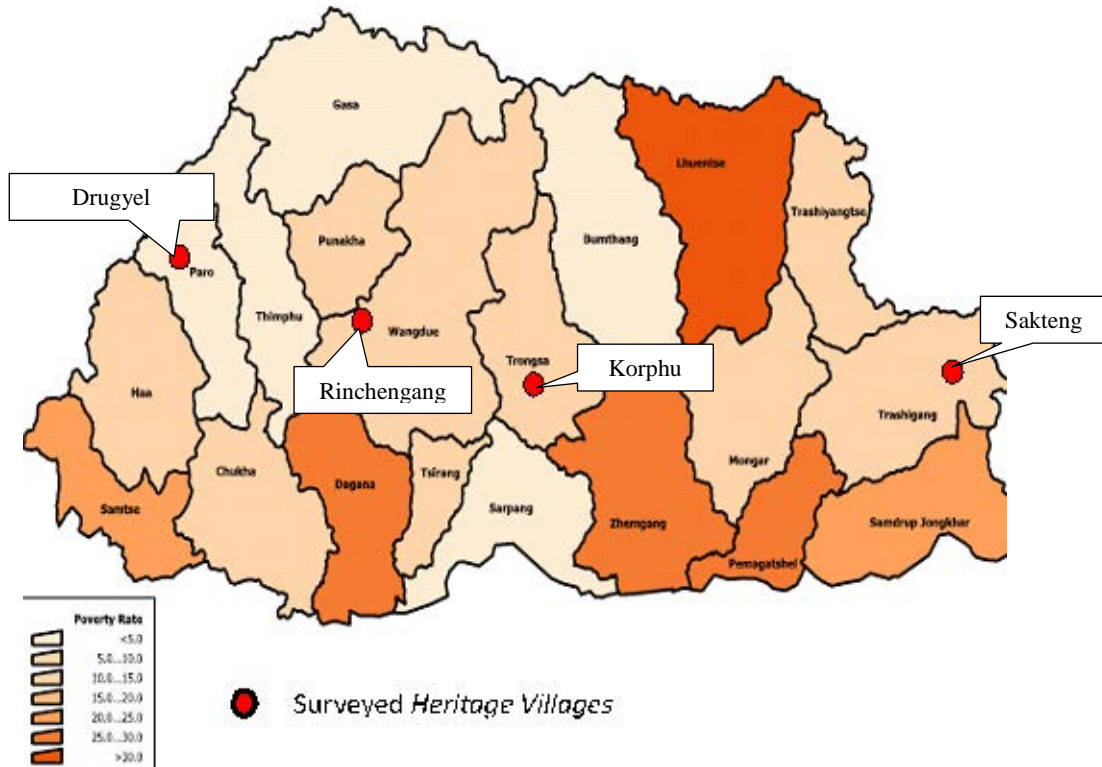
Table 2.3 Selected Rural Villages and Criteria Scores

Dzongkhag (district)	Village	Selection criteria (1–4 scoring)		
		Heritage significance	Heritage authenticity/integrity	Outstanding value of heritage
Paro	Drugyel	3	3	3
Trongsa	Korphu	3	2	3
Wangdue	Rinchengang	3	3	4
Trashigang	Sakteng	4	3	4

¹¹ The DCHS replaced Takchu Goenpa with Drugyel as the former was largely uninhabited due to seasonal migration to lower pastures during the proposed time of the field research.

¹² Rukubji was selected as the test village by the DCHS given its relative proximity to Thimphu (five hours’ drive) and its numerous heritage site elements: it contains a cluster of 34 houses, of which the majority remains traditional. The village also features a legend about its foundation, a significant 200–300-year-old private monastery, and well-organized local government.

Figure 2.2 Bhutan Poverty Map and Heritage Survey Villages



Sources: PSIA 2013; National Statistics Bureau 2012b.

Purposeful sampling was used to preselect the households to be interviewed to give a range of different living conditions, with an initial assessment according to the variety of characteristics of the houses in the villages – new or old; small or large; more or less expensive; repaired, renovated, or untouched since construction; near or far from the village center.

To solicit villagers’ feedback on the household preselection, focus group discussions were organized. During the discussions, participants were instructed to consider the aforementioned criteria applied to the houses. A total of 35 participants in Korphu, 9 in Drugyel, 15 in Rinchengang, and 20 in Sakteng took part in the focus groups.

In addition, a rapid cultural asset listing was carried out with the tshogpas and elders in order to determine buildings, practices, and spaces important to the community and its cultural vitality. To cross-check the education section of the survey, local schools were contacted and dzongkhag cultural officers were solicited, although only the Drugyel officer was available during the fieldwork.

Within each of the four villages, an average of 20 percent of households was surveyed, totaling 89 households interviewed out of the 455 households in the sample villages (table 2.4)¹³.

Table 2.4 Total Households and Number of Households Surveyed

Village	Total households	Number of households surveyed
Drugyel	112	20
Korphu	101	21
Rinchengang	89	20
Sakteng	153	28
Total	455	89

Once households were selected, baseline data were gathered through field surveys. The objective was to generate reliable data to determine and make reasonable generalizations about the characteristics of the population living in heritage villages and traditional houses across Bhutan.

The survey questionnaire was pretested in Rukubji village and then revised accordingly. The final household questionnaire comprised 128 questions, including 8 preidentification questions (appendix E). The remaining 120 were distributed under 11 topics: household demographic categories, community activities, education, health, house physical details, household amenities, socioeconomy, migration, income, expenditure, and heritage site consultations. The questionnaire was translated and applied in the local languages to ensure relevance.

Identifying and Sampling Traditional Houses in Thimphu

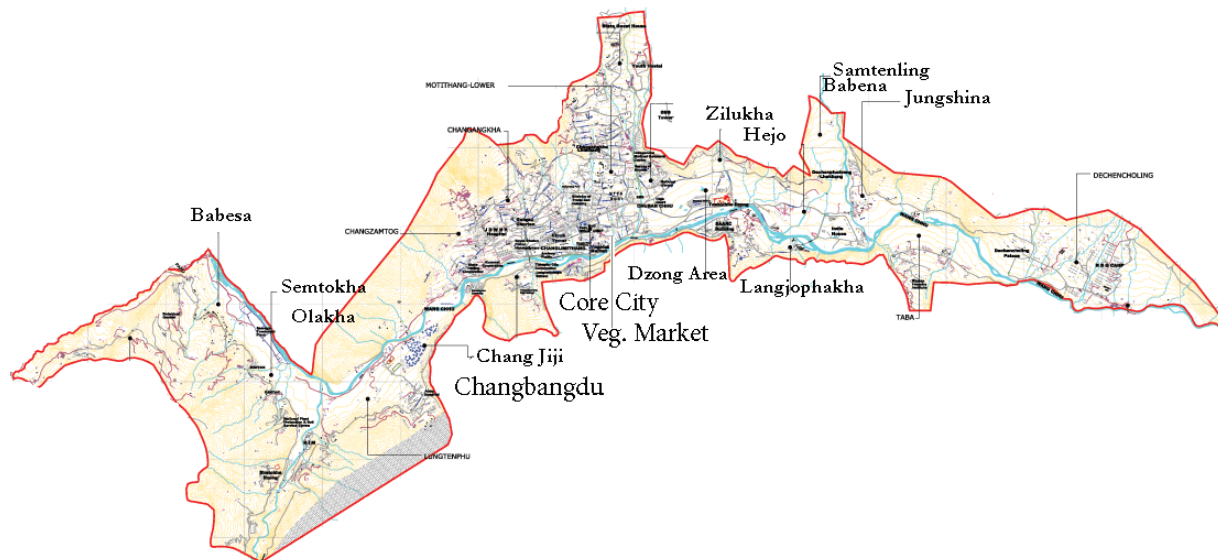
The identification of the traditional houses in Thimphu followed a similar process to the mapping and sampling of the rural heritage villages. Since there is not a comprehensive list of traditional houses in the city, the PSIA team carried out a rapid appraisal of traditional houses in Thimphu, which included a three-step process to map and identify the houses:

- Desk review and discussions with the Thimphu District Municipality, Department of Human Settlements of the Ministry of Works and Human Settlements, and the DCHS;
- Site reconnaissance and mapping of selected traditional houses;
- Meetings with concerned tshogpas and with residents, followed by in-depth interviews and data collection.

¹³ The research design specified that at least 20 households of the village should be surveyed, or 30 percent, whichever was higher. The PSIA team of local consultants carried out the surveys with assistance from the *tshogpas* (village heads) and enumerators, who made appointments with individuals in the sampled households to ensure that they would be available during the survey. Still, the research team faced sudden events, such as in Sakteng, where a number of households had already seasonally migrated to lower pastures with their yaks at the time of the field research,

The preidentification was done based on the Thimphu Structure Plan and the following additional criteria: architecture style, age of building, ownership, and religious, historical, and cultural significance. Of the 30 traditional houses identified in Thimphu, 27 (all privately owned) were selected for further analysis under this study, covering almost all areas of the city (figure 2.3 and appendix F).

Figure 2.3 Traditional Villages and Houses Identified in Thimphu



Source: MoWHS 2003.

Method 4 – Poverty Assessment

A poverty assessment was also carried out to assess the current poverty status of the heritage villages compared to dzongkhag and national poverty levels. This assessment used a consumption-based measure of poverty supplemented by measurement of nonconsumption indicators such as education, health, sanitation, housing characteristics, migration, and asset ownership.

The analysis was based on primary data collected in the sampled heritage villages between November 2012 and March 2013, and data from the 2012 Bhutan Living Standards Survey (National Statistics Bureau 2012a). The sampling units for this survey were individuals and households living in those heritage villages. The sample units for the Bhutan Living Standards Survey were individual, household, gewog (group of villages or administrative blocks under a district), and dzongkhag (district). In addition to this primary survey, other datasets used in analysis for comparison with the national and dzongkhag level included the Poverty Analysis Report, 2012 (National Statistics Bureau 2012b), the GNH Survey Findings, 2010 (Centre for Bhutan Studies 2010), the Population and Housing Census of Bhutan, 2005 (National Statistics Bureau 2005), and the Renewable Natural Resources Census, 2009 (National Statistics Bureau 2009). The source description of these additional survey data is provided in appendix C.

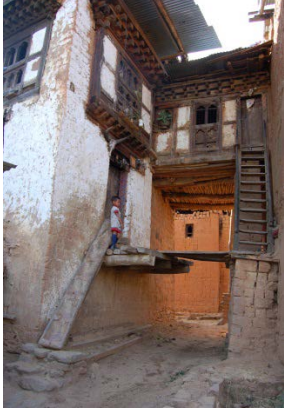
Method 5 – Comparative Case Studies

The PSIA team also prepared two case studies on (a) the Bhutan Trust Fund for Environmental Conservation; and (b) incentives and regulations for residents of national protected areas as examples of incentive mechanisms, penalty provisions, modes of consultation, and methods of funding (appendix G). In addition, the team prepared a series of short notes with global examples of (a) incentives; (b) enforcement measures, sanctions, and penalties; (c) regulations for heritage site conservation; and (d) participative listing of heritage sites. The team also advised the DCHS on the preparation of the template for a stewardship plan for a heritage village using a cultural landscape approach (appendix H).

2.5 LIMITATIONS OF THE PSIA

The PSIA has four general limitations:

- **Limited resources and use of secondary sources.** The limited time available for the PSIA, along with resource constraints, impeded the selection of more than 4 villages, or 7 percent of the preidentified 56 potential heritage villages. To ensure a minimum credible representation of this small sample, triangulation with secondary sources and inference methodology were applied. Given the lack of data and samples, poverty rates for traditional house owners in urban areas were not calculated as part of the PSIA.
- **Socioeconomic dynamics.** Despite efforts at contacting the tshogpas and sending information in advance to the villages, mobilizing people for the study faced some challenges due to seasonal issues and overall livelihood styles. Participants in the focus groups and household surveys were mostly selected from among those present on arrival. The first village selected, Takchu Goenpa in Haa district, had to be replaced with an alternative because the survey visit found that only four households remained living in it. Drugyel village in Paro, which is the amalgamation of the three subvillages of Jurtsa, Namjay, and Tsenzhi, was selected by the Department of Culture as a replacement.
- **Validity of secondary attributes.** In collecting secondary data from the GNH Survey, any household-level variables such as income, housing, assets, and level of sufficiency were ascribed to the respondent. Thus it was not possible to reflect intrahousehold inequalities in the household-level variables.
- **Selection bias.** The observed effect is due to preexisting differences between the types of individuals in the study and comparison groups rather than to the treatment or PSIA experience.



3

Profiles of Surveyed Heritage Sites

Section 3 discusses the characteristics of the sample rural heritage villages (Drugyel, Korphu, Rinchengang, and Sakteng), and traditional houses in Thimphu and their households.

3.1 RURAL HERITAGE VILLAGES

3.1.1 Key Findings

Bhutan's rural heritage villages retain a wealth of the country's cultural authenticity. Following tradition, extended families live together, using their houses for residential and economic (mainly agrarian) purposes. The houses are built with traditional materials, based on methods passed from generation to generation through interfamilial and community interactions. Heritage villages share certain characteristics with each other, though notable differences signal highly context-specific livelihoods, income sources, and construction materials amid more widely spread societal expressions and traditions.

Families rely on subsistence agriculture as their main source of livelihood. Alternative economic activities, such as crafts and masonry, are limited. The single largest household expenditure is house renovation. Poverty is a threat to the villages; those sampled are around 2 to 3 times poorer than the average for the gewogs and dzongkhags to which they belong. Nationwide, the poor are more likely to inhabit houses constructed of traditional materials, with limited resources to care for this legacy. Overall, basic service provision is uneven, particularly regarding water supply and access to education. Out-migration, especially of youths to cities, is rapidly growing.

3.1.2 Cultural Significance and Characteristics

The rapid appraisal of the 56 potential rural heritage villages showed that they are found in all Bhutan's districts, and they generally exhibit three main characteristics that are relevant from a cultural landscape and heritage site perspective:

- They represent an “organically evolved continuing landscape” where people live, work, and evolve (UNESCO 2011). The villages have been shaped over centuries by cultural, social, environmental, and economic forces and religious beliefs, defining their physical character and cultural expressions as found today. Organically

evolved landscapes reflect the process of ongoing evolution, where people dwell, work, and express their culture. These landscapes are complex ensembles integral to Bhutan's contemporary society.

- Such evolved continuing landscapes represent specific features of the Bhutanese centenary culture and practices of spatial planning and construction techniques, retaining heritage integrity by maintaining traditional houses made of local materials, such as stones, mud, rammed earth, or wood, with minimal alterations or divergence from their original typologies and methods of construction. Each heritage village has also at least one temple and several stupas, which, despite their varying status of ownership, have been built and are maintained in a traditional labor-sharing (communal) manner. Each village has strong cultural ties to its landscape through events and myths, accented by spatial planning decisions.
- The landscapes and heritage villages retain cultural significance and social value as the loci for intergenerational transmission of knowledge and practices, and are the focus of most of Bhutan's highly praised community vitality.

Features of heritage villages that define their character include the land uses and patterns that respond to the natural landscape and traditions, for example village siting; agricultural land shaping; communal forest management; the spatial and visual relationships that express cultural practices and attitudes, such as the respect for principal views; the topography, drainage, and water supply systems that support daily life; all types of vegetation; circulation routes and patterns of movement; structures of all kinds, habitable and nonhabitable; and small-scale elements such as the prayer flag areas, and materials and details throughout. An obvious heritage asset of each village is the cluster of its traditional houses. Surrounding rice paddy terraces are also of high heritage significance, as in Rukubji, where the village and its fields are said to be located over the body of a snake, with the temple built on its head in order to subjugate the snake's spirit to Buddhism (Dujardin 1998).

Approximately 70 percent of existing Bhutanese houses are constructed with traditional materials and methods; though this is rapidly changing in cities, where 57 percent are being made with newer materials such as concrete and imported brick tiles (National Statistics Bureau 2012a). This is of concern, given that the Bhutanese traditional method of construction with local materials (figure 3.1) is highly adapted to the country's geography and seismic characteristics. In western Bhutan, for instance, many foundations and plinths of traditional houses are made of stones held together with mud mortar. The walls are made of rammed earth and the floors of wooden planks. In eastern Bhutan, the walls are mostly made of adobe bricks settled on a stone basement. An elaborate cornice and rows of windows are built around the front side of the house. Traditional roofs are made of wooden shingles held in place by river rocks.

Figure 3.1 Architectural Features of a Bhutanese Traditional House



Source: MoWHS & CIT 2009.

Of the households surveyed, 35 percent had homes built over 60 years ago (table 3.1). The houses retain similarities between villages surveyed: they have two or three stories; and households inhabit their own houses and compartmentalize their use to accommodate residential and economic Activities simultaneously. The ground floor, which extends into an open courtyard, is for storage and cattle. The middle floor mainly serves as a storage area for food grains and other belongings and, in some cases, may also have a family room. The top floor is where the family lives. It houses the kitchen, family room, guest room, and an altar room. The attic is usually left open on all sides and is used for storing hay and drying vegetables and meat.

On average, eight people live together, representing three generations or extended families living in the same house. Of households surveyed, 30 percent had six or more rooms, with 28 percent having four rooms. For walls, the materials most used are stone, mud, and mortar (53 percent) in Sakteng and Drugyel, and rammed earth and adobe (43 percent) in Korphu and Rinchengang, depending on the locality and availability of raw materials.

Table 3.1 Rural Heritage House Profiles

Attribute	Finding	%
Age of structures	< 20 years	43
	21–60 years	22
	60–100 years	17
	> 100 years	18
State of conservation of house	Excellent	31
	Good	47
	Poor	15
	In ruins	3
	Under construction	3
Roofing materials	Corrugated galvanized iron roofing	97
	Wooden shingles	3
Flooring materials	Wood	91
	Mud	6
	Cement mortar	3

Wall materials	Stone, mud, and mortar	53
	Rammed earth	43
	Cement mortar	1
	Other	3
Residents	Owners residing in them	97
	Relatives of owners	3
Years since the last house repair	In last 5 years	24
	In last 6–10 years	16
	In last 11–20 years	9
	In last 21–30 years	2
	Do not know	15
	Repairs not carried out	35

Source: PSIA 2013.

Note: Totals may not add up to 100% due to rounding.

Of the houses surveyed, 51 percent had undergone repairs within the previous 30 years. Of households from all villages, 61 percent indicated that timber was the primary material needed for house repairs, as it is a major building component requiring relatively frequent replacement. Given the forest regulations, the vast majority of roofs (97 percent) have been replaced by corrugated galvanized iron. Timber is still the material most used for flooring, although a few households have recently begun using cement for this purpose.

3.1.3 Access to Basic Services

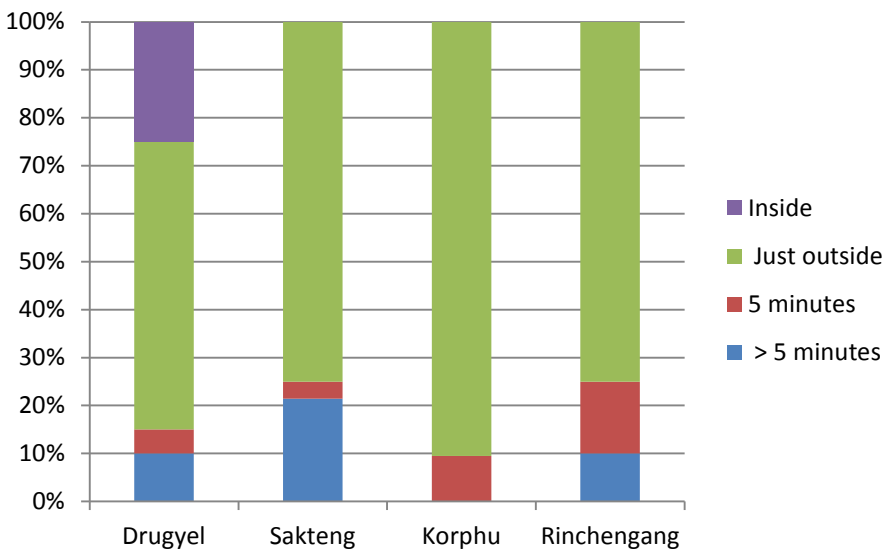
All four heritage villages surveyed had access to government-provided basic services. With the exception of sanitation, which needs improvement,¹⁴ the quality of basic services is on a par with other villages in the country.

- **Health.** Three of the four heritage villages surveyed had basic health units, or health facilities, located in the village. Rinchengang was the exception with a basic health unit located within a 90-minute walk. Diarrhea was the most common reported disease, especially among women, who comprised 73 percent of all reported diarrhea cases. For other common diseases reported, such as dysentery, headaches, and eye problems, there were again significant gender differences.
- **Water.** Of the heritage villagers surveyed, 97 percent depended on the government Rural Water Supply Scheme, which raises awareness on health and sanitation and teaches the public about different types of latrine construction. Over 60 percent of the interviewed households reported having a reliable, continuous water supply. The survey analysis showed that about 95 percent of households had access to piped water. However, in Rinchengang, households have to use a common tap located at the highest point of the village, which means additional work especially for women (figure 3.2). Also, around half the villagers surveyed in Sakteng face an unreliable supply of water for six months on average (PSIA 2013).

¹⁴ Eighty-one percent of the population has access to improved sanitation in Bhutan, though there is wide disparity between the poor and nonpoor (National Statistics Bureau 2012a).

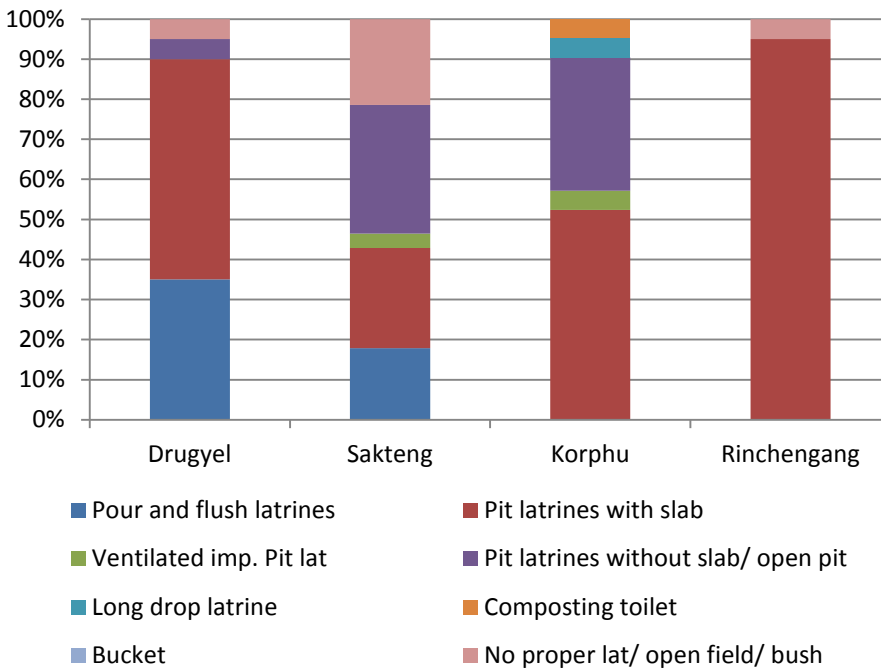
- **Sanitation.** More than 70 percent of facilities in the surveyed villages were pit latrines with or without slabs. Of those who wanted to keep their traditional house – that is, those who did not want it replaced with a new concrete building – 66 percent already had an indoor latrine. Of those who wanted to live in a concrete building, 56 percent had such a latrine (figure 3.3).
- **Electricity.** Three villages have reliable electricity connectivity for cooking and lighting. Most houses are connected to an electrical grid, except for Korphu, which is in the process of wiring its houses. All households surveyed had liquefied petroleum gas cooking stoves. In Rinchengang, however, firewood is still used for cooking by some households, which is a major health concern, given its related respiratory complications, especially for children, women and the elderly. This is also a possible source of fire, a top concern for all heritage villages.
- **Education.** Literacy rates in the surveyed heritage villages were lower than the national average. All villages offer schooling from 6th to 12th grade. Schools are located anywhere from a 10-minute to a one-hour walk (as in the case of Rinchengang) from households. One quarter of the villagers are students between the ages of 6 and 22. However, survey results found that on average, 55 percent of rural heritage households were illiterate (figure 3.4). The schools in Drugyel and Rinchengang villages are up to 12th grade standard; Sakteng’s school runs to 8th grade and Korphu’s to 6th grade.

Figure 3.2 Distance of Latrines from the Houses in Sampled Heritage Villages



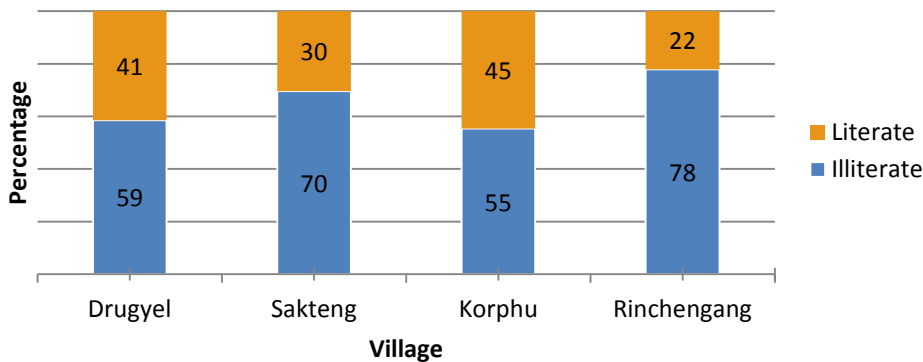
Source: PSIA 2013.

Figure 3.3 Sanitation Facilities in Sampled Heritage Villages



Source: PSIA 2013.

Figure 3.4 Literacy Rates of Household Heads in Sampled Heritage Villages



Source: PSIA 2013.

3.1.4 Livelihood and Sources of Income

Agriculture is the main source of livelihood in three of the surveyed villages, with the exception of Sakteng. Crops vary by area, with rice paddy and buckwheat being the most common (table 3.2). Paddy farming villages tend to grow that crop exclusively, while others diversify. This lack of crop diversification leaves paddy farmers and their communities more vulnerable to changes in weather, climate, prices, and policy. Farming systems may vary between a dryland or a rice-based system. Sakteng is unique among the villages surveyed; it holds the least amount of land, has the most crop diversification, and relies on cattle rearing as its main economic activity.

Table 3.2 Main Crops Grown by Farmers (%)

Crop	Drugyel	Sakteng	Korphu	Rinchengan g
None	-	50	-	-
Maize	-	7	-	-
Buckwheat	-	21	62	-
Cabbage	-	4	-	-
Maize	-	11	38	-
Paddy	100	-	-	100
Radish	-	4	-	-
Sag	-	4	-	-

Source: PSIA 2013.

Of the households surveyed in the four villages, 72 percent did not earn any income from salaries or wages for labor. There are wide variances in income sources. The PSIA survey reveals that the sale of vegetables and dairy products are the main sources of income for 79 percent of households. Supplemental income for Drugyel and Rinchengang villages are earned from the sale of cereal, and for Drugyel and Sakteng villages, from transportation Activities (porter or pony for tourism services). The income of the heritage villages is presented in appendix K.

In addition to farming and livestock Activities, 46 percent of total households surveyed earned income from the sale of nonagricultural products and services. The main source of income from that area was business (for example portering loads), which accounted for 15 percent of all income in Drugyel and 5 percent in Sakteng. However, there were no such business Activities in Korphu and Rinchengang.

Crafts and masonry Activities accounted for less than 1 percent of all income in all four villages. Weaving did not occur in any the villages surveyed. Notably, despite being considered potential heritage villages, their households did not capitalize on these assets for income generation. Crafts were the second most infrequent activity across all four villages.

The real estate, rental, and property market in rural areas and all surveyed villages is virtually nonexistent. No households interviewed reported renting or selling housing in their lifetimes. Real estate transactions were the most infrequent of nonagricultural income-earning Activities in all villages.

Out-migration is growing,¹⁵ with household members leaving a village mainly in search of employment and other means to earn income in the private sector, the civil service, the

¹⁵ Bhutan's urbanization rate is one the highest in the world. According to Bhutan's 2008 National Urbanization Strategy, the average annual growth rate in the urban population is 7.3 percent compared to

army, business, or monkhood. Out-migration averaged 17 percent of the total population in each of the four villages surveyed. Out-migration by gender was relatively equal except for the poorest village, Rinchengang, where 20 percent of males, compared to 4 percent of females, migrated for employment reasons.

Despite the high migration rate, remittances to heritage villages are low and do not represent significant or steady contributions to income. Remittances varied greatly between villages (table 3.3). The exception was Drugyel, the wealthiest village, which received an average annual remittance of 31,500 Bhutan ngultrum (BTN). This is quite substantial in comparison to the other sources of income of the households in the village, including an average of 31,222 BTN from vegetable sales, 17,400 BTN from portering, and 4,850 BTN from sale of cereals.

Table 3.3 Household Remittances by Sample Village

Household remittances	Village			
	Drugyel	Sakteng	Korphu	Rinchengang
% of households receiving remittance	20%	4%	19%	25%
Mean household remittance (BTN)	31,500	536	1,286	6,250

Source: PSIA 2013.

3.1.5 Expenditure and Consumption

Along with income generation, expenditure patterns help to illustrate the financial precariousness of rural heritage villagers. The per capita monthly consumption expenditure in the four villages surveyed averaged 2,073 BTN, compared to the national average of 4,043 BTN (National Statistics Bureau 2012a). The difference between the two villages with the lowest and highest expenditures was nearly 600 BTN; 1,892 BTN for Rinchengang, and 2,491 BTN for Drugyel (PSIA 2013). Bhutan's poverty line stands at 1,704.84 BTN per person per month at 2012 prices (National Statistics Bureau 2012b).

The single largest expenditure at 38 percent was house renovations (figure 3.5). This supports villagers who claim they do not have the financial resources to maintain their houses in traditional form and desire additional assistance. Besides renovations, a significant portion of expenses was incurred on food and clothing. Households who do not produce enough grain and foodstuffs (44 percent of households) must purchase them at the market. This shortage in self-sufficiency generally lasts from one to five months during the year. Aside from Sakteng, whose villagers produce their own clothing, the rest of the villages buy clothes from the market. The survey also showed no reported savings.

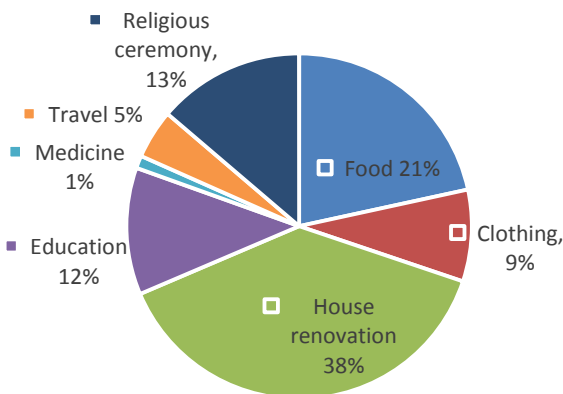
1.26 percent for the total population (as high as 12.6 percent in Thimphu) (MoWHS 2008). If this rate of growth continues, by 2020, 73 percent of the country's population will live in cities. See also UNDP 2012.

Rural households prioritize religion, spending 13 percent annually on ceremonies (such as annual mask dance festivals at local temples), more than on education.

The consumption pattern also provides evidence of patriarchy. Though 26 percent of households mentioned that mothers made financial decisions for the house, in 63 percent of households in four villages, fathers were the final decision makers.

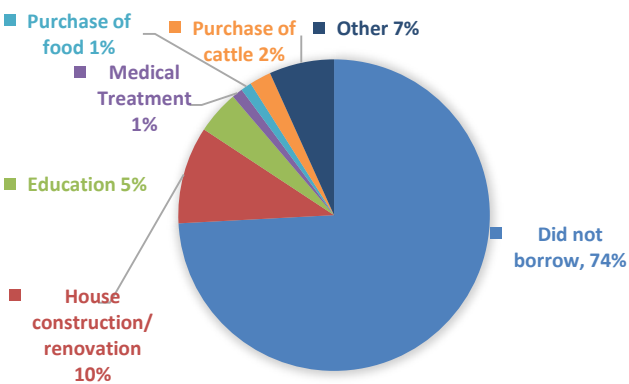
Of the households surveyed, 26 percent had borrowed money. The main reasons for borrowing included house renovation, education, cattle purchases, and medical treatment (figure 3.6). Of those that borrowed, 39 percent did so for house construction and borrowed an average of 152,222 BTN.

Figure 3.5 Annual Household Consumption Expenditure by Item



Source: PSIA 2013.

Figure 3.6 Purposes for Borrowing Money



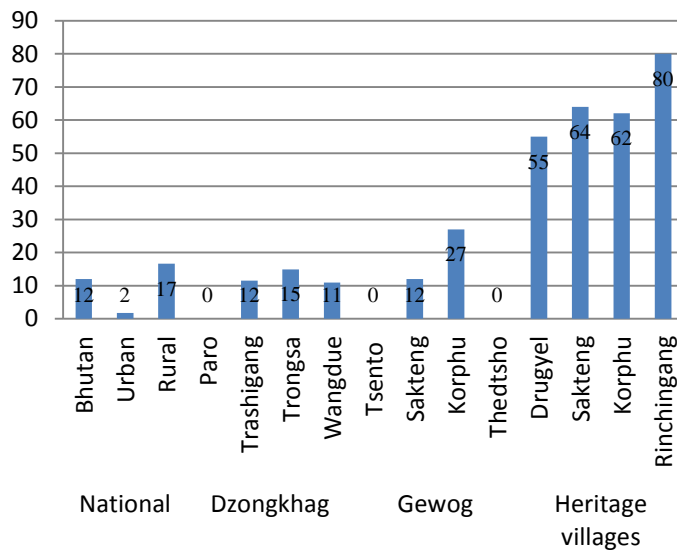
Source: PSIA 2013.

3.1.6 Poverty

Despite their relevance from a cultural heritage perspective, the PSIA shows that the selected rural heritage villages are extremely impoverished in comparison to nontraditional villages. While poverty prevalence rates may vary, the sampled heritage

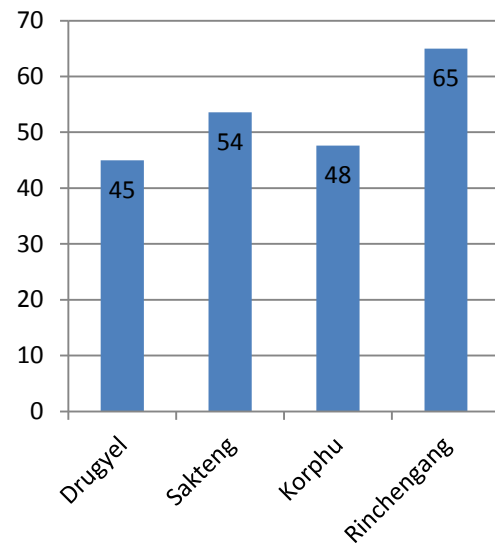
villages are nearly 2 to 3 times poorer than the gewogs and dzongkhags to which they belong. The poverty incidence of villages¹⁶ ranges from 55 to 80 percent, compared to 12 to 27 percent at gewog level (figure 3.7). Subsistence poverty rates¹⁷ in the heritage villages are also higher, ranging from 45 to 65 percent, which is twice the amount at the gewog, dzongkhag, or national level (figure 3.8). Education, asset ownership, and asset utilization may be factors explaining the higher rates.

Figure 3.7 Poverty Incidence for Heritage Villages Compared to National, District, and Gewog (%)



Sources: National Statistics Bureau 2012a; PSIA 2013.

Figure 3.8 Subsistence Poverty Incidence for Heritage Villages (%)



Source: PSIA 2013.

Poverty is multidimensional, and the high poverty in Bhutan’s heritage villages may be the result of a combination of factors, including education, size of landholding, and land productivity, as briefly discussed below.

The literacy rates in heritage villages are lower than national and dzongkhag averages. The village with the lowest literacy rate of 22 percent, Rinchengang, has a poverty prevalence rate of 80 percent. It has also the farthest walking distance to schools; the closest school is more than a 20-minute walk away, longer than any of the other surveyed villages.

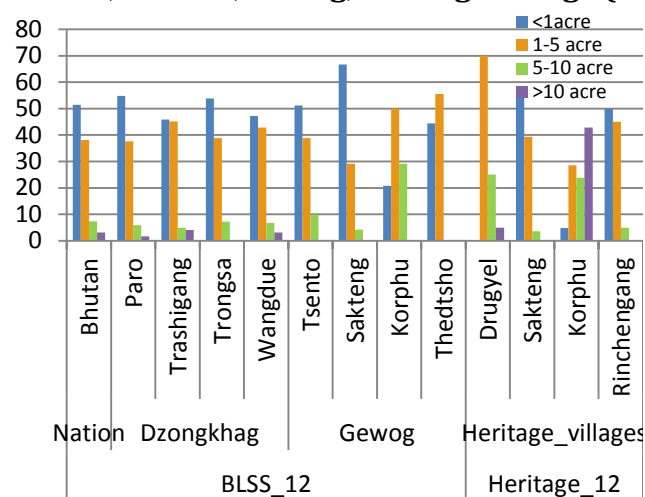
The two villages with the smallest landholdings per household, Rinchengang (1.3 acres) and Sakteng (1.1 acres), were also the two poorest, with poverty incidence rates of 65 percent and 54 percent respectively. In both Sakteng and Rinchengang, 50 percent of households have less than 1 acre, compared to a national average of 2 acres (figure 3.9). Results from the Poverty Analysis Report of 2012 and the Renewable Natural Resources Census 2009 (National Statistics Bureau 2012b, 2009) suggest that farmland is being kept

¹⁶ The poverty estimate is based on the recently updated total poverty line of 1,704.84 BTN per person per month at 2012 prices.

¹⁷ Subsistence poverty or extreme poverty is based on the food poverty line of 1,154.74 BTN.

fallow due to wildlife depredation, unproductive land, lack of irrigation, and lack of access to markets. A lack of technology or other means of cultivation may also constrain villagers from maximizing their crop yields or discourage them from farming effectively. More than 94 percent of households utilize traditional bullocks for cultivation.

Figure 3.9 Households by Landholding Size: Nation, District, Gewog, Heritage Village (%)



Sources: National Statistics Bureau 2012a; PSIA 2013.

The national housing data also reveal that the poor are more likely to inhabit houses constructed of traditional materials (National Statistics Bureau 2012a). The nonpoor are 8 times more likely to have concrete walls and nearly 5 times more likely to have cement-bonded walls as the main material of construction. The nonpoor are also twice as likely to have cement and concrete flooring as the poor. In newly constructed housing, the poor are more likely to use mud-bonded bricks and stones, and half are likely to use cement. The absolute cost of house construction for the rural poor, however, remains very low. This could be due to their ability to procure materials at little cost and the traditional labor-sharing construction practices in rural Bhutan.

3.2 TRADITIONAL HOUSES IN THIMPHU

3.2.1 Key Findings

Most traditional houses in Thimphu have been demolished.¹⁸ As people migrate to Thimphu and other towns, the real estate market and demand for land and rental housing has grown steadily, putting enormous pressure on traditional houses. Owners of traditional houses in Thimphu in general rely mostly on wage-based earnings and often replace their houses with new concrete structures four or five stories high as one of their main income sources. They tend to have greater access to sanitation and health services than their rural counterparts.

¹⁸ The PSIA appraised 27 of the about 30 remaining traditional houses in the city.

3.2.2 Cultural Significance

A rapid appraisal of private traditional houses was conducted in Thimphu to complement the rural survey. While not a study of all existing traditional houses in the capital city, the PSIA qualitative and quantitative research yielded possible generalizations.¹⁹

Under the Bill, the Royal Government of Bhutan might register the few remaining privately owned traditional houses in Thimphu as heritage buildings in recognition of their cultural, architectural, and historical significance. Some traditional houses may not get registered individually but designad as a group with their surroundings under the category “designated cultural site.”

This is urgently needed, given that most traditional houses in Thimphu have been demolished to make space for infrastructure (for example roads) or new higher-rise buildings for renting. Presently only 26 percent of city dwellers live in houses, compared to 85 percent in rural areas (National Statistics Bureau 2012a). Instead, most either rent part of a house or live in an apartment.

Today only about 30 traditional houses stand in Thimphu, whereas previously they occupied the entire valley. The few remaining houses and areas where a group of three or four traditional houses still exist have also been engulfed by urban expansion and development. As a result, the authenticity of the valley’s landscape and features of Thimphu derived from the original grouping of traditional villages have irreversibly vanished. According to the PSIA appraisal, most inhabitants of the existing houses have lost their social networks and community vitality (box 3.1). This is by and large due to lack of urban planning that integrates the conservation of existing assets and areas and their sociocultural practice s into the city growth and new dynamics.

Box 3.1 Lower Babesa, Thimphu



Lower Babesa is one of the oldest and most significant clusters of remaining traditional houses in Thimphu. It has a special connection to Lama Drukpa Kunley, one of the best-known 15th-century wandering Buddhist saints from Tibet. It is classified as a “traditional village” in the Thimphu Structure Plan. Some of the houses are still occupied, despite the advanced state of decay.

¹⁹ With exception of ten respondents, all others, including all families of houses that were more than 100 years old, were native residents of Thimphu.

The Thimphu Structure Plan, approved by the Royal Government of Bhutan in February 2003, lays out the vision and themes upon which the strategy of Thimphu's 2027 development is based. Under a set of principles defined as "intelligent urbanism," it intended to make Thimphu a "culturally vibrant and ecologically balanced city" that is more than a place where people live and work, but a symbol of the unique culture that gives meaning and substance to Bhutan (MoWHS 2003). With the Tashichho dzong as its central element, Thimphu's religious, historical, and cultural heritage is mentioned extensively in the Thimphu Structure Plan. It recognizes the need for the city to protect and promote its historical and cultural heritage sites, namely dzongs, chortens (stupas), prayer wheels, mani walls (long, horizontal stupas), *lhakhangs* (temples), and monasteries.

The Thimphu Development Control Regulations (2004) list two precinct designations relevant to the Bill: (a) precincts of traditional villages, and (b) precincts for sacred Activities and places of historical importance (heritage precincts). Neither the plan nor the regulations, however, has specific provisions for the adequate management and conservation of those areas and buildings, resulting in a lack of Action. Most of the old houses also do not benefit from any special regulation, such as for fire safety and for maintenance, or proper insurance.

3.2.3 Access to Basic Services

All 27 owners surveyed in Thimphu stated that access to basic services and facilities was adequate and not an issue to be addressed. Compared to heritage villages, cities tend to have greater access to basic services and facilities in the areas of health, water, electricity, and education (National Statistics Bureau 2012a).

- **Health.** Cities have greater access to sanitation and health services than rural areas. They also have lower prevalence rates of sickness and injury.
- **Water.** Around 87 percent of households in urban areas have water piped into their dwellings or compounds, which is 14 percent higher than for rural households.
- **Electricity.** Electricity is the main energy source for 98 percent of urban houses. This may be attributed, in part, to the government's goal of on-grid electrification for 100 percent of the country. Half of urban households currently without electricity report they have no need for it. All 27 households surveyed have road access and a reliable supply of water and electricity. They all use electricity and liquefied petroleum gas for cooking, and electricity for lighting and heating. Around 63 percent of urban households have access to heat, of which 45 percent use an electric heater.
- **Education.** In general, urban communities have improved access to education. Of the children and youth aged up to 22 years old, 81 percent attend school, approximately 6 percentage points higher than the national average. At 79 percent, literacy is approximately 23 percentage points higher in the cities than in rural areas. Thimphu has the highest literacy rate at 80 percent. Nine out of ten urban youths aged 15 to 24 are literate and 84 percent of urban male adults are literate.

Table 4.1 Urban Traditional House Profile and Statistics

Attribute	Finding	
Age of property	Average age of sample properties: 101 years, ranging 23–200+ years	
State of conservation of house	Most landowners either take a loan from a bank or sell a piece of their land to build or undertake major rehabilitation of their houses, and pay back with rental income. For 100-year-old houses, major renovation is expensive, and minor renovations are periodically required (for example, a shingle wood roof needs to be changed every 15 years).	
Roofing materials	Metal sheets	
Flooring materials	Cement, concrete, or tile	57%
	Wood, plank, or shingle	41%
Wall materials	Cement-bonded brick, stone walls, or concrete walls	66%
Number of rooms	Urban households live in part of a house, or an apartment	73%
Residents	3–5 family members	33%
	6–10 family members	48%
	> 10 family members	19%

Sources: Rapid appraisal of Thimphu traditional houses, 2013; National Statistics Bureau 2012a.

3.2.4 Livelihood and Sources of Income

The three main sources of income in cities are wages and salaries (including religious fees), net income from business, and real estate deals.²⁰ Additional sources include pensions, inheritance, donations, and scholarships; pottery and weaving; remittances; and sale of cereal, fruits, and vegetables (National Statistics Bureau 2012a, p. 63). All families interviewed in the rapid appraisal of Thimphu traditional houses had at least one person earning cash income for the household. This is consistent with the national data, which shows that among employed persons in cities such as Thimphu, 67 percent are regular paid employees, 18 percent are own-account workers, and 7 percent are casually paid employees (National Statistics Bureau 2012a, p. 33). Eight in ten households have savings accounts (National Statistics Bureau 2012a, p. 61). The labor force participation rate for urban males (72 percent) is more than twice the rate for urban females (34 percent).

Due to rapid urbanization and increased demand for housing loans, the high growth in bank credit is an issue of major concern for urban dwellers. Housing and construction loans constitute the largest component of bank credit. The total credit of the financial institutions increased by 32 percent between 2010 and December 2011 (Task Force 2012, p. 21). Similarly, between 2009 and 2010, the credit grew by 37 percent.

²⁰ Agriculture accounts for less than 1 percent of household income in cities, and household food insufficiency is rarely experienced (National Statistics Bureau 2012a, pp. 65 and 69).

Of the 27 sample households, only two had experienced carpenters within the family. Survey respondents said that while they had no problem at present finding a carpenter with the capability to repair their traditional houses, they expected that would change in the future as such skills are on the decline. Further, in order to earn better, steady wages, experienced carpenters are shifting to other skills, such as basic electrical wiring and plumbing, and often travel for work across Bhutan.

3.2.5 Poverty

Given the lack of data and samples as well as the PSIA main focus on heritage villages/sites, poverty rates for traditional house owners in urban areas were not calculated as part of this PSIA. Nevertheless, according to the PSIA's rapid appraisal in Thimphu and review of national data in general, Bhutan's cities present a low poverty rate of 1.8 percent (see figure 3.7). Of the 27 interviewees in Thimphu, 85 percent had average wealth (measured based on variables such as access to services, properties, job security) and the remaining 15 percent were well off, in stark contrast to the surveyed rural heritage villages.



4

Potential Impacts of the Heritage Sites Bill

Section 4 presents the PSIA findings of the potential impacts of the draft Heritage Sites Bill on assets, employment, financial architecture, and governance for rural and urban communities living and operating in heritage structures and cultural sites. Analysis focused primarily on the potential impacts of provisions aimed at traditional (vernacular) houses, heritage villages, and surrounding land, given their greater implications for owners and caretakers.

4.1 ENLARGED FRAMEWORK FOR BHUTAN’S HERITAGE: IMPLICATIONS FOR DEVELOPMENT AND THE PEOPLE

4.1.1 Key Findings

The Bill’s recognition of Bhutan’s cultural landscape and sites as distinctive heritage assets that contribute much to its “cultural uniqueness and diversity” is an important advance in policy and is in line with contemporary thinking and practice s.²¹ Given the breadth of the cultural landscape approach, the draft Bill would need to clarify the features that define cultural landscapes and the standards and framework for their valuation and subsequent stewardship.

4.1.2 Implications of the Bill for Bhutan’s Cultural Landscapes

The draft Bill aims “to protect Heritage Sites and preserve Cultural Landscapes of Bhutan ... for present and future generations.” It recognizes and acknowledges that “the entire landscape of Bhutan is a unique cultural landscape” (Article 4, Principles).

Such an enlarged definition allows for the documentation, valuation, articulation, and promotion of much broader aspects – the “character-defining features” that together comprise a cultural landscape, in parallel with the traditional conservation of monuments, architecture, and artefacts. Enlarging its current definition of heritage from monuments and individual buildings to cultural landscapes, however, may have implications for

²¹ For two decades, research, documentation, and stewardship of cultural landscapes has been burgeoning, starting in 1992 when the World Heritage Operational Guidelines incorporated cultural landscapes into the list of property types worthy of protection.

development and for the people living or operating in those landscapes. “Landscape” is an inclusive concept that encompasses economic, ecological, cultural, societal, and community aspects. In Bhutan, the character-defining features of the cultural landscape would include:²²

- **Land uses, landscape patterns, and spatial organization:** The three-dimensional organization and patterns of spaces in the landscape and land uses, shaped by both cultural and natural features.
- **Views and visual relationships:** The open or closed, narrow or broad visual field enabled and defined by landscape features, including spatial organization, natural systems, sky dome visibility, topography, aspect, vegetation, circulation patterns, and walls.
- **Topography and drainage:** The shape of the ground plane and its height or depth, with topography occurring naturally or as a result of human manipulation, and drainage courses as surface expressions of topography.
- **Vegetation:** Crop fields, agricultural terraces, pasture areas, groups of plants, individual plants, and other vegetation features.
- **Circulation:** The routes of circulation, including roads, alleys, walks, steps, and parking areas, individually sited or linked to form a network or system, and the alignment, width, surface, edge treatment, and materials contributing to the character of circulation features.
- **Water features:** Constructed or natural water features that are aesthetic or functional components of the landscape, including springs, wells, and water supply elements.
- **Habitable and nonhabitable structures:** Buildings and other constructed features, including retaining and freestanding walls and privies.
- **Small-scale features, site furnishings, and objects:** Elements that are small scale and add to the decorative or functional qualities of the landscape, including monuments, sculpture, flagpoles, benches, and outdoor furniture.
- **Utility infrastructure:** Above-ground power supply poles and lines, services for electric power, Internet, heat, and sewer systems below grade.
- **Archeological resources:** Resources of archeological significance that occur below grade in villages inhabited over long periods of time.

Presentation of the character-defining features of Bhutan’s cultural landscapes in the draft Bill is thus needed to underpin informed Action for their stewardship in a way that maximize the intended objectives of the Bill while minimizing any potential negative impact on poor residents.

The Bill would also need to clarify the specifics of identification, documentation, valuation, and conservation of Bhutan’s cultural landscapes and sites to achieve the intended stewardship of these valued heritage assets. This is a particularly important aspect to be addressed in the draft Bill, given that the character-defining features of a cultural landscape and sites are valued at differing levels of significance, and therefore potential impacts may

²² This list of cultural landscape character-defining features has been adapted to Bhutan from United States Department of the Interior 1996.

vary. Based on global experience, one possible framework for valuing Bhutan’s heritage assets that addresses both significance and level of continuity or change, in a way that is relevant to communities and society at large, is briefly presented below.

The framework could comprise five categories of value that are significant to the Bhutanese context:

1. **Fundamental:** Highest level, authenticity is strictly safeguarded and stewarded.
2. **Essential:** Second level, integral expressions of tangible heritage that require careful, thoughtful interventions to effect change in a limited manner without degradation.
3. **Important:** Third level, notable features of the cultural landscape that can absorb well-considered change that retains their basic character while allowing evolution.
4. **Contributing:** Fourth level, which supports the whole and fulfills functions and at the same time can be modified and updated consciously to retain character while adapting.
5. **Noncontributing:** Feature placed within a heritage site but not a heritage resource, being either neutral or detracting from the overall value of the site, and which can be altered or removed without negative impact on the heritage site.

The most significant categories of value, “fundamental” and “essential,” are the highest levels of value and the most authentic. Therefore, the stewardship of fundamental and essential character-defining features is strict, so that authenticity is retained. “Important” and “contributing” features are able to change more readily; however, the heritage character they express must be understood so that the important aspects are retained while other aspects can accept change. “Noncontributing” features are not of heritage status and can be removed or altered. As an example, a fundamental feature of a heritage village cultural site could be the overall spatial and visual relationships between the village and an agricultural landscape or community forest.

Pushing another step forward, the valuation process could be framed in the draft Bill to incorporate the four lenses of economy, ecology, culture, and society and community, and the five value levels from fundamental down to noncontributing, in order to ascertain the interrelationships of the heritage assets and values as foundational to the stewardship of Bhutan’s cultural landscape. By doing so, the draft Bill would innovatively promote a policy that launches Bhutan development principles, as enshrined in the Gross National Happiness (GNH) concept, into the 21st century by more clearly integrating one of its core development pillars – cultural preservation – throughout society as a driver of sustainable development.

4.2 IMPACT ON ASSETS

4.2.1 Key Findings

The Bill may have the greatest impact on the ability of urban households to invest in or draw on their assets, given their greater opportunity costs. Urban houses are utilized as sources of rental income and collateral, though banks value traditional buildings at least 25

percent lower than modern ones. The current practice in Bhutan is unusual and a significant disincentive for heritage stewardship. Traditional houses are perceived as inferior due to their lack of provision of basic services and their greater maintenance and rehabilitation needs. In rural areas, the provisions of the Bill are expected to yield net positive impacts. In this, the greatest challenge will be the availability of financial and technical resources to maintain buildings and landscapes classified as heritage sites, given that currently households have difficulty maintaining their properties without clear incentives and regulations. The Bill's provisions thus need to be linked to a reliable and predictable incentive system to avoid economic burdens on owners and caretakers, which in turn has led to decreased investment in conservation and interest in the maintenance of heritage properties.

4.2.2 Owners' Ability to Invest in or Draw from Their Assets

The first possible impact of the Bill to be analyzed was that on people's ability to invest in and draw on their material assets (houses and land) under a new heritage site designation. This is especially relevant in rural areas, where land and housing are the major material assets owned by households in general, followed by livestock (National Statistics Bureau 2005). In general, 65 percent of households in Bhutan's dzongkhags own land, and more than 50 percent own their houses (table 4.1). In the surveyed heritage villages, the majority of households (97 percent) owned their houses and an average of 2 acres of land (PSIA 2013).

The Bill's emphasis on the designation of entire heritage villages as well as groups of historic buildings as heritage sites is expected to lead to the development and adoption of coherent standards for renovation, construction, and demolition of buildings, applying good practices in stewardship of heritage through use of traditional materials and construction methods. It is also expected to improve regulations on planning and landscaping of designated areas. Altogether, these measures may result in possible impacts on property values and on entitlements of the assets designated as heritage sites under the Bill.

The main provisions under the current draft that may have an impact on assets are:

- The registration/designation process by which buildings/sites will be legally mandated to follow a set of standards;
- The type of registration/designation that will determine the stringency of regulations to which the owner or caretaker must adhere;
- The declassification process, which will decrease the stringency of regulations by downgrading the designation type;
- The process for removal of registered/designated heritage building/sites from any of the registers (annulment of designation), by which the loss of its heritage designated value will be acknowledged and heritage-related regulations removed from that property/cluster.

These provisions may either contribute to generation of new sources of income for property owners and villages/neighborhoods or adversely affect their capacity to invest in and draw on their assets:

- On the positive side, given the degree of poverty, lack of financial means for house rehabilitation, and deficient access to adequate services in rural areas, the PSIA shows that the objectives of the Bill may lead to increased ability of owners to access necessary technical and financial support for the rehabilitation of their properties. The possible adaptation of their properties as hotels, restaurants, shops, and other functions could also provide a complementary source of income for poor households in traditional houses.
- On the negative side, if mechanisms for financial and technical support are not implemented, the provisions may negatively impact the value of designated buildings and land in the short term, making it difficult for the owner to use the house or land as collateral for a loan or payment of a debt.

In rural areas, the provisions of the Bill are expected to yield net positive impacts. At least the developed rural real estate market and abundance of space diminishes opportunity costs,²³ and a strong attachment to one's property for its original use prevails. Houses are usually built on family land by family members and have been passed on over the generations, adding emotional bonds to the property. On the other hand, owners have shown difficulties in maintaining their properties, mostly due to the absence of savings and cash flows characteristic of the Bhutanese subsistence economy.

As such, an acquired heritage site status can positively impact rural households. For this to be realized, however, incentives will need to be provided to encourage owners to access the required services (such as water supply), as well as technical and financial support, in a reliable way and at appealing rates, for the rehabilitation and long-term maintenance of their houses. Technical support, services, and financial incentives will also be needed in order for owners to put into practice the provision of the Bill that allows them to adapt their buildings to other compatible income-generating uses (for example provision of accommodation, small traditional restaurant) and charge appropriate fees.

In Thimphu, the dynamics are quite different to the surveyed rural heritage villages. The rapid appraisal showed that unless the owner has more than one house, their interest tends to be more in profiting from the land as a source of income for the family. In fact, a growing rental market, together with (until recently) easily available housing loans from commercial banks and increased demand due to migration on the one hand, and lack of awareness and reliable incentives for their maintenance on the other hand, have encouraged owners in Thimphu to demolish their traditional houses and construct multistoried concrete buildings, as a new, and in their view, more profitable source of income.²⁴

²³ No household surveyed had rented their house, used it as loan collateral, or shown interest in selling it.

²⁴ Because of the continuous inflow of people from rural areas and smaller towns, demand for rental housing in Thimphu has been growing steadily, and the value of and demand for land and housing has increased at unprecedented rates. While in 2003 the monthly rent for a three-bedroom apartment in a new building in

Almost all (26 of 27) respondents owned land in addition to the plot on which their traditional house was located. Fifteen percent of respondents owned two buildings and 11 percent owned more than two, with the remainder owning only the one traditional house. The majority of traditional house owners interviewed reported the need to sell or mortgage land or property in order to access cash for large expenses, such as house renovations. They also reported being able to repay loans and other expenses through rental incomes.

Furthermore, the surveyed owners reported that market values of traditional houses in Thimphu were much lower than those for concrete buildings. The prevailing opinion among traditional house owners is that concrete houses have a greater resale, rental, and mortgage value than traditional houses. This is borne out by the banks' practice of reducing the valuation of traditional houses and loaning much less money to owners who try to use their traditional homes as collateral.²⁵ A common perception is that houses with heritage site status will be devalued and harder to sell, given the rules and restrictions to be placed upon them.²⁶ This suggests that traditional houses are being narrowly assessed based on pure monetary values, with no distinctions made regarding their unique cultural, historic, and architectonic values compared to new buildings.²⁷ All 16 surveyed owners of houses less than 100 years old expressed their wish to eventually replace their traditional houses with concrete buildings in order to earn a greater rental income, unless the government provides an attractive incentive package.²⁸ It is clear that to these owners that the depreciation policy for heritage buildings is a significant disincentive to ongoing stewardship.

As dwellings in themselves, traditional houses are seen as undesirable to live in because they often do not include the same quantity and standard of services as other "modern" houses available in Thimphu (PSIA 2013). Of the households surveyed, 37 percent had no water supply or sanitary facilities inside their houses, due in part to problems with modern construction techniques applied in Bhutan; for example, water pipes inside the rammed

Chang Jiji neighborhood was about 4,500 BTN, in 2013 it is about 9,500 BTN. Real estate values have multiplied, with land worth 8,000 BTN per decimal (1 decimal is approximately 40 square meters) in the early 2000s rising to 600,000 BTN per decimal in 2011 after the incorporation of the area in Thimphu Thromde, provision of water, electricity, roads, construction of a low-income housing complex, and the investment of some private companies in a shopping mall. As of 2012, due to the nonavailability of housing loans, the market price went down to about 450,000 BTN per decimal (Rapid Appraisal of Traditional Houses in Thimphu, 2013).

²⁵According to the Engineering Department of the Bhutan National Bank, its valuation differs from building to building and is based on criteria including age of the building, location, load bearing, professional design, and features. A new traditional house tends to be valued about 25 percent less than a new building. For houses that are more than 20–30 years old, this value tends to be even more depreciated, due to their classification as "old" (requiring additional maintenance and repairs) and the lack of professional drawings.

²⁶ Rapid appraisal of traditional houses in Thimphu, 2013.

²⁷ A number of international studies show that, contrary to popular perception, heritage site designation has a positive impact on property values. In Philadelphia, United States, a price premium of 131 percent was associated with residential parcels within historic districts; in New York City, price premiums ranged from 22.6 to 71.8 percent. See also appendix L (Asabere and Huffman 1991, p. 6; New York City Independent Budget Office 2003, p. 2).

²⁸ Rapid appraisal of traditional houses in Thimphu, 2013.

earth walls of traditional houses can lead to seepage through the walls and damage to the foundations. Most traditional houses also do not have fire safety measures or adequate insurance coverage against disasters such as earthquakes, rainstorms, and fires. This may require provisions for the improvement and adaptation of structures in urban areas, at a minimum to ensure the continued attractiveness of traditional houses to owners seeking modern lifestyles. Such modifications are possible, as shown in the Olakha and Jungshina neighborhoods of Thimphu, where the owners of 100-year-old houses have built kitchens and had water supply and toilet facilities added to their traditional houses.

Table 4.2 Owners View on Traditional Houses Use in Thimphu

Attribute	Finding	
Intention for maintenance/ adptation/ demolition	Want to demolish and rebuild with modern methods now	19%
	Want to demolish and rebuild with modern in the future	4%
	Don't want to demolish for now	48%
	Don't ever want to demolish	22%
	Property should be kept in its traditional state	7%

Sources: Rapid appraisal of Thimphu traditional houses, 2013

Note: Totals may not add up to 100% due to rounding.

Another aspect of relevance to the Bill is the disparity between the government-issued land values and market rates. Based on the 2007 Land Bill, the government buys land at the rate fixed by the Property and Assets Valuation Agency (PAVA).²⁹ Table 4.3 shows the large differences between PAVA, bank, and market rates. Land at market rates can obtain more than 4 times the PAVA rates. This suggests that calculations of compensation measures based on an accurate reflection of housing values may be required under the Bill to stimulate owners not to demolish their houses.

Table 4.3 Comparative Analysis of Land Values in Thimphu (BTN per Decimal)

Area	PAVA rate (2009)	Bank rate	Market rate
Babesa	78,000–109,000	130,000–217,000	350,000–450,000
Chang Jiji and Olakha	78,000–109,000	400,000–450,000	400,000–500,000
Jungshina, Langjophakha, Hejo, Zilukha, Babena, Samtenling	78,000–109,000	174,000–250,000	350,000–400,000
City core and vegetable market	512,000–602,000	1,500,000–2,000,000	Not available

Note: The market prices in the table are based on information provided during interviews with the Thimphu District Municipality, tshogpas, and household respondents. The bank rate is based on information obtained from the Engineering Department of the Bhutan National Bank. Market prices for land and buildings remain volatile and unpredictable.

²⁹ PAVA is an agency established by the Ministry of Finance under Section 151 of the 2007 Land Bill; it is responsible for assessment, valuation, and fixing the value of land and other properties.

Finally, the practices and costs of construction and maintenance of traditional houses are aspects to be considered when finalizing the Bill. These are further discussed in section 4.3.3 on current workforce practices.

4.2.3 Incentives for Owners to Keep and Maintain Their Traditional Houses

To address the challenges referred to above a combination of technical support to homeowners and local governments, provision of basic public services in heritage sites, and adequate valuation of heritage properties is suggested, as follows:

Technical Support to Homeowners and Concerned Organizations

Model drawings and simplified permits for upgrading heritage buildings and sites.

By law, in order to alter a house, the owner is required to apply for a permit to be issued by the gewog. This permit requires a drawing of the desired modification. Based on the scale and extent of modification, a drawing can cost anywhere in the range 10,000–50,000 BTN. Since many owners have no means to pay for it, they end up either buying ready-made design drawings in shops or hiring cheap and not specialized services. This has led to modifications that have in some cases compromised the houses with incompatible materials and additions. Also, owners lack any sort of reference on how to appropriately add new facilities, such as bathrooms, to their traditional houses, and thus meet the contemporary needs of their users. To respond to those issues:

- The Ministry of Home and Cultural Affairs could assist the Ministry of Works and Human Settlements to prepare how-to guidelines, with clear instructions and examples of how to upgrade a traditional house in a way that is compatible with its original character, materials, and details.
- The DCHS could deliver a hands-on training program for local government officials to assist owners in the preparation of the drawings for permits, resulting in saving of outlay rather than expense for the owners, and development of technical proposals that appropriately address the heritage structure.

Guidelines for new construction in heritage sites. Similarly, given the costs and the lack of technical orientation, the survey found, for instance, that some owners in Rinchengang recently bought ready-made drawings for the construction of their new houses in the village. Despite using traditional materials, the houses were built without the consent of the community and in disregard of the tradition of common good vistas and accessible open spaces. Around the village, new public facilities, such as car parking and the access road, were also built with no attention to the village traditional code of construction (including the right to vistas), with uneven results for the population (winners and losers). As a result, some of the character-defining features of the village as a cluster of houses with vista rights have been disregarded in the siting of new constructions.

- The Ministry of Home and Cultural Affairs could assist the Ministry of Works and Human Settlements, and district and municipal authorities, to put in place how-to guidelines for community consent, with instructions on siting according to traditions and basic drawings, for new constructions in villages and other cultural sites.

- The DCHS could provide direct support to owners and incrementally train local government officials to assist owners in seeking community consensus in a way that respects traditional construction systems and communal values.

Provision of Basic Public Services in Heritage Sites

Preferential service provision in heritage buildings and sites. Most heritage villages and traditional houses in Bhutan lack the appealing modern utilities of new buildings being constructed in cities. This has contributed to out-migration from many villages, especially among the youths searching for a new lifestyle.

- The Ministry of Finance, in consultation with the Ministry of Home and Cultural Affairs, could establish an earmarked list of villages entitled to receive improved basic services, such as in-house water supply, power connections, and primary schools, on a priority basis. These service upgrades would be a nonmonetary public incentive for owners to steward the heritage of their private properties.
- The Ministry of Home and Cultural Affairs could assist the Ministry of Works and Human Settlements and other relevant ministries (transport, power supply) to prepare clear guidelines for provision of large and basic infrastructures in heritage villages to ensure that upgrades are technically and visually compatible with the heritage village and cultural site features.

Adequate Valuation of Heritage Properties

Assessment of heritage properties and sites. As shown by the rapid appraisal in Thimphu, the banks' practice of undervaluing heritage properties by 25 percent compared to new constructions is resulting in an indirect incentive for owners to demolish their properties in cities. A comprehensive assessment of heritage properties is urgently required to address the matter.

- The Ministry of Finance, in consultation with the Ministry of Home and Cultural Affairs, could prepare a directive for the Bhutan Development Bank to review its valuation criteria in order to correctly assess the many nonmonetary values of heritage buildings and structures in Bhutan. These include aesthetic, visual, historic, cultural, societal, and communal values. This policy change to value heritage properties as much as (or more than) nonheritage properties would be a major step in terms of aligning GNH principles with the stewardship and future vitality of the country's unprotected heritage properties.

Insurance of traditional houses and heritage sites. Bhutan also lacks an insurance system customized to heritage properties.

- The Ministry of Finance, in consultation with the Ministry of Home and Cultural Affairs, could prepare a directive for the Bhutan Development Bank to review its valuation criteria in order to correctly insure a heritage building, taking into account the extra costs associated with rehabilitation or rebuilding (box 4.1).³⁰

³⁰ These would include costs associated with special requirements, such as (a) highly skilled craftspersons, from stonemasons to decorative artists; (b) hard-to-match materials, such as timber shapes; (c) extra time to

Box 4.1 Insurance Solutions Specific to Heritage Properties

Many countries have established and provided homeowners and concerned organizations with customized solutions. In the United States of America, for instance, one of the major national insurance companies (Fireman’s Fund) has established a partnership with the National Trust Insurance Services, a subsidiary of the National Trust for Historic Preservation, to offer historic property coverage. As a community-based heritage promotion effort, the Fireman’s Fund sponsors “This Place Matters,” a campaign that encourages citizens to highlight the values they ascribe to their heritage, reinforcing the societal value of heritage places of all types. In Australia, one of the leading insurance companies, Ansvar, started with a small trust of people committed to safeguard church buildings through donations and a revolving fund investing profits back into the charitable work of the churches.

4.3 IMPACT ON EMPLOYMENT

4.3.1 Key Findings

The Bill is expected to have multidirectional positive impacts on employment: (a) increasing demand for skilled yet ageing heritage-specialized labor; (b) retaining the knowledge of skilled craftspersons; and (c) generating new employment opportunities through tourism and centers of excellence. Because of the number of professionals required for the rehabilitation and maintenance of the potential designated heritage sites in Bhutan, the Bill may encourage a new cadre of qualified professionals in the country and at regional level, especially in supervisory and master craftsperson roles. This in turn may contribute to improving the self-esteem of the professions and counterbalancing the prevalent demand for white-collar careers among youths.

4.3.2 Labor Specialized in Heritage Skills

The second transmission channel through which the Bill can impact stakeholders is the generation of alternative employment opportunities linked to stewardship of heritage sites.

The main provisions under the current draft that may have an impact on employment are:

- Requiring specific architectural styles and materials to be followed and used in the rehabilitation and maintenance of registered buildings and/or designated sites;
- Prompting the Royal Government of Bhutan to provide advice to heritage building owners, which implies a trained cadre of heritage construction and conservation specialists;
- Establishing reporting requirements on the status of heritage sites, which will require trained staff;

rehabilitate or rebuild, because of the labor-intensive process; and (d) additional specialized professional services to assist in areas such as loss assessment and making inventories of structures, buildings contents, and communal historic characteristics.

- Charging district and municipal authorities with many responsibilities, again requiring appropriately trained staff to fulfill these requirements.

Should the Bill be adopted, it is expected that there will be an increase in careers that may be especially attractive to youths, including conservation architects, landscape architects and planners, and engineers. If well planned, an initiative to promote those careers could boost entrepreneurship in a new subsector of firms specializing in heritage skills, including stonemasonry, carpentry, and wood carving, and other professions relevant to the building industry and heritage conservation.

The extent to which the Bill may generate demand for labor specialized in heritage skills depends on several factors, including (a) the number and size of registered buildings and/or designated sites; (b) frameworks in place for the support of specialized, technical heritage skills, such as certification and training; and (c) the remuneration of heritage-specialized labor, especially those to be placed in more isolated districts.

The prospects seem positive, with the current number and size of listed sites expected to increase significantly. As previously mentioned, the DCHS preliminary list includes 56 villages and as many as 10,000 vernacular structures and other diverse heritage assets that could be possibly added to the existing inventory of 2,084 listed heritage buildings.

The danger however is that not enough incentives will be provided and as a result the government will face a deficit in qualified professionals. To avoid that, the DCHS should take into consideration the need for training and apprenticeships to build the cadre of heritage-specialized craftspersons and related workforce and conservation specialists, and the capacity of districts to satisfy that need, when determining the process of registering heritage sites and ensuring the proper administration and upkeep of sites.

4.3.3 Current Workforce Practices and Features

Rural heritage village residents tend to rely on labor sharing (box 4.2), yet most of this labor tends to be unspecialized and of variable quality with the exception of isolated cases, as in Rinchengang, a village established by stonemasons and the residence of Bhutan’s leading master masonry.

Box 4.2 Rural Labor-Sharing Practices

It is traditional practice in villages that relatives and neighbors come to help during the construction of a new house. This practice is prevalent in the four villages surveyed. The owner provides materials and meals; no wages are paid for those who come to help in the construction. This practice also exists in many villages for major repair and renovation of houses. Households in all the four villages sought help for house alteration, mainly from within the village (52 percent), and some sought help from their relatives or from within the same gewog (33 percent). The kind of help sought was mostly for mobilizing the materials for house alteration. Rinchengang, a village with a history of master stonemasonry, had a high instance of people finding help from within the village.

Both in urban and rural settings, labor was not listed as a major constraint to traditional house maintenance by house owners, though high costs are frequently associated with labor as an input to construction (PSIA 2013; rapid appraisal of traditional houses in Thimphu, 2013). Nationally, households utilizing traditional materials for building – mud, mud-bonded brick, and wood or branches – tend to spend the largest percentage of construction costs on labor charges (68 percent, 36 percent, and 22 percent, respectively by type of material) (National Statistics Bureau 2012a). In general, despite being the greatest users of shared labor, the rural poor spend proportionately more on labor charges, at 41 percent of their total costs. On average rural households spend 171,323 BTN on labor for new house construction. The high relative labor costs in rural areas despite labor sharing could be due to the fact that while low-skilled labor is often assembled through labor sharing, supervisors and master craftspersons need to be employed for quality work, often from outside the villages and gewogs.

Of all rural survey respondents that conducted house repairs, 43 percent had household members conduct repairs, while 57 percent utilized skilled people within their village. Eighty-seven percent of villagers stated their village had enough skilled workforce to carry out repairs and renovations of structures and spaces in a traditional manner (PSIA 2013).

Given that labor sharing is common in rural areas and that the Bill will likely include regulations or guidelines on styles and materials, there is a possibility that demand for supervisors, master craftspersons, and skilled craftspersons (such as *pazops*) to undertake site conservation will increase the most, while local unskilled labor demand could increase in the medium to long term.

In cities, low-skilled laborers are likely to be foreign workers, who are increasingly present in the construction sector (table 4.4). Given supportive frameworks, local labor sources can be trained in conservation skills, thus increasing local supply of heritage-specialized labor in order to match possible increased demand.

Table 4.4 Expatriate Workforce in Bhutan 2010

Occupation	Number
Carpenter	2,984
Mason or concrete worker	16,849
Painter	178
Stone carver	11

Source: MoLHS 2010.

4.3.4 Retaining Craft Skills and Fostering Training

There are numerous carpentry and masonry craftspersons available in most districts, but few skilled craftspersons in carving, metalwork, and rammed earth techniques (supervised by *pazops*) (table 4.5). Also, most craftspersons are not necessarily trained in the field of conservation per se, as stated in Bhutan’s 10th Five Year Plan: “One acute challenge

pertaining to [heritage] relates to the lack of skilled professionals in the field of conservation.”

Table 4.5 Traditional Building Skills in Sample³¹

Traditional building skill	Percentage
Carpenter	46
Mason	23
Painter	5
Pazop (rammed earth supervisor)	1
Stone carver	0
Metalworker	4

Source: DCHS records, 2013.

Note: Figures are based on a sample of traditional building skills inventories from three dzongkhags provided by the DCHS, with a total of 435 craftspersons present.

There is a marked interest from owners of traditional houses in attending training programs for traditional building skills. Over 58 percent of those interviewed stated that such skills could increase their earned income through provision of services to others, and decrease expenditure as they would be better equipped to carry out common repairs in their own houses (PSIA 2013).

The average traditionally skilled craftsperson in Bhutan has 13.8 years of experience and a relatively high average age (45 years), which, in addition to a lack of interest among many young people, could pose problems for the continued availability of skilled labor in the future. This situation is compounded by the lack of formal apprenticeship or alternative training programs other than the Institute of Zorig Chusum, the only institution that trains craftspersons in related fields, producing a small number of highly skilled craftspersons annually (box 4.3).

Box 4.3 Institute of Zorig Chusum

The Institute of Zorig Chusum (“thirteen arts”), in Thimphu, is the premier institution for traditional arts and crafts in Bhutan. It was set up by the government to educate students in traditional Bhutanese art forms. For heritage site conservation, the five arts and crafts that are most critical are stonework, clay arts, painting, bronze casting, and wood carving. These skills are largely used in the conservation and construction of religious sites and monuments.

The average daily rate of carpenters at village or local level is 450 BTN; the government rate is 240 BTN (for carpenters without Zorig Chusum allowance). The rate for traditional painting is 450 BTN (DCHS figures).

³¹ Each dzongkhag keeps inventories of craftspersons skilled in traditional labor. Lists from three dzongkhags – Mongar, Thimphu, and Haa – were sampled and reviewed as part of the PSIA.

4.3.5 Education- and Tourism-Based Employment and Income

Well-conserved heritage sites with visitor services can be packaged as an attraction for visitors, including students and tourists, creating a corresponding demand for education and tourist services. There is also scope for adaptive reuse of sites as restaurants, homestays, Himalayan Buddhist prayer centers, technical schools, and living museums if adequate technical support and incentives are provided, as shown by successful international examples. However, the Bill makes no mention of potential education- and tourism-based employment and income in its current draft form.

Data and information about the potential for income generation from tourism and entrepreneurship are generally lacking. Though 77 percent of tourists visit Bhutan for cultural tourism, and though Bhutan's Tourism Council is seeking approval for its own Tourism Policy, most villages targeted as tourism attractions do not have sufficient expertise to provide professional tourism services.

Also, among villages, craft activities are infrequent and account for less than 1 percent of earned income. In fact only one village, Sakteng, earned any income at all (178 BTN) from crafts. Half of the villages do not engage in portering activities. Among the remaining villages, such as Sakteng, portering accounted for 5 to 14 percent of earned income.

4.3.6 Proposed Incentives for Promotion of Skilled Heritage Expertise

While the availability of craft skills is currently not a major issue in Bhutan, as the research showed, the increasing age and low remuneration of the existing craftspersons, and the lack of customized courses for associated professions such as architects and engineers, are issues of concern in the near future. To address these, incentives at three levels of skills development are suggested, as follows:

Support to Craft Skills

As previously discussed, Bhutan benefits from a range of professionals with expertise in critical areas of heritage conservation, including stonemasonry, traditional painting, and wood carving. Those skilled professionals, however, usually practice independently and are paid on a daily basis. Only carpentry is standardized by the Ministry of Labor and Human Resources with clear grades for identification of minimum salary and range of pay. As a result, many skilled professionals do not have long-term financial incentives, job security, or a pension; nor do they receive any lifetime career development support beyond initial vocational training (for instance at the Institute of Zorig Chusum). Possible supportive measures include:

- The Ministry of Home and Cultural Affairs could sign a memorandum of understanding with the Ministry of Labor and Human Resources in order to expand its 2011 Vocational Occupational Skills Standards to all heritage-related skills. This would provide Bhutanese craftspersons with a clear perspective on salary projections and career development.

- The Ministry of Home and Cultural Affairs could partner with the Agency for Promotion of Indigenous Craft and the Institute of Zorig Chusum to provide a nationally recognized certificate of excellence to masters and outstanding craftspeople.
- In addition, the Ministry of Home and Cultural Affairs could support the Ministry of Finance and the Ministry of Labor and Human Resources in complementing His Majesty's reward system to masters with a full pension, based on their life achievements (as recognized in the certificate of excellence).³²

Support to Associated Professionals

There is no training or course available in heritage conservation and management for architects, engineers, and other related professionals in Bhutan. Most professionals lack the nuanced knowledge required for assessing, managing, and intervening in traditional structures and sites. As a result, the DCHS is overloaded with work that could have been performed by those professionals had they been properly trained. To address this, the DCHS is starting to outsource minor rehabilitation works to private firms as a means of raising awareness while increasing capacities among professionals. The DCHS is also working towards the establishment of a comprehensive training system for certifying professionals (certificate of advanced studies).

- The DCHS could develop a similar certificate for construction firms in partnership with the Ministry of Works and Human Settlements, as a mandatory requirement for them to receive a license.

The Bill may also lead to the creation of a whole new set of professionals in Bhutan, including landscape architects, heritage site managers, heritage insurance professionals, appropriate technology engineers, community museum managers, and homestay owners.

- The Ministry of Home and Cultural Affairs could, in partnership with the GNH Commission, organize leadership and internship programs for young professionals and entrepreneurs interested in any of the areas mentioned above.

Support to Local Government Officials

As discussed, local governments will be assigned with additional responsibilities under the Bill, requiring the development of the necessary expertise.

- The DCHS trains district engineers in timber conservation. It could expand its existing training curriculum to all other key areas, jointly with the Ministry of Works and Human Settlements.
- In addition, in partnership with the Ministry of Works and Human Settlements, the Ministry of Home and Cultural Affairs could promote an accreditation system for local officials, linked to their salary scales.

³² His Majesty's reward is a medal presented in person by His Majesty the King to masters of certain disciplines.

4.4 IMPACT ON FINANCIAL ARCHITECTURE

4.4.1 Key Findings

The further decentralization of financial responsibilities to homeowners and caretakers proposed in the Bill may not be equally experienced by all user groups. Owners of traditional houses in cities might absorb greater absolute costs while those in rural heritage villages may be greatly impacted because they are poorer than average households; the majority (67 percent) stated they lacked the financial resources to carry out the house maintenance and repairs proposed in the Bill. An incentive-based approach and financial support to promote repair and reuse and emergency-based works for both urban and rural registered heritage sites may be required under the Bill to ensure those negative impacts are curtailed.

4.4.2 Heritage Site Conservation as a Transfer Mechanism to the Poor

The third possible impact of the Bill to be analyzed was the degree to which the conservation of heritage sites might serve as a financial transfer mechanism to the poor. On the one hand, the Bill may have positive impacts by raising awareness on the need for the government and other concerned agencies to target necessary services and incentives to heritage villages across Bhutan on a priority basis, given their impoverished status in comparison to similar nontraditional villages. This aspect however is not currently elaborated in the Bill.

On the other hand, the Bill's provision that properties within designated cultural sites will need to be maintained in their traditional form and to certain acceptable standards will add responsibilities on the owners and caretakers, which may have potential negative financial implications for the poor in the absence of adequate redistributive measures.

The main provisions under the current draft that may have an impact on the finances of the poor are:

- **Financial responsibility shifting to site owners and caretakers.** The draft Bill states that “expenses required for the care and maintenance of the designated Cultural Site shall be borne by the owner,” thus shifting the financial responsibility for heritage site conservation from the State to the owners and caretakers. The Bill states, however, that financial help may be provided in emergency situations when the owner or caretaker is unable to comply with conservation requirements. The Bill also allows for the charging of entrance fees to sites, serving as a mechanism to generate income or funds for site conservation.
- **Compliance.** There would be a legal mandate to comply with a heritage site conservation order and laws applying to cultural sites.
- **Penalties.** The Royal Government of Bhutan could enact financial penalties against owners and caretakers for lack of upkeep.

- **Heritage Sites Trust Fund.** A Heritage Sites Trust Fund³³ is being proposed to help fund conservation of designated heritage sites. It is to be “controlled, maintained and operated” by the Heritage Sites Committee (Articles 12–14). Sources of financial support include donations, gifts, or grants; fines imposed by the Bill; and earned interest. Payments from the Heritage Sites Trust Fund are foreseen to provide emergency assistance; training, research, and publications; loans and grants to protect registered heritage sites; and administration expenses.

Through these provisions the Bill will affect user groups differently, depending on the level of use, the regulations on maintenance standards, and the possible incentives or compensation provided for maintenance or rehabilitation of each site.

These in turn will affect the extent to which the owner or caretaker will be encouraged to maintain their houses (a) at acceptable levels; (b) continuously, rather than waiting for houses to deteriorate to a poor state before renovating; and (c) to proposed heritage standards.

Awareness-raising campaigns would be required to break current embedded beliefs, such as the lack of a culture of preventive maintenance. According to the DCHS, major repairs and replacements are carried out only when ultimately required, which usually leads to the replacement of entire housing sections and higher costs³⁴ (table 4.6). This is confirmed in surveys, which show that 50 percent of rural villagers have never declared annual spending on house renovations or construction (PSIA 2013).

Table 4.6 Cost of Construction and Rehabilitation of Traditional Houses in Bhutan

Area	BTN
Entire house construction	
Rural	970,400
Urban	1,556,400
Annualized cost of rehabilitation	
Rural	29,533
Urban	47,193

Source: DCHS records, 2013.

4.4.3 Impacts on Owners of Heritage Houses in Rural Areas

Renovation and Maintenance

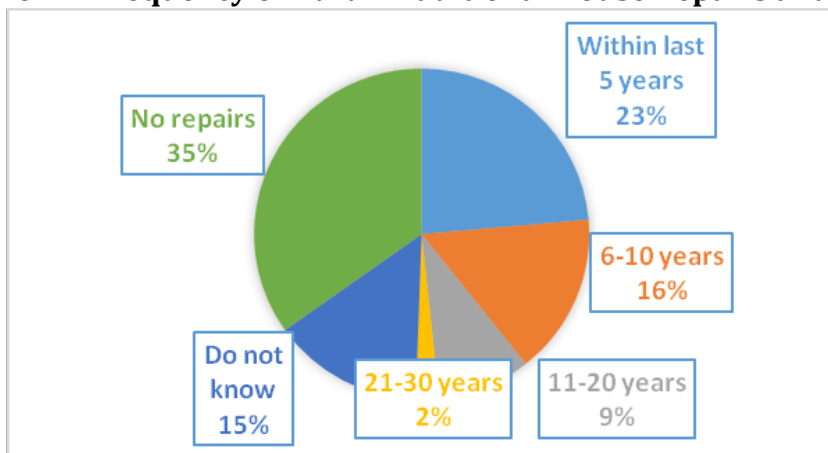
The Bill would impose additional costs on at least 35 percent of rural households who had never maintained or renovated their houses (figure 4.1). Of surveyed heritage house

³³ Neither the size of the fund nor how it would operate is within the scope of the PSIA. However, it is recognized that such a fund could potentially greatly impact user groups.

³⁴ DCHS records, 2012.

owners, 67 percent said that they did not have the financial resources to carry out repairs or renovations. This lack of financial wherewithal could result in deferring maintenance, causing further deterioration and increased costs upon its implementation. Money was listed by 45 percent of heritage house owners as the greatest constraint to house maintenance (PSIA 2013).

Figure 4.1 Frequency of Rural Traditional House Repairs and Renovations



Source: PSIA 2013.

However, not all rural traditional house owners are unable to maintain their house, as 39 percent of respondents faced no constraints on house maintenance (PSIA 2013). This suggests that in the majority of cases, lack of savings and perhaps lack of sensitization may be the main inhibitors of house renovation.

The owners who did renovate spent an average of 135,280 BTN, which is equal to the cost of replacing a major section of the house, such as flooring or partitions (PSIA 2013). Site conservation standards would likely require greater and more frequent work than currently carried out by owners, given that no current maintenance or renovation standards for houses exist.

Of the 28 percent of residents that spent money on repairs and renovations, one quarter borrowed money to do so. The average amount borrowed was 100,000 BTN. The average amount spent on house renovation and building was 178,000 BTN. Those that did not borrow for house renovation and building purposes spent 24 percent less. Those that did borrow money for house construction or renovation borrowed on average 26 percent more than the amount borrowed by residents for other reasons. This indicates that the majority of owners renovating their houses did not need to borrow money in order to do so. However, those that did borrow money spent more on renovations, suggesting that work of a higher caliber is carried out when additional financing is available.

Households living in houses showing advanced stages of deterioration – in “ruins” – spend less than half of the average amount spent on maintenance and repairs, but their inhabitants are not poorer than others. In each village, 18 percent (or four to five houses) fall under the category of being in a deteriorated condition or in ruins. Of these households,

60 percent stated that they did not have the financial resources to maintain their houses. There were no other notable differences³⁵ between these households and those with houses in good condition.

Alterations and Additions

Alterations or additions to their houses had been made by 47 percent of rural owners. Of those who spent on house renovation, 84 percent opted to make such alterations or additions. In cities, 15 percent of the interviewed owners of traditional houses had taken out loans for concrete buildings or additions. Thus, as people spend money on repairs or renovations, they add modern elements that change the original design of the structures. Respondents cited the lack of proper amenities as an important reason to make additions or alterations, as well as the perception of durability and higher quality of concrete (PSIA 2013).

4.4.4 Impacts on Owners of Heritage Houses in Cities

Owners of traditional houses in cities are likely to face a greater financial burden than rural owners, as they are more dependent on their houses as income-generating assets, due to the following factors:

- The cost of constructing a traditional house in an urban area is almost twice that in a rural area.³⁶ Generally, higher material costs impose a greater financial burden on maintenance of properties (National Statistics Bureau 2012a).
- Cities do not currently qualify for timber subsidies. Urban households must purchase timber at commercial rates, which can be 3 times higher than concession rates. Commercial rates are on average 375 BTN per cubic foot in sawn form, while concession rates are on average 118.5 BTN. On average, urban residents spend 6 times more on wood materials than rural residents spend when constructing a house (National Statistics Bureau 2012a).
- Labor costs are higher in cities, and urban residents do not partake in shared labor as in rural areas. In urban areas, households pay 4 times more for labor than in rural areas when constructing a house. The urban poor pay 5 times more for labor than the rural poor when constructing a house (National Statistics Bureau 2012a).
- The traditional urban households surveyed do not have cash savings for house renovations. They instead finance such renovations by selling or mortgaging the additional land or houses they own. Of traditional urban households interviewed, 15 percent had taken out loans for concrete buildings or additions; 80 percent of total loans taken were for housing construction and renovation purposes.³⁷
- Cities face increased building regulations imposed by district municipalities, and there is increased pressure to adhere to municipal development control regulations. Enforcement of regulations is higher in cities than in rural areas, as officials can more easily inspect locations.

³⁵ No differences in wealth or poverty, consumption, or education.

³⁶ DCHS records, 2013.

³⁷ Rapid appraisal of traditional houses in Thimphu, 2013.

- City dwellers tend to depend more on their buildings as sources of revenue (for example, rental for domestic or small business purposes). Perceptions of inferior quality and lower living conditions associated with the use of traditional materials decreases the income generated from rentals. Those renting often prefer modern buildings with modern kitchens, running water supplies, and sanitary facilities.³⁸

4.4.5 Current Main Financers of Heritage Conservation in Bhutan

The majority of financing for heritage site conservation in Bhutan is provided by the Ministry of Finance for the DCHS's regular budget, and is channeled to major properties of national importance (e.g., dzongs). The government of India and international expert agencies are respectively the second and third largest funders of heritage conservation in Bhutan, followed by the religious bodies in Bhutan, and lastly small individual donations, mostly to temples.

For minor conservation works, dzongkhags receive separate funding from the Ministry of Finance (three major or five minor conservation projects annually per dzongkhag). Other minor sites, the majority of which are religious structures, receive most of their resources from religious bodies or individuals. The only source of funding for the upkeep of vernacular houses is their current owner. There are no institutional mechanisms to support private owners other than timber concessions, which are applied to all rural households but not to those in cities.

The following key stakeholders are currently involved in financing heritage conservation in Bhutan.

Governmental Budgetary Channels and Procedures

The Ministry of Finance is the main financer of heritage conservation in Bhutan. The ministry allocates resources and coordinates multilateral and bilateral assistance for the conservation of heritage. It allocates those resources for heritage conservation through two main channels: (a) direct budgetary allocation to the DCHS; and (b) direct budgetary allocation to the 20 districts. In the first channel, the DCHS plans Activities in its Five Year Plan, which is submitted to the GNH Commission for review and prioritization through the Ministry of Home and Cultural Affairs. The GNH Commission compiles the Activities in a comprehensive plan, which is finally submitted to the Ministry of Finance for funding consideration. The ministry in turn allocates an annual budget to the DCHS based on availability of funding and its own priorities. Given the limited resources transferred annually and additional sets of priorities, the DCHS relies heavily on other sources of funding to carry out its programmed work. For instance, in financial year 2011–12, the Ministry of Finance allocated around 208 million BTN (US\$3.8 million) for the DCHS to carry out the conservation of temples (lhakhangs) and dzongs affected by the 2011 earthquake, and the government of India provided US\$3.7 million for various projects across the country prioritized by the DCHS (table 4.7).

³⁸ Rapid appraisal of traditional houses in Thimphu, 2013.

Table 4.7 Budget Allocated to DCHS for Conservation of Heritage Sites, FY 2011–12

Project	Budget (US\$)	Budget (BTN)	Source of budget
Drapham Dzong Archeology Project	1,105	60,000	Ministry of Finance
Tamzhing Lhakhang Conservation Project	48,500	2,632,000	Ministry of Finance
Daga Dzong Conservation Project ^a	778,000	42,239,000	Government of India
Wangdue Phodrang Dzong Conservation Project ^b	1,000,000	57,300,000	Government of India
Paro Dzong Conservation Project ^c	815,604	44,278,000	Government of India
Lhuntse Dzong Conservation Project ^d	1,131,000	61,375,000	Government of India

Source: DCHS, 2012.

Note: All projects were approved in the 10th Five Year Plan, with the external funding sanctioned by the Ministry of Finance.

a. Total amount provided against US\$2.3 million (125 million BTN) approved budget in the 10th Five Year Plan.

b. Of US\$3.7 million (200 million BTN) approved budget in the 10th Five Year Plan.

c. Of US\$1.8 million (100 million BTN) approved budget in the 10th Five Year Plan.

d. Of US\$2.2 million (120 million BTN) approved budget in the 10th Five Year Plan.

In the second channel, all 20 districts are entitled to include items related to the conservation of local heritage in their annual budgets. The districts prepare a list of projects and submit it to the Ministry of Finance for review and allocation of resources. Based on the resources allocated, the districts prepare detailed plans and submit them to the Department of Culture, DCHS, for approval.³⁹ Items include maintenance, renovation, and reconstruction of lhakhangs and stupas, as well as construction of new lhakhangs. This conservation budget transferred to districts, however, varies substantially, not according to the size, population, and heritage assets of the districts. For example, in 2012–13, Paro received 5.1 million BTN (US\$94,000), Chhukha 7.9 million BTN (US\$145,500), and Haa 29.2 million BTN (US\$ 538,000). Haa received a higher amount as four lhakhangs in the district were severely affected by the 2011 earthquake.

The Tourism Council of Bhutan also funds conservation of major touristic sites. Its allocations, however, often focus on investments in minor tourist infrastructure of interest to the tourism sector, especially tour operators. For instance, it is currently planning a WWF-partnered project to monitor visitor impacts and conserve the iconic Tiger's Nest site, but without Department of Culture involvement. It may also support tourism-related DCHS conservation projects, but this needs to be done through a formal funding request by

³⁹ For more information on district procedures see DCHS 2008.

the Ministry of Home and Cultural Affairs to the Tourism Council of Bhutan.⁴⁰ Apart from such ad hoc priorities and the royalty charges paid to the Ministry of Finance, the tourism sector does not directly contribute to the maintenance or management of most heritage sites that are visited by their tour groups, despite primarily relying on Bhutan heritage assets.⁴¹

Another main financier is Rinpoche, which often obtains funds through temple donations or international supporters for the maintenance and rehabilitation of religious properties. Often, individuals who cannot afford to maintain a stupa or temple cede these properties to Rinpoche for their upkeep. Rinpoche often views the caretaking of such sites as a privilege and a duty (PSIA 2013).

Current External Sources of Funding

The Government of India is the actual largest external financier of heritage conservation in Bhutan. In 2011–12 alone, it supported the restoration of four major dzongs – Wangdue Phodrang, Daga Trashiyangtse, Lhuentse, and Paro – with a total budget of 545 million BTN (US\$10.04 million).

The other current sources of financing include the Bhutan Foundation, a United States-based nonprofit organization supporting a variety of projects in Bhutan, including the renovations of Wangdichholing Palace in Bumthang, which has been proposed to be adapted to a museum.⁴² With assistance from the Prince Claus Fund, the Bhutan Foundation has also helped fund the renovation of Trashigang dzong to the amount of 4.8 million BTN (US\$90,000), and Drametse monastery in Mongar, which was affected by the 2009 earthquake, to the same amount. The World Monument Fund is currently undertaking two rehabilitation projects in Bhutan – one on the Drametse monastery and another on the Trashigang dzong – after structural damage from the 2009 earthquake. The Swiss group Helvetas is providing funding assistance of 3.4 million BTN (US\$64,000) on an annual basis for the period 2008–13 for archeological excavation and related projects. The Orient Heritage Alliance, through UNESCO New Delhi, provided 1.3 million BTN (US\$25,000) for the DCHS to prepare a dossier for a tentative list of eight additional sites, which was recently submitted to UNESCO for future nomination and, if successful, recognition as World Heritage Sites.

4.4.6 Heritage Site Conservation as a Means to Remove Levels of Bureaucracy

As a subquestion the PSIA analyzed the degree to which the Bill might contribute to removing unnecessary levels of bureaucracy and transactional costs, lowering costs, and increasing investments in the conservation of heritage sites.

⁴⁰ The Tourism Council of Bhutan, for example, made a recent allotment of US\$126,000 towards the conservation of few properties visited by tourists in 2012.

⁴¹ More than 70 percent of tourists to Bhutan visit cultural heritage sites such as dzongs, monasteries, and temples (Tourism Council of Bhutan 2011).

⁴² Wangdichholing Palace is on the World Monument Fund's Monument Watch list, and thus is entitled to funding support from the World Monument Fund.

A possible adverse result of the Bill and its decentralized financial structure is increased bureaucratic procedures, for example for the issue of permits, making oversight more complex and eventually onerous, which may lead to a rise in transAction costs for districts and heritage site owners (appendix M). Such possible overregulation might also discourage investment in heritage site conservation. However, based on global experience, the PSIA team determined that the need for reform and specifically the benefits of clarifying current murky institutional roles and responsibilities, as well as financial prioritization through the proposed Bill, outweighed the potential negative consequences (as long as unintended consequences are acknowledged and addressed during the drafting of the Bill).

One of the main benefits of the Bill is its potential to clarify institutional roles and responsibilities and fill gaps in regulations and procedures. In the absence of a clear governance framework, currently three agencies map heritage assets in different areas and with differing criteria, yielding different baseline results that make meaningful comparison difficult.⁴³ Furthermore, noncultural agencies, such as the Ministry of Works and Human Settlements, acknowledge that they have long intervened in heritage, but without the necessary institutional and legal frameworks or in-house experts in heritage conservation, leading to piecemeal and nonstandard results.⁴⁴

Despite all the interventions by numerous agencies, including external agencies, critical instruments are missing. Guidelines are either limited in scope, such as the 1993 Guidelines for Traditional Architecture, focusing mainly on building features; or too generic, such as the 2002 Bhutan Building Rules and the Municipal Development Control Regulations. There are no specific permits or comprehensive guidelines for traditional houses. To make any modification to a traditional house in Thimphu, the owner has to apply for a conventional permit to be issued by the Thimphu District Municipality, which requires a drawing of the desired modification. Based on the scale and extent of modification, the drawing could cost anywhere in the range 10,000–50,000 BTN (US\$200–1,000). To get the drawing approved and a written permit usually takes about two weeks (table 4.8). If an approved drawing and written permit are obtained, the owner must process a bank loan and a labor permit if foreign laborers are needed. While most maintenance and modification works on traditional houses are carried out by local Bhutanese workers, in the case of major modification to add facilities such as indoor water supply, plumbing, concrete works, and wiring, house owners hire Indian workers, who have no expertise in Bhutanese traditional construction methods.

⁴³ The three agencies are the National Statistics Bureau, the Department of Culture through its Cultural Properties Division (which carries out inventories), and the Institute of Language, responsible for the Bhutan atlases.

⁴⁴ Interview with Ministry of Works and Human Settlements officials.

Table 4.8 Process and Permit Requirements for Modifications of Traditional Buildings

Requirement	Amount, time, Activity
Permits required	Approval of the drawing and a written permit from the Thimphu District Municipality
Cost	10,000 to 50,000 BTN for the drawing
Time taken	Two weeks
Expertise or assistance needed	Services of a draughtsperson or an architect for the drawing

Source: Thimphu District Municipality, 2012.

For rural areas and heritage sites, permits are required only for timber concessions,⁴⁵ and technically for modifications of religious monuments such as temples. Rural residents utilizing timber for their own house construction can apply for subsidized timber permits through community centers, divisional forest office, park office, or ranger office, once cleared by the *gup* (administrative head of a gewog). The issuance process takes 21 days and costs 10 BTN (US\$ 0.18) per permit. The service is only available for six months in the year, from October to March. If the house is to be built of concrete, a construction approval is required.

Enforcement is also a consideration. Current buildings deemed heritage sites – dzongs, temples, and stupas – should adhere to the Basic Guidelines for the Conservation of Heritage Sites in Bhutan (DCHS 2008). However, these guidelines are not legally binding, and most owners do not follow their requirements. Enforcement of timber subsidies has also been noted to be piecemeal.⁴⁶ The Bill is expected to be used as an umbrella guide and incentivize the enforcement of these guidelines.

4.4.7 Proposed Financial Incentives for Homeowners and Caretakers

In rural areas, high poverty levels, lack of savings, and debt incurred to pay for house rehabilitation suggest that in a large number of cases, traditional house owners would be unable to meet conservation requirements due to a lack of funding and highly skilled technical knowledge. There are no financial incentives available for owners and caretakers to maintain or adapt heritage properties and sites in Bhutan. The only existing indirect incentive provided is the timber concession in rural areas. Given the incipient tax system in Bhutan, promoting an elaborated tax-based scheme, as used in most countries with a good track record of heritage site conservation, may be unrealistic at the moment. Instead, the Bill could create space for updatable regulations focusing on promoting a package of both

⁴⁵ Residents receive allotments in log form (maximum 4,000 cubic feet), sawn form (maximum 2,500 cubic feet), or standing tree form (maximum 10 trees) for those with no motor road access.

⁴⁶ Several members from each household have been known to receive timber concessions, and there has been insufficient scrutiny of applications by districts before being forwarded to the divisional forest office. There is also difficulty in ascertaining the periodicity of entitlements, as there is “no effective mechanism to ensure that the applicants are availing to subsidized timber only once in 25 years” (MoAF 2011).

nonmonetary and financial support to homeowners and concerned organizations, building upon existing practices, such as the timber concessions. Tax-based instruments could be incrementally added to this package over time as national systems evolve. Table 4.9 presents the preferences indicated by rural and urban traditional house owners when asked to rank modes of preferred assistance for the conservation of heritage houses and villages.

Table 4.9 Rankings of Preferred Assistance and Incentives for Heritage Site Conservation by Sample Rural and Urban Heritage House Owners

Rural traditional house owners		Urban traditional house owners	
Rank	Type of assistance	Rank	Type of assistance
1	Financial contribution to be used for house maintenance	1	Subsidized or free housing materials
2	Subsidized or free housing materials	2	Financial contribution to be used for house maintenance
3	Community infrastructure improvements	3	Individual building improvements
4	Individual building improvements	4	Free labor or compensation for labor
5	Technical expertise	5	Community infrastructure improvements

Source: PSIA 2013; Rapid appraisal of Thimphu traditional houses, 2013.

As a starting point, the following package of financial incentives is suggested:

Facilitate Access to Materials for the Maintenance or Rehabilitation of Heritage Sites

A corrugated galvanized iron tax levy exemption could be introduced for all rehabilitation and maintenance work by homeowners and caretakers of traditional houses or in heritage sites, both in rural areas and cities.

For owners and caretakers of traditional houses in rural areas, timber concessions could be given flexibility to allow more frequent maintenance of the houses and sites, thus avoiding their decay to a state that will require the replacement of entire timber sections in the roof, with higher costs and increased use of raw materials. Timber concessions could also be given only to those aiming to build following traditional methods in rural areas. In cities, timber concessions could be awarded to owners of traditional houses or communities willing to preserve their designated heritage sites (historic neighborhoods). As a disincentive to new construction in concrete, timber rates could be increased, providing also a subsidy for traditional houses and heritage sites.

Earmark Infrastructure and Services to Heritage Sites

As discussed in section 4.2, infrastructure and services could be provided on a priority basis to heritage sites, both in rural and urban communities.

Facilitate Access to Microcredit for Homeworkers and Caretakers of Traditional Houses and Heritage Sites

The Ministry of Home and Cultural Affairs could assist The Ministry of Works and Human Settlements to establish a system that provides special credit lines for owners to build houses using traditional materials, and with technical support. The Bhutan Development Bank Limited system of loans to farmers could be reviewed as a reference and adapted to heritage sites.

Set Up a Tailored Community-based Heritage Fund

As the Bill further decentralizes the responsibility of heritage site conservation, funding will also need to be predictably decentralized. To this end, the Bill proposes the creation of a Heritage Sites Trust Fund as a means of ensuring reliable financial support for the conservation of the designated heritage sites.

Prior to Trust Fund establishment, it would be worth assessing the existing Cultural Trust Fund, established in 1991 by the Department of Culture. The Cultural Trust Fund aimed at raising US\$10 million, with US\$5 million necessary to make it operational; however, it remains far from its funding goal and has never been operationalized.

Another important in-country reference to be analyzed is the Bhutan Trust Fund for Environmental Conservation. In contrast to the Cultural Trust Fund, the Environmental Trust Fund is regarded as a successful trust fund in Bhutan. Also established in 1991, the Environmental Trust Fund is an endowment, and is the world's first environmental trust fund. Its operationalization was a success in large part due to the strong political commitment of the Royal Government of Bhutan, including the leadership of His Majesty the Fourth King of Bhutan, as well as technical assistance from specialized agencies such as the United Nations Development Programme (UNDP), and a US\$1 million donation from the WWF, which catalyzed US\$20.3 million in additional donations.⁴⁷ Management of the fund was initially contracted out to an experienced United States-based investment firm. Today, the Environmental Trust Fund is fully managed by a dedicated team of Bhutanese experts and operates independently of the Royal Government of Bhutan as an autonomous body. Its principal capital is invested and only the revenue generated is used to finance environmental conservation Activities. The trust fund undertakes both technical and financial monitoring and impact assessment of all grant projects. Grantees are required to submit progress reports on a quarterly, half-yearly, and yearly basis. Based on the lessons

⁴⁷ Major initial donors included the Global Environment Facility (US\$10 million), Denmark (US\$2.33 million), the Netherlands (US\$2.45 million), Norway (US\$2.68 million), Switzerland (US\$2.58 million), and the WWF (US\$1 million).

of the Environmental Trust Fund, whether the Cultural Trust Fund is revived, or a new trust fund is established, it will be critically important for the DCHS to ensure the following keys to success: (a) robust buy-in and guidance from the highest levels of government with a minister-level chairperson, active board, dedicated chief executive officer, and a team of competent staff; (b) technical support from concerned agencies on fundraising, investment management, and institutional development, especially during its start-up phase; and (c) the injection of substantial initial capital for start-up.

The DCHS may want to consider the establishment of a different modality of trust fund – a Community-Based Heritage Trust Fund, given the Bill’s intention to further decentralize the conservation of Bhutan’s vernacular heritage sites to owners and caretakers. A community-based fund may better suit the nature of most works to be carried out in the designated heritage sites, which will require a mix of public and private investments as well as communal consent to achieve the desired interventions. A community trust fund could be created, as a not-for-profit entity, to improve and enrich a specific community. Such funds are locally based and work on securing local heritage assets. They can be formed as land trusts that hold easements that control the development of property, or they may be historic site preservation funds that provide financial and technical support for built heritage. In order to carry out their community resource stewardship work, these private nonprofit entities partner with regional, national, and international funders and sources of needed expertise. As shown elsewhere, a trust fund can not only serve as a straightforward material incentive for communities to protect their heritage, providing them with necessary seed capital, but can also help in assuring community ownership and long-term commitment to the stewardship of local heritage. These multiple levels of commitment are reinforced by the need to partner with supportive private and public entities and the requirements for local matching contributions in order to access government funds.

Earmark a Fixed Percentage of the Tourism Tariff to the Heritage Fund

The tourism sector is one of the main beneficiaries of the exploitation of heritage sites in Bhutan, and should be required by a financial mechanism to regularly contribute to their conservation, as is a practice elsewhere (appendix N). This practice views culture as an input to the tourism product, and therefore resources from tourism are partially used for their maintenance and conservation.⁴⁸ Under this “user pays” principle, cultural attractions are managed and the visit is “sold” at a price high enough to generate the funding required to administer and maintain them (Carson et al. 1997). It is good practice to reinvest resources in the site where they were generated. Earmarking a fixed amount of the tariff to be invested in designated heritage sites would contribute to rebalancing of current practices, while establishing a reliable source of funding to vernacular sites, especially those owned by poor households dependent on subsistence farming.

⁴⁸ Visitors of the Fes Medina in Morocco are willing to pay as much as US\$70 in a special fee levied on luxury hotel reservations to help in the preservation of the area; Belize charges tourists a US\$3.75 conservation fee upon airport departures, generating US\$500,000 annually; Guam raises US\$12 million annually from fees included in hotel room taxes.

The Ministry of Home and Cultural Affairs, jointly with the Ministry of Finance, should engage with the Tourism Council of Bhutan, Association of Bhutanese Tour Operators, and Hotel Association of Bhutan to determine the type and size of a user pays mechanism in Bhutan, starting incrementally, with clear disbursement criteria and accountability guidelines. Options could include (a) using a percentage of the US\$65 royalty; (b) imposing additional levies on tour operators; and (c) imposing additional levies on tourists. Visitors (foreign and domestic, including children) should also be consulted on entrance fees, the setup of heritage site-related businesses, and site management.

4.5 IMPACT ON GOVERNANCE

4.5.1 Key Findings

The Bill may positively impact the overall governance of heritage conservation in Bhutan by clarifying roles and responsibilities of central ministries, as long as mechanisms for proactive coordination among all concerned agencies is put in place. The Bill will further delegate responsibility to local governments and homeowners or caretakers, but with increased quality control, which will require up-front provisions for technical support, incentives, and capacity enhancement at district and site level.

4.5.2 The Bill's Governance Feasibility

As drafted, the Bill will shift completely the current status quo, with new interministerial responsibilities and increased regulatory and implementation responsibilities for heritage site owners and local authorities.

The main stakeholders to be affected by this new governance framework are:

Heritage site owners. The greatest impact of the Bill will be felt by site owners and caretakers, for whom the Bill will substantially increase legally binding responsibilities. Currently most owners and caretakers lack the full knowledge and skills to conserve and manage such sites. The Bill may negatively impact stakeholders if it is implemented without extensive sensitization, training, and support, especially during the roll-out of its provisions, and incentives to assist owners and caretakers in the conservation of sites.

Districts and municipalities. For local authorities, the Bill's continued support to the decentralization of responsibility is likely to increase tasks and administrative costs, given the amount of sites to be registered and administered. Such authorities already have limited resources, and their systems generally lack capacity. This could result in bottlenecks and noncompliance in the short and medium term unless district- and local-level staffing and capacity issues are addressed up front.

Central ministries. The clarification of roles and responsibilities at central government level will result in a positive impact, as long as agencies become more focused and contribute to heritage conservation based on their intrinsic areas of expertise (see next section). Another critical provision the Bill will need to detail is the congruence of the new

roles with planned budgetary and human resource allocations. Though the Bill will supersede some secondary pieces of legislation, the reconciliation of the Bill with existing, yet nonbinding, DCHS procedures and ordinances will remain critical.⁴⁹

4.5.3 Stakeholders and Areas of Engagement

The Bill's successful implementation relies on the ability of the Ministry of Home and Cultural Affairs to promote proactive coordination with a number of stakeholders in a range of key areas, including skills, financing, tourism development and promotion, natural heritage management, urban heritage and local governance, and outreach and awareness raising.

Some suggestions are offered below on key stakeholders and possible areas of engagement and collaboration for the final drafting, approval, and implementation of the Bill.

Skills

Ministry of Labor and Human Resources. The ministry does not currently have any program related to traditional construction or heritage conservation skills, learning, or promotion. It is currently only promoting a certification system for different skill levels of carpenters.

Areas of possible engagement. The Ministry of Home and Cultural Affairs could sign a memorandum of understanding with the Ministry of Labor and Human Resources to jointly administer training and skills development related to all key skill areas for heritage site conservation. This could include training modules in traditional building skills for both laborers and supervisors, with advisory support from the DCHS and the Institute of Zorig Chusum. Regional centers of excellence could also be established, for example a stonemasonry institute in Rinchengang village.⁵⁰

Department of Disaster Management. The department carries out national and local-level coordination, awareness raising, capacity building, and development of guidelines and legislative frameworks to reduce disaster risks and facilitate disaster management. It has held training courses for carpenters and masons on earthquake-resistant construction techniques for stone structures. The department also highlights the importance of fire protection, detection, and response measures for wooden vernacular buildings that are brittle with age and pose serious fire hazards (Dargye 2003). Residents of heritage villages have also consistently identified fires as one of their greatest concerns regarding their vernacular houses (PSIA 2013; rapid appraisal of traditional houses in Thimphu, 2013). Seismic resilience is another aspect of Bhutan's heritage properties that needs to be highlighted. Fire, earthquakes, and other risk aspects need to be taken into account when considering methods of construction. There is a growing body of knowledge to build upon traditional practices and promote community resilience in response to climate change,

⁴⁹ An example is the 2008 Basic Guidelines for the Conservation of Heritage Sites in Bhutan (DCHS 2008).

⁵⁰ Rinchengang was originally established as housing for stonemasons constructing Wangdue dzong.

natural disasters, and other risk events. Aspects of community resilience include identification of risk factors, preparation for timely and focused responses to risk events, stabilization and immediate responses, and long-term recovery. Applying community resilience considerations to Bhutan could be another step towards long-term stewardship of its cultural sites and heritage assets.⁵¹

Areas of possible engagement. The Ministry of Home and Cultural Affairs could work with the Ministry of Labor and Human Resources in coordination with the Ministry of Works and Human Settlements on an earthquake resilience training module for heritage-specialized laborers, and provide fire prevention training courses for caretakers of heritage sites. The Department of Disaster Management should also be consulted on regulations, processes, and Bill provisions on emergency repair and risk mitigation measures.

Financing

Ministry of Finance. The Ministry of Finance is the main government agency responsible for allocation of funds for heritage conservation at central and district levels. Heritage conservation has also benefited from the support of the government of India and other specialized agencies, as previously discussed. Given the increased number of sites expected to be encompassed by the Bill, with a potential 10,000 sites to be designated, other sources of revenue will be required.

Areas of possible engagement. Because budgetary requirements for the Ministry of Home and Cultural Affairs are likely to increase with the inclusion of vernacular buildings and heritage sites, the ministry could, jointly with the Ministry of Finance, estimate projections of budgetary needs and create a system for scaling up budgetary allocations year by year to manage and disburse future funds. Procedures and criteria for the transfers to districts, and financial incentives, should also be developed jointly. The Ministry of Home and Cultural Affairs and the Ministry of Finance should also coordinate with concerned donors on:

- Providing seed funding and technical assistance for the envisioned dedicated trust fund;
- Assisting in the piloting of the heritage site concept in line with Department of Culture criteria;
- Assisting in alternative programs to increase income and employment related to heritage sites, such as adaptive reuse of sites for tourism purposes, creating skills training centers of excellence, and establishing local museums.

Tourism Development and Promotion

Tourism Council of Bhutan. The Tourism Council of Bhutan is a 10-member governmental body responsible for planning, regulating, promoting, and developing

⁵¹ There are several campaigns to make cities more resilient to climate change and disasters. See, for instance, Resilient Cities webpage of United Nations International Strategy for Disaster Reduction: <http://www.unisdr.org/campaign/resilientcities/>.

Bhutan's tourism sector, which, though small,⁵² has large economic impacts. Tourism is Bhutan's second highest revenue generator after hydropower (Tourism Council of Bhutan 2011). Despite the majority of tourists to Bhutan being cultural visitors, the tourism sector does not regularly contribute to the conservation of heritage sites that it uses as its main magnet and source of revenues. There is also considerable overlap in the roles of heritage site management, promotion, and conservation between the Tourism Council of Bhutan and the DCHS. The Tourism Policy currently being drafted proposes the designation of "tourism villages," which may geographically overlap with the Bill's proposed "heritage villages" under its cultural sites category.⁵³

Areas of possible engagement. Given the redundancies and overlaps between heritage villages and tourism villages, and given that the Tourism Council of Bhutan is chaired by the Prime Minister and includes the Minister of Home and Cultural Affairs, the Ministry of Home and Cultural Affairs (Department of Culture) should coordinate closely with the Tourism Council of Bhutan to reconcile the two concepts of tourism and heritage villages. Otherwise, these continued parallel efforts may lead to (a) confusing and possibly diverging regulations and jurisdictions, should an area fall under both designations; (b) a disincentive for communities to register as heritage villages, given that tourism villages may offer increased remuneration and fewer restrictions for their designation; and (c) commercial disfiguration of villages rather than their conservation as valued living heritage. Surveyed residents of potential heritage villages identified increased revenues from tourism as one of the main advantages of designation (PSIA 2013). Such expectations should be carefully managed, as illustrated in the short case study in appendix P.

Association of Bhutanese Tour Operators. The 433-member Association of Bhutanese Tour Operators is the largest, most organized, and most influential private sector body in tourism in the country, and serves as a representative body for the nation's tour operators. The tour operators are major stakeholders in heritage sites, as the majority of tourists to Bhutan are cultural tourists choosing to visit dzongs, monasteries, and temples rather than traditional villages and homes. However, as discussed, other than transferring visitors' royalty charges to the Ministry of Finance, the Association of Bhutanese Tour Operators does not contribute to the maintenance or management of heritage sites that are visited by its tour groups. Those members of the association that were interviewed expressed no support for the Bill provision that allows heritage site owners to charge entrance fees. Given the all-inclusive nature of the tourism tariff in Bhutan, operators may choose not to frequent such sites, as has been the case with current admission-charging sites such as the

⁵² Tourism attrBilled 64,028 tourists in 2011 (Tourism Council of Bhutan 2011).

⁵³ A tourism village is defined as "a village with a concentration of tourism resources, having comparative advantage to develop tourism." Dzongkhags would be responsible for preparing and submitting applications for tourism village designation to the Tourism Council of Bhutan. Applications must include a detailed tourism development plan and a plan for the land reserved for widening and developing the tourism village. Once approved by the dzongkhag and the Tourism Council of Bhutan, the "Government shall grant privileges to a Tourism Village in investment, infrastructure construction, tourism technical facilities, human resource training and land use" (Tourism Council of Bhutan 2009).

National Museum and the Textile Museum.⁵⁴ With the exception of donations to religious sites, revenue that is collected from current heritage sites is not directly reinvested in such sites. However, interviews with representatives and tour operators revealed that the Association of Bhutanese Tour Operators is willing to work with the Ministry of Home and Cultural Affairs, the Tourism Council of Bhutan, visitors, and heritage site owners to identify ways to contribute to the conservation of heritage sites related to tourism.

Areas of possible engagement. In the process of prioritizing the designation of heritage villages, the Association of Bhutanese Tour Operators could play a critical role in cross-sharing information on sites and areas of tourism interest, and later promoting those designated sites among its tour operators. To avoid neglect of villages with nontouristic potential (due to difficulty in access, for instance), the Ministry of Home and Cultural Affairs will need to ensure a balanced prioritization by combining tourism and nontourism criteria when designating heritage villages. A program for adaptive reuse of heritage sites into tourism businesses (guest house, café, museum, exhibit space) could be elaborated with the Association of Bhutanese Tour Operators as one of the possible components for the conservation of heritage sites.

Hotel Association of Bhutan. The association is the national body representing hoteliers' interests in Bhutan. It is administered by one part-time office assistant and has over 50 members.

Areas of possible engagement. Members of the Hotel Association of Bhutan showed interest in supporting the Bill through (for instance) hospitality training to heritage villagers. It could also be a partner and co-financer for the establishment of community-owned homestays in heritage villages.

Natural Heritage Management

Ministry of Agriculture and Forests. The ministry is a key stakeholder for institutional arrangements concerning the management of natural heritage, including listed heritage sites and landscapes inside national protected areas. The cultural sites to be designated under the Bill will likely overlap with some national protected areas, with forest areas as buffer zones. This will require an integrated and streamlined approach for their management from both cultural and natural heritage perspectives. Another area of convergence is the Bill's requirements for timber, as well as for the use of sand, stone, boulders, and bamboo, which are all controlled by the Ministry of Agriculture and Forests.⁵⁵

⁵⁴ These sites have experienced omission from itineraries upon admission increases. Currently, only a handful of museums charges tourist entry fees (Folk Heritage Museum, National Museum, School of Arts and Crafts, and Ta-Dzong Museum), which are then collected by the Ministry of Finance and redistributed rather than being reinvested as a reliable financial mechanism for the sites' own operations or maintenance.

⁵⁵ The 2011 Subsidized Timber and Nonwood Forest Produce Allotment Policy states: "Sand, stone and boulders transported by men or animals shall be allotted free of royalty and if transported by mechanical devices shall be charged commercial rates" (MoAF 2011).

Areas of possible engagement. The Ministry of Home and Cultural Affairs could coordinate with the Ministry of Agriculture and Forests to produce an outline of integrated cultural site management plans and joint arrangements for the management of heritage sites inside national protected areas. Timber concessions for heritage sites should also be agreed within the scope of the Bill, as discussed in the previous section.

Urban Heritage and Local Governance

Ministry of Works and Human Settlements. The ministry carries out a number of Activities linked to the stewardship of urban heritage assets and regulates urban development in general. It comprises the Department of Engineering Services, the Department of Roads, and the recently decoupled Department of Human Settlements. The Department of Engineering Services oversees the dzongkhag and thromde administrations as they regulate and approve all individual buildings and their modifications, including changes in building use. However, there is no specific guidance or codes on vernacular or traditional buildings within these regulations.⁵⁶ The Department of Human Settlements, under an interministerial steering committee, is currently drafting a Human Settlements Policy covering all human settlements in Bhutan. This policy may overlap with the Bill, especially in the macro zoning of heritage villages and cultural sites. The Ministry of Works and Human Settlements is also beginning the process for creating valley development plans, by which it plans to identify potential traditional village areas in the nation's target valleys. Interviewed Ministry of Works and Human Settlements officials expressed great support for the Bill and acknowledged its need, though they also raised concerns about the possibility of it increasing responsibilities for their district engineers, who were overstretched and unfamiliar with heritage conservation.

Areas of possible engagement. The Ministry of Home and Cultural Affairs could coordinate with the Ministry of Works and Human Settlements for the drafting of provisions and regulations, especially those relating to the Bill's administration (the role of district technical units)⁵⁷ as well as for the adequate integration of heritage conservation in urban and regional planning. Assisted by the Ministry of Labor and Human Resources, the Ministry of Home and Cultural Affairs could partner with the Ministry of Works and Human Settlements to design training modules to bridge capacity gaps. The Ministry of Works and Human Settlements does not currently employ conservation architects or engineers. Support was also requested by officials of the ministry in the areas of appraisal, technical planning, and enforcement of conservation of heritage precincts in cities.

The Ministry of Home and Cultural Affairs could provide access to professional training for skills development through seminars, courses, and online programs that carry heritage

⁵⁶ In 2003 there were plans to establish a Heritage Division within the Ministry of Works and Human Settlements to oversee traditional village and heritage precincts; however, this never materialized.

⁵⁷ The district technical units are responsible for technical surveying, documentation, project proposal preparation, and budgeting, according to their guidelines, including appraisal and engineering services for minor heritage site conservation. Each gewog has one engineer appointed by the dzongkhag to oversee the gewog's Activities. The engineer is responsible for technical aspects of renovation and construction works, but is not trained in heritage conservation.

credentials. The ministry could partner with the International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM), universities, and other training entities to deliver training to district engineers to build their skills in heritage stewardship. In addition, many countries have promulgated professional standards based on educations and experience. These standards could be adapted to Bhutan's needs to foster a cadre of professionals with relevant heritage and landscape skill sets.

Local government. Thromdes and dzongkhags, elements of local government, are called upon by the Bill to operate as intermediaries between heritage site owners and the Ministry of Home and Cultural Affairs. Local authorities are thus expected to monitor, report on, and fund aspects of heritage site conservation. District and municipal authorities would require appropriate site management expertise and resources such as equipment, vehicles, and cameras to carry out these responsibilities. A number of current district cultural officer positions remain vacant, so limited capacity and funding constraints could be major roadblocks to the Bill's successful implementation in the short and medium term.

Areas of possible engagement. The Ministry of Home and Cultural Affairs should, together with the Ministry of Labor and Human Resources, carry out a needs assessment at district level and, based on that, review the proposed role for the districts and municipalities in order to ensure the effective implementation of measures under the Bill. The Ministry of Home and Cultural Affairs should also discuss with thrombes other possible incentives for both urban and rural heritage site owners.

Dzongkhags. These administrative districts are charged with the conservation of heritage sites of district importance. Divided into 205 gewogs or blocks, the districts are expected to play multiple enforcement roles in conservation and collaborate with owners and central agencies accordingly by:

- Identifying and selecting heritage sites for registration in their respective dzongkhags;
- Monitoring works to be done in the site;
- Managing conservation projects, including maintaining and supporting historic and heritage sites, financial management, approval processing, and coordination, as well as submission of annual reports to the DCHS.

Outreach and Awareness Raising

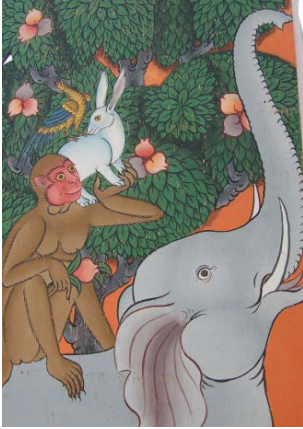
The Ministry of Home and Cultural Affairs should mount publicity campaigns, including easy-to-understand guidelines and trainings for relevant agencies, local governments, and heritage site owners, to ensure uniformity, understanding, and coordinated efforts in finalizing the draft of and implementing the Bill. Some key agencies that the ministry may want to consider as partners in this effort are:

Zhung Dratshang. As the central monastic body, the Zhung Dratshang governs religious affairs and is prominent in Bhutan's political, social, and cultural life. It inhabits dzongs and monasteries and is recognized as the caretaker of numerous religious sites.

Areas of possible engagement. Given that the Zhung Dratshang is a key agency in the transmission of traditions and practices, the Ministry of Home and Cultural Affairs should partner with the body in awareness campaigns on the importance of heritage site conservation. They could raise the profile of the issue in public discussions, workshops, public statements, articles, and interviews in various media (radio, television, and the press).

Private monks' bodies and religious organizations often take charge of preserving religious sites, and could be key allies in raising awareness of heritage sites among communities.

His Majesty the King can be instrumental in championing conservation of people's assets beyond monuments. His Majesty's Welfare Office, which carries out a variety of projects at the behest of His Majesty the King, has recently identified a heritage area in Lower Babesa, Thimphu, as a possible conservation project. The Ministry of Home and Cultural Affairs could engage with this office in a pilot conservation project for the inventory and management of an urban cultural site such as Lower Babesa in addition to a rural heritage village.



5

Policy Lessons and Recommendations

This ex ante PSIA aimed to inform the drafting of Bhutan’s Heritage Sites Bill through an analysis of its potential impact on the poor. It determined the profiles of vernacular heritage sites and their owners and caretakers, and assessed the financial and governance mechanisms for cultural stewardship in Bhutan. Its data, analysis, and recommendations are offered as one of the possible references for the cultural authorities in Bhutan to successfully prepare a Bill with positive impacts on its stakeholders, especially the poor.

5.1 SUMMARY OF MAIN FINDINGS

The PSIA findings demonstrate that the Bill comes at a critical time when modernization is promoting changes in Bhutan that require a rethinking of the way the country has been promoting and safeguarding its cultural properties, for their continuity in the 21st century.

The draft Bill may have many positive implications for Bhutan, especially by broadening the definition of cultural heritage preservation from the protection of monuments to the promotion of the living cultural landscape, with effects including increased appreciation of Bhutan’s vernacular heritage, increased self-esteem of Bhutan’s ageing skilled craftspersons, generation of new employment opportunities especially for youths, greater clarity of roles and responsibilities for cultural stewardship in Bhutan, and more reliable financing for the maintenance and development of heritage sites.

For these positive impacts to materialize, however, a series of issues identified by the PSIA would need to be further elaborated in the draft Bill, including the provision of incentives, especially as the draft Bill emphasizes further decentralization of the stewardship of heritage sites to their owners and caretakers.

The PSIA also demonstrated that the draft Bill in its current form may lead to possible adverse impacts, particularly on the poor, who are more likely to own and inhabit traditional houses and tend to be substantially poorer than the national average. Other possible impacts include increased transaction costs due to regulation and permit requirements, economic burdens on communities and individuals, and possible deterioration of sites if nominated without consent or assistance. City dwellers will face the greatest amount of opportunity costs with heritage site designation and therefore may be

most resistant to nomination, facing elevated costs for site maintenance and upkeep. Rural owners are enthusiastic for and stand more to gain from designation, though they may be unable to meet conservation requirements due to a lack of funding and technical knowledge.

In order to realize the positive impacts of the draft Bill and mitigate the potential adverse impacts, the PSIA offers tailored recommendations and a package of combined incentives, which were jointly identified with the cultural authorities responsible for the drafting of the Bill. Also, at the core of the recommendations is the importance of engaging key stakeholders, particularly owners, caretakers, local authorities, and concerned agencies, in all key steps envisioned for the identification, inventorying, designation, and stewardship of properties and areas to be designated under the Bill as heritage sites. This is essential to ensure the relevance for and buy-in of concerned communities and households, and thus the achievement of the Bill's objectives and the sustainability of its associated efforts. Another central recommendation is the value of an incentive-based Bill, rather than traditional command and control mechanisms, in line with its intention to increase people's awareness of and responsibility for the stewardship of the majority of privately owned assets currently unprotected and at risk of being lost due to modernization. To this end, the PSIA offers a group of material and nonmonetary incentives, which combined may lead to improved living standards and job opportunities in heritage sites across Bhutan. The incentives are clustered by potential impact area and are outlined below.

5.2 INCENTIVES FOR HERITAGE STEWARDSHIP IN BHUTAN

5.2.1 Assets Transmission Channel

- Incentives for heritage house owners, including technical support in the form of assistance with model drawing and simplified permits, guidelines on upgrading buildings compatibly with traditional practices, training programs for local government officials.
- Technical support in creating guidelines and trainings for local government officials for new construction and infrastructure in cultural sites, including approaches for community consent.
- Provision of basic public services to heritage sites and villages on a priority basis as nonmonetary incentives.
- Adequate valuation of heritage properties through government directives to review valuation criteria, and subsequently devise effective insurance policies customized towards heritage buildings.

5.2.2 Employment Transmission Channel

- Support to craft skills by signing a memorandum of understanding between the Ministry of Home and Cultural Affairs and the Ministry of Labor and Human Resources to expand its 2011 Vocational Occupational Skills Standards to all heritage-related skills and partner with the Agency for Promotion of Indigenous Craft and the Institute of Zorig Chusum to provide nationally recognized certificates of excellence to outstanding artisans, complementing His Majesty's reward system to masters with a full pension.

- Support to entrepreneurship and associated professionals by developing licensing requirements for heritage-specialized construction firms and organization of leadership and internship programs for entrepreneurial growth in the heritage sector.
- Support to local government officials through trainings in timber conservation and formulation of accreditation and incentive systems for local officials.

5.2.3 Financial Architecture Transmission Channel

- Provision of incentives for owners and caretakers to conserve their heritage properties, including facilitating access to materials for maintenance or rehabilitation through corrugated galvanized iron tax levy exemptions, more flexible timber allotments for rural heritage households, and the granting of timber subsidies for urban heritage households.
- Facilitating access to financial support (e.g., small credits), with technical support.

5.2.4 Governance Transmission Channel

- Partnering with stakeholder agencies and organizations, leveraging distinct competencies to successfully implement the Bill, including memoranda of understanding with the Ministry of Labor and Human Resources and the Department of Disaster Management on developing training modules and programs.
- Partnering with the Ministry of Finance to estimate budgetary needs for the Bill's successful implementation and provide seed funding to the envisioned trust fund, heritage village pilots, and adaptive reuse programs.
- Discussing with the Ministry of Agriculture and Forests to develop approaches to conserving heritage sites inside national protected areas, and revisiting timber concessions.
- Partnering with the Ministry of Works and Human Settlements, districts, and thromdes on drafting regulations and provisions regarding district technical units, the integration of conservation in urban and regional planning, and capacity-building courses.
- Partnering with the central monastic body, the private monk body, and His Majesty the King on raising awareness for the Bill's implementation specifically and heritage site conservation generally.

To offset any potential adverse impacts of the Bill, six overarching recommendations are offered.

- **Engage those most affected in the preparation of stewardship plans.** Owners, caretakers, and districts should be involved in the preparation of stewardship plans to ensure their relevance and gain community consensus for future recognition and continuous maintenance of heritage sites. These community vision plans should be prepared on a landscape or site-by-site basis and fully integrated into regional planning to ensure their relevance, accurate contextualization, and implementation. Owners of heritage sites should be engaged from the beginning to ensure their buy-in and thus the long-term sustainability of the Bill's intended goals of decentralizing conservation and maintenance as components of heritage stewardship.

- **Provide incentives to heritage site owners and local authorities.** In order to promote local stewardship of heritage sites and landscapes, a combination of technical, service, and financial incentives should be provided for urban and village, private and public heritage site owners and local authorities. The ultimate objective should be to increase the capacity of owners and caretakers to invest in and draw on their assets, and in turn safeguard their heritage properties and surrounding cultural sites in coordination with public initiatives. Owners of traditional houses in rural areas should receive the most support due to their high poverty levels, lack of savings, and levels of debt. Support should include low- or zero-interest loans, matching grants, more flexible timber concessions, technical support from experts, and prioritization of service provision. Owners of traditional houses in urban areas should receive similar support, but tailored to the higher real estate and transaction costs of cities. In both cases, financial support should be phased out over a period of time to ensure future economic resilience of owners and thus the sustainability of the Bill's conservation efforts. The establishment of a Heritage Sites Trust Fund, modeled after successful funds such as the Bhutan Health Trust Fund and Bhutan Trust Fund for Environmental Conservation, with stipulated avenues for funding heritage houses and villages, is paramount for the effective implementation of the Bill.
- **Establish institutional arrangements for proper coordination among stakeholders.** Arrangements should be established involving all relevant stakeholders to institutionalize the Bill's approaches, procedures, and Activities, especially between district authorities and site owners and relevant agencies, including the Ministry of Finance (resource flows), line ministries (service delivery provision), the Ministry of Home and Cultural Affairs (heritage conservation and management), and the tourism sector (additional financial and site management support). This requires an up-front political commitment by key decision makers, usually at ministerial level, backed by ability to pool funds and resources commensurate with the adequate use and conservation of heritage assets. The Ministry of Agriculture and Forests could provide special timber concessions for urban and rural heritage areas, especially for poor owners. Based on assigned values, conservation plans, and current risk status of buildings or areas, a greater amount of wood could be granted to heritage sites, or heritage houses in cities could become eligible for subsidies. The Ministry of Home and Cultural Affairs should also work closely with districts to revisit their heritage site roles and responsibilities in order to determine realistic capacity and funding needs to implement the Bill effectively.
- **Develop a mechanism for the tourism sector to contribute to the conservation of cultural assets used by the sector.** The tourism sector and its associates, especially the Tourism Council of Bhutan, Association of Bhutanese Tour Operators, and Hotel Association of Bhutan, which tend to benefit most from the exploitation of Bhutan's cultural landscape and cultural assets, should be key partners of the Ministry of Home and Cultural Affairs in the operationalization of the Cultural Trust Fund or the establishment of the proposed Heritage Sites Trust Fund in order to

ensure a fair distribution of benefits from tourism to heritage sites and communities. Options could include (a) diverting a percentage of the daily US\$65 royalty; (b) additional levies on tour operators; or (c) additional levies on tourists, as is customary in similar areas.

- **Promote community and site-specific stewardship plans rather than standardized blueprints.** The variances in livelihoods, income, traditions, and weather conditions affecting wood longevity and skill sets suggest that heritage site conservation is highly contextual and thus management plans should be decided on a case-by-case basis rather than through a blanket approach. Stewardship plans should be prepared on a landscape basis and in full consultation with local officials and owners to ensure the relevance of plans and the commitment of officials to carry out initiatives. Local governments could be granted leeway to set levels and types of incentives based on their specific contexts and capacities to align with heritage stewardship principles.
- **Foster education and invest in awareness raising.** Such an initiative can increase understanding of and generate stronger interest in stewardship planning and long-term investment. According to the popular adage, one can only care for something one can understand, hence the importance of investing in public campaigns and essential upstream analytical work, and providing technical expertise and interpretation of culture as part of any development program. Raising awareness through study visits – informed by comprehensive heritage documentation, with site interpretation expressed in graphic maps, signage, and special displays of research materials pertaining to a given site – is essential to deepen visitors’ understanding of the historic, artistic, cultural, and spiritual meaning of Bhutan’s rich heritage. The Ministry of Home and Cultural Affairs could mount publicity campaigns, supported by development of easy-to-understand guidelines and training session for all agencies, districts, and site owners, to ensure uniform and effective implementation of the Bill.

Appendix A. List of Key Experts Interviewed

Name	Position
Leki Wangchuk	Engineer, Division for Conservation of Heritage Sites, Department of Culture, Ministry of Home and Cultural Affairs
Khenpo Phuntsho Tashi	Director of National Museum
Thuji Nalik	Acting Director, Tourism Council of Bhutan
Kinley Wangdi	Senior Tourism Officer, Plans and Programs, Tourism Council of Bhutan
Geley Norbu	Chief Urban Planner, Thimphu Municipality
Kinzang Norbu	Director, Department of Human Settlements, Ministry of Works and Human Settlements
Lhaden Pema	Chief Planning Officer, Policy and Planning Division, Ministry of Works and Human Settlements
Kesang Jigme	Senior Planning Officer, Policy and Planning Division, Ministry of Works and Human Settlements
Phub Rinzin	Engineering Service Department, Ministry of Works and Human Settlements
Tashi Penjore	Architect/Planner, Department of Human Settlements, Ministry of Works and Human Settlements
Kinley Tshering	Director General, National Statistics Bureau, Thimphu
Tshewang Gyeltshen	Director, National Land Commission, Thimphu
Kinley Dorji	Chief Employment Officer, Department of Employment, Ministry of Labor and Human Resources
Nima Sangay Chenpo	Former Bhutan National Commission for UNESCO, National Assembly of Bhutan, current Project Manager of Youth Development Project
Ritu Raj Chetri	Lawyer, formerly of the High Court of Bhutan
Chime Dorji	Senior Tour Guide
Ravi Nischal	General Manager, Taj Tashi
Kunzang Lhamu	Chief Research Officer, GNH Commission
Dorji Choden	Head of Unit, UNDP
Moe Chiba	Programme Specialist for Culture, UNESCO
Tashi Dorji	WASH Officer, SNV

Ramesh Chhetri	Program and Project Officer, Austrian Development Cooperation
Karma Lotey	Managing Director/Chairman, Yangphel Adventure Travel/Association of Bhutanese Tour Operators
Christine A. Jantscher	Counsellor, Head of Office, Austrian Development Cooperation
Karma Tshering	Chief, Nature Recreation and Ecotourism Division, Department of Forests and Parks Services, Ministry of Agriculture and Forests
Lam Kezang Chhoephel	CEO, Agency for Promotion of Indigenous Craft
Sangay Om	Manager, Product Innovation and Design Unit, Agency for Promotion of Indigenous Craft
Tshering Pelden	Manager, Marketing and Promotions, Agency for Promotion of Indigenous Craft
Sither Tenzin	Dean, Royal Institute for Tourism and Hospitality
Mr. Norbu	Owner, Norbu Bhutan Travel
Tobjye Dorji	Chairman, Hotel Association of Bhutan
Phuntsho Gyeltshn	Planning Officer, Tourism Council of Bhutan Secretariat
Lam Kezang Chhoephel	Former School Teacher, Former School Inspector, Former Principal of School of Arts and Crafts, CEO of the Agency for Promotion of Indigenous Craft. Author of several books on Buddhism and Culture in Dzongkha language.
Nima Sangay Chenpo	Has worked in Bhutan National Commission for UNESCO, National Assembly of Bhutan, and as Project Manager of Youth Development Project.
Ritu Raj Chetri	A former Lawyer of the High Court of Bhutan. Has worked on Deputation as Legal Officer in the National Commission Environment. Involved in drafting the Environment Protection component of the Constitution and he helped draft various existing Bills in the country, including Environment Protection Bill, Biodiversity Bill, Water Bill, Road Bill, Companies Bill.
Chime Dorji	A Senior Tour Guide, knowledgeable on tourism development and Bhutanese village and farming life.

Appendix B. Description of Secondary Data Sources

Bhutan Living Standards Survey

The Bhutan Living Standards Survey is a nationwide survey of households done by the National Statistics Bureau. Apart from demographic information, the survey collects information on consumption expenditure, housing, employment, health status, fertility, education, access to public facilities and services, prices of commodities, and assets ownership. The survey provides a way of evaluating welfare and living standards in the country as well as trends in various socioeconomic issues. It helps in formulation of evidence-based development policies and programs, and informs Bhutan's Five Year Plan. *Unit of analysis: individuals, households, and dzongkhags.*

Labor Force Survey

The Labor Force Survey is a regular Activity of the Labor Market Information Division under the Department of Employment. It is a household survey conducted nationwide with representative samples from rural and urban areas. The survey includes all the members temporarily absent from the households and living in institutions such as schools, hostels, army barracks, hospitals, and prisons, though it excludes those members who are absent from the household for more than six months. It is designed to provide statistics on levels and trends of employment, unemployment, labor force participation, child statistics, and various other socioeconomic characteristics associated with the labor market. *Unit of analysis: individuals, households, and dzongkhags.*

Gross National Happiness (GNH) Survey

The GNH Survey is a nationwide household survey with representative samples from rural and urban areas and districts (dzongkhags). The sample was drawn by the National Statistics Bureau as a subsample to the Bhutan Multiple Indicator Survey (National Statistics Bureau 2010). The final GNH Survey contains 7,142 respondents ages 15 and above. The unit of analysis is the person. Any household-level variables such as income, housing, and assets, and sufficiency or insufficiency in these indicators, are ascribed to the respondent, hence it is not possible to reflect intrahousehold inequalities in the household-level variables.

It is designed to provide a summary statistic of the well-being of individuals in nine domains, which are instrumented by 33 indicators that draw on 124 variables. It is constructed using an adaptation of the Alkire-Foster methodology for poverty measurement, in which a first set of indicator cutoffs reflect sufficiency – how much is “enough” – rather than poverty. The second (cross-indicator) cutoffs categorize the population into four levels of GNH, creating a “happiness gradient” (deeply happy, extensively happy, narrowly happy, and unhappy). The GNH statistic provides the joint distribution of achievements each respondent enjoys, as well as any insufficiencies he or she experiences.

Renewable Natural Resources Census

The Renewable Natural Resources Census 2009 presents the data for the year 2008 on agricultural holdings, agricultural inputs, production, collection of forest products and production of forest byproducts, marketing, accessibility to basic service centers and motor roads, food security status, and issues and constraints of the farming households in the rural and extended municipal areas of the country.

Population and Housing Census of Bhutan, National Statistics Bureau

The Population and Housing Census of Bhutan 2005 collected data on demographic, education, health, migration, household, and housing characteristics. It covered the entire country irrespective of human habitation and counted all structures, households, and people, whether Bhutanese or non-Bhutanese, residing in the country at a specific point of time. It provides information on demographic and general characteristics, migration, education and health, employment, fertility of women 15–45 years of age, mortality, ownership of housing, lighting, cooking fuel, sanitation facilities, drinking water source, and number of rooms occupied by the households. *Unit of analysis: individuals, households, dzongkhags, gewogs, and nation as a whole.*

Appendix C. Listing of Potential Heritage Villages Identified by PSIA

No.	Village	District	Region	Rating category: 1 = shortlist
1.	Ha-Tey Village	Haa	West	***(2)
2.	Takchu Goenpa Village	Haa	West	***(1)
3.	Yangthang Village (Abandoned)	Haa	West	** (3)
4.	Drukgyal Dzong Village	Paro	West	***(2)
5.	Begana Village	Thimphu	West	** (3)
6.	Hongtsho Village	Thimphu	West	** (3)
7.	Gongyul, Lingzhi	Thimphu	West	** (3)
8.	Chebisa, Lingzhi	Thimphu	West	** (3)
9.	Tapa Dramdhey Village	Chukha	South-West	** (3)
10.	Lhops (Doya) Village	Samtse	South	** (3)
11.	Chimmi Lhakhang Village	Punakha	West	** (3)
12.	Rukubji Village	Wangdi	West	***(1)
13.	Rinchengang Village	Wangdi	West	****(1)
14.	Langdraney Village	Wangdi	West	***(2)
15.	Gangtey Gompa Village	Wangdi	West	***(2)
16.	Khotokha Village	Wangdi	West	** (3)
17.	Galeykha Village	Wangdi	West	** (3)
18.	Kuenzangling Village (?)	Wangdi	West	** (3)
19.	Chetokha Village	Wangdi	West	***(2)
20.	Laya Village	Gasa	West	****(1)
21.	Damji Village	Gasa	West	** (2)
22.	Korphu Village	Tongsa	Central	***(1)
23.	Nabji Village	Tongsa	Central	** (3)
24.	Nimshong & Monpa Village	Tongsa	Central	** (3)
25.	Bemji Village	Tongsa	Central	** (3)
26.	Chendebji Village	Tongsa	Central	** (3)
27.	Bjoka Village	Zhemgang	Central	** (3)

28.	Gaytsa Village	Bumthang	Central	** (3)
29.	Ugyen Choling Tang Village	Bumthang	Central	*** (2)
30.	Shingkar Village	Bumthang	Central	**** (1)
31.	Ura Village	Bumthang	Central	*** (2)
32.	Tangsibi Village	Bumthang	Central	** (3)
33.	Bayphu, Tang Village	Bumthang	Central	** (3)
34.	Talung, Tang Village	Bumthang	Central	** (3)
35.	Sengor Village	Mongar	East	** (3)
36.	Kengkhar Village	Mongar	East	** (3)
37.	Tsakaling Village	Mongar	East	*** (2)
38.	Silambi (Bamboo Basket) Village	Mongar	East	** (3)
39.	Kholong Village	Mongar	East	** (3)
40.	Thangrong Village	Mongar	East	** (3)
41.	Khoma Village	Lhuntse	North-East	*** (1)
42.	Zhamling Village	Lhuntse	North-East	*** (2)
43.	Tsangwu Village	Lhuntse	North-East	*** (2)
44.	Gangzur Pottery Village	Lhuntse	North-East	** (3)
45.	Goenpa Karpo Village	Lhuntse	North-East	** (3)
46.	Shawa Village	Lhuntse	North-East	*** (2)
47.	Thimyul Village	Lhuntse	North-East	** (3)
48.	Ladong Village	Lhuntse	North-East	** (3)
49.	Ngang Nye Village	Lhuntse	North-East	** (3)
50.	Shongmeth Village	Lhuntse	North-East	** (3)
51.	Sakten Village	Trashigang	East	*** (1)
52.	Merak Village	Trashigang	East	*** (2)
53.	Chaling Shongphu Village	Trashigang	East	** (3)
54.	Khenye Village	Tashi Yangtse	East	*** (1)
55.	Tarphel Village	Tashi Yangtse	East	** (3)
56.	Lauri Village	Samdrup Jongkhar	East	** (3)
57.	Mekuri Village	Pema Gatsel	East	** (3)

Appendix D. PSIA Bhutan Rural Heritage Village Survey

Heritage survey questionnaire

QUESTIONNAIRE ID: /_____/

BHUTAN

PSIA of the Draft Heritage Act

Poverty and Social Impact Analysis (PSIA)

Name of Enumerator: _____
Date (D/M/Y) : _____
Checked by: _____
Data Entered by: _____

Instruction to enumerator: At the onset of the interview, introduce yourself and clearly state the purpose of the survey and ask the respondent if he/she agrees to be interviewed. If he/she disagrees, do not force to continue the interview. Instead move to the next respondent.

RESPONDENT IDENTIFICATION

1	VILLAGE _____ GEWOG _____ DZONGKHAG _____
2	NAME OF THE RESPONDENT _____
3	GENDER OF THE RESPONDENT 1. MALE 2. FEMALE
4	Name of head of household _____
5	Gender of the head of household 1. MALE 2. FEMALE
6	House Number _____ Throm No. _____
7	Years living in the village? Reason?
8	Presently, in terms of wealth category in which of the following categories would the household belong? <i>(This is to be asked to the Tshogpa after the interview and not to the household)</i>
	1. Well Off ⁵ 2. Average ⁶ 3. Poor ⁷

⁵ Well off - House with more than 3 acres of land, does not face food shortages, annual income of more than Nu.50,000.00 pa., good, decent house and having most of the HH amenities

⁶ Average- Households with 2-3 acres of land, does not face food shortages, annual income of Nu.20,000 to 50,000 pa., has an average house and basic HH amenities

13

A. Household demographic details

Please circle the name of respondent

Sl. No.	Name	Age	Sex M/F	Education	Occupation	Currently attending school 1/ Yes 2. No
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						

Use the Codes Sex: 1 Male 2 Female

Education: 1-Illiterate 2-NFE 3-PP 4-LSS 5-MSS 6-HSS 7- Bachelors 8-Dratshang

Occupation: 1-Farmer 2-Civil service 3-Armed forces 4-Business 5-Dratshang

6-Pvt. Sector 7-Student 8-Minor 9-Unemployed 10- others (Specify)

B. Community Activities

1.	What kind of communal activities are organized in the village?	List all	Organizer	Attendees
				1. Father 2. Mother 3. Grandfather 4. Grandmother

⁷ Poor- Household with less than 2 acres of land, faces food shortages during the year, income of less than Nu. 10,000pa., house condition is not good, and barely has any HH amenities

14

By whom are these organized? From your house who usually attends them?			5. Brother Sister 6. Brother-in-law 7. Sister-in-law 8. Others (specify) ----- --
2. Are they important?	1. Yes	2. No	
3. If yes Why?	1. Up keep of the village tradition 2. To please the deities	3. Others (specify)	
4. Is there any change in the last years in the type of activities?	1. Yes, which?	2. No	

C. Education

1. Does the villages have a school (grade)?		
2. If no, How far is the school from the village? Walking time (.....hrs,minutes)	
3. How many children from the household attend the village school?BoysGirls
4. How many children from the village attend the school?BoysGirls
5. Where children continue their education?		

D. Health

1. Does the village have a health facility?	1. Yes	2. No	
3. If no, where (name of place) do the household members go for their health needs?			
4. How far is it from the village? walking time		
5. What type of health facility?	1. Hospital 3. ORC	2. BHU 4. No facility	
6. Where do your neighbors go for their health needs?			
		Male	Female
7. What was the most common disease that	1. Diarrhea		

15

household members suffered from in the last year? How many persons in your household suffered from that illness?	2. Dysentery		
	3. Headache		
	4. Eye problems		
	5. Dental problems		
	6. Malaria		
	7. Respiratory Infections		
	8. Injuries		
	9. Others (specify)		
	8. Did you consult the health service provider?	1. Yes	2. No
9. If no, what was the reason?	1. The case was not serious 2. Health facility too far	3. Other (Specify)	

16

E. House Physical Details

1.	How many years ago was your house constructed?	Number of years	
2.	Who constructed the house?	1. Father 2. Grandfather 3. Great Grandfather 4. Others.....	
3.	Which family members participated in the construction?	1. Father 2. Mother 3. Grandfather 4. Grandmother	5. Brother Sister 6. Brother-in-law 7. Sister-in-law 8. Others (specify)
4.	State of conservation of the house (Reference at foot note)	1. Excellent ⁸ 3. Poor ¹⁰	2. Good ⁹ 4. Ruin ¹¹
5.	What type of material is your house roof made of? <i>(This is a multi-response question and observation also needed)</i>	1. Concrete/Cement 2. Wood 3. Tiles	4. CGI ¹² 5. Bamboo 6. Others (Specify)
6.	What type of material is your house floor made of? <i>(This is a multi-response question and observation also needed)</i>	1. Brick 2. Wood 3. Cement	4. Bamboo 5. Mud 6. Others (Specify)
7.	What type of walls material does your house have? <i>(This is a multi-response question and observation also needed)</i>	1. Stone with mud mortar 2. Cement mortar 3. Rammed earth 4. Adobe blocks	5. Wood 6. Bamboo 7. Others (Specify)
8.	How many rooms does your house have including kitchen?	1. One room 2. Two rooms 3. Three rooms	4. Four rooms 5. Five rooms 6. More than 5 rooms
9.	Who owns the house?	1. Owned by household 2. Owned by the community 3. Owned and Rented/leased 4. Owned by the Rabdey	

⁸ Excellent, when in pristine condition

⁹ Good, some components need repairs or replacement

¹⁰ Poor, most components need rehabilitation or replacement

¹¹ Ruin, the property is beyond repair and represent a public safety concern

¹² CGI-Corrugated Galvanized Iron

10.	Is the house used only as a residence? If no, go to 13	1. Yes	2. No
11.	What are the other uses of your house?	1. place of worship 2. for business 3. showing to visitors 4. food storage 5. other (specify)	
12.	How frequently do you use for each activity mentioned? <i>(Use appropriate numbers from the last column)</i>	1. place of worship 2. for business 3. showing to visitors 4. food storage 5. other (specify)	1. Every day 2. monthly 3. annually 4. Occasionally 5. Once in a while 6. Never
13.	How many years ago was the house last repaired?years	
14.	What constraint do you face to maintain the house?	1. Labor 2. Time 3. Money 4. Others (Specify)	
15.	What materials do you need for repairs?	1. Timber 2. Stones 3. Mud 4. Paint 5. Others (specify)	
16.	From where do you get the materials? <i>(Use appropriate numbers from the last column)</i>	1. Timber 2. Stones 3. Mud 4. Paint 5. Others (specify)	1. Locally 2. From within the Geog 3. From within the Dzongkhag 4. Outside of the country
17.	Who repairs the house?	1. Household members 2. Skilled people of the village 3. Skilled people from outside the village 4. Others (specify)	

18.	Has there been any alteration or addition on the original?	1. Yes 2. No
19.	From where do you find help?	1. From within the village 2. From outside the village 3. From the Dzongkhag 4. Others (specify)
20.	What kind of help do you need?	1. Skilled labour 2. Materials 3. Others (specify)
21.	How much did it or would cost? (Give actual figures)	
22.	Did you receive any help from the RGoB to repair your house?	1. Yes 2. No
23.	If yes, explain.	

F. Household Amenities

1.	Which of the following facilities does your house have? <i>(Note: This is a multi-response question. More than 1 response can be selected by respondent)</i>	1. Piped water (go to Q.6) 2. Latrine 3. Garbage pit
2.	If you do not have piped water what is your source of drinking water?	1. River 2. Pond 3. Spring 4. Stream 5. Others (Specify)
3.	How far is the water collection point from your house?	1. Less than 15 minutes 2. 16 to 30 minutes 3. Over 30 minutes
4.	Who collects the water?	1. Father 2. Mother 3. Grandfather 4. Grandmother 5. Brother Sister 6. Brother-in-law 7. Sister-in-law 8. Others (specify)
5.	How often during the day?	1. Once a day 2. Twice a day 3. Three times a day 4. More than three times a day
6.	In a year, how many months do you have reliable water supply from the main source? months
7.	What is your source of	1. Traditional kerosene lamps 2. Solar lights

19

	energy for lighting?	3. On grid electricity	4. Own generator
8.	What is your source of energy used for cooking?	1. Firewood 3. Electricity 5. Firewood and electricity 7. Kerosene and electricity 9. Firewood, electricity and LPG	2. Kerosene stoves 4. LPG gas 6. Firewood and kerosene 8. Firewood and LPG gas 10. 1, 2, 3 and 4 above
9.	What type of sanitary facilities is there in your house?	1. Pit latrines with slab 3. Ventilated Improved Pit latrine 5. Long drop latrine 7. Bucket	2. Pour flush latrines 4. Pit latrine without slab/open pit 6. Composting toilet 8. No proper latrines (bush/field)
10.	How distant is the latrine located from the house?	1. Inside the house 3. 5 minutes walk distance from the house	2. Just outside the house 4. More than 5 minute walk distance from the house

G. Socio-economy

1	How much of each of these assets do the family own? <i>(Note: This is a multi-response question. More than 1 response can be selected by respondent)</i>	1. Land (all categories) _____ acres 2. Cattle _____ heads 3. Poultry _____ 4. Horses/mules _____ 5. Farm machinery _____ 6. Vehicle/2 wheelers _____	7. LPG ¹³ stove _____ 8. TV _____ 9. Radio _____ 10. Phone _____ 11. Mobile _____
2	What is the main crop cultivated by household?	Name of the main crop. (just one)	
3	When are the following activities carried out for this crop?	1. Field preparation. (month) 3. Plantation. (month) 5. Harvesting. (month)	2. Seedling preparation (month) 4. Weeding (month) 6. Selling (if sold) (month)
4	Who does the following work?	1. Field preparation 2. Seedling preparation	Who is responsible

¹³ Liquid petroleum gas

20

		3. Weeding	
		4. Plantation	
		5. Harvesting	
		6. Selling(if sold)	
			1. Adult male 2. Adult female 3. Children

5	What is the daily general routine of household members in the village?	Activities	From(time)	To (time)	Performed by
		Morning meal + household chores			
		School			
		Work in the field/other			
		Cattle grazing			
		Lunch+ household chores			
		Work in the field/other			
		Attending infants			
		Herding cattle			
		Evening meal+ household chores			
		Retire to bed			
		Other routine, explain			

21

H. Migration							
1	Which sources of income did your household earn during the last 12 months and what was the amount earned in cash and kind? (Convert to cash if received in kind)	In Kind	In cash (Nu.)	Who is the earner	How many people from the household live away from the village on employment?	Male	Female
1.1	Wages/Salaries (including religious fees)						
1.2	Sale of Agricultural products						
1.2.1	Cereal						
1.2.2	Fruits						
1.2.3	Vegetables						
1.2.4	Meat						
1.2.5	Dairy products						
1.2.6	Eggs						
1.2.7	Forest wood products						
1.2.8	Forest non-wood products						
1.3	Non-agricultural activities						
1.3.1	Porter (carriage of loads)						
1.3.2	Weaving						
1.4	Remittances received						
1.5	Pensions						
1.6	Rental / Real estate						
1.7	Inheritance						
1.8	Donations received						
1.9	Scholarships						
1.10	Selling of assets						
1.11	Net income from business						

22

1.12	Crafts				
1.13	Mansory.				
1.14	Others (specify)				
1.					
2.		Why do they live away from the HH?	1. On employment 2. Business 3. For better income 4. Share cropping 5. Tradition of migrating 6. Others (specify)		
3.		For how long have they been away?	1. Six months to a year 2. One year to 5 years 3. More than 5 years		
4.		What is the age of the person who migrated out?	Male years	Female... years	
5.		How many children from the household are out of the village studying elsewhere?	1. Boys 2. Girls -		
6.		How many people of the household are away for more than three	Male	Female	

		months in a year on work but still stay for the remaining period and work on their fields back in the village?		
7.		What is the age of people living away from the HH for more than 3 months?	Male (Age)	Female (Age)
8.		How often do they live away for more than 3 months?	1. Twice in a year 2. Once in a year 3. Every alternate years 4. Others (Specify)	

I. Income

1.	How much did the family spend on the following last year?	1. Food Nu. _____ 2. Clothing Nu. _____ 3. House renovation/building Nu. _____ 4. Education Nu. _____ 5. Medicines Nu. _____ 6. Travel Nu. _____ 7. Religious ceremonies Nu. _____	8. Social occasions (birth, death, marriage) Nu. _____ 9. Entertainment Nu. _____ 10. Farm machinery Nu. _____ 11. Cattle Nu. _____
----	---	--	--

2.	Who decides how much to spend in what?	1. Father 2. Mother 3. Grandfather 4. Grandmother	5. Brother Sister 6. Brother-in-law 7. Sister-in-law 8. Others (specify)
3.	Is the food grain produced by the household sufficient to last for a year?	1. Yes (Skip and GO TO 6)	2. No
4.	If No, How many months of food grain shortage did you face last year?	1. No shortage faced 2. 1 to 3 months 3. 4 to 6 months	4. 7 to 9 months 5. 11 to 12 months
5.	How is food-grain managed for the remaining month/months when grain is insufficient?	1. Buy from income earned 2. Borrow money and purchase 3. Borrow grain from neighbor/relative 4. Take grain from shopkeeper on credit 5. Work as farm labour in fields for grain 6. Other (specify)	
6.	How much money have you borrowed?	Nu. _____	
7.	How much of the money you borrowed do you still have left in balance to pay?	Nu. _____	
8.	From whom did you borrow? Multi response permitted	1. BOB ¹⁴ 2. BNB ¹⁵ 3. RICB ¹⁶ 4. Money lenders 5. BDFCL ¹⁷	6. Friends 7. Neighbors 8. Relatives 9. Others (specify)
9.	What was the purpose of borrowing the money? Multi response permitted	1. House construction/renovation 2. Purchase of land 3. Purchase of cattle 4. Purchase of food	5. Education 6. Medical treatment 7. Others (specify)

J. Heritage village

1.	How important is it to you for Bhutan to protect its culture?	1. Very Important 2. Somewhat important	3. Important 4. Not important
2.	Do you think your village has a cultural value?	1. Yes	2. No
3.	Why?		

¹⁴BOB-Bank of Bhutan
¹⁵BNB-Bhutan National Bank
¹⁶RICB-Royal Insurance Corporation of Bhutan
¹⁷BDFCL-Bhutan Development Finance Corporation Limited

4.	Would you like your village to be nationally recognized as a heritage of Bhutan's culture and history, and be protected as a heritage village?	1. Yes 2. No
5.	Please select the possible benefit(s) this could have:	1. Increased pride in being nationally recognized 2. Increased happiness from a well-maintained and beautiful village 3. Visitation from tourists and locals 4. Increased income and employment opportunities in tourism businesses 5. Increased employment and income in maintenance of traditional structures and communal spaces 6. Do not see any benefit 7. Other (please specify)
6.	Does your village have skilled manpower to carry out the repairs and renovations of structures and spaces in a traditional manner?	1. Yes 2. No
7.	If no, what sort of arrangement is currently followed for such work?	1. Hiring of skilled labour from neighbouring village 2. Hiring of skilled labour from other Gewogs 3. Hiring of skilled labour from Dzongkhag 4. Other arrangements (specify)
8.	Would you or anybody in the house be interested in learning those skills?	1. Yes 2. No
9.	Why will somebody from your house be interested in learning the skill?	1. Can use skills in own house 2. Can use skills for earning 3. Others.....
10.	Do you have the financial resources to maintain your house in its traditional form?	1. Yes 2.No
11.	What sort of additional assistance would you/village need?	1. Financial 2. Skilled labor 3. Training 4. Other (Specify)
12.	Do you see any problems with if your village is designated as heritage site?	1. Yes 2. No
13.	Which problems?	1. The structures would be protected, and therefore I would probably face restrictions on alterations and use of modern materials 2. Not be able to sell my house 3. Additional expenses and time to maintain the house, open areas and public spaces in-line with heritage regulations 4. Other (specify)
14.	How do you feel about them?	
15.	Would you be ok with being able to change certain aspects on the inside as long as the outside of the houses remained protected?	1. Yes 2. No
16.	What is the reason for your answer in Q 15?	

17.	In general, because you are restricted from the use of modern construction materials and even construction of modern house, (besides toilets and other similar facilities) would you need support from the government?	1. Yes 2. No
18.	What form of support would you need from the government?	1. Concessional timber 2. Concessional stone and sand 3. Concessional skilled manpower 4. Others (specify)
19.	Should the villagers be consulted before your village is designated as a heritage village?	1. Yes 2. No
20.	Who should take the ultimate decision to declare it a heritage village?	1. Villagers 2. Dzongkhag Authority 3. Local Government 4. The Government
21.	Why should this person/institution decide?	
22.	Once your village is designated as a heritage site, you and your neighbors will be required to follow certain guidelines (prepared in consultation with the people themselves). If these guidelines are not adhered to, then penalties will be levied on the defaulters. What is your view on this?	1. Positive, why 2. Negative, why
23.	24. If the government were to provide assistance for the preservation of heritage houses, what would you prefer? Please rate the following options from 1-10, with 1 being your greatest preference and 10 being not preferred at all.	3. 4.

Option	Rating (1-10)
1. Money to be used for the maintenance, preservation and upkeep	
2. Subsidized/free materials (i.e. wood)	
3. Free labor or compensation for labor	
4. Technical expertise (for example free assistance of an architect)	
5. Service subsidies (for example subsidized electricity)	
6. Community improvements (i.e. roads, fire prevention system)	

27

7. Public services improvements (i.e. closer/better healthcare facilities)	
8. Building improvement (i.e. in-house toilets and water access)	
9. Other (please specify)	
10. None	

Thank the participant for sparing their time to answer the questions

.....Tashi Delek.....

28

Appendix E. Areas Covered in the Rapid Appraisal of Thimphu Traditional Houses

Traditional houses in Babena

Traditional village Upper Babesa, as identified in the Thimphu Structure Plan

Traditional village Lower Babesa (above the expressway), as in the Thimphu Structure Plan

Old traditional houses in Chang Jiji (Changbangdu)

Traditional houses in Hejo, near Tashichho dzong

Traditional houses in Jungshina

Traditional houses in Langjophaka opposite Tashichho dzong

Traditional houses in Olakha

Traditional houses in vegetable market area below the United Nations Office

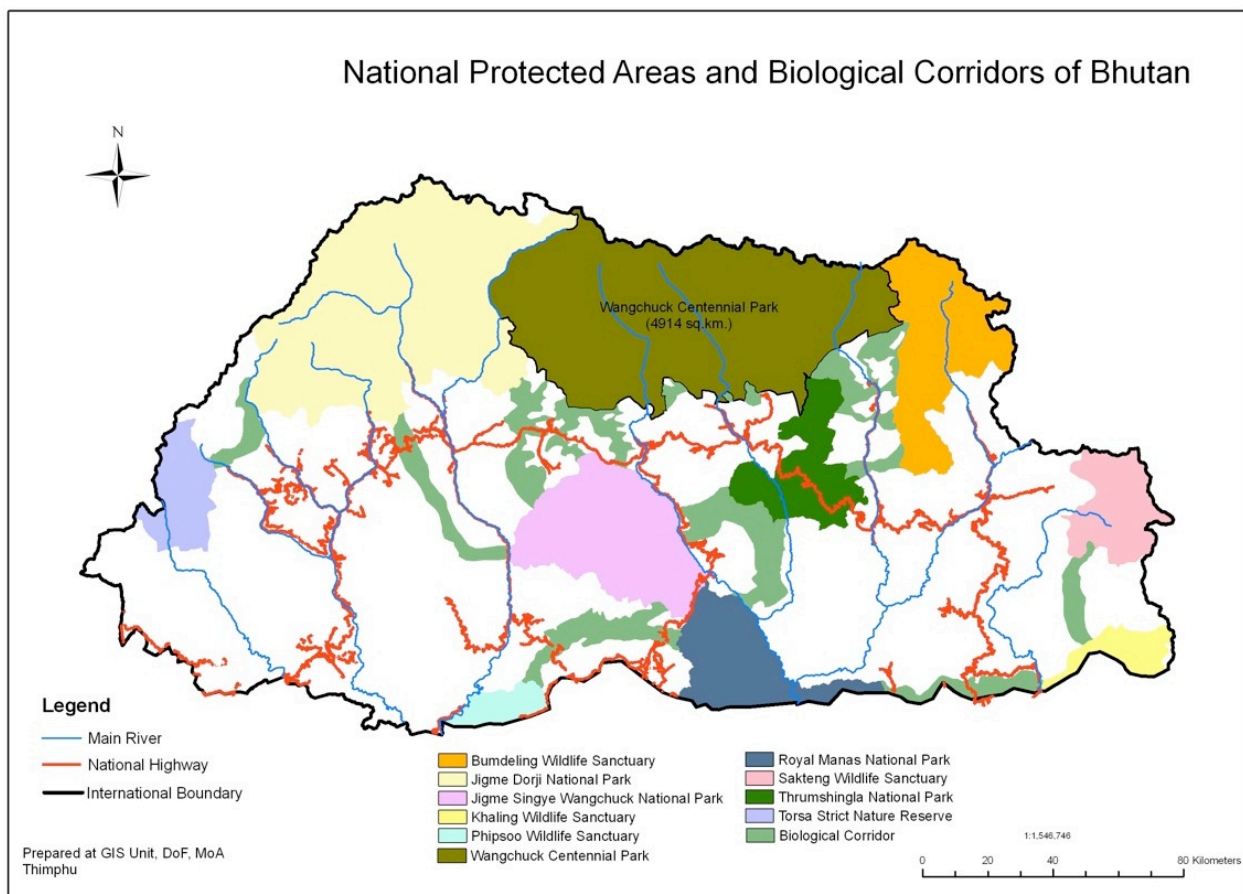
Traditional houses in Samtenling

Traditional houses in Upper Zilukha

Appendix F. Case Study on Incentives and Regulations for Residents of National Protected Areas in Bhutan

Given that the draft Bill and its regulations will likely include measures related to incentives, this case study highlights the incentives utilized for people living within national protected areas who must conform to national protected area restrictions.

Bhutan has been successful in conservation of its natural environment and biodiversity. Today, more than 72 percent of the country's total land area remains under forest cover with more than 51 percent under environmental conservation as national protected areas and biological corridors. National protected areas in Bhutan have people living in and around them, who must conform to national protected area regulations.



As reflected in the National Environment Commission's National Environment Strategy (1998), the relationship between the people and the environment has been forged over centuries within moral, cultural, and ecological boundaries. The management and conservation plans of national protected areas include encouragement and promotion of the local traditions, culture, and customs of people living in the parks among their goals and objectives (JDNP Management Plan).

The country has a well-established environmental conservation system in place. It works in a highly decentralized manner with a network of park head offices and ranger offices throughout the country. Each national protected area has a management plan based on the government's legislative guidance. These plans include three basic management tools: (a) zoning of park areas; (b) law enforcement and community development; and (c) conservation projects. The government pursues an integrated conservation approach, as defined in the Integrated Conservation and Development Project, in which certain incentives and socioeconomic development Activities are integrated. Plans include some of the following incentives and socioeconomic development Activities:

- Livestock intensification: Supply of improved breeds, pasture, and fodder development.
- Crop intensification: Supply of seeds and seedlings, irrigation channels, and electric fencing.
- Community-based natural resource management: Community forestry programs, nonwood forestry products, and supply of corrugated galvanized iron roofing.
- Alternative energy: Supply of solar lights.
- Community-based tourism: Development of tourist facilities and services.
- Education and awareness programs: Conducting workshops and conferences and issuing publications.
- Rural scholarship: Education support for children of disadvantaged families.

Appendix G. Draft Outline of a Heritage Village Stewardship Plan

Stefania Abakerli, Patricia O'Donnell

STEP 1: DOCUMENTATION OF EXISTING VILLAGE LAND USES AND ASSETS

1A Initial Mapping of Village Daily Life by Land Uses

To include land uses, residential areas, areas of livelihood, agriculture, forestry, to form an overview of cultural and natural resources.

Methods

- Gather maps to use for recording observations and for land use data (aerial photographs, historic village maps, current mapping, all available maps and download aerial photographs). Create a detailed base map for the village that can be used in each documentation tasks and also for the development of alternatives and options and the vision plan for village stewardship.
- Observation of daily life and dynamics in the village from a land use perspective (living, working, community interactions, religious observances, leisure Activities)
- Prepare draft map and enumerate land uses by location, create list of assets
- Consult with local leaders to confirm and refine existing village land uses

Products

- ✓ Narrative description of village daily life by land uses
- ✓ Draft map of land uses with labels
- ✓ Inventory list of public and private properties by land uses, coordinated with map

1B Initial Documentation of Intangible Practices and Traditions

Methods

- Interviews with people about practices and traditions and the places used to carry them out
- Observations of Activities underway, and photographs of them in progress
- Prepare preliminary summary of traditions and practices and their locations within the village landscape, with draft narrative, list and map
- Consultation with community leaders and holders of traditions and functions to verify and refine draft

Products

- ✓ Narrative documenting intangible practices and traditions and relevant issues and opportunities
- ✓ List of practices and traditions with name of locations where they take place
- ✓ Mapping at appropriate scale showing locations linked to traditions and practices

1C Institutional Assessment of Village Systems and Services

1. Research into regulatory systems that control village form, functions and services

2. What government contributes at the village, region, national levels, and what are the roles and responsibilities?
3. Who is in charge of planning and provision of services?
4. How are services provided?
5. What is the existing infrastructure, age, condition and capacity?
6. What are the sources and levels of finance for the heritage village systems and services?

Methods

- Research public records at central, district and local levels
- Interview community leaders and members
- Prepare a draft narrative of the institutional assessment
- Consult with community leaders to verify and refine the draft

Products

- ✓ Refined narrative of the village institutional assessment that indicates functions, services and capacities and how they interact, what are the functionalities and issues
- ✓ Diagram of the people and entities that are part of the institutional map
- ✓ Mapping of the components of infrastructure as appropriate

1D Socio-economic profile of the Heritage Village

Methods

- Research district level records, data and statistics
- Distribute and have community members complete a questionnaire
- Interview community members one on one for local details
- Prepare draft socioeconomic profile
- Consult with community leaders and district or national sources to verify and refine the socioeconomic profile

Products

- ✓ Narrative that details the livelihood of village residents, with description of survey results
- ✓ Livelihood statistics and survey results in tables
- ✓ Map of village with socio-economic Activity areas marked and listed

1E Comprehensive Documentation of Heritage Village as it Exists

Assemble all the elements of 1A through 1D to develop a comprehensive capture of the refined versions of each task into the existing village base data compilation. Based on the tasks, prepare a synthesis of issues and opportunities. Map the current village cultural landscape boundaries by categories and systems, to include the lands that the villagers rely on for livelihood, the infrastructure and so forth. Use the maps creating in each tasks in combination, as overlays or as analysis diagrams to inform the issues and opportunities.

Products

- ✓ Narrative synthesis of findings, issues and opportunities
- ✓ Accompanying map overlays and analysis diagrams that address findings, issues and opportunities

STEP 2: HERITAGE VILLAGE VISIONING FOR FUTURE VITALITY

Methods

- Activate a team of experts to develop scenarios and options, using Step 1 products to establish the current status and the issues identified to frame the way forward in each of the four areas- economy, ecology, culture and society/community
- Apply a valuation structure to cultural landscapes based on significance of features to character and authenticity of heritage sites.
- Carry out public consultation engaging the community to develop a vision based on principles and goals that addresses the economy, ecology, culture, and society/community in an integrated manner.
- Develop a consensus on the future vision for a vital living heritage village

Products

- ✓ Narrative that captures the consensus vision with appropriate illustrations
- ✓ Heritage Village vision plan drawing at the schematic and diagrammatic level that captures the community consensus
- ✓ Preliminary delineation of future boundaries that will support the vision

STEP 3: PREPARATION OF THE STEWARDSHIP PLAN FOR THE HERITAGE VILLAGE WITH PILOT PROJECTS AND PHASE 1 IMPLEMENTATION

Methods

- Convene topical focus groups for discussions of aspects of the stewardship plan
- Capture directions for the plan in each topical area from focus group guidance in a narrative and graphic formats, using plans, diagrams, etc.
- Consult with the community to gain input toward refining the stewardship plan
- Using community inputs refine the stewardship plan in narrative and graphics and distribute the pre-final draft for review at all levels
- Hold an open work session led by experts and local leaders for review and comment on the pre-final stewardship plan materials encouraging further review and refinements
- Develop list of potential pilot projects that could be undertaken to inform implementation of the vision, get community input on the list, which may include elements like testing traffic routing options, sponsoring a modest apprenticeship program in traditional masonry, piloting a rice packaging and labeling micro-business for visitor sales, and so forth
- Informed by the final Stewardship Plan consensus and the pilot projects directions, convene experts and community leaders to discuss and gain consensus about first steps of implementation. Base priority selections on the principle that each area-

economy, ecology, culture and society/community should be propelled forward in the first phase of Actions.

Products

- ✓ Prepare the final Heritage Village Stewardship Plan fully integrated components address the future vitality of the economy, ecology, culture and society/community
- ✓ Prepare a phase 1 implementation project(s) description for funding
- ✓ Secure funding to implement phase 1

Draft Table of Contents, Heritage Village Stewardship Plan

1. History of the Village
2. Background of the existing Village using step 1 documentation
3. Vision for the vitality of the Heritage Village into the future with Guiding Principles
4. Actions anticipated to achieve the Vision
5. Roles and Responsibilities
6. Financial aspects of implementation, funding sources and community support
7. Pilot projects
8. Phase 1 implementation
9. Performance review process anticipated for pilot projects and Phase 1 implementation

STEP 4: INITIAL IMPLEMENTATION PLAN PERFORMANCE REVIEW OF PILOT PROJECT AND

Methods

- Informed by the Stewardship Plan, pilot projects, and Phase 1 outcomes, conduct a draft performance assessment of accomplishments
- Convene experts and community leaders to review performance and outcomes and refine and finalize the performance assessment
- Discuss and gain consensus about phase 2 implementation to include aspects of each area- economy, ecology, culture and society/community that can move forward effectively building on work accomplished
- Develop a draft phase 2 initiatives description and distribute for review and comment
- Engage the community in consultation about the performance assessment and the draft phase 2 implementation directions and gain consensus
- Prepare phase 2 implementation projects document with narrative and illustrative graphics for seeking funding
- Secure financial support
- Proceed to implement phase 2
- Refine phase 2 performance assessment based on phase 1 process

Products

- ✓ Phase 2 implementation plan with projects and initiatives in 4 directions, economy, ecology, culture, society/community

- ✓ Funding proposal and materials for phase 2 implementation
- ✓ Performance assessment framework for phase 2

Note: In this work use the cultural landscape character-defining features enumeration as applicable.

- Land Uses, Landscape Patterns & Spatial Organization: The three-dimensional organization and patterns of spaces in the landscape, and land uses, shaped by both cultural and natural features.
- Views & Visual Relationships: The open and closed, narrow or broad visual field enabled and defined by landscape features including spatial organization, natural systems, sky dome visibility, topography, aspect, vegetation, circulation patterns, walls, etc.
- Topography & Drainage: The shape of the ground plane and its height or depth. Topography occurs naturally and as a result of human manipulation and drainage course as surface expressions of topography.
- Vegetation: Crop fields, agricultural terraces, pasture areas, groups of plants, individual plants, etc.
- Circulation: The routes of circulation including roads, alleys, walks, steps and parking areas individually sited or linked to form a network or system. Alignment, width, surface and edge treatment and materials contribute to the character of circulation features.
- Water Features: Constructed or natural water features may be aesthetic as well as functional components of the landscape, may include springs, wells, water supply elements.
- Habitable and Non-Habitable Structures: Buildings, and other constructed features to include retaining and freestanding walls, privies, etc.
- Small-Scale Features, Site Furnishings & Objects: Elements that are small-scale and add to the decorative and/or functional qualities of the landscape. They include monuments, sculpture, flagpoles, benches, outdoor furniture, etc.
- Utility Infrastructure: Above ground power supply poles and lines, services for electric power, internet, heat and sewer systems below grade.
- Archaeological Resources: Villages inhabited over long periods of time have archeological resources below grade

Appendix H. Sources of Income in Sample Heritage Villages (BTN)

	Drugyel		Sakteng		Korphu		Rinchengang		Total	
	Income	%	Income	%	Income	%	Income	%	Income	%
Wages/salaries (including religious fees)										
Wages/salaries (including religious fees)	1000	0.8%	31964	33.4%	20214.29	70.3%	4500	10.0%	16062	21.8%
Agricultural Activities										
Cereal	4850	4.1%	0	0.0%	0	0.0%	4950	11.0%	2202	3.0%
Fruits	7450	6.3%	0	0.0%	4380.952	15.2%	1200	2.7%	2978	4.0%
Vegetables	14050	11.9%	0	0.0%	0	0.0%	950	2.1%	3371	4.6%
Meat	3600	3.0%	679	0.7%	0	0.0%	100	0.2%	1045	1.4%
Dairy products	8550	7.2%	37857	39.6%	0	0.0%	0	0.0%	13831	18.8%
Eggs	3600	3.0%	0	0.0%	2142.857	7.5%	0	0.0%	1315	1.8%
Nonagricultural Activities										
Porter (carriage of loads)	17400	14.7%	4929	5.2%	0	0.0%	0	0.0%	5461	7.4%
Remittances received	31500	26.6%	536	0.6%	1285.714	4.5%	6250	13.9%	8955	12.2%
Rental / real estate	0	0.0%	111	0.1%	0	0.0%	0	0.0%	35	0.0%
Net income from business	0	0.0%	6500	6.8%	523.8095	1.8%	0	0.0%	2169	2.9%
Crafts	0	0.0%	179	0.2%	0	0.0%	0	0.0%	56	0.1%
Masonry	0	0.0%	0	0.0%	190.4762	0.7%	1000	2.2%	270	0.4%
Others (specify)	26500	22.4%	12807	13.4%	0	0.0%	25900	57.7%	15804	21.5%
Total	118500	100%	95561	100%	28738.1	100%	44850	100%	73553	100%

Appendix I. Potential Bureaucratic Effects

Listed below are the potential additional transaction costs transferred to stakeholders by the draft Bill.

Nomination. The Bill proposes that the DCHS prepare and submit a nomination to the Heritage Sites Committee. After consultation with the district, the committee makes its recommendation to the minister, who makes the final designation decision.

Registration. In conjunction with the nomination and in consultation with the district, the DCHS may also submit a request for registration to the committee. If granted, the committee establishes a core zone and buffer zone for the site.

Maintenance and alterations. The owner or caretaker is the main responsible for the care, maintenance, and repairs of heritage sites. The district monitors the work, while the Department of Culture may provide instructions for heritage building.

Change of ownership. Of heritage sites would have to be designated with the DCHS.

Business licenses in order to charge entrance fees. The committee must approve whether an owner can charge entrance fees. The Ministry of Home and Cultural Affairs considers the committee's recommendation, Parliament, and existing regulation.

Implementation of protection measures. The DCHS prepares a national work plan and a maintenance plan for each building. The owner or caretaker is responsible for implementation in consultation with the district, which monitors and maintains the account. The DCHS may conduct inspections and provide advice when necessary.

Application for financial assistance. For budgetary funds, the owner or caretaker must submit a cost proposal to the district. If part of the district budget, the district works on the application with the Department of Culture. If private funds, the DCHS reviews applications during January to June, and the Department of Culture may issue a permit.

Preparation of risk mitigation measures. If part of government funds, the district must submit a report to the Department of Culture, and the DCHS reviews to determine need. Should the DCHS issue a conservation order of any kind, the owner or caretaker must comply. Orders may be issued if a site is in imminent danger of destruction or damage, in dilapidation, etc.

Appendix J. Agencies that have carried out Heritage Asset Mapping in Bhutan

Agency	Scope	Timeframe
DCHS	Most comprehensive national inventory of cultural heritage monuments and sites, comprising major sites and monuments in each dzongkhag, with 2,084 total sites	2011–ongoing
Thimphu District Municipality	Identification of traditional villages and heritage precincts in the Thimphu urban zone	2003
National Land Commission	Nationwide inventory of major and local religious sites at three levels of ownership – public, private and community – as part of national cadastral mapping data gathering	2012
Tourism Council of Bhutan	Listing of cultural properties relevant to tourism nationwide	–

Appendix K. Tourism in Potential Heritage Villages

The Tourism Council of Bhutan has created a number of village tourism products and supports community-based tourism in areas such as Sakteng and Korphu, potential cultural sites. These areas were selected due to their natural and cultural heritage, marketability, and geographic location.

In the four years after the opening of the Nabji-Korphu trek, 300 tourists visited, generating US\$21,357 (1.159 million BTN), or US\$101 (5,480 BTN) per person. This is a significant increase, as 23 percent of households did not previously earn cash income, and 50 percent earned less than US\$66 (3,500 BTN) annually. It is however currently facing problems inherent to community-based tourism, such as the lack of maintenance of touristic infrastructure, loss of interest from communities, lack of management and preparedness of communities, and communities' dependence on tour operators for business. Villagers in Korphu have reported the camps underutilized, and an impact assessment in 2010 showed that tour operators are losing interest in promoting the trek due to maintenance and management problems in the community.

Experience shows, however, that tourism should be seen as only one of the potential sources of additional revenue for communities, especially in isolated areas. It works only in certain conditions (taking into account community interest, capacity, and distance from tourism hubs) with considerations for the village's carrying capacity and potential socioeconomic distortions.

Appendix L: Key Stakeholders for the Heritage Sites Bill

Stakeholder Categories	Stakeholder Name	Role in Heritage Site Conservation and management
Government Agencies	DCHS, MoHCA	Nodal agency responsible for the conservation of cultural and historic monuments and sites in Bhutan as well as the promotion and development of traditional architectural designs and construction techniques
	Department of Human Settlements, MoWHS	Planning and development of human settlements nationwide, including potential heritage site and cultural landscape areas
	Department of Urban Planning and Engineering Services, MoWHS	Planning and regulation of built structures in urban areas nationwide, including potential heritage sites
	Department of Disaster Management, MoHCA	Promotion, support and facilitation of disaster management in order to reduce disaster risks; including the coordination at national and local levels, awareness raising, capacity building, development of guidelines and legislative frameworks.
	Tourism Council of Bhutan	Responsible for planning, regulating, promoting and developing tourism, whose main draw is the nation's cultural heritage. Established in 2008.
	Ministry of Finance	Approval and disbursement of heritage site preservation funds to DCHS and District Governments
	Ministry of Agriculture & Forests	Administration of timber concessions and overlap with heritage sites within NPAs
	Ministry of Labor and Human Resources	Skills training courses to facilitate human resource development for economic development
	Dzongkhags (Local government districts)	Twenty Dzongkhags, each with one district cultural officer to enforce heritage site protection, identify monuments to preserve and manage related projects
	Thromdes (Municipalities)	Development, regulation and management of Municipalities, including heritage precincts and traditional village areas
Dratshang Lhentshog (Monastic Body)	Religious body present at a National level, and by Dzongkhags. Inhabit Dzongs, stewardship over religious monuments.	

	His Majesty the King's Welfare Office	Office directly under His Majesty the King's purview, possibly beginning vernacular house preservation project in Lower Babesa, Thimphu
End Users	Heritage Site owners/caretakers/residents	Residing in and responsible for maintenance and rehabilitation of houses
Private Sector	Association of Bhutanese Tour Operators	National body representing Tour Operators' interests, plan and implement visits to heritage sites.
	Hotel Association of Bhutan	National body representing hoteliers' interests, seeking clarity on <i>Heritage Hotel</i> label
	Developers and the Construction Industry	Independent private sector entities
Donors	The Bhutan Foundation	Foundation based in USA. Helps raise funds for restoration of historic cultural structures such as ancient monasteries and fortresses, among other Activities
	The Government of India	Largest single funder of large-scale restoration & rehabilitation projects for national monuments
	The World Monument Fund	Funding various rehabilitation works in major sites/monuments

Appendix M: Laws and Regulations Pertaining to Heritage Site Conservation

Document	Responsible Agency	Year	Relevance
Guidelines for Traditional Architecture	MoWHS	1993	Guidelines for new constructions applicable nationwide, under the MoWHS.
Bhutan Building Rules	MoWHS, Thromdes	2002	Regulates building construction and design, promotion and conservation of traditional architecture, applicable nationwide.
Urban Area and Property Regulations	MoWHS, Thromdes	2003	Empowers municipalities to process transfer, subdivision or consolidation, carry out planning and establish processes for ownership, purchase and sale of building units.
Thimphu Structure Plan	Thimphu District Municipality	2003-2027	Addresses land use patterns, density patterns, projected population accommodation and infrastructure needs in Thimphu, including an inventory, classification and demarcation of built heritage in the capital region. guiding document of the Thimphu District Municipality
Thimphu Municipal Development Control Regulations	DES & Thimphu District Municipality	2004	Thimphu-specific development control regulations, to accompany the Thimphu Structure Plan. Under the jurisdiction of the Thimphu District Municipality inside its predefined urban boundaries, and the DES outside of these boundaries
The Movable Cultural Property Bill of Bhutan	MoHCA, Division for Cultural Properties	2005	Sets out procedures for inventorying, safeguarding and preserving movable cultural properties under a variety of ownership situations. Covers the maintenance, sanctions, statutes of limitations and protections of movable property. Produced by the DoC Division for Cultural Properties with input from UNESCO.
The Land Bill	National Land Commission	2007	Legislates on the management, and administration of ownership and use of land in Bhutan.
Basic Guidelines for the	DCHS	2008	Prepared by DCHS as a living document

Conservation of Heritage Sites in Bhutan			of guidelines outlining the roles & responsibilities of the DCHS & Dzongkhags, project selection, implementation, processes and procedures for Heritage Site conservation. It is the only document directly guiding DCHS operations.
Local Government Bill of Bhutan	National Council of Bhutan	2009	Outlines a decentralization and devolution of power and responsibilities to local government entities. Tasks local government with preserving culture and tradition.
Thromde Rules	MoWHS, Thromdes	2011	Outlines rules and regulations for establishment and operation of Thromdes in Bhutan.
Subsidized Timber and Nonwood Forest Produce Allotment policy	MoAF	2011	Outlines timber and nonwood forest product subsidy and allotment procedures and regulations.

Annex N: Views of Residents of Potential Heritage Villages

Aggregated Household Questionnaire Opinion Responses and Quotes

- 88% of respondents think that it's *very important* for Bhutan to protect its culture
- 88% of respondents believe that their village has distinct cultural value
- 87% want their village to be designated as a Heritage Village
- 88% perceive no problems if their village is designated as heritage site
- 87% believe that they have skilled manpower to carry out the repairs and renovation of structures and spaces in traditional manner
- 55% are interested in learning related skills for the preservation of heritage structures.
- 67% think that designation of their village as heritage sites can possibly create income generation opportunities. This response varied by village, as only 7% in Drugyal and 39% in Sakteng think so where as 90% in Korphu and 80% in Rinchen gang relate their village designation with increased income generation opportunities

"[Our heritage] should be preserved and maintained so that the future generations are also aware of the village and the Lhakhnags." – Resident of Sakteng

"Having our village designated as a heritage village would be good for the people of the village as it would mean that we can preserve our age old tradition." – Resident of Sakteng

"[The village should be designated] because firstly we can preserve what has been handed down from generations and secondly it would attract visitors especially tourists" – Resident of Drugyel

"People of Rinchen gang do not have any source of income besides selling a little surplus of rice produced. With such proposals [of heritage village designation] income from tourist visits could be a good potential." Resident of Rinchen gang

"Firstly the government should come up with modalities of up keeping these structures. Modalities in the sense as to how the people should maintain and renovate old structures. Also subsidies on timber as and when it is required to maintain such structures." – Resident of Rinchen gang

"The government should discuss with the people of the village and then both should agree for the village to be designated as a heritage site." – Resident of Rinchen gang

"The Lhakhangs should be preserved properly by timely renovation and if the community is not able to do so then the government should extend support. For the houses in the village, the government should look at ways in supporting to maintain them through subsidies such as timber subsidies." - Resident of Sakteng

“The Lhakhangs will be preserved as it has been done till date, but for the houses in the village, some sort of value attached to it must be worked out. One way is through tourism. When tourist show interest in seeing the houses people will naturally have interest in keeping the way the houses are.” – Resident of Drugyel

“The community should shoulder the primary responsibility [of conserving heritage houses] and the government should support the community in doing this.” – Resident of Sakteng

“The traditional houses of Korphu are made from rammed mud but now people are starting to made houses from stone and mud. If the traditional aspect has to be maintained then houses should be made from rammed mud and other materials should be allowed to be used. Rammed mud houses have stood for centuries so it should be kept the traditional way. However the roofs have changed from wooden shingles to CGI sheets.” – Resident of Korphu

“Once the exterior is changed then the essence of traditional will be lost so the external façade of the houses should not be altered.” – Resident of Drugyel

“The labour and other costs can be managed since we have been doing it till now but the only concern would be destruction by natural calamities and fire. During such time government assistance would be required.” – Resident of Korphu

References

- Asabere, P.K., and F.E. Huffman. 1991. "Historic Districts and Land Values." *Journal of Real Estate Research* 6 (1): 6.
- Carson, R., M. Hanemann, R. Kopp, J. Krosnick, R. Mitchell, S. Presser, P. Ruud, and V.K. Smith. 1997. "Temporal Reliability of Estimates from Contingent Valuation." *Land Economics* 73 (2): 151–63.
- Centre for Bhutan Studies. 2010. *GNH Survey Findings 2010*. Royal Government of Bhutan.
- Chua, Melissa. 2008. *The Pursuit of Happiness: Issues Facing Bhutanese Youths and the Challenges Posed to Gross National Happiness*. Institute of South Asian Studies.
- Dargye, Y. 2003. "A Brief Overview of Fire Disaster Management in Bhutan." In *Cultural Heritage Disaster Preparedness and Response: International Symposium Proceedings, Salar Jung Museum, Hyderabad, India, 23–27 November 2003*. Paris: International Council of Museums.
- DCHS (Division for Conservation of Heritage Sites). 2008. *Basic Guidelines for the Conservation of Heritage Sites in Bhutan*. Royal Government of Bhutan, DCHS.
- DCHS (Division for Conservation of Heritage Sites). 2013. *Draft Heritage Sites, July 2013*. Royal Government of Bhutan, DCHS.
- Dujardin, Marc. 1998. "Demolition and Re-erection in Contemporary Rukubji, Bhutan: Buildings as Cyclical Renewal and Spatial Mediation." In *Sacred Landscape of the Himalaya: Proceedings of an International Conference at Heidelberg 22–27 May, 1998*, ed. N. Gutschow, A. Michaels, C. Ramble, and E. Steinkellner. Austrian Academy of Sciences Press.
- MoAF (Ministry of Agriculture and Forests). 2011. *Subsidized Timber and Nonwood Forest Produce Allotment Policy*. Royal Government of Bhutan, MoAF.
- MoLHS (Ministry of Labor and Human Resources). 2010. *Human Resource Development Masterplan for Private and Corporate Sector (2008–2013)*. Royal Government of Bhutan, MoLHS, Department of Human Resources.
- MoWHS (Ministry of Works and Human Settlement). 2003. *Thimphu Structure Plan*. Royal Government of Bhutan, MoWHS.
- MoWHS (Ministry of Works and Human Settlement). 2008. *Bhutan National Urbanization Strategy, 2008*. Royal Government of Bhutan, MoWHS.
- MoWHS & CIT (Ministry of Works and Human Settlement and Chiba Institute of Technology, Japan). 2009. *Traditional Bhutanese Houses: Survey and Research Report 2009*. Royal Government of Bhutan, MoWHS; and CIT.
- National Statistics Bureau. 2005. *Population and Housing Census of Bhutan 2005*. Royal Government of Bhutan: National Statistics Bureau.
- National Statistics Bureau. 2009. *Bhutan: Renewable Natural Resources Census 2009*. Royal Government of Bhutan, National Statistics Bureau and Ministry of Agriculture and Forests.
- National Statistics Bureau. 2010. *Bhutan Multiple Indicator Survey 2010*. Royal Government of Bhutan, National Statistics Bureau.
- National Statistics Bureau. 2012a. *Bhutan Living Standards Survey: 2012 Report*. Royal Government of Bhutan, National Statistics Bureau.

- National Statistics Bureau. 2012b. *Bhutan Poverty Analysis Report 2012*. Royal Government of Bhutan, National Statistics Bureau.
- New York City Independent Budget Office. 2003. *The Impact of Historic Districts on Residential Property Values*. New York: New York City Independent Budget Office.
- Planning Commission. 1999. *Bhutan 2020: A Vision for Peace, Prosperity and Happiness*. Royal Government of Bhutan, Planning Commission.
- PSIA. 2013. *Poverty and Social Impact Analysis of Bhutan's Draft Heritage Sites Bill: Rural Heritage Village Survey, field report, 2013*.
- PSIA. 2013. *Poverty and Social Impact Analysis of Bhutan's Draft Heritage Sites Bill: Rapid Appraisal of Thimphu Traditional Houses, field report, 2013*.
- Task Force. 2012. *Task Force Report on Balance of Payments with India and the Rupee Shortage*. Royal Government of Bhutan, Task Force to look into the rupee situation.
- Tourism Council of Bhutan. 2009. *Bhutan Tourism Bill*. Royal Government of Bhutan, Tourism Council of Bhutan.
- Tourism Council of Bhutan. 2011. *Bhutan Tourism Monitor*. Royal Government of Bhutan, Tourism Council of Bhutan.
- UNDP (United Nations Development Programme). 2012. *Bhutan National Human Settlements Policy*.
http://www.undp.org/content/bhutan/en/home/operations/projects/crisis_prevention_and_recovery/National-Human-Settlements-Policy.html.
- UNESCO (United Nations Educational, Scientific and Cultural Organization). 2011. *World Heritage Operational Guidelines 2011*. Paris: UNESCO.
- United States Department of the Interior. 1996. *Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for the Treatment of Cultural Landscapes*. United States Department of the Interior, National Park Service, Historic Landscape Initiative.