

**ROYAL GOVERNMENT OF BHUTAN**  
**MINISTRY OF AGRICULTURE AND FORESTS**  
**THIMPHU BHUTAN**

**SUBSIDIZED TIMBER AND NONWOOD FOREST  
PRODUCE ALLOTMENT POLICY - 2011**



July, 2011

## TABLE OF CONTENTS

<b>1. Background .....</b>	<b>4</b>
<b>2. Constitutional provision relating to natural resources management.....</b>	<b>4</b>
<b>3. Evolution of forest policy and legislation.....</b>	<b>4</b>
<b>4. Other Related Policies and Legislations.....</b>	<b>5</b>
<b>5. Bhutan 2020 and Gross National Happiness .....</b>	<b>6</b>
<b>6. Bhutan’s International forest related commitments.....</b>	<b>6</b>
<b>7. Review of Present Timber Subsidy and Allotment Policy.....</b>	<b>7</b>
7.1 Classification of urban and rural areas.....	7
7.2 Scrutiny of application.....	7
7.3 Periodicity of entitlement.....	7
7.4 Level and form of subsidy .....	8
7.5 Quantity of subsidized timber for rural house construction.....	8
7.6 Subsidized timber for other purposes.....	9
7.7 Merits and demerits of the present policy .....	9
7.7.1 Merit.....	9
7.7.2 Demerits.....	9
7.8 Likely impacts due to change in Policy .....	10
<b>8. Resource base and the sustainability.....</b>	<b>10</b>
<b>9. Constraints in supplying subsidized timber at national level .....</b>	<b>11</b>
9.1 Diversion of subsidized timber to urban market.....	11
9.2 Other type of offenses pertaining to subsidized rural house building timber .....	12
9.3 Backlog of rural house building timber .....	12
<b>10. Constraints in supplying subsidized timber at local level .....</b>	<b>12</b>
<b>11. Processes used in the Development of Subsidized Timber Allotment Policy.....</b>	<b>13</b>
<b>12. Principles, Goals and Objectives of the Policy .....</b>	<b>14</b>
12.1 Principles.....	14
12.2 Policy Goal.....	14
12.3 Policy objectives.....	14
<b>13. Policy Statements .....</b>	<b>15</b>
13.1 Applicant eligible for subsidized timber .....	15
13.2 Area not eligible for subsidized timber .....	15
13.3 Form, quantity and periodicity .....	15
13.4 Use of rural timber .....	16
13.5 Subsidized timber for construction/renovation of Dzong, Lhakhang and Monastery .....	17
13.6 Allotment of other forest produce in rural areas .....	18
<b>Monitoring the use of rural house building timber.....</b>	<b>19</b>

## Glossary of Acronyms

CBD	Convention on Biological Diversity
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CSI	
FMU	Forest Management Unit
GEF	Global Environment Facility
GNH	Gross National Happiness
GRF	Government Reserve Forest
IPCC	
MDG	Millennium Development Goals
MW	Megawatt
NEPA	National Environment Protection Act
NFI	
NWFP	Non wood forest products
PHCB	Population and housing census of Bhutan 2005
SAARC	South Asia Association for Regional Cooperation
SDG	SAARC Development Goals
UNCCD	United Nations Convention to Combat Desertification
UNESCO	
UNFCCC	United Nations Framework Convention on Climate Change
USP	Unique selling point

## Description of Terms

Dzongkhag	District
Geog	Block
Sokshing	Area for leaf litter collection
Thram	Land title document
Thromde	An urban place
Tsamdro	Grazing

# **SUBSIDIZED TIMBER AND OTHER FOREST PRODUCE ALLOTMENT POLICY**

## **1. Background**

The Policy of the Royal Government of Bhutan to provide goods and services on subsidized rate to the Bhutanese people started even before the Department of Forest was established. During those periods the system was implemented by the Civil Authorities. The marking of timber/trees was done by the guards from the Civil Offices. After the Department of Forest was established the system of allotting subsidized timber for house construction in rural areas was implemented by the Department of Forest. In 1969 the first Forest Act was passed which provided a clause for allotting timber for domestic consumption of the local people from the Government Reserved Forest as well as private forests. This clause was repealed when the second Forest Act was passed in 1995. The system of providing subsidized timber for rural house construction was again introduced through Forest and Nature Conservation Rules 2000.

## **2. Constitutional provision relating to natural resources management**

Article 5 of the Constitution of the Kingdom of Bhutan states that: “Every Bhutanese is a trustee of the Kingdom’s natural resources and environment”. The Royal Government enjoins in the Constitution to conserve and improve the environment and safeguard the country’s biodiversity. It is further directed to secure sustainable development while promoting economic, ecological and social development. Therefore it is the sacred responsibility of every Bhutanese to use this resource judiciously that has been made available by the Government, for the benefit of people.

## **3. Evolution of forest policy and legislation**

The *Thrimzhung Chenmo*, 1957 provided access to use of forest resources. It also provided for conservation in the form of restriction on poaching of wildlife. The Forest Act of 1969 was the first Act passed by the National Assembly. The first formal Forest Policy of Bhutan was approved in 1974, the only officially approved policy statement on forests thus far. Prior to 1974 the forests were managed based on general principles, guidelines and technical regulations like Working Plans derived mostly from the Forest Act of 1969. These guidelines and principles maintained that all forests belong to the State and that there would be no private rights to any part of the forest. All lands not registered under an individual’s *thram* (land title document) were considered to be forest lands and were nationalised. Currently, all forest land is owned and managed by the State. The 1974 Policy sets a framework for the scientific management of the country’s forest lands, and laid out approaches to be adopted for the key areas of forest conservation, afforestation, resource survey, utilisation and wildlife conservation. It contained the first mention of the objective to “a minimum of 60 percent of

*the total land under forest cover for all times to come*”, which was later included in the Constitution.

The 1969 Forest Act was repealed in 1995 by the Forest and Nature Conservation Act of Bhutan which strengthened scientific approach to forest governance and management. It includes separate chapters on soil conservation, community forestry, protected areas, protection of wildlife and a list of totally protected species of flora and fauna. It recognises the traditional and cultural rights of local people to access and use of forest resources reversing the provisions of the 1969 Act which restricted these rights. The 1995 Act also makes provision for private forestry in privately registered lands and community forests in government forest lands, with the communities being granted management and use rights under conditions as set out in an approved management plan.

Since 1957, forest governance has transitioned from providing “free access” to “almost no access” to “managed access”. The new dimensions in the present system of governance include the application of scientific approaches to forest management with emphasis on people participation in management, utilisation and sustainable economic use of forest resources while at the same time maintaining conservation values.

#### 4. Other Related Policies and Legislations

**The Land Act of Bhutan 2007** is an important piece of legislation that has major implications for subsidized rural timber allotment procedure. Therefore rationalizing the allotment procedure including the volume allotted has become important so that the sustainable principles of forest management are assured. Free access to natural resources allotment on subsidized basis should in no way interfere in the scientific management of forest resources. .

Chapter 6 (99) which states that trees, either naturally grown or planted, in registered land shall belong to the landowner.

Chapter 8 (184) provides for the leasing of Government Reserved Forest land.

Chapter 10 (235) requires that all *tsamdrol* (grazing) rights shall be deleted from the *thram* (land title document) and revert to Government land if in *thromde* (an urban place) or to Government Reserved Forest (if in rural areas); and further under section 236 the reverted *tsamdrol* in rural areas shall be converted to leasehold, while that in *thromde* shall remain as government land.

Chapter 11 (255) requires that all *sokshing* rights (the rights to use forest land for collection of leaf litter) shall be deleted from the *thram*, and that *sokshing* shall be maintained as Government land in *thromde* or as Government Reserved Forest in rural areas.

Section 256 provides for the reverted *sokshing* in rural areas to be converted to leasehold land at individual or community level, with preference given to previous rights holders (but only to those who have agricultural land-257). However, land categorized as *sokshing* where there are no trees shall not be leased. The management of *sokshing* shall be carried out in

accordance with a management plan, with the Department of Forest, Department of Agriculture and the lessee responsible for its preparation.

**The Constitution of Bhutan** requires that a minimum of 60 % of Bhutan's total land area is to be maintained under forest cover for all time. In order to meet this Constitutional requirement the subsidized rural timber allotment policy has rationalized the allotment procedure and quantity of entitlement based on sustainable forest management principles.

**National Environment Protection Act, 2007 (NEPA)** outlays principles and legal framework that has implications on forest governance and management. It requires a person taking natural resources from the environment or deriving economic benefits to ensure sustainable use and management of those resources and their ecology.

The Act calls for conservation of natural resources to be based on a participatory approach aimed at achieving an equitable sharing of the costs and benefits of conservation among resource users. It also provides for promoting the use of clean energy and alternative technologies in order to reduce use of fuel wood/timber from primary forest.

## **5. Bhutan 2020 and Gross National Happiness**

The vision for the future contained in "Bhutan 2020" re-affirms the values of Gross National Happiness (GNH) as the central development philosophy for the country. This philosophy is translated into objectives or the pillars of GNH that give strategic direction to policy making and implementation of the same. These pillars include Equitable & Sustainable Socio-Economic Development, Environmental Conservation, Preservation and Promotion of culture and Good Governance and their linkages.

The strategic directions from the GNH pillars require that the country's rich biodiversity should also be regarded as a development asset while approach to environmental conservation is uncompromising. It also emphasises that development must take account of the devolution of powers and responsibilities to the Dzongkhag and Geog levels.

## **6. Bhutan's International forest related commitments**

Bhutan is party to several International Treaties and Agreements and the key ones are the Convention on Biological Diversity (CBD), the United Nations Convention to Combat Desertification (UNCCD), the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), UNESCO World Heritage Convention, adherence to International Plant Protection Convention (IPPC), the Millennium Development Goals (MDG) and the SAARC Development Goals (SDG). Bhutan is committed to seeking synergies in activities and strengthening ties between these conventions in pursuing more efficient, holistic approach to addressing the problems.

## 7. Review of Present Timber Subsidy and Allotment Policy

Critical review of the prevailing system of supplying subsidized timber, for rural house construction, reveals that the system has served the purpose well in the past. With the changes in the economic scenario, revising the system for supply of timber for rural house construction has become necessary. The present allotment policy has several drawbacks that need amendments so that the resources supply could be sustained in perpetuity.

### 7.1 Classification of urban and rural areas

The urban and rural areas classified by the concerned authorities appear to be inappropriate for meeting the real objectives of providing subsidized timber to the rural population. Adopting the criteria prescribed by concerned authorities for supply of subsidized timber has been found to be inadequate. With the rapid economic development taking place in various parts of the country, the need for housing has gone up substantially. Houses are constructed particularly in sub-urban areas for rental and commercial purposes. Under the present mechanism, the sub-urban areas are classified as rural areas and constructions in these areas are eligible for subsidized timber. RGOB's Policy is to provide subsidized timber to the rural people to help constructing a decent dwelling house to live. Therefore the present system of treating the sub-urban areas and satellite towns as rural areas seems to be inappropriate.

### 7.2 Scrutiny of application

As per the present system, the Dzongkhag/Geog Authorities are supposed to scrutinize the applications for the allotment of subsidized timber. The land registration number (*thram*) and house number (*gung*) are the basis on which the subsidized timber is granted. In some cases several members of the households apply for subsidized timber under same *gung*, which are also approved for allotment. Further it has also been observed that the applications for allotment of subsidized timber are forwarded by the Dzongkhag/Geog Authorities often without proper scrutiny. This has resulted in multiple applications under the same *gung*, allotment of excess quantity of timber in contrast to actual requirements etc. This calls for strengthening the system of scrutinizing the applications properly before forwarding to the forestry offices.

### 7.3 Periodicity of entitlement

Presently, an individual is allowed to avail subsidized timber once in 25 years for new construction. Subsidized timber for repair/renovation/extension of rural house is supplied once in a block period of five years. For making *shingles* standing trees are supplied once in 3 to 5 years depending on the climatic condition of the locality.

It is observed that the system is not followed methodically because there is no effective mechanism to ensure that the applicants are availing subsidized timber only once in 25 years. In absence of proper scrutiny by the Dzongkhag/Geog Authorities, there appears to be practically no control to ensure that this requirement is followed strictly. This calls for verifying the subsidized timber allotment with the land record/census record maintained at the Dzongkhag/Geog offices. Further, 25 years period seem to have been decided based on quality of construction prevailing at that time. However since new houses are not constructed

by dismantling the old ones the practice of providing timber at an interval of 25 years do not have any justification.

#### 7.4 Level and form of subsidy

The present level of subsidy provided by the Royal Government for rural house construction is very high. Further, with the introduction of the Timber Pricing and Marketing Policy 1999, the price difference between the rural and commercial timber has widened. This has encouraged diversion of subsidized timber to the urban market for commercial purposes. To rationalize this widening difference of the price, a Natural Resources Pricing Committee (NRPC) was formed to oversee and fix the price of all natural resources. This has helped narrow the price differences to some extent.

Presently, major portion of the subsidy is provided in the form of subsidized royalty on timber supplied for rural house construction. Comparison between the royalty applicable for rural construction timber and commercial timber show that the subsidy given for rural construction timber is substantial.

In addition to subsidy on royalty, numbers of other subsidies are provided by the Royal Government which is related to expenditure incurred in the production and overhead charges of the Timber Producing Agency (NRDCL). These costs are not charged to the rural population. The important subsidized cost components are:

- (i) Depreciation on infrastructure/machinery
- (ii) Financial charges
- (iii) Overhead expenses
- (iv) Maintenance of equipment
- (v) Concessions in establishment cost
- (vi) Profit margin

Besides the rural house construction, subsidized timber are also provided for community infrastructure construction on a cost sharing basis where part of the infrastructure cost is borne by the communities in the form of labour input. Besides that timber at subsidized rate is also provided for construction of Dzongs, Lhakhangs and Monasteries in rural areas.

#### 7.5 Quantity of subsidized timber for rural house construction

Subsidized timber for new construction/reconstruction of rural house is allotted in either log form, sawn form or standing tree form. Maximum quantity allotted is 4,000 cft, and 2,500 cft in log form and sawn form respectively. Studies show that the quantity allotted is on the higher side which need careful study and rationalizing. People living in areas where there is no motorable road get timber in standing tree form. The quantity is 8 to 10 standing trees, 80 number of *chams*, 80 number of *tsims* and 100 number *dangchungs*. In addition, another 5 number of trees are allotted for making *shingleps* if the house does not have CGI sheet roofing.

Further people are also entitled to subsidized timber for repair and renovation of their houses. The quantity entitled is 650 cft in sawn form or 1,000 cft in log form. A person living in areas where there is no motorable road is allotted in standing tree form. The quantity is 3 numbers of trees, 10 number of *chams*, 15 number *tsims* and 20 number *dangchungs*. If the house do

not have provision for CGI sheet roofing then another 5 number trees is allotted for making *shingleps*.

## 7.6 Subsidized timber for other purposes

In addition to the entitlement mentioned in the earlier section, people living in the rural areas are also allotted subsidized timber for construction of sheds for livestock, storehouses, farm guard sheds/watch towers, toilets and machinery sheds. The applicant can avail the entitlement once in three years interval. The entitlement can be availed in one of the following three options (i) 200 cft of logs with one tree for shingles, 6 *tsims* and 10 *dangchung*s (ii) 130 cft sawn timber with one tree for shingles, 6 *tsims* and 10 *dangchung*s (iii) 2 number trees for *drashings*/shingles with 4 *chams*, 10 *tsims* and 20 *dangchung*s.

Subsidized timber is also provided for making wooden water channel, wooden water tank (*wa*), agriculture implements including *khamey*, *nyashing*, etc., religious instruments like drums, drum holder, etc., printing blocks, *lepshing*, *sokshing* for *chorten* and statues, domestic furniture including *chhaggam*, *chhoesham*, etc., and *redi* and *khorlo*. Actual quantity of timber required is approved by the Department after verification on a case-by-case basis, subject to maximum quantity of 1(one) tree and 10 (ten) poles. Timber allotted for other purpose in rural areas, in any form, is not permitted to be brought to saw mill for sawing. People are also entitled to fencing posts, flag poles, firewood on subsidized royalty based on location and availability of lighting facilities.

## 7.7 Merits and demerits of the present policy

### 7.7.1 Merit

The subsidy policy is serving as a social welfare services in rural development as the farming communities and the poorer section of the society form the main beneficiaries of this policy.

### 7.7.2 Demerits

The present policy on subsidy for resource allocation entails arbitrary regulation of prices that is not healthy in overall economic development. It is working against the economic principles of free market which requires a strong regulatory and monitoring mechanism that places additional burden on the government machineries. The supply of subsidized timber for rural house construction is not sustainable at present level of entitlement allowed by the Government.

The resources are highly under-valued leading to over-use and in many cases abused as well. The resources provided at subsidized rate, at present, are almost free because the royalty charged to the beneficiaries is very nominal and negligible. It is a common understanding that anything availed at trifling price are not valued, used judiciously and prudently.

Timber in the Bhutanese market is a highly valued commodity both in rural and urban areas. The two-tier price structure, due to subsidy policy, has created a favorable environment for misuse of subsidized timber.

Present eligibility criteria do not consider economic status of the households and the rules are applied across the board to rich and the poor people alike. This dilutes the primary purpose for which the subsidy policy was put in place by the Royal Government.

### **7.8 Likely impacts due to change in Policy**

In the short and medium terms the change in the subsidized timber allotment policy will have the following impacts:

- (i) Balance social equity by providing subsidy only to the needy and the poorest section of the society.
- (ii) Strengthen organizational mandates and functions in resource management and development by reducing policing and monitoring role.
- (iii) Misuse of subsidized timber will be largely controlled or eliminated.
- (iv) Demand and consumption of timber for the rural construction will be drastically reduced resulting in net saving of resources.

In the long term, the changes in allotment policy will have the following positive impacts:

- (i) Lead to resource conservation and improvement of forest resource-base of the country.
- (ii) Allotment of timbers at fair prices will increase the revenue from forest resources substantially.
- (iii) True monetary value of timber, as an important natural resource, will be understood by all categories of consumers that ultimately result in more responsible and rational use of resources.
- (iv) Enhance conservation and protection of resources especially at the local level.

## **8. Resource base and the sustainability**

Total forest area of the country is 2.90 million hectares including 0.32 million hectares of scrub forests. The scrub forest is virtually degraded (*with less than 10% canopy density*) and is not capable of producing quality timber from this forest. At the moment these categories of forests are good enough for protecting the environment only. This category of forest needs improvement in terms of its stocking and conditions.

Even though the timber for rural allotment is produced from all categories of forests including FMUs and Protected Areas but there are many limitations and constraints in producing timber from such categories of forests. Detailed classification of the forests show that about 41 percent of the forest area is under strict protection being National Parks, Wildlife Sanctuaries and Strict Reserves etc. About 34 percent of the area is very steep and big chunk of it falls above the timber line and various kinds of rivers and road buffers.

Biological corridors occupy about 9 percent of the forest and about 2 percent is community forests and only about 14 percent forest is suitable for producing construction timber.

Therefore it is very important to understand that the percentage of forest area that is capable of producing constructional timber without compromising on the principles of sustainable forest management is very small. The restricting factors are (i) economical, (ii) technological (iii) social and (iv) ecological.

Production potential, for construction timber and firewood, from Forest Management Units (FMU) both under operation and planning stages is around *4.26 million cft*. Estimated demand for commercial logs is around *3.95 million cft*. The wood balance is positive but negligible. This means that, in near future, there is likely to be shortage of good quality construction timber for use in construction business and other commercial purposes.

In addition to the production of above-mentioned volume, there is also potential to produce about *4.92 million cft* of logs, for rural supplies, from (i) FMUs under implementation, (ii) FMUs under planning stage, and from (iii) future potential FMUs and (iv) from the forest areas that are presently outside the FMUs system. The estimated demand of logs, for rural supplies, is around *5.36 million cft*. The wood balance for this sector is negative. This indicates that there will be serious shortage of logs for rural construction purpose even at the current rate of demand. But it is very likely that the demand, in this sector, is going to increase couple of folds in the near future creating more shortage of logs for rural construction purpose. Therefore, unless a serious thought is given to explore the alternatives for construction materials, construction technology and also to improve the increment of timber per unit area in the forest, there is going to be shortage of construction timber for rural construction, in future.

Under the scenarios mentioned above, the sustainability of the construction timber, both for urban and rural uses, is going to be on the negative side. (i) The resource base is very low (ii) demand for construction timber is very high and is increasing (iii) forest capable of producing good quality construction timber is limited (iv) the quality of timber available in the forest is relatively poor being from the natural forests, (v) rural construction timber is allotted at highly subsidized rate, therefore the cost of timber is very low (vi) Further the allotment present system has many loopholes that provided opportunities for diverting the rural subsidized timber to urban market. At the national level, it appears that the total volume of timber produced, in the country, would be sufficient to meet the demand but at the local levels there will be shortage of construction timber.

## **9. Constraints in supplying subsidized timber at national level**

### **9.1 Diversion of subsidized timber to urban market**

As per the records maintained by the Department of Forests and Park Services it is observed that huge volume of timber is diverted to the urban market by the people. This indicates that the people who are living near the urban areas or in the peri-urban areas or in the villages where there are farm roads or feeder roads have been diverting the timber allotted to them to the urban markets. The Department of Forests and Park Services has been imposing fines for such illegal activities and the fine collection during the last six years (2004 – 2009) amounted to Nu. 17.67 millions. The amount collected is quite a huge and glaring and that the trend on diverting the subsidized timber to the urban market is increasing. Many people have not been

utilizing the timber for the purpose for which it was allotted therefore there is a strong need to review the subsidized timber allotment policy and rationalize the system.

## **9.2 Other type of offenses pertaining to subsidized rural house building timber**

Besides the offenses mentioned in the above-mentioned section, the villagers are also involved in other type of offenses like (i) felling of trees without marking (ii) transportation of timber without permits and passing and (iii) illegal loaning of timber to other people. The Department of Forests and Park Services levies fines for committing such offenses. The fine collected from 2004 to 2009 amounted to Nu 1.11 million and it is seen that there is an increasing trend in the illegal activities. If the trend of illegal activities/misuse continues at this rate it will be very difficult for the Department to meet the timber demand in the country.

## **9.3 Backlog of rural house building timber**

As per the statistics maintained by the Department, it is also observed that in some Dzongkhags there is huge volume of timber as backlog in various forms. The demand of timber for construction of houses in the urban areas and other developmental activities is increasing whereas the annual allowable cut (AAC) is constant and in some FMUs it is decreasing. The volume of build-up is accumulating every year and as of 2009 the accumulation, in standing tree-form, has reached 347,173 number of trees (*for drashings, chams and tsims*), 2,452,288 cft in log-form and about 65,389 cft in sawn form in the country.

The situation is leading to accumulation of backlog every year and from the statistics it is clear that the volume of timber made available for urban construction and developmental works is much less than the volume allotted to the rural people at subsidized rates. If the quantity supplied at the subsidized rate is compared with the volume supplied by NRDCL, it is seen that the volume supplied by the latter is decreasing whereas the volume supplied for the rural purposes, at subsidized rate, increasing.

## **10. Constraints in supplying subsidized timber at local level**

At the local level, the Divisional Forest Officers under various Dzongkhags are facing a very challenging situation to supply the forest produces especially the construction timber like *drashings, chams, tsims, dangchungs*, flag poles etc. without compromising on the principles of sustainability. The situation has further aggravated as the production forest areas are decreasing at an alarming rate. A case study conducted under Thimphu Forest Division shows the following constraints faced by the DFOs in supplying the timber on a sustainable basis.

Because of fast pace of developmental activities taking place in the country, large chunk of forest areas are lost to various other land-uses like construction of (i) farm, feeder and private access roads (ii) transmission lines (iii) leasing of forest areas for other infrastructure development, and for operation of mines and quarries etc. in different parts of the country including huge chunk of forest areas declared as “protection” for water conservation related works.

## **11. Processes used in the Development of Subsidized Timber Allotment Policy**

The process used to develop the subsidized timber and other forest produce allotment Policy has several distinct steps as follows:

1. A Drafting Team comprising of officials from the PPD, Ministry of Agriculture and Forests and the Department of Forests and Park Services was appointed to draft the policy;
2. To start with, number of brain-storming sessions were conducted amongst the drafting Team Members to identify the key issues that need to be addressed in the policy;
3. A preliminary conceptual framework was developed based on the key issues, and a working draft was prepared. Issues like allotment procedure, eligibility criteria and entitlements and sustainability were critically reviewed for developing the framework of the policy.
4. After the working draft was prepared the members of the drafting team conducted field study in selected Dzongkhgs to find the problems, issues and also to see the utilization pattern of the subsidized timber.
5. Many in-house discussions with the forestry officials at Headquarters and some field officers were held and based on the outcome of the Meetings, a revised draft was prepared.
6. Thereafter detailed and in-depth discussion was held with the Gups of all 20 Dzongkhags to identify field issues and based on the feed-backs received from the Gups the issues were harmonized and a second draft was prepared.
7. The revised draft was discussed with the Environment and Natural Resources Committee Members from the National Council of Bhutan and based on the feed-backs, comments and suggestions the draft Policy was revised again.
8. The final draft, along policy screening tools and policy submission format, was then submitted to GNHC Committee for feed-backs and endorsement.
9. After getting the endorsement from the GNHC Committee the document was submitted to the Cabinet for approval.

## **12. Principles, Goals and Objectives of the Policy**

The framework for the subsidized timber and other forest produce allotment policy consists of principles, a long term goal and policy objectives with specific policy statements to enable implementation of policy effectively.

### **12.1 Principles**

1. To make timber available at affordable price so that all Bhutanese citizen, living in rural areas, are able to build a decent dwelling house.
2. To ensure equity in term of access and utilization of subsidized rural house building timber for eligible rural communities.
3. To make rural timber and other forest produce available within short period by enhancing the service delivery system so that people do not have to waste time and resources.
4. Considering the general welfare and socio-economic condition of the people, the present component of subsidy shall be rationalized and continued.

### **12.2 Policy Goal**

1. To manage Bhutan's forest resources sustainably so that rural house building timber are provided equitably at subsidized rate for the benefit of all eligible citizens living in rural areas for building a decent dwelling house.
2. To ensure sustainable supply of timber at subsidized rate for construction and renovation of Lhakhang, Monastery, and Dzong that are approved by the Ministry of Home and Cultural Affairs.

### **12.3 Policy objectives**

1. To provide timber for rural house, Monasteries and Lhakhang construction, at subsidized rate, in a sustainable manner based on scientific resources assessment and management plan.
2. To provide timber for rural house, Monasteries and Lhakhang construction, at subsidized rate and other forest produce from GRF land till such time the rural people are able to meet their requirement from the community forests.

3. To ensure that the subsidized rural house, Monasteries and Lhakhang construction timber supplied is utilized for the intended purpose by streamlining the rules and regulations.
4. To establish and strengthen institutional mechanism for implementing this policy effectively.

## **13. Policy Statements**

### **13.1 Applicant eligible for subsidized timber**

1. Subsidized timber for construction of rural house shall be allotted only if the applicant is the Head of Gung in whose name the land on which construction shall take place is duly registered and also that the applicant has census in that Geog.
2. If the applicant does not have land in the Goeg where the census is registered, the applicant shall be allowed to transfer the census to the Geog where the applicant has land. However the applicant shall not be eligible to avail the subsidized timber if the applicant transfers the census to another Geog within ten years from the date of first transfer.

### **13.2 Area not eligible for subsidized timber**

1. Subsidized timber shall not be supplied for construction of house or any other structure in the following areas:
  - (a) urban areas covered under township categories A, B & C as declared by the Royal Government from time to time;
  - (b) sub-urban areas falling within 3 KM radial distance from the declared boundary of the Municipal Area of the township category A, 2 KM radial distance from the declared boundary of the Municipal Area of the township category B and 1 Km from the declared boundary of the Municipal Area of the township category C.
2. Notwithstanding the above Policy Statement, subsidized timber for rural house construction shall be supplied if the applicant is native of the area and the land on which the house is to be constructed is inherited and not purchased by the applicant.

### **13.3 Form, quantity and periodicity**

1. Timber for rural house construction shall be allotted either in log or standing tree form. Applicant availing the timber in log form shall be allotted the timber from the nearest NRDCL depot and those availing in standing tree form shall be allotted from

the nearest forest. The concerned GYT shall determine the house-holds that would be eligible to get timber in standing tree form or log form respectively.

2. Allotment order for timber, in log form, from NRDCL depot shall be issued by the Department to NRDCL Management based on Gup's approval.
3. Sawing of subsidized timber allotted whether in log or standing tree form shall be carried out as per guidelines issued by the Department from time to time.
4. Subsidized timber for rural house construction shall be allotted only once in the applicant's life time.
5. The applicant shall also have the option of availing subsidized timber in a phase manner as required for construction. It is not necessary to avail the full entitlement at one go. The applicant shall be entitled to avail the balance quantity whenever required by him in future.
6. Maximum quantity of subsidized timber to be allotted, for construction of a new dwelling house, shall be determined by the Department from time to time. The applicant shall, however, be eligible for additional quantity of timber, if required, on payment of market rate fixed by Natural Resources Pricing Committee.
7. People living in rural area shall be eligible for timber for repairing/renovating their houses once in 12 years upon payment of commercial rate of royalty. The quantity of timber to be allotted for this purpose shall be determined by the Department based on situation and location and Gup's endorsement.
8. Subsidized timber shall be allotted to construct one livestock shed per household in rural area. Maximum quantity of timber for such construction shall be decided by the Department based of location and requirement. However the application will have to be supported by statement of cattle numbers possessed by the applicant and Gup's recommendation. The concerned GYT shall determine the house-holds that would be eligible to get timber in standing tree form or log form respectively.
9. As a general principle, special class timber shall not be allotted for rural house construction. However in high altitude areas where there is no other class of timber, the Department shall allot any available class of timber for rural use.
10. Any unutilized quantity of allotted timber of a given block period shall lapse at the end of the block period and shall not be carried forward.

#### **13.4 Use of rural timber**

1. The subsidized timber allotted to the rural people shall be used for the intended purposes only.

2. The subsidized timber allotted for rural house construction or for any other purposes shall not be allowed to be used in urban areas, except permitted by the rules.
3. Loaning of subsidized timber allotted for rural house construction or for repair or for any other purposes shall not be allowed. However if the applicant is not able to construct the house because of domestic reasons the allotted timber shall be surrendered to NRDCL for disposal. Later on the when the applicant wish to construct the house the applicant can avail the same quantity of timber from NRDCL.
4. In case if any applicant has surplus house building timber, the owner shall be allowed to use the same for commercial purposes upon payment of market rate, fixed by the Natural Resources Pricing Committee, to the Department in addition to rural royalty.
5. In order to maintain hygienic condition of forest, reduce risk of forest fire, allow regeneration of main species, and also to encourage optimum utilization of timber, the owner shall be allowed to sell off-cuts, *bakal*, lops, and tops, in commercial area or commercial industry upon payment of commercial royalty on volume basis.
6. If the owner is not able to extract or sell the off-cuts, *bakal*, lops, and tops within validity of the permit, any other applicant shall be allowed to apply for collection of such material after obtaining permission from the owner and payment of commercial royalty to the Department.
7. As far as possible, the community forest members from well stocked community forests shall be made to avail timber for rural house construction from their own community forests.
8. The present rate of royalty of timber on standing tree form has not been revised for several years as such the Department shall revise the royalty of standing tree upward as early as possible.
9. At present the rural and urban timber price gap is very high. Therefore to support the long term objectives of timber pricing policy the Department shall revise the price of rural timber upward to narrow the gap between rural and urban timber.

### **13.5 Subsidized timber for construction/renovation of Dzong, Lhaxhang and Monastery**

1. Subsidized timber shall not be allotted for construction of new Lhaxhang and Monastery in areas/location where Lhaxhang and Monastery already exist. If anybody desires to construct Lhaxhang and Monastery in such area the timber required for such construction shall be obtained from sawmill upon payment of market rate.
2. Timber required for construction of Lhaxhang and Monastery by any private individual or Company or Organization shall be obtained from sawmill at the rate fixed by Natural Resources Pricing Committee. Such supplies shall be facilitated by the Department if the construction is approved by the Ministry of Home and Cultural Affairs.

3. Timber, at subsidized rate, shall be supplied for renovation and repair of existing Lhakhang and Monastery if such repair or renovation is approved by the Ministry of Home and Cultural Affairs.
4. Special-sized timber shall be allotted in standing tree form by the Department and normal-sized timber shall be supplied by Natural Resources Development Corporation Limited from the depot based on the rates fixed by Natural Resources Pricing Committee. However if such repair or renovation is carried out through contractor the market rate of timber fixed by Natural Resources Pricing Committee shall be applicable.
5. Timber required for major renovation of existing Dzong shall be met from sawmill at rate fixed by Natural Resources Pricing Committee. Special-sized timber for such repair shall be allotted in standing tree form by the Department through Natural Resources Development Corporation Limited based on the rate fixed by Natural Resources Pricing Committee.

### **13.6 Allotment of other forest produce in rural areas**

#### **Allotment of firewood in rural areas**

1. Dry firewood and lops and tops shall be allotted free of royalty if the firewood is collected and transported by men or animals.
2. Any type of firewood to be collected by men and transported by mechanical devices shall be levied royalty at commercial rates.
3. The quantity of firewood to be supplied per household shall be decided by the Department based on location and availability of electricity facility from time to time.
4. Firewood requirement in excess of entitlement shall be supplied through authorized government agency upon payment of rate fixed by the supplying agency concerned.
5. In addition to the quantity of firewood mentioned above, people living in the rural area shall also be eligible for firewood for cremation of dead body.

#### **Allotment of flag poles in rural areas**

1. Flag poles shall be allotted if the applicant has census in that geog from where the flag poles are to be supplied. For others the number of flag poles to be allotted shall be decided by the Department from time to time.
2. However if people require more than the allotted number of flagpoles then it will be supplied at commercial rate.

### **Allotment of sand, stone and boulder in rural areas**

1. Sand, stone and boulder, which are transported by men or animals shall be allotted free of royalty.
2. Allotment of sand, stones and boulder, which are to be transported by mechanical devices, shall be supplied at commercial rates.

### **Allotment of fencing post in rural areas**

1. Fencing posts for *bonafide* uses by the rural people shall be supplied at subsidized rates. The numbers and sizes shall be determined by the Department based on location and requirement.
2. Royalty on poles, which would produce 50 number fencing posts, shall be levied at the rate applicable for rural house construction, depending on the size of poles.
3. For supply of fencing posts in excess of the number allowed by the Department market rate shall be levied after duly endorsed by the Gup.

### **Allotment of non-wood forest products (NWFP) in rural areas**

1. NWFP, other than the items covered in Schedule 1 of the Act, for domestic consumption shall be allotted free of royalty.
2. NWFP for other purposes shall be allotted upon approval of the Gup. Royalty at commercial rate shall be applicable.

### **Monitoring the use of rural house building timber**

1. The DFO/Park Manager shall be fully responsible for monitoring the use of rural house building timber for construction and repair of house.
2. After utilization, the applicant shall obtain a certificate from the Gup and submit to the DFO/PM stating that the timber supplied at subsidized rate have been utilized for the rural house construction, within two years to be reckoned from the date of allotment.

