

3 DECADES 2 COUNTRIES 1 VISION

A JOURNEY THROUGH THE PARTNER-
SHIP BETWEEN AUSTRIA AND BHUTAN
1989 – 2023

 Austrian
Development
Cooperation





Austria's and Bhutan's relationship is an outstanding example of development cooperation at its best. Bhutan has undertaken an impressive development journey which saw a consistent reduction of poverty rates and an increase on health and education indicators. In just a little over thirty years, Bhutan has risen from the status of a least developed country to a lower middle-income country. The results achieved throughout this timeframe speak for themselves.

With this brochure, we want to showcase the unique nature of the partnership between Austria and Bhutan. The testimonies of several of our Bhutanese companions will take you on a trip through the multifaceted outcomes, personal and institutional highlights as well as powerful milestones of our collaboration in the past 34 years.

Looking back, I am proud to say that we have accomplished impressive things together. At the same time, I am grateful for the once-in-a-lifetime opportunity of having been part of this journey. I invite you to see for yourself what longstanding and reliable cooperation, paired with mutual trust and shared goals, can bring about.

Ambassador Friedrich Stift
Managing Director
of the Austrian Development Agency

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Alexander Schallenberg
Federal Minister for European and
International Affairs of the Republic of Austria

The world is experiencing a plethora of conflicts and multiple crises. Armed conflicts are jeopardising food security. Inflation casts a shadow on our daily lives. Extreme weather effects induced by climate change are no longer phenomena in distant regions, as recent storms and heat waves all across Europe demonstrate. Amidst multiple crises and the collective responsibility to address conflict, promote resilience and tackle climate change, development cooperation remains a vital part of Austrian foreign policy.

Within this context, it is all the more pleasing to see the positive results of the thriving cooperation between the Kingdom of Bhutan and the Republic of Austria. Bhutan selected Austria as official development partner in 1989 and we have engaged in a partnership on equal footing ever since. Besides topographical similarities, it was Austria's neutrality in particular that appealed to the Government of Bhutan. For the last 34 years, Austria successfully supported Bhutan in, for example, developing a booming renewable energy sector and a prospering tourism sector. Furthermore, Bhutan was able to reform its justice sector making it more accessible for its rural population.

The cooperation between Bhutan and Austria illustrates perfectly what long-term, reliable and sustainable support can achieve. Bhutan was able to reduce extreme poverty while staying a carbon-neutral country. Now it is leaving the ranks of least developed countries and is graduating to become a lower middle-income country in 2023. Upon successfully achieving its development cooperation's objective, Austria will close its coordination office in Thimphu by the end of 2023. This decision, however, should not be regarded as the cutting of ties but rather as an opportunity to embark on new ventures and strengthen the relationship. The cordial friendship continues, and Austria will remain a reliable partner for Bhutan. Cooperation between the Kingdom of Bhutan and the Republic of Austria, which is built on trust and the shared vision of a better future, will continue, be it in the framework of the European Union or in the form of new private sector initiatives.

After decades of exemplary partnership, Austrian Development Cooperation prepares to phase out from Bhutan at the end of this year. This occasion presents us with an excellent opportunity to celebrate our incredible journey together. For the last 34 years, Austria has contributed significantly to Bhutan's socio-economic development. Today, Bhutan stands at the verge of graduating from the status of a least developed country, something that Bhutan and its development partners have aspired all along. Needless to say, this would not have been possible without the generous assistance of our partners like Austria.

Looking back, although formal diplomatic relations between our countries were established in 1989, informal relations go back as early as the late 1960s when Bhutan used to import Haflinger horses from Austria. As rightly termed in the Austrian Development Agency's silver jubilee publication, Austria truly is a „horse power“ in Bhutan's growth. Austrian development assistance began in the 1970s with training for the tourism sector, which later expanded to animal husbandry and forestry. Technical cooperation was institutionalized in 1989. Since then, Austria has provided support via loans, grants, and technical assistance.

Austria has played a major role in promoting sustainable growth in Bhutan. Support in sectors such as renewable energy, tourism, rule of law, capacity building for local government and the judiciary, human rights, gender equality and women empowerment has been instrumental in propelling Bhutan into the 21st century.

Collaboration in the tourism sector is a hallmark of Austria-Bhutan relations. Today under the flagship collaboration at the Royal Institute for Tourism and Hospitality in Thimphu, many Bhutanese are annually trained to provide top-class services in the tourism industry.

Collaboration in the field of hydropower development is another hallmark of our relations. Austria is Bhutan's second biggest strategic partner after India and the construction and development of hydropower plants such as Basochu and Rangjung have not only helped our economic growth but also provided an opportunity for Bhutan to transfer required knowledge and technology from Austria. Austria also contributed to Bhutan's rural electrification programmes, which have connected over 2,350 households in remote areas.

Further, the construction of new court buildings, and capacity building for judges and officials under the justice sector, have been instrumental in strengthening the rule of law and ensuring unfettered access to justice.



Dr. Tandri Dorji
Minister for Foreign Affairs and
External Trade of the Royal Government
of Bhutan

In addition, many long-term institutional and business partnerships have been developed for instance between the Royal Institute for Tourism and Hospitality and the Institute of Tourism and Hotel Management Klessheim, the Jigme Singye Wangchuck School of Law and the University of Vienna, and the joint venture between Druk Green Power Corporation Limited and Andritz Hydro. They all are testimony to our excellent relations.

Looking forward, let me pay tribute to the immense contribution of Austria in Bhutan's development journey. This contribution, be it in the energy, tourism, governance or justice sector, has enriched Bhutan as a country, and made us a prosperous and progressive nation. I would also like to pay tribute to the contributions of the Friendship Associations and Friends of Bhutan based in Austria, and salute their important contributions to the economic, social and cultural life in Bhutan.

The scope of what we have achieved is extraordinary, but it is not just about the past – we excitedly look forward to new opportunities of cooperation in the future. In particular, we are keen on continued and diversified investment business collaborations and institutional linkages between our two countries.

As for the journey thus far, I can proudly say that it was not only a journey of successful and strategic partnership, but that of continuing friendship and goodwill. We are all stewards of this exemplary connection and must act every day towards maintaining it.



Katharina Wieser

Ambassador of the Republic of Austria to India, Bangladesh, Bhutan, Maldives, Nepal & Sri Lanka

To be asked to contribute to a publication documenting the long-standing, close partnership between Austria and Bhutan makes me both proud and a little nostalgic – as this phase of our partnership is coming to an end. Many years ago, when I heard and read about Bhutan, it seemed a far-away, magical, mystical country. To travel there was like a dream I didn't know I would ever be able to realise. But then, with my posting to India in 2021, the dream finally became reality in 2023, and I was able to travel to Bhutan as Ambassador of the Republic of Austria, accredited to the Kingdom of Bhutan.

The ceremony of presenting my Credentials to The King of Bhutan, His Majesty Jigme Khesar Namgyel Wangchuck, in the impressive Throne Room of the Tashichho Dzong and according to the oldest ritual and protocol, was a highlight of my diplomatic career, as was the audience with his Majesty after the ceremony. To finally see this beautiful country and the people I had so long been imagining was a great privilege. But I knew that my task as Austrian Ambassador was to accompany the phasing-over – not phasing-out – of our decades-long developmental relationship into a new type of partnership, befitting the middle-income country Bhutan has now become.

To support this transition process and be part of the new Austria-Bhutan relations, the excellent Karma Lotey was installed as Austrian Honorary Consul in Bhutan in March 2023, and the Austrian Consulate officially opened in Thimphu on 16th May 2023, in the presence of the Hon'ble Minister for Foreign Affairs and External Trade, Dasho Dr. Tandi Dorji. And again, what a truly memorable ceremony it was, bringing the traditions and spirituality of Bhutan to life for all participating guests from Austria, including the Managing Director of the Austrian Development Agency, Ambassador Friedrich Stift.

From the end of the year 2023 onwards, the Austrian Embassy New Delhi will be responsible for Bhutan without the benefit of having an established physical presence under the able and dedicated leadership of its last Head of Office, Gerhard Adam. But building on our long history of mutual understanding and excellent cooperation, I am convinced that we shall succeed in preserving and building on our special relationship – the roots are there, and we shall make sure they continue to grow!

Tenzin Rondel Wangchuk

Ambassador of the Kingdom of Bhutan to the Republic of Austria



One of my earliest jobs when I joined the civil service in the early 1990s was to manage the programmes funded by Austrian Development Cooperation in Bhutan.

Around that period, international development assistance to Bhutan was on an upward trajectory and Austria was one of our major development partners. Since then, I have been closely associated with Bhutan's bilateral relations with Austria and keenly observed its growth and evolution.

To pen my thoughts to celebrate the key milestones of cooperation between Bhutan and Austria, which spans several decades, therefore invokes a sense of great fulfillment for our two countries and personal nostalgia. I am indeed most grateful to be given this privilege and space to be part of the publication which maps our journey.

Needless to say, development cooperation funded by Austria complemented the resources of the Royal Government and other development partners in creating the necessary social, economic and governance infrastructure for Bhutan's rapid socio-economic growth and thereby laying a permanent and sustainable foundation for Bhutan's progression from one of the poorest nations in the world to a middle-income country. There is certainly much to celebrate between our two countries and a lot more for the people of Bhutan to be grateful to the people and Government of Austria.

As our two countries prepare to phase over Austria's development cooperation to Bhutan this year, we must strive to build on our past success and forge new paths to continue our partnership, especially in the area of economic cooperation, trade, investment and tourism. Bhutan is venturing into exciting and ambitious plans to fast-track its vision of becoming a developed nation in our lifetime. This offers several opportunities for our two countries to continue building our partnership. The ingenuity and commitment of our two countries to find convergence of interest and forge partnership in new areas of mutual interests will be the true measure of maturity attained in our bilateral relations since we established diplomatic relations 34 years ago.

I take this opportunity to thank the people and Government of the Federal Republic of Austria for their goodwill and friendship.

With my sincere wishes
Tashi Delek.

Pathways to Progress

More than thirty years ago, Bhutan began a transformative journey, reshaping its economy, landscapes, and society with the support of its development partners. This publication captures the essence of the partnership between Austria and Bhutan through stories of individuals who have been a part of it. Each story reflects the profound impact of three decades of collaborative work.

Austria's and Bhutan's collaboration began as early as the 1960s and intensified during the 1970s with cooperation in sectors such as forestry and tourism. Following the formalisation of their development partnership in 1989, joint efforts flourished to cover areas like preserving cultural heritage, sustainable energy, environmental protection, governance and rule of law. Parallel to these main areas, the partnership championed small-scale initiatives such as supporting non-governmental organisations. This opened various pathways for progress and reinforced the multifaceted nature of the cooperation.

Gerhard Adam,
Head of the
Austrian
Development
Cooperation's
office in
Thimphu



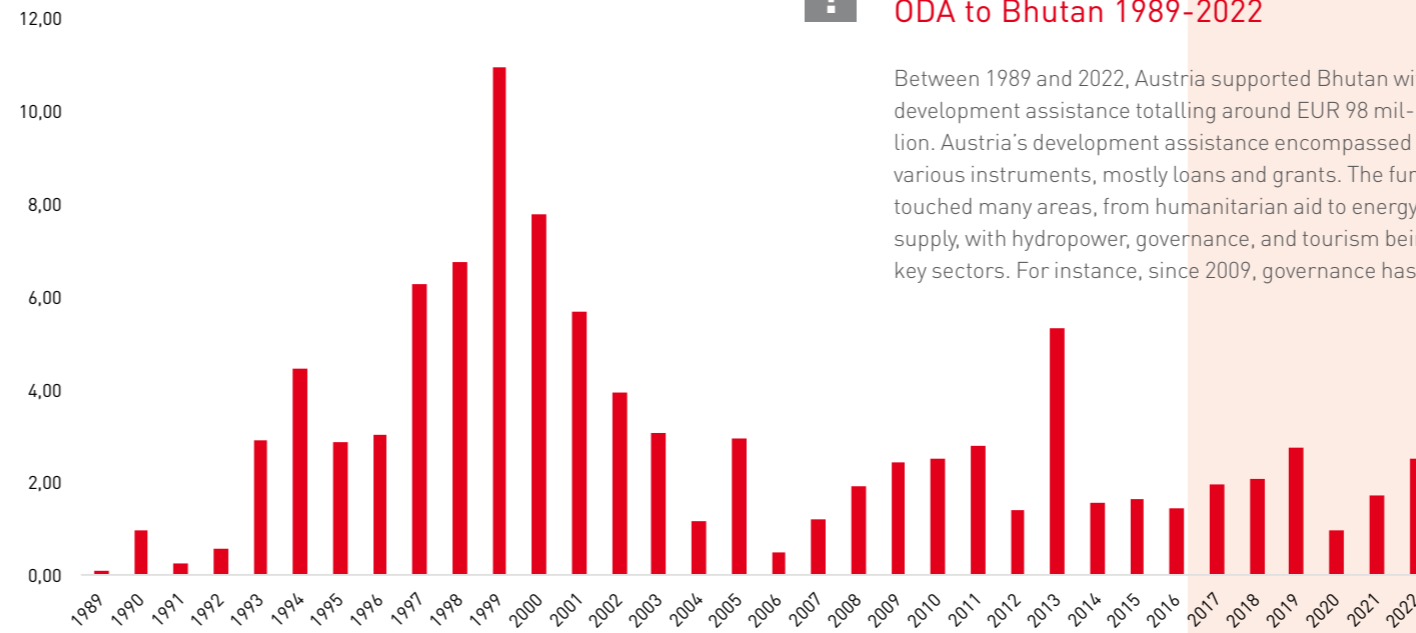
The portfolio of Austria's and Bhutan's collaboration encompassed various sectors, highlighting areas where both countries – each of them mountainous – encountered comparable challenges and opportunities. "It's a partnership in which Austria and Bhutan decided together how to cooperate. Austria supported Bhutan in those areas where we could offer expertise and experience – first and foremost in governance and renewable energy. Earlier, Austrian Development Cooperation also supported Bhutan to expand and professionalise their tourism sector", explains Gerhard Adam, Head of the Austrian Development Cooperation's office in Thimphu.

Over the past thirty years, Austria's expertise in areas like hydropower, tourism and public service administration has fostered robust collaboration and initiated positive change. Thanks to hydropower plants constructed with Austrian financing and expertise, Bhutan now generates revenues for essential public spending; electrification turns darkness into light and improves livelihoods; alumni of the Royal Institute for Tourism and Hospitality help to consolidate Bhutan's tourism

sector; newly constructed courts strengthen the rule of law; individuals reap the benefits of professional mediation; persons with disabilities have better access to public services; young civil servants receive mentorship; women's rights have advanced, and alternative energy sources contribute to protecting the climate.

Central to Austria's development approach was poverty reduction, which aimed to raise people's living standards and ensure better opportunities for their future. Furthermore, Austria consistently championed the "Leave No One Behind" principle – an integral element of the United Nations' Sustainable Development Goals (SDGs) – to ensure inclusivity and benefits for everyone. Both concepts mirror Bhutan's Gross National Happiness (GNH) vision, which aims to create a just and harmonious society that prioritises the well-being of individuals over purely economic measures.

The success of the partnership between Austria and Bhutan owes much to dedicated individuals who often went the "extra mile" to accomplish shared goals and overcome shared challenges. It is their stories that illuminate the partnership's three-decade journey. Through their experiences, you are invited to witness the partnership, reflect on its history and anticipate its future.



! ODA to Bhutan 1989-2022

Between 1989 and 2022, Austria supported Bhutan with development assistance totalling around EUR 98 million. Austria's development assistance encompassed various instruments, mostly loans and grants. The funds touched many areas, from humanitarian aid to energy supply, with hydropower, governance, and tourism being key sectors. For instance, since 2009, governance has

received EUR 15 million, of which around 70 percent was directed towards supporting the justice sector. Support to renewable energy included financing electrification in 11 districts with EUR 17.1 million from 2001 to 2018, solar energy projects worth EUR 1.8 million since 2015, and EUR 3.7 million from 2014 onwards for hydropower plant staff development. Additionally, Bhutan's tourism sector improved following an investment of EUR 6.8 million for professionalisation and growth.

If you want to learn more about the "Leave No One Behind" approach, see the video.



Lyonpo Chenkyab Dorji,
Chairman of the Royal Privy Council of Bhutan

! A Man with a Mission

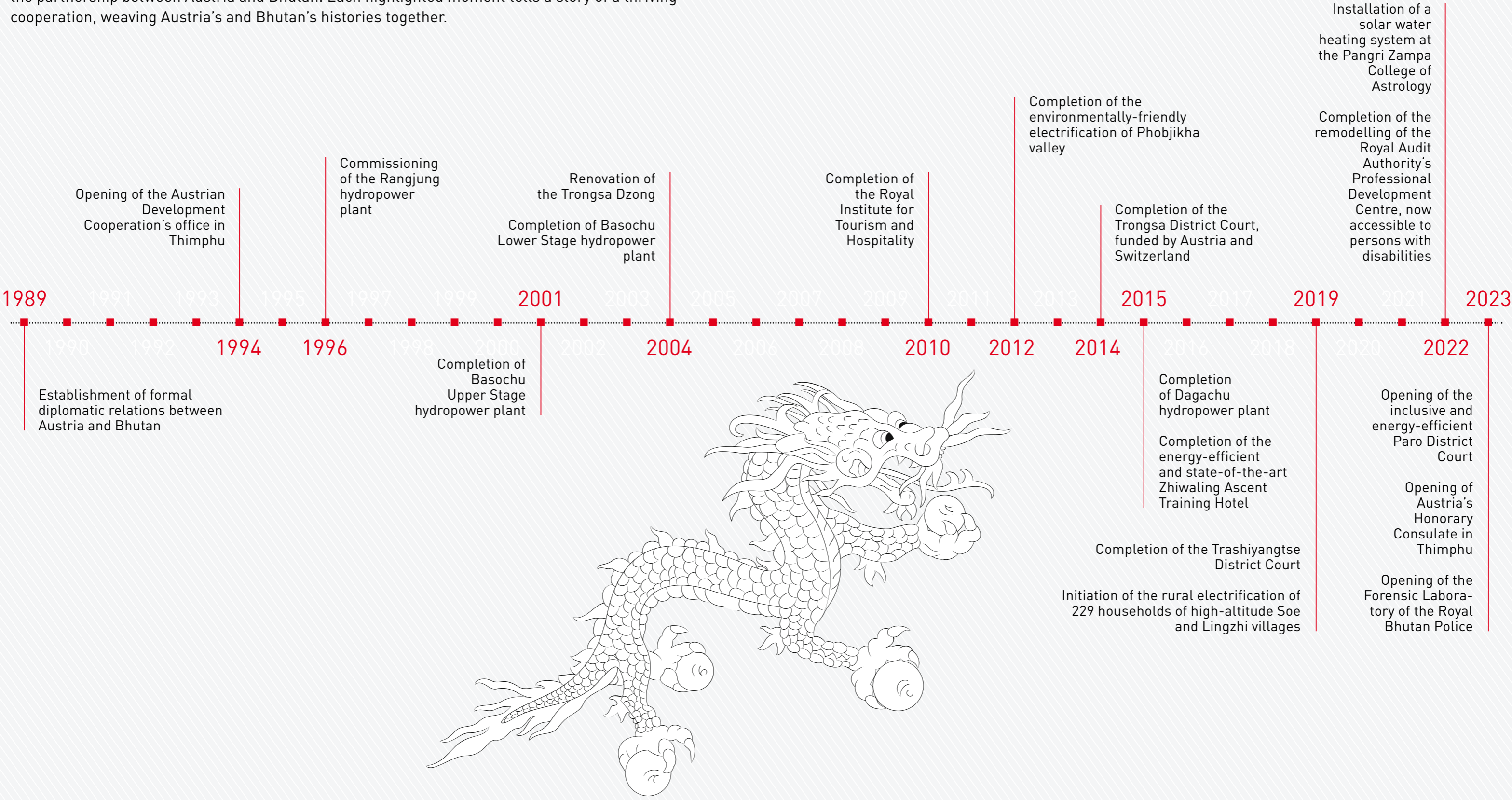
Holding various pivotal positions as a diplomat in his later career, Lyonpo¹ Chenkyab Dorji started leading the forestry department of the Ministry of Trade, Industry and Forests. In the early 1970s, under a directive from the 3rd King, Jigme Dorji Wangchuck (1929–1972), Lyonpo Chenkyab Dorji embarked on an exploratory mission: „My task was to traverse Europe, seeking partners adept in forestry management“, he recalls. His journey led him to Scandinavia before travelling to Austria and Switzerland. „Both countries turned out to be ideal partners: their mountain ranges might not rival Bhutan's peaks, but the similarity in our coniferous forests was striking. Moreover, they had advanced training institutes and state-of-the-art technology.“

Upon his return, Lyonpo Chenkyab Dorji presented his findings, recommending partnerships with Austria and Switzerland. Bhutan swiftly initiated collaborations, importing machinery and hosting experts from Austria who came to train foresters and install a cable crane close to Thimphu. "This marked the start of a relationship between our countries – one that would only grow deeper with time. Who could have imagined the many possibilities ahead?", he says.

¹ „Lyonpo“ is a title, similar to "minister".

Milestones

Spanning three transformative decades, this timeline captures some of the many milestones of the partnership between Austria and Bhutan. Each highlighted moment tells a story of a thriving cooperation, weaving Austria's and Bhutan's histories together.



Charting the Journey

Bhutan's progress in reducing poverty and improving human development is evident in its Human Development Index ratings. Since 2010, life expectancy, average schooling years and per capita income have steadily increased. Austria's multifaceted support across various sectors helped contribute to that success.



Poverty reduction is a recognised and prioritised objective of Austrian Development Cooperation, mirroring Austria's alignment with international frameworks such as the SDGs and emphasising poverty reduction as a global priority.

The Human Development Index (HDI), encompassing life expectancy, education and per capita income, offers a comprehensive perspective on a country's development beyond mere economic indicators. As such, it intertwines with Bhutan's Gross National Happiness philosophy, which prioritises governance, accessibility, inclusivity and transparency for a holistic understanding of development and well-being. This allowed Bhutan to balance its modernisation with tradition, economic growth with environmental preservation, and material well-being with mental well-being.

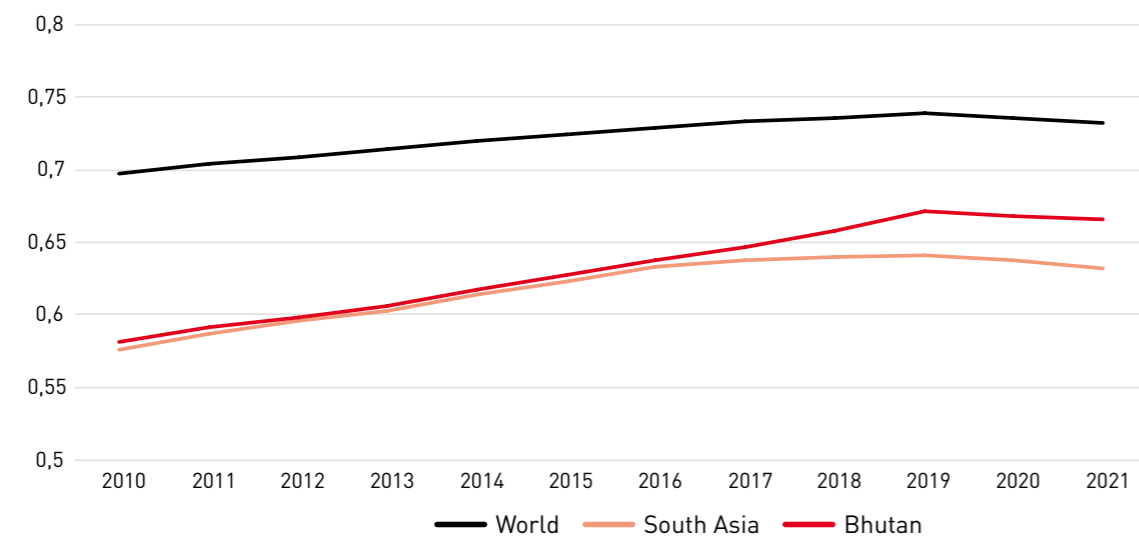
The most recent Human Development Report of 2021/2022 showcases Bhutan's impressive journey: since 2010, life expectancy has grown by 3.4 years, average schooling years have increased by 2.9, and per capita income has grown by 22.3 percent. Consequently, Bhutan's 2021 HDI stands at 0.666, marking an

approximate 15 percent shift since 2010 when it stood at 0.584. With this value, Bhutan ranks 127 out of 191 countries.

Although quantifying the exact contribution is impossible, Austria's multifaceted support across various sectors has undeniably been beneficial. Investments in hydropower, tourism or electrification in rural areas have especially been critical for economic diversification, financing socioeconomic development and improving accessibility and connectivity.

Despite these strides, challenges persist: People (and their professional skills) leave the country, and climate change threatens hydropower revenues. Moreover, indices measuring gender equality in Bhutan indicate that women have not benefited as much as men from the advancements in human development.

HDI 2010-2021



A score closer to 1 indicates higher human development, while a score closer to 0 suggests lower development.



Building Blocks of Justice

The modernisation and restructuring of Bhutan's legal system, including strengthening the separation of executive and judicial powers, has been a focus of Austrian support to the Himalayan Kingdom. The construction of separate courthouses – called “Thrimkhangs” in Dzongkha – is a tangible and symbolic step towards the full recognition of Bhutan's judiciary's independence.

Construction of the
District Court in Paro



Lyonpo Sonam Tobgye, former Chief Justice

Dzongs are distinctive buildings of Bhutan. Constructed at commanding positions, they are often the first buildings to be seen from a distance when entering cities such as Paro or Punakha. These impressive fortresses have served as administrative, judicial, religious and social centres in Bhutanese communities for centuries. They are emblematic of Bhutan's unique blend of tradition, spirituality and governance.

However, in recent decades, Bhutan has gradually reformed its legal system to institute a clear separation between judicial power and executive power. The enactment of the Constitution in 2008 was a significant milestone in this process. The construction of courthouses has been an integral and fundamental part of the reforms of the judicial system of Bhutan. As part of this transformation, imposing buildings have spread across the country.

With Austria's support, Bhutan was able to construct six district court buildings in Dagana, Paro, Trashiyangtse, Tsirang and Zhemgang as well as the sub-district courthouse in Samtse. In collaboration with Switzerland, Austria co-financed the construction of court buildings in Bumthang, Punakha, Trongsa, and

Wangduephodrang. The latest of these new emblematic buildings is the Paro District Court, whose construction started in 2020. This newest court stands out for its energy efficiency, its women- and child-friendly layout, and its accessibility for persons with disabilities.

Chairperson of the Constitution's drafting committee and former Chief Justice Lyonpo Sonam Tobgye elaborates on the courts' importance for the general modernisation of Bhutan: “The initial focus was on social reforms, followed by economic and then judicial reforms, all paving the way for the advent of democracy. Throughout this transition, Austria stood out as one of the most supportive and understanding partners towards these reforms.”

According to the former Chief Justice, the courts are prominently located and remind the Bhutanese of their country's journey towards democracy, development and justice. In his view, “separate courts are essential for the dignity of human beings, and for the solemnity that is associated with the delivery of justice. They remind all of us that we are under the gaze of the judiciary. Separate courts are a physical manifestation of the judiciary's independence”.



Building Bridges, Mending Fences

Mediation is a customary practice and traditional mechanism of dispute resolution in Bhutan. In recent years, the practice has been institutionalised. Local leaders were trained, strengthening and formalising community mediation, and the practice was introduced within the formal judicial system. Bhutan has found a middle path between traditional and modern dispute resolution systems – with support from Austria.

Jambyang Lhamo,
Mangmi of Chang gewog



According to research conducted by the BNLI, in 2022, nearly 3,500 disputes were mediated within community settings. These are cases that otherwise would have either remained unsettled or been taken to court, adding to judges' workload and the clogging of the judiciary system.

It is a Thursday morning. Jambyang Lhamo is in her office in Chang gewog², a county in the district of Thimphu. She is a Mangmi, the elected deputy head of the gewog. She is having tea and biscuits brought by Kinley Tenzin and Tendrel Zangpo. The two men have come from Yusipang, a village six kilometres away. They wanted to thank Jambyang Lhamo for resolving their dispute on how to share the usage of a water source. The day before, Jambyang Lhamo finally settled their case without having to go to court. She is a trained mediator.

The practice of mediation, commonly known as "nangkha nangdrik", is a tradition in Bhutan that goes back to the eighth century. In the absence of a formal legal system, cases were decided by the elderly, respected members of a community and religious figures. However, until the early 2010s, there were little documentation, clarity or rules regarding the mediation process.

Procedures varied widely, depending on local practices and who conducted them. "The system had to be institutionalised", says Drangpon³ Pema Wangchuk of Bhutan's High Court and former director of the Bhutan National Legal Institute (BNLI). With funding from Austria, this task was assigned to the BNLI. It included a three-week training of more than 200 local leaders to improve and strengthen the practice of community mediation. One of these leaders was Mangmi Jambyang Lhamo.

The benefits of strengthening this component of Bhutan's traditional judicial system are numerous. First and foremost, favouring mediation over court proceedings enhances access to justice. "Mediation can happen anywhere", says Pema Wangchuk. In addition, mediation can lead to creative win-win solutions instead of win-lose situations that often result from court decisions. Mediation empowers those involved to actively participate in resolving their conflicts, fostering a sense of ownership and control over the outcome of a case. It promotes communica-

tion between parties, allowing them to express their needs, concerns and perspectives in a non-adversarial setting. Lastly, mediation tends to be less formal, less stressful, quicker, and, finally, cheaper: in Bhutan, community mediation is free of cost. By prioritising cooperation and preserving relationships, mediation cultivates a sense of mutual understanding and facilitates the healing and restoration of human connections.

Pema Wangchuk explains that the practice of community mediation is now widespread in Bhutan. Recently, respective units were introduced at the courts, offering court-annexed mediation. But in community or court-annexed mediation alike, there is a clear distinction between what can be mediated and what cannot: criminal cases, cases involving children below the age of 12, or cases of domestic violence cannot be mediated.

Back in the Mangmi's office, Jambyang Lhamo explains that she mediates more than one case per month. All types of cases reach her. "There are disputes over resources, cattle rampaging a neighbour's field, inheritance issues, matrimonial disputes." She emphasises that the human dimension is a powerful tool in mediation. "We all are human beings. No one really wants to harm others. Most cases are results of misunderstandings and outbursts in moments where one party tells something unacceptable to the other." But when a matter is settled in court, Jambyang Lhamo continues, animosity is sowed between the two parties. "We live together in a community. We have to see each other every day. How can people live together happily once the court passes a verdict where one wins and the other loses?"

"Thanks to Austrian support, there now are recognised mediators in all parts of Bhutan. People do not have to go to court for petty issues. They could have become adversaries, but they remain friends and neighbours instead. These are immeasurable positive outcomes."



Austria has provided financial support to enable the BNLI conduct mediation trainings. In these training sessions, future mediators learned about the history of mediation in Bhutan as well as drafting agreements or how to handle confidentiality.

² Group of villages in Bhutan. Bhutan is comprised of 205 gewogs.

³ Drangpon is a judge ("Drang" means truth and "Pon" dispenser in Dzongkha).



Crunching Numbers for Democracy

Financial accountability, transparency and efficient use of public resources are fundamental principles which sustain the integrity of democratic governments. They translate into rules and ensure public money is spent responsibly and in the best interests of its citizens. In Bhutan, the Royal Audit Authority is the primary agency overseeing the government's financial activities and management of public resources. Austrian Development Cooperation supported the agency to improve its organisational performance.

Rinzin Lhamo,
Head of Policy and
Planning, Royal Audit
Authority



In addition to strengthening gender equality within the Royal Audit Authority, Austrian Development Cooperation supported the agency with a focus on accessibility for persons with disabilities. The support included construction works at the RAA's training centre in Tsirang to make it accessible to persons with

In any democracy, upholding public spending principles and rules requires skilled professionals. In Bhutan, the Royal Audit Authority (RAA) has been playing a central role in promoting the principles of good governance and transparency. Strengthening the RAA thus contributes to the consolidation of democratic principles, and Austria has been a key partner in this endeavour.

Austrian Development Cooperation supported trainings on financial audits or hydropower plant audits as well as on emerging issues such as auditing with a focus on the needs and experiences of persons with disabilities. Moreover, it facilitated the procurement of IT hard- and software and made the RAA's Professional Development Centre more accessible to persons with disabilities.

"We had training on financial audits, quality assurance audits, information technology audits and much more", says Rinzin Lhamo, RAA's Head of Policy and Planning. In total, more than 260 auditors were trained with financial support from Austria. "The training of trainers was particularly impactful, allowing us to rely on these trainers for future sessions without having to spend extra resources", she continues.

"Our auditors benefitted tremendously from these training sessions. The quality of our audit and reporting has improved, and the implementation of our audit recommendations has increased from 30 to 40 percent. This indicates that our audit reports have made a difference."

disabilities. The Royal Audit Authority also passed a resolution to audit public infrastructures from the perspective of persons with disabilities. For more information on Austria's support to Bhutan in the cross-cutting theme of inclusion and accessibility, see the article [.Levelling the Playing Field.](#)

Austria's contribution to the professional development of RAA audit teams included the funding of advanced training for two auditors who then became Certified Professional Accountants (CPA). "We grasped the opportunity and now we can contribute towards certifying financial statements", says Nima Lhaden, one of the newly certified auditors. "And we're able to guide our colleagues whenever they have queries." Nima Lhaden now feels more comfortable, confident and credible doing her job. This ultimately benefits all.

As Rinzin Lhamo concludes her reflection on Austrian support, she highlights that it was the active encouragement of female staff to participate in the trainings which made a difference. Ensuring that women employed by the RAA were nominated to attend training and benefit from every opportunity funded by the Austrian Government "really helped institute gender equality and opportunities within the organisation".



The key competencies of Bhutan's Royal Audit Authority are:

- conducting financial, performance and compliance audits of government agencies, departments and organisations;
- reviewing financial transactions, accounts and records;
- evaluating whether resources are being optimally used and that objectives are being met;
- checking that government entities comply with laws, regulations and standards and investigating irregularities.

Going Digital

Bhutan is committed to reducing poverty and improving governance through sound public financial management. Since 2010, this commitment has led to several reforms aimed at increasing the performance, transparency and accountability of the country's public finance management. Many of these reforms emerged from an assessment collaboratively supported by Austria and the European Union.

Sound public finance management contributes to the efficient allocation of resources for public services such as education, health, social care and infrastructure. It therefore plays an important role for poverty reduction and sustainable and inclusive growth. As Bhutan's revenues from hydropower exports and tourism grew, addressing public finance management weaknesses became particularly important to ensure the government's capacity to efficiently manage public spending.

To this end, a Public Expenditure and Financial Accountability (PEFA) assessment was conducted in 2016. This assessment is a structured and evidence-based approach which helps to understand and improve a country's public financial management (PFM) system. The World Bank Group led the assessment, Austria and the European Union funded it jointly. The results of the assessment shaped Bhutan's PFM Reform Strategy 2017-2021, setting forth a range of measures to help the country on its path forward.

Leveraging the potential of digitalisation, Bhutan has developed a suite of e-services to enhance performance, transparency and accountability.

This included the following:

- the Public Expenditure Management System (ePEMS) streamlines cashless payments,
- the Government Procurement (eGP11) platform ensures transparency in procurement processes,
- and the Daily Allowance and Travel System (eDATS) enforces accountability among individuals and agencies.

Other notable reforms related to enhancing the focus on gender and climate aspects in national budget documents.

In 2022, another PEFA assessment was conducted with the support of Austria and the European Union, highlighting several positive outcomes that were achieved with the reforms over the past five years – despite the challenges and setbacks posed by the COVID-19 pandemic. In addition, the recent assessment pinpointed areas where Bhutan can optimise its public finance management in the future, including revenue mobilisation through taxation reform.



Breaking Barriers

Like in many other countries, subtle yet significant gender-related challenges persist in Bhutan. To address this, the country is working towards breaking gender stereotypes and fostering equality between men and women and boys and girls. Austria has supported Bhutan in this endeavour.



“Bhutanese people seem to say that we don’t have so many gender issues compared to our neighbouring countries. But subtly, we have a lot of gender issues.” Chief Programme Officer at the National Commission for Women and Children (NCWC), Ugyen Tshomo, candidly shares her thoughts on a scorching afternoon outside her office in Thimphu.

Reflecting on a pivotal moment in 2017, when she was heading the NCWC’s Women’s Division, Ugyen recalls the first-ever national study on violence against women and girls. The study, supported by Austria through the United Nations One Programme, revealed distressing facts about society’s high tolerance towards violence against women, hidden behind a veil of stigmatisation and a culture of silence. The study served as a wake-up call, shedding light on gender-based violence and emphasising the pressing need for action in the country.

Since then, the NCWC has taken important steps to combat gender-based violence. The commission established a system to store, analyse and act on vital information concerning women and children under protection. A toll-free helpline providing immediate assistance for those in distress was launched. Partners – civil society organisations such as RENEW or Nazhoen Lamtoen, and legal officers appointed as district gender focal persons –, staff and volunteers were trained on case management and referral systems, ensuring a more effective response to gender-based violence.

Amidst the COVID-19 pandemic, Ugyen’s team swiftly transitioned to online case management, using the established Standard Operating Procedure (SOP) and equipment bought with Austrian assistance. This response ensured that survivors of gender-based violence and domestic abuse received support and care, even when lockdowns and other restrictions made it difficult to report abuse.



Ugyen Tshomo,
Chief Programme
Officer at the
National
Commission
for Women and
Children



According to Bhutan’s National Survey on Women’s Health and Life Experiences 2017, 38.3 percent of women and girls in Bhutan still hold the traditional belief that „women are nine births lower than men.” This belief varies across age groups, with 60.8 percent of older women (aged 50–64) holding this view compared to only 20.9 percent of adolescents (aged 15–19). Over half of the women polled (53.4 percent) agreed that men are justified

In the past, the absence of clear policy directives created obstacles to Bhutan’s pursuit of gender equality. To overcome this, the NCWC undertook an extensive two-year consultation with government agencies, civil society organisations and other stakeholders. This led to a national policy on gender equality, with Austria providing significant financial support for the recruitment of technical experts.

“Gender, as you know, is a difficult concept to get into, especially for the bureaucrats”, Ugyen acknowledges. Still, the concerted efforts paid off when the government officially approved the National Gender Equality Policy (NGEP) in 2020. The policy establishes a robust framework, creating an opportunity for collaborative efforts aimed at improving the living condition and well-being of women in the country.

In the public and political sphere, government agencies implemented measures to address sexual harassment and establish redressal mechanisms. In the socio-economic domain, there is now notable progress in access to finance for women through initiatives such as microfinancing and skills development. These efforts empowered women entrepreneurs and positively affected their livelihoods.

Meanwhile, Ugyen expresses concerns about the limited representation of women in politics: “Women tend to vote less for women, and the pool of candidates is still small.” She recognises the need for change and emphasises the importance of instilling a new social mindset and attitudes among the younger generation.

As she concludes her reflections, Ugyen’s eyes gleam with hope. She is proud of the progress made so far. The Government is now in the final stages of reviewing and expanding the National Gender Equality Policy to include the LGBTQIA+ community, embracing diversity and inclusivity. While the path to gender equality may be long and full of challenges, Bhutan has made progress in the right direction.

4 A gup is the head of a gewog; a gewog is an administrative unit, a group of villages.

in resorting to violence against their partners under certain circumstances. Moreover, 44.6 percent of women and girls have experienced one or more forms of violence inflicted on them by their partners during their lifetime. The 2020 National Gender Equality Policy addresses gender-based violence and aims to reduce gender gaps in the healthcare sector by improving access to and utilisation of health services.



Bhutan ranks 126 out of 146 countries globally and 5 out of 8 in South Asia in the World Economic Forum’s Global Gender Gap Report 2022.

- Political and public domain: The third parliament, for which elections were held in 2018, had only 11 women as opposed to 62 men. At the local government level, women hold only 7 out of 205 gup⁴ positions.
- Economic domain: According to the World Bank, women’s participation in Bhutan’s labour market in 2021 was at 65.33 percent – much higher than the South Asian average of 22.4 percent and Bhutan’s 40.8 percent in 2019. However, only 18.48 percent of Bhutanese women hold managerial positions, while women contribute to 71 percent of unpaid care and household chores.
- Social domain: Despite the strong political commitment and supportive legal and policy frameworks in Bhutan, gender-based violence remains a challenge. In 2021, exacerbated by the COVID-19 pandemic, the reported cases of gender-based violence rose by 53.5 percent.

Bhutan’s National Gender Equality Policy comprehensively covers these domains. It aims to challenge gender stereotypes and practices across all areas.



Rising Together

Bhutan has made considerable efforts to break down gender barriers and promote women's access to leadership positions, a goal that resonates strongly with the objectives of the Royal Civil Service Commission. These ambitions, supported by Austrian Development Cooperation, not only align with the multifaceted measures to promote gender equality in the country, but also reinforce the effectiveness of public service delivery.

Dechen Edon,
Chief Human Resource
Officer, Royal Civil Service
Commission

As in many countries, women in Bhutan still face distinctive obstacles when it comes to building a professional career.

While women account for about 48 percent of Bhutan's population, they constituted 40 percent of Bhutan's civil service workforce in 2022. And only 20 percent of all executive positions in the civil service are held by women. Against this background, the Royal Civil Service Commission (RCSC) set up a mentoring framework for women in leadership positions in the civil service. Dechen Edon is one of this network's active members. She is the RCSC's Chief Human Resource Officer and mentors two young colleagues.

"There are many male leaders in the civil service, but we do not have female role models. That is why it was important to realise that even without holding the highest positions, we women in senior roles can serve as role models for each other and offer mutual support."

"When the initiative started, we were able to bring together about 50 women in leadership positions for a two-day workshop", she recalls. This workshop was funded by Austrian Development Cooperation. "Our conversations centred around the hurdles and issues that female leaders encounter. As the workshop concluded, we realised that there are so many barriers.

Many of them are external barriers, but the most crucial ones are internal barriers that we inadvertently constructed ourselves. As we left the workshop, a strong sense of reassurance accompanied us. We left knowing that within this group of 50 individuals, a simple call or message can instantly provide the support we need."

Thanks to the mentorship network, women have been able to act and initiate change within the organisations they work for. Dechen Edon recalls: "As a mentor, I get to hear a lot of stories. I get to see what the real challenges in the workplace are. I was assigned a mentee who was taking up a new lead role. She had aides who were much older than her, which made it very difficult to position herself as a leader. Being her mentor, I was able to share my experiences and give her resources and tips on how to manage her team. After a few months, she sent me a beautiful email saying that thanks to our exchanges, she was able to resolve challenging situations in her work."

Despite obstacles, leaders such as Dechen Edon and her mentees are reshaping traditional norms, fostering inclusive environments, and contributing to the professionalisation, efficiency and effectiveness of public service delivery.

Stirring up Success

Bhutan is a dream destination. Tourists from far and near are drawn to the country by its unique culture, traditional arts, stunning landscapes and innumerable mountain treks. A new ingredient has enhanced this successful recipe in the last decade: the quality and top-level services one can experience when travelling through Bhutan.



Bhutan's "high value, low impact" approach to tourism is unique, emphasising both environmental and cultural sustainability. The approach is intertwined with the country's Gross National Happiness values. Bhutan imposes high visa charges on travellers to control the volume of tourists. Recently, the "sustainable development fee" has been reduced to USD 100 per day and tourist to revive international tourism in post-COVID-19 Bhutan.

Dawa Tamang, Student at the Royal Institute for Tourism and Hospitality



Since the arrival of the first tourists in 1974, tourism has become a key sector in Bhutan's development and progress. From very early on, the Government pursued a „high value, low impact“ policy, which strived to ensure that tourism contributes to the local economy while preserving Bhutan's natural beauty and cultural heritage. In recent decades, the tourism industry grew, and so did the number of hotels and restaurants.

Drawing upon its extensive experience in rural and mountain tourism development, Austria has been a key partner and supporter of the Bhutanese tourism sector since the 1970s. In 2003, the Governments of both countries decided to address the demand for skilled professionals within the growing industry by establishing and jointly funding the Royal Institute for Tourism and Hospitality (RITH).

RITH's construction was initiated in 2004. The institute was furnished with state-of-the-art equipment, and instructors went to Salzburg, Austria, for training at the Institute of Tourism and Hotel Management (ITH) Klessheim. In 2010, the Royal Institute for Tourism and Hospitality was inaugurated in Thimphu, worth a total investment of more than EUR 8.3 million. This funding was divided equally between Austria and Bhutan. The inauguration of RITH marked a significant milestone in the partnership of the two countries.

Today, the institute is the place to go for students who want to gain skills in all branches of the hospitality and service industry, meeting the demands of the tourism sector as well as the growing domestic need for hospitality services, which is fuelled by the country's emerging and increasingly internationalised „middle class“. In a country where youth unemployment soared to 28.6 percent in 2022, studying at RITH serves as a beacon of hope. On average, over 400 youths have annually submitted applications in recent years. This number is steadily increasing. About 60 students graduate from the institute's two-year diploma course each year, and more than 300 students completed short courses since the institute's inauguration. Dawa Tamang has been attending the institute for a

year. He is pursuing a course in tourism and hotel management. As part of his studies, the 22-year-old is currently acquiring cooking skills in Chinese, Italian, Thai and, of course, traditional Bhutanese cuisine. Dawa Tamang has ambitious plans. He dreams of opening a travel agency with friends and fellow students. „Some of my friends have chosen hotel management, while others focus on tourism management. We are thinking of working together in the future, and we have been planning this since the first semester at RITH“, he says.

For Swapna Ghalley, graduating from RITH is a ticket to a secured job. She dreams of opening a restaurant in her hometown at Samtse, which is not a tourist hotspot. "I would love to open my own restaurant. An establishment for local people where there is enough demand and prices are affordable."

RITH's former Principal Ugyen Dorji emphasises that practically all students find a job after having graduated from the institute. "We have managed to change the lives of hundreds of people", he says proudly.

Tourism is nowadays one of the main sectors driving Bhutan's economic growth and development. The Royal Institute for Tourism and Hospitality is the tangible legacy of Austria's contribution to the Bhutanese success story.



Austrian Development Cooperation supports students from countries of the Global South with scholarships to help with tuition fees and essential expenses. These scholarships also enabled Bhutanese to study Hospitality Management or Tourism Management at the Institute of Tourism and Hotel Management in Klessheim, Salzburg. The ITH has maintained a partnership with Bhutan's Royal Institute for Tourism and Hospitality. More information about the scholarship programme is available at <https://ith-salzburg.at/admission-and-fees/scholarship>.

To discover RITH's recipe for success, watch the video.





Levelling the Playing Field

The quality of life for persons with disabilities in Bhutan has increased considerably. Austria's commitment to this topic was particularly significant for inclusive education and accessibility. One notable project focused on enhancing information and communication technology facilities for learners with visual impairments, significantly improving interactive learning and access to digital resources. Policy changes and direct support to civil society organisations also contributed to the advancement of disability rights and inclusion in the country.

Children studying at the **Draktsho Training Centre**

Pema Chhogyel, Head of the Department for Special Education Needs, Ministry of Education



"I was the first vision-impaired person going to college in Bhutan", says Pema Chhogyel, the Head of the Department for Special Education Needs at the Ministry of Education of Bhutan. He is proud to share the progress made in his country regarding inclusive education and accessibility. Remembering his school days, he smiles. "There have been many changes, almost a revolution compared to when I was a student. My dream is that good services and good facilities are in place for all the children and young people with disabilities."

Growing up with a disability can be an arduous journey, especially in a low-income country where services and support systems are not always available. Persons with disabilities often confront limited access to health care, education and employment opportunities. This exacerbates their vulnerability to poverty and social exclusion. When Pema Chhogyel was a child, he used to rely on heavy braille books and the notes that his fellow students would take, read and record for him.

This has changed. Opportunities for children with disabilities have increased dramatically in Bhutan since Pema Chhogyel's school times, particularly in the areas of inclusive education and accessibility. For Pema Chhogyel, one project stands out. With the support of Austrian Development Cooperation and the Friends of Bhutan Association Austria, the Muenselling Institute, a dedicated school, was equipped with cutting-edge information and communication technology (ICT) facilities and assistive technology for learners with visual impairments. By providing monitors and establishing internet connection, the school transformed into an inclusive learning space, fostering interactive learning and facilitating access to digital resources previously inaccessible to these students.

This project was part of several activities aiming to improve the very situation described by Pema Chhogyel. Austria's commitment to strengthening disability rights and inclusion in Bhutan is also reflected in its support directed at policy changes, with the adoption of the National Policy for Persons with Disabilities and its Action Plan in 2019, or in financial support to civil society organisations, which play a vital role in providing services to children with disabilities.

One of these civil society organisations is Draktsho Vocational Training Centre for Special Children and

Youth. Draktsho's mission is to empower persons with disabilities and enable them to live fulfilling lives as active members of society. The organisation focuses on education, vocational training, rehabilitation, advocacy and social integration. "Austrian Development Cooperation supported us on several occasions since 2017, allowing us to purchase materials to train students with disabilities. Austria's support made a real difference after the COVID-19 pandemic, when many donors were withdrawing. The assistance we got from Austria enabled us to resume our activities and support individuals with disabilities in both Thimphu and Tashigang", says Deki Zam, Draktsho's Executive Director.

By focusing on inclusive education and accessibility, and with support from Austria, Bhutan has paved the way for a more inclusive society.



In accordance with the SDGs' 'Leave No One Behind' principle, Austria is committed to promoting inclusive development and strengthening the rights of persons with disabilities. The following activities were funded by Austrian Development Cooperation and exemplify this commitment:

- Bhutan Vulnerability Baseline Assessment Study 2016
- National Policy for Persons with Disabilities and Action Plan 2019
- Competency frameworks for civil servants defining required skills, expected behaviour and performance targets
- Enhanced accessibility of public infrastructure, for example through the construction of ramps and the adaptation of toilets to meet the needs of persons with reduced mobility.

Austrian support has contributed to raising awareness among decision-makers, auditors, service providers and citizens, aiming to create more inclusive policies and environments for persons with disabilities. Bhutan signed the United Nations Convention on the Rights of Persons with Disabilities [CRPD] on 21 September 2010 while discussions about its ratification are ongoing.

Find out more about Deki's and Pema's experiences and dreams in their video.





Empowering Progress

With a total capacity of 192.6 megawatt, Rangjung, Basochu and Dagachhu are pivotal hydropower projects for Bhutan's socio-economic development and energy security. Austria's collaboration has been essential in the design and construction of these three plants. However, its involvement extends beyond financing. The transfer of knowledge and skills from Austrian experts to Bhutanese professionals has contributed to building a skilled local workforce, which is important for Bhutan's autonomy in energy production through the force of water.

Turbine at **Basochu hydropower station**

Tempa Tshering, Design Engineer, Druk Green Power Corporation



On 17 June 1993, Rangjung, a village in eastern Bhutan, woke up to monks' chants and the beating and ringing of cymbals and bells. The village celebrated the ground-breaking ceremony of the so-called "mini hydroelectricity project". The festivities also marked the beginning of Austria's and Bhutan's collaboration in hydropower.

Dorji Gyeltshen, a local businessman, still remembers the times when the hydropower plant was being constructed. "I used to live on the fringes of Rangjung village. There were just about 10 houses back then." As a young man, he worked at the construction site: "We were disheartened when it rained as it affected the work. We used to pray to the rain gods for a dry spell."

Dorji is amazed by the growth of Rangjung. The village now counts more than 150 households, a school, a vocational training institute and what has now become one of Bhutan's largest religious schools, the Rangjung Woesel Chholing Monastery. Rangjung overtook Trashigang as the town that has experienced the fastest growth in the district.

In every village hosting a hydropower plant like Rangjung, development and growth rapidly followed. "Before the construction of the power plant, there were no roads, no access to education, no access to medical facilities", says Kencho Gyeltshen, an engineer at the Basochu plant in Hebisa.

About 150 kilometres southeast of Thimphu is the Dagachhu hydropower plant. It has a capacity of 126 megawatt and is the latest achievement of Austrian-Bhutanese collaboration in hydropower and energy production.

What makes these hydropower projects special is the transfer of skills from Austrian experts to Bhutanese professionals. Dasho⁵ Chewang Rinzin, CEO of Druk Green Power Corporation (DGPC), has been part of Austria's and Bhutan's hydropower journey since the beginning. Looking back, he highlights that "other countries or organisations that collaborate with Bhutan usually bring their people. They work, they complete the project, and they leave. After that, most of our people who have to take care of those projects still do not have enough experience".

In the Rangjung, Basochu and Dagachhu projects, this was not the case. Bhutanese technicians and engineers

⁵ Dasho is a title given to individuals who hold high offices or have made significant contributions to the country.



"I was lucky to be chosen for a Master's Degree programme in the 'New Austrian Tunnelling Method' in Austria. At the time, I was a construction supervisor at the Mangdichu hydropower project, where my experience in tunnels made me eligible to apply. When I learned that I was selected, my first thought was that it was so far away. However, I enjoyed my stay in Austria, where I had the opportunity to see several tunnels. I gained practical experience and observed construction projects. Today, I work as a design engineer at the Druk Green Power Corporation, specialising in tunnel design. I have been able to incorporate Austrian methodologies into Bhutan."

we were engaged in every stage of construction, working closely together with their Austrian colleagues and learning about advanced technologies and automation systems. It helped build a large pool of skilled Bhutanese professionals who are qualified to manage and maintain hydropower plants independently. "Much of the capacity that we have built within Bhutan today is because we did the 2.2-megawatt Rangjung project with Austria", says Dasho Chewang Rinzin.

The collaboration exceeded his expectations. Austrian partners became trusted allies and friends. He cherishes the personal relationships which strengthened the collaboration. He recalls the Austrian team's dedication to completing projects on time and with impeccable quality: "When it comes to work, they are no-nonsense people. They get the work done on time, with quality and at cost. Working with them has been very memorable for me."

Austrian knowledge and practices are now replicated in DGPC's hydropower projects, contributing to their overall success. And Dasho Chewang Rinzin believes the strong commercial partnerships established with Austrian manufacturers, engineering companies and research institutions will continue to thrive. "The commercial engagement we have with Austrian companies is much bigger than with most other countries. I think it's a big success story. It has impacted the lives of the Bhutanese hugely."

Join three experts remembering their powerful collaboration.

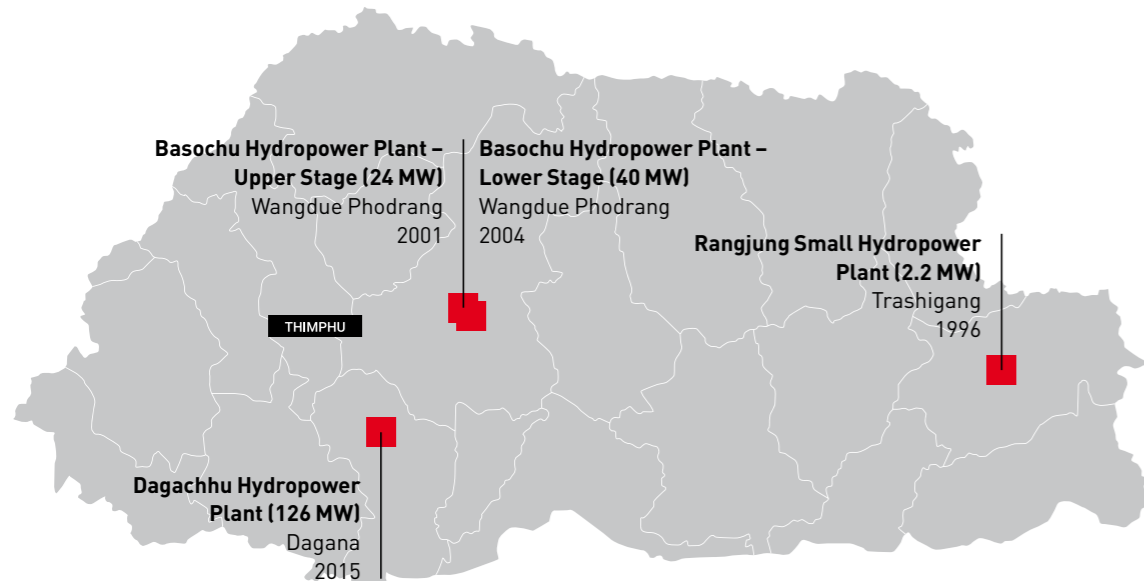




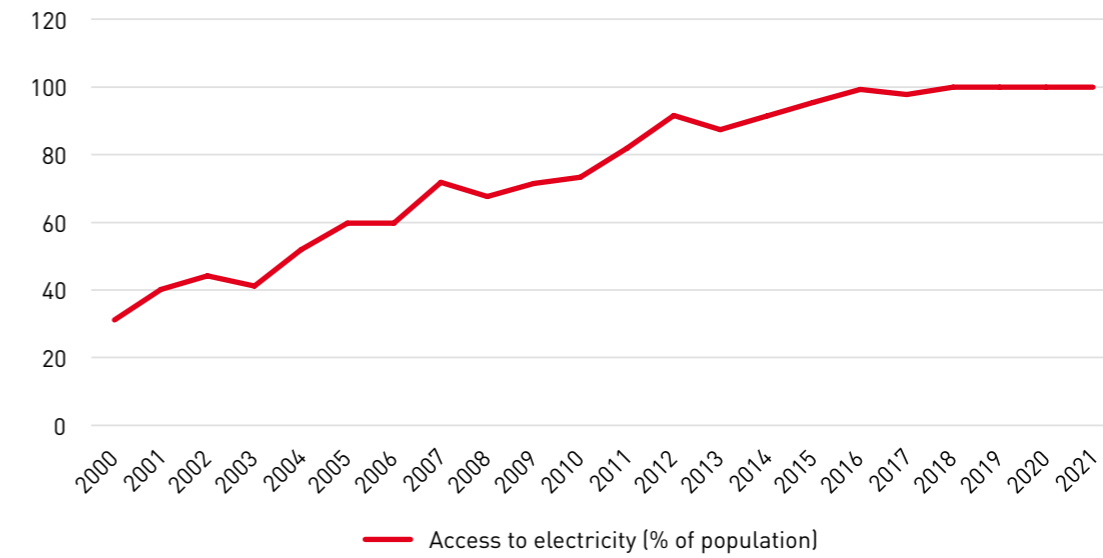
The **Basochu Hydroelectric Power Plant** has a capacity of 64.0 megawatt.



Austria has been one of Bhutan's strategic partners for hydropower over the past three decades, evidenced by its support for the construction of the Rangjung and Basochu hydropower stations and the provision of technical expertise and loan finance for the hydropower station in Dagachhu. Austria invested close to EUR 20 million in this work. Apart from increasing electricity generation, Austrian support had other downstream effects: It increased public revenues to finance health care and education and incorporated environmental and ecological aspects such as maintaining a minimum environmental flow of water in the construction of hydropower plants. In 2021, Bhutan approved the Bhutan Sustainable Hydropower Development Policy.



Power to the People



The graph shows the rise in electricity access within Bhutan's population, unveiling substantial increases in electrification, particularly in rural areas. In 2000, only 31.15% of the population had electricity, with rural access at just 8.8% compared to 96.74% in urban areas. However, notable progress occurred in 2005, 2007, and 2012. By 2021, both urban and rural populations had achieved universal electricity access. This change was driven by a dedication to reaching the most remote areas. The data illustrates the commitment to close the electrification gap and enhance living standards for people living in remote areas.

Source: World Development Indicators, access to electricity (% of the population)



Cranes, Cables and Community

About 130 kilometres east of Thimphu lies the valley Phobjikha. Famous for its beauty, it is a roosting spot for black-necked cranes, an endangered bird migrating from Tibet in winter. One of three so-called “Ramsar sites” in Bhutan, the valley exemplifies how conservation and development can be balanced.



Phobjikha on the wide glacial valley is a Ramsar site, a special wetland area recognised internationally for its ecological importance. Ramsar sites include marshes and swamps that are vital for many plants and animals as well as for clean water and preventing floods. By designating Phobjikha as one of three Ramsar sites, Bhutan committed itself to protecting and using this wetland sustainably. Over 2,400 Ramsar sites worldwide contribute to global efforts to preserve biodiversity and sustain healthy wetland ecosystems.

Dechen Dema, Director of the Transmission Department, Bhutan Power Corporation Limited



“I haven’t seen another place like Phobjikha, where there is electricity but without any electric poles and wires spoiling the beauty of the place. And the black-necked cranes face no dangers.” Sitting in front of his flourishing hotel, Tashi Wangchuk contemplates on the valley. The Manager of the Tashiling Lodge reflects on the profound changes that the valley has undergone in recent years.

Until 2012, Phobjikha was a serene and picturesque Himalayan valley with a pristine landscape but limited access to electricity. Bhutan’s conservation policies had for long delayed access to electricity for its residents. The traditional approach of using aerial poles and cables posed a threat to the black-necked cranes, a globally threatened migratory bird species but also an integral part of valley life. The people of Phobjikha believe that the cranes bring blessings. They wait for their arrival to plant winter wheat and celebrate their presence with the vibrant black-necked crane festival every 11th November.

To ensure the birds’ safety while advancing development, the rural electrification project found a bold solution: underground electric cables would bring electricity to every house in Phobjikha. Backed by the support of Austrian Development Cooperation, this project was as challenging as it was unique: this had never been done before in Bhutan.

One of the many people involved in the project was Dechen Dema, the current Director of the Transmission Department of the Bhutan Power Corporation Limited. Back in 2008, when the project started, this “power woman” was one of the engineers on the ground. Putting the cables underground at high altitude proved especially demanding and challenging. With meticulous planning, resilience and adaptation, the engineering team nonetheless succeeded.

Meet the residents of Phobjikha valley in this video.



Dechen recalls the excitement of the people even before the project was completed. “As soon as the villagers knew that electricity was coming, the first thing they did was buy water boilers, rice and curry cookers. They kept all those electrical appliances and waited. Some even installed them like sacred altars, decorating them in anticipation of the arrival of light. The day electricity came, they started cooking.”

Electrification took place gradually, bringing power to each household as the project advanced. “Initially, there were 800 households to be connected to the network. But as we went on, 800 became 931”, remembers Dechen. The impact of electrification on the valley and its people was profound. In the past, families relied on firewood and kerosene for their energy needs, exposing especially women to harmful smoke and fumes that caused health problems. Collecting firewood became a thing of the past, too, giving families opportunities to use their time for business and leisure. Children now can study more or read and play in their leisure time.

Dechen has every reason to be proud. The benefits for the people of Phobjikha are immense and are reflected in the residents’ rich testimonies. Today, the valley’s residents profit from access to electricity. The cranes continue to arrive from Tibet, and their numbers are increasing. Tashi Wangchuk’s business flourishes. Such are the footprints of this particular Austria-Bhutan collaboration.



Phobjikha today concentrates the highest number of homestays in Bhutan. Electricity not only improved residents’ lives but also tourists’ experience, making their stay more comfortable. As a result, the tourism sector developed, and with the growing number of people coming to the valley, more investments were dedicated to improving roads. With easier access in and out, local farmers’ access to markets and business opportunities also improved.



Hot Water, Cool Planet

Tucked away on a hilltop between Paro and Thimphu, Wangbama Central School is one of several buildings in Bhutan that now have access to warm water thanks to solar water heating systems and support from Austria. They were installed as demonstration systems, contributing to the broader application of alternative renewable energy sources, which aligns with Bhutan's policy targets in that area.

Children sitting an exam in **Wangbama school**

Wangbama Central School is not just any school: it is home to 400 boys and girls aged 12 to 22 and coming from all parts of Bhutan. Most of them are from disadvantaged backgrounds.

As is common in Bhutan, students at Wangbama mostly used firewood for heating water. This changed in 2019, when the school became one of the select institutions in Bhutan to benefit from solar water systems, installed with financial assistance from Austrian Development Cooperation.

Where winters are harsh, hot water makes all the difference. "With firewood, students can bathe only when they've time to heat the water. In contrast, the solar water heater is convenient and safe and helps students to stay healthy", explains Deki Dema, the school's principal. And by decreasing the need for firewood, this technology also helps protect the environment.

The Pangrizampa College for Astrology in Thimphu, a traditional astrology school, is another public institution that now benefits from solar water heating. Lopen Namgang, one of the hundred monks who live and study there, and who, like so many others in Bhutan, has no surname, explains that life became easier once the new system was installed. "We used to cut down any tree close to us to heat water. Most of the trees along the riverbanks next to the monastery were victims of our axes."

By showing the benefits of solar heating systems, promoting their wider application through a subsidy system, and training technicians on their installation and maintenance, Austria has contributed to the well-being of people in Bhutan and the preservation of the country's forests.

Lopen Namgang explains how solar energy warmed up life at Pangrizampa College.



Pangrizampa College for Astrology in Thimphu



City Rides, Electrified

Bhutan is a carbon-neutral country. However, a surge in motorised vehicles in the Kingdom's capital Thimphu has led to deteriorating air quality. The National Environment Commission of Bhutan indicates a persistent rise in air pollution in Thimphu since 2004. The city introduced its first electric bus to address this negative development in June 2023. Beyond being environmentally friendly, this flagship addition to Thimphu's public transport system has advanced safety features and a ramp for wheelchair users. In addition, three charging stations have been set up at key locations throughout Thimphu. This sustainable transportation initiative is part of a project that promotes electric solutions for urban transport in Bhutan and the wider Hindukush-Himalaya region, implemented by the United Nations Industrial Development Organisation and funded by Austrian Development Cooperation.



Shared Past, Shared Future

The transformation of the development partnership that has lasted for more than three decades marks a significant milestone in the shared history of Austria and Bhutan. Bhutan's graduation from the status of a least developed country is the 'last mile' of a journey closely accompanied by Austria, the only European Union member state present in Bhutan between 2015 and 2023. This particular moment presents the opportunity to chart a shared future building upon the many achievements and the strong foundation of trust and respect that has been established over the years.



The partnership between Austria and Bhutan has thrived due to its multidimensional nature, encompassing various sectors and forms of collaboration. Transitioning into a new era, both countries can build on this legacy and explore new ways of collaboration.

Multilateral cooperation will be a cornerstone in the future partnership. Austria will continue to advocate for the European Union to maintain its position as an important development partner for Bhutan. Currently, the European Union funding envelope for Bhutan exceeds EUR 30 million for 2021-2024, making the European Union Bhutan's third biggest development partner after India and Japan. It covers tackling climate change, driving the digital transition, promoting gender equality, good governance and democratic values. This support can also bolster Bhutan's ongoing justice sector reforms and hydropower projects – areas Austria has provided extensive support to over the years. Engagement through the United Nations agencies, including those in Vienna, or via the Consultative Group on International Agricultural Research and the International Centre for Integrated Mountain Development may unlock collaborative opportunities.

Bhutan is interested in further collaborating with Austria in the sectors of renewable energy, waste management as well as tourism. In addition, Bhutan's graduation to a middle-income country in 2023 has potential to catalyse the use of diverse instruments such as those offered by the Oesterreichische Kontrollbank AG or the Austrian Development Bank, the Oesterreichische Entwicklungsbank AG. This includes export financing, risk protection as well as loans.

On the business side, Bhutanese and Austrian companies have spurred economic growth in the Kingdom and allowed technology and knowledge transfers. Business partnerships hold potential to continue and expand economic collaboration and investments that have proved fruitful in the past. The Austrian Economic Chamber, including the Austrian Trade Commission in New Delhi, and the Bhutan Chamber of Commerce and Industry offer ideal gateways for entrepreneurs to explore new opportunities.

Institutional partnerships, both long-standing and recently forged, form another cornerstone of future collaborations and the exchange of innovative ideas. Ongoing collaborations – between Bhutan's Royal Institute for Tourism and Hospitality and the Institute of Tourism and Hotel Management Klessheim, the Jigme Singye Wangchuck School of Law and the University of Vienna's Faculty of Law as well as the new academic partnership between Jigme Namgyel Engineering College, the Royal University of Bhutan and the University of Innsbruck promoting sustainable timber-structured buildings in Bhutan – underpin both countries' commitment to future engagement.

In this new landscape, the Austrian Embassy in New Delhi, the Royal Bhutanese Embassy in Geneva and Austria's newly established Honorary Consulate in Thimphu will be instrumental in reinforcing the cooperation and bringing it to the next level. Regular consultations will be the main platform to foster dialogues on shared interests and challenges and facilitate joint initiatives.

At its core, the Austria-Bhutan partnership thrives on its people. Students, tourists, researchers and experts have created lasting friendships. Many have evolved into active networks and platforms fostering cultural, social, educational and economic exchanges. Civil society organisations of both countries deepen the rich connections established throughout the years.

As times change, so will needs, priorities and forms of collaboration. The future holds many opportunities to further expand the long-standing relations between Austria and Bhutan.



The team
of the Austrian
Development
Cooperation's
office in
Thimphu.

APPEAR

The Austrian Partnership Programme in Higher Education and Research for Development (APPEAR) is a programme of Austrian Development Cooperation. It aims to strengthen institutional capacities in higher education, research and management in countries of the Global South. The programme offers diverse instruments, including Master's and PhD scholarships to Austrian higher education institutions.

- <https://appear.at/en/>

Austria's development finance institutions offer instruments from export financing risk protection to public infrastructure loans in sectors such as energy, health and water.

- <https://www.oe-kb.at/en>
- <https://www.oe-eb.at/en>

Several organisations serve as gateways for entrepreneurs to explore new opportunities.

- <https://www.wko.at/service/Austrian-Economic-Chambers.html>
- <https://www.advantageaustria.org/in/servicecenter/Buero-New-Delhi.en.html>
- <https://www.bcci.org.bt/>

Austria and Bhutan have enjoyed and witnessed the power of people-to-people contacts.

- <https://www.bhutan-network.org>
- <https://austria-bhutan.org/en>
- <https://www.facebook.com/people/%C3%96sterreichische-Bhutan-Gesellschaft/100066621648293/>
- <https://www.tarayanafoundation.org>
- <https://renew.org.bt/>



Abbreviations

AG	Aktiengesellschaft (Public Limited Company)
APPEAR	Austrian Partnership Programme in Higher Education and Research for Development
BNLI	Bhutan National Legal Institute
CEO	Chief Executive Officer
CPA	Certified Professional Accountant
CRPD	Convention on the Rights of Persons with Disabilities
CSO	Civil Society Organisation
DGPC	Druk Green Power Corporation
eDATS	Electronic Daily Allowance and Travel System
eGP	Electronic Government Procurement
ePEMS	Electronic Public Expenditure Management System
EUR	Euro
GNH	Gross National Happiness
GPS	Global Positioning System
HDI	Human Development Index
ICT	Information and Communication Technology
ITH	Institute of Tourism and Hotel Management
LGBTQIA+	Lesbian Gay Bisexual Transgender Queer Intersexual Asexual +
NCWC	National Commission for Women and Children
NGEP	National Gender Equality Policy
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PhD	Doctor of Philosophy
GoB	Royal Government of Bhutan
RAA	Royal Audit Authority
RCSC	Royal Civil Service Commission
RITH	Royal Institute for Tourism and Hospitality
SDGs	Sustainable Development Goals
SOP	Standard Operating Procedure
USD	United States Dollar



3 DECADES
2 COUNTRIES
1 VISION

