Royal Government of Bhutan

Social Management Framework (SMF)

Bhutan: Remote Rural Communities Development Project

July 2012
Abbreviations

ADB – Asian Development Bank
AP- Affected Persons
DAG – Disadvantaged Group
EA – Executing Agency
EIA – Environmental Impact Assessment
EO – Executive Officer
NEPA – National Environment Protection Act of Bhutan 2007
EPR – Environmental Protection Regulations
FY – Fiscal Year
GRC- Grievance Redress Committee
HH- Households
IEE – Initial Environmental Examination
IP – Indigenous People
IPF – Indigenous People’s Framework
IR- Involuntary Resettlement
LA- Land Acquisition
LBs – Local Bodies
M&E – Monitoring & Evaluation
PCO- Project Coordination Office
RAP- Resettlement Action Plan
RF – Resettlement Framework
SA – Social Assessment
SAP – Social Action Plan
SMF- Social Management Framework
TOR – Terms of Reference
WB- World Bank
Table of Contents

1 Project Background
   a. Project development objective.
   b. Project components.
   c. Possible social issues.
   d. Purpose and content of the SMF

2 Policy Basis of the SMF
   a. RGoB policies
   b. World Bank policies

3 Land Acquisition and Rehabilitation Framework (LARF)
   a. Objective and principles.
   b. Project resettlement entitlement policy
   c. Voluntary land donation
   d. Development of mitigation measures

4 Vulnerable Community Development Framework (VCDF)
   a. Ethnic minority and vulnerable groups determination in Bhutan
   b. Objective and principles of VCDF
   c. Identification of vulnerable communities and assessment of impacts
   d. Development of measures for vulnerable communities

5 Gender and Social inclusion Framework
   a. Objective and principles
   b. Approach and strategy.
   c. Gender-sensitive design and implementation.

6 Community Consultation and Participation Framework

7 Planning Procedures And Steps

8 Institutional and Implementation Arrangements
   a. Institutional Setup
   b. Institutional Responsibilities
   c. Grievances Redress Mechanism
   d. Monitoring & Reporting

Annex 1 Summary of the Project Components
Annex 2 Key Provisions of Relevant Government Policies
Annex 3 Social Safeguard Planning Note
Annex 4 Social Action Plan Outline
Annex 5 Sample Agreement for Voluntary Land Donation
1 Project Description

Project objective. The objective of the proposed project is to enhance agriculture production systems and income generating opportunities for poor communities in the project area by improving rural productivity, access and providing additional opportunities to marginalized households to start income generating activities. The project area would consist of six Dzongkhags of south-western and south-central Bhutan (Haa, Chukha, Samtse, Dagana, Trongsa, and Wangdue), who are the identified pockets of poverty where target interventions are required.

Project components activities. The proposed project is an effort to support the RGOB in implementing its 10th Five-Year National Development Plan. This project would consist of the following two components of rural infrastructure and a line credit to respond to farmers’ priority needs through an on-lending arrangement with a financial institution to be selected.

- Component A. Rural Infrastructure and Agricultural Productivity. The project would primarily finance construction and rehabilitation of rural access roads, irrigation schemes, agricultural productive assets, and community infrastructure including marketing, post-harvest and social infrastructure where needed. This component has several sub-components. They are detailed in Annex I.

- Component B. Community Investment. This component would alleviate financing constraints faced by the rural communities in the project areas. The project would provide loan capital to the selected partner institution for on-lending, primarily on a basis of group guarantees, to applicants presenting viable business plans for rural investments. These would be demand-driven and thus be selected directly by the eligible beneficiaries. The loan ceiling will be USD 7,000 per group, with a maximum of USD 2,000 per group member.

The infrastructure schemes to be supported under the project are already identified through a bottom-up and participatory planning process and included RBOG’s 10th Five-Year National Development Plan. They reflect the development needs and priorities as expressed by local communities. These investment schemes are all community schemes, small in scale, owned and managed by the local communities themselves. Due to the limited funding available, only a portion of the investment programs of the 10th Five-Year Plan will be selected for financing under the proposed project. Once they are selected, detail surveys and designs will be conducted for the selected schemes.

Possible social issues under the project. The proposed infrastructure investments and community development schemes include both new constructions and rehabilitation works of existing rural infrastructure. These investment and construction activities will have its share of adverse impacts. However, due to the size and linear nature of these activities, the adverse impacts are rather limited. These impacts could include

- Livelihood impacts as a result of land taking
- Impacts on structures, requiring relocation
- Impacts on local public infrastructure, such as irrigation system
- Loss of crops and trees
- Construction-related impacts, such as public health, dust and safety

The project aims to improve livelihood for the targeted poor communities through improved access and enhanced skills. In order to achieve this objective, it is important that the program design and implementation follows a participatory and inclusive process to ensure that the most needy and vulnerable households equally benefit from the project. Therefore the following issues need to be carefully considered in the planning and implementation process,

- Gender
- Social inclusion
- Vulnerable households
- Community consultation and participation

**Purpose and content of the SMF** The SMF is prepared to guide project staff to address relevant social issues during the project design and implementation, in compliance with relevant RGoB and World Bank policies. The SMF

- Defines likely social issues under the project that need to be addressed;
- Presents a project social policy framework on the basis of relevant RGoB and World Bank policy requirements;
- Lays out the approach and procedures in subproject planning and implementation to address these issues;
- Details the institutional and implementation arrangements for the SMF

The SMF is prepared on the basis of the social assessments and social frameworks prepared and adopted in early projects financed by the World Bank as well as their implementation experiences from these projects. Its preparation also benefitted from reviews of relevant social policies of the RGoB at national and local level, and other stakeholders. This SMF applies to the entire project, including the identified investment components as well as the credit line component where all load applications must be reviewed for compliance with this SMF.

2 **Policy Basis of the SMF**

The SMF is prepared on the basis of relevant RGoB and World Bank policies. These policies are listed here and summarized in Annex I.

**Relevant Policies and Regulations of the Royal Government of Bhutan**

*The Constitution of the Kingdom of Bhutan*: The mother of all legislations in the country, the Constitution of Bhutan protects the people’s property right where a person shall not be deprived of property by acquisition or requisition, except for public purpose and on payment of fair compensation in accordance with the provisions of the law.

*The Land Act of Bhutan 2007*: The primary legal instrument for land acquisition and resettlement in Bhutan is the Land Act of Bhutan 2007 which was enacted by the 87th session of the National Assembly. The Land Act of Bhutan 2007 regulates and administers the ownership and the use of
land for socio-economic development and environmental well being of the country. The Land Act of Bhutan 2007 came into force on 1 January, 2008, superseding the Land Act of Bhutan 1979. Under the Act, an autonomous National Land Commission (NLC) is empowered to issue lag thram (ownership certificate) and has the authority to register land or amend change in thram. The NLC is empowered to acquire land, allot substitute land and approve compensation.

To support the implementation of the Land Act of Bhutan 2007, the NLC formulated Land Rules and Regulations (2007) which define the institutional functions, procedural requirements and regulatory provisions for management of national land records, land ownership entitlements and land rights, land registration, land conveyance, land acquisition and compensation, land grants, allotment of government land, and Government Reserve Forest land, cadastral survey, documentation and mapping, land conversion, land lease, easement, and annulment of land.

Local Government Act (2009)
Labor and Employment Act (2007)
10th Five Year Plan

World Bank Safeguard Policies relevant to the Project

Operational Policy 4.12 on Involuntary Resettlement. The policy applies to all World Bank financed operations. It covers all social impacts as a result of land taking. It emphasizes on minimizing adverse impacts and, if unavoidable, a develop-oriented approach for restoration and improvement of livelihood for those affected. It sets out the objective, principles, planning procedures as well as monitoring requirements for planning of such efforts. The policy requires participation of the affected communities in such planning and implementation process, compensation at replacement cost as well as restoration of livelihoods for those affected.

Operational Policy 4.10 on Indigenous Peoples. This policy applies to all World Bank financed operations and is triggered where indigenous peoples as defined in the policy are impacted by the project, either positively and negatively. It requires that the dignity, human rights, economy and cultures of indigenous peoples should be fully respected, that a process of free, prior and informed consultation should be undertaken with the indigenous people in the project areas regarding any projects for World Bank financing and that Bank-financed projects should also be designed to ensure that the indigenous peoples receive social and economic benefits that are culturally appropriate.

3 Land Acquisition and Rehabilitation Framework (LARF)

This framework provides guidance in project planning and implementation to deal the issue of land taking and possible impacts on structures as well as other possible damages, such as tree or crop losses. It lays out the objective, principles to be followed, planning steps and possible approaches in addressing such impacts under this project.

Objective and principles. The objective is to assist the affected households losing properties to the project to restore and improve their livelihoods. To achieve this objective, the following principles will be followed,

- Minimize adverse impacts as much as possible, such as land taking and human displacement;
- Plan and implement necessary mitigation measures to address livelihood impacts as a result of land-taking
- Compensation will be paid at replacement cost and lack of title does not bar affected households from resettlement benefits;
- Consultations with and participation of the affected people should be mainstreamed in the planning and implementation process
- Give special attention and adequate measures to assist the vulnerable households;
- Follow the prescribed planning procedures and criteria to make sure that land donation is truly voluntary without any use of pressure or influence.
- Grievance and monitoring procedures shall be in place.

**Resettlement entitlement policy.** This entitlement policy, in line with the Land Act of Bhutan 2007 and World Bank OP 4.12, covers direct livelihood impacts as a result of land acquisition. All population thus affected and recorded in the impact inventory are eligible for and entitled to compensation and/or livelihood assistance. This is regardless of their legal status, titled or non-titled to the lands they are cultivating or occupying. Therefore the affected population could include, but not limited to, property owners, people occupying land in violation of the laws of RGOB, tenants with tenancy agreements, written or unwritten.

The matrix below outlines generic resettlement entitlements. This matrix is developed on the basis of relevant government and World Bank policies as well as anticipated impacts under the proposed programs. It is expected that the project land needs will be marginal and are expected to be obtained through voluntary donation by individual households or communities, as practiced in earlier World Bank projects. However, in the unexpected cases where land donation cannot be agreed upon and acquisition is required, the following provisions of compensation and assistance will apply..

**Entitlement Policy Matrix**

<table>
<thead>
<tr>
<th>Types of Impact</th>
<th>Entitlement Unit</th>
<th>Entitlements</th>
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</thead>
<tbody>
<tr>
<td>Loss of private lands</td>
<td>Affected HHs having ownership certificate issued by the RGoB</td>
<td>• Substitute lost lands or cash compensation as per the Land Act of Bhutan 2007.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Resettlement allowance in cash equivalent to the difference between compensation as per the Land Act of Bhutan 2007. and full replacement value as per current values in the same vicinity, plus value of all land transaction fees and charges.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Allotment of replacement land for families who become landless after acquisition as per provisions of the Land Act of Bhutan 2007.</td>
</tr>
<tr>
<td></td>
<td>Affected Vulnerable HHs</td>
<td>Additional assistance to be identified most vulnerable groups to restore livelihoods.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Preferential treatment in employment in project activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Skill training and income generation support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Priority in Poverty reduction/social development programs</td>
</tr>
<tr>
<td>Loss of residential</td>
<td>Affected person/families</td>
<td>• Cash compensation in line with the Bhutan Schedule of Rate.</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Loss of cash crops</td>
<td>Affected HHs</td>
<td>Compensation for cash crops and trees calculated as per the Land Act of Bhutan 2007. 2007 (revised rates), including non-title holders.</td>
</tr>
<tr>
<td>-------------------</td>
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<td>--------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Loss of income    | Affected person/Families | Rehabilitation assistance for lost or diminished livelihoods.  
  - Preferential treatment in employment in project activities  
  - Skill training and income generation support  
  - Priority consideration in poverty reduction/social development programs  
  - In the case of landless families who suffer partial or total loss of livelihood, allotment of land free of cost. |
| Loss of Community Resources | Affected institution/community | Compensation for re-establishing or re-constructing lost community resources such as religious and cultural structures or providing alternatives in consultation with affected communities. |
| Temporary losses  | Affected person/families | Cash compensation/transition allowance |
| Loss due to voluntary land donation | Donor HHs | Preferential employment in sub-project construction work  
  - Priority consideration in project assistance programs |

**Voluntary land contribution.** Voluntary land contribution for rural community infrastructure, such as farm roads and irrigation canals, is a common and long established practice in Bhutan. World Bank financed projects, completed and on-going, have followed the same practice. Implementation experiences so far indicate that this practice is generally accepted and practiced smoothly. It is expected that IRLP, with its focus and support to community infrastructures, will continue to follow the same practice for its land needs. However, the following criteria and steps will be applied to any land contribution under IRLP,

- The impacts of land contribution should be marginal (meaning that loss of productive assets should be no more than 25% of the total owned by the volunteer. Impacts do not result in displacement of households or cause severe loss of a household's incomes and livelihoods.
- Households making voluntary donations must be direct beneficiaries of the project.

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1 Construction contracts include provision that PAPs will have priority in wage labor/employment on sub-project construction during implementation and post construction’s maintenance works.
2 Voluntary donation is accepted only if AP: (i) is subproject beneficiary and is fully consulted and informed about rights; (ii) doesn’t fall below poverty line after land donation; (iii) donating up to 25% land holding; and (iv) freely willing to donate (with an agreement, including a "no coercion" verified by a third party) the remaining land should not be less than minimum size of plot or land as defined by Land Act of Bhutan 2007. No donation in case of impact on structure unless the house owner has more than none house in the same village.
- Land donated should be free from any dispute over ownership, or any other encumbrances.
- Consultations with the donating households should be conducted in a free and transparent manner.
- An agreement in writing will be required for all land donation transactions between the project owner and the land owner;
- Proper documentation of the donation transaction process;
- Assets that remain in the hands of volunteers should not be rendered economically unviable.
- People donating lands to the sub-project schemes should be informed of the procedures and entitlements laid out in the Resettlement Policy Framework.

**Development of necessary mitigation measures.** In the event that some households are physically displaced, vulnerable groups are affected, or where affected households do not wish to donate land, the concerned DT will carry out necessary resettlement planning activities and develop a social action plan that should describe the entitlement package and implementation arrangements as per this Land Acquisition and Rehabilitation Framework. Annex 2 provides a guideline for land acquisition and rehabilitation planning. Annex 3 provides an outline for a social action plan.

4 **Vulnerable Community Development Framework (VCDF)**

**Ethnic minority groups in Bhutan.** In the Bhutanese context, the concept of indigenous peoples is ambiguous. People in every valley/region can be considered indigenous people, with almost every valley/region having distinct dialects. What is more relevant is the term “minor ethnic groups” although such groups in Bhutan can be socio-culturally closely associated with one of the primary ethnic groups, Ngalong, Sharchop or Lhotshampa. An overview of available literatures shows that Bhutan has not defined Indigenous People (IP) and Vulnerable Community (VC) officially and there is no legislation specifically tailored for IPs, minor ethnic groups or vulnerable groups. Bhutan’s overall development philosophy is based on all-inclusive, nondiscriminatory development, which is gaining further ground with the growing impetus on decentralization. The national decentralization policy is geared towards enhancing local governance and promoting broad-based participation at the local community level.

**Vulnerable groups in Bhutan.** Vulnerability is a multi-dimensional concept that needs to be defined within the specific contexts. In the context of IRLP, vulnerability refers to the affected households and communities that have considerable difficulties in participating in the development process due to a series of factors, including geographical, economic, social and cultural. As it is often true elsewhere, Bhutan does not have ethnic minority groups that can claim vulnerable or disadvantaged as a consequence of their identity and ethnicity. Vulnerable households are often determined and identified in terms of low income, small or no landholding, high ratio of dependents, recurrent food deficit, and woman as family head due to death/ illness of husband or divorce. Such households spread across ethnic groups and will need special attention to ensure that they benefit from the project activities and are not adversely impacted. The following categories of people are recognized as vulnerable households,
- Poorest of the poor, irrespective of caste/ethnicity, gender and class (based on local well being ranking)
- Women headed poor households
- Groups, if any, categorized by RGoB as being vulnerable
- Community members who are less able to support themselves without family and others supports
- Landless, squatters and encroachers identified by local government bodies with genuine reasons
- marginal land owners, landless or very small land holding, agricultural laborers, and the disabled and elderly.

**Objective and principles of VCDF.** This VCDF is prepared to guide subproject planning and implementation to identify and address impacts on vulnerable communities and make sure that they are consulted and benefit from the project. The specific objectives of the VCDF are to

- ensure the participation of the affected vulnerable groups in the entire process of preparation, implementation, and monitoring of the project activities including specific sub-projects,
- guarantee that sub-project benefits will accrue to vulnerable households, and any adverse impacts will be mitigated,

Principles to be followed include,
- Vulnerable households will be identified during the social screening process
- Project information will be shared with the vulnerable households in an appropriate fashion and consultations will be held to seek their input on the project planning and implementation
- Mechanisms will be designed to ensure their full participation in the project planning and implementation process;
- Adverse impacts should be avoided as much as possible on vulnerable households;

**Identification of vulnerable communities and assessment of impacts.** Social screening will be undertaken at an early stage in all sub-projects to identify vulnerable households and assessment adverse impacts on them. It will be carried out together with the assessment for land acquisition and involuntary resettlement impacts. This will cover i) an inventory of vulnerable households in the subproject area, ii) description of their vulnerability (status, cause etc.), (ii) extent of project adverse impacts on them, including land required and possible relocation; (iii) project benefits that they may receive; iv) current mechanisms for their participation in the project, v) potential opportunities for their social and economic betterment.

**Development of measures for vulnerable communities.** Based on the screening result, further consultations will be carried out with the identified vulnerable households, particularly those directly affected. Discussions will focus on potential positive and negative impacts of the sub-project; measures to enhance positive project impacts; and options and measures to minimize and/or mitigate negative impacts. These will lead to formulation of a set of measures to mitigate adverse impacts and enhance project benefits to the vulnerable households. The above will be documented in a subproject social action plan that also includes the compensation and rehabilitation measures.
5 Gender and Social inclusion Framework

The country context. Bhutan is generally regarded as having a high level of gender equality in comparison to countries in South Asia. This could be mainly due to Bhutanese culture which fosters gender equality, most significantly the tradition of passing land and other forms of inheritance through daughters although in the southern communities it is largely patrilineal. Women enjoy equal access to productive resources and protection under the law. As a result, female labor force participation is high in the agricultural and nonagricultural sectors combine. The gender equality practices in Bhutan are further fostered through legislative framework, which is generally non discriminatory. The present Constitution of Bhutan, Local Government Act (2009), Labor and Employment Act( 2007), Penal Code of Bhutan and 10th Five Year Plan have specific provisions that are conducive for promoting gender equality.

The 10th Five Year Plan, which provides the framework for Bhutan’s development programs for the period 2008-2013, each sector, is required to effectively mainstream gender issues into their policies and programs. Sectors are also required to maintain gender disaggregated data to help identify and monitor potential gender gaps. This five year plan recognizes the need to strengthen and develop appropriate policies and strategies that take into consideration the different needs, roles and capabilities of women on the basis of the principles of gender mainstreaming. A National Action Plan for Gender (NAPG) has been developed to provide a national framework covering the period 2007-2013. This action plan has identified 7 critical areas for action: Good governance; economic development; health; education and training; aging, mental health and disabilities; violence against women; and prejudices and stereotypes.

Objective and principles. In line with the country’s 10th Five Year Plan and NAPG (2007-2013), one of the focuses of IRLP would be of poverty reduction through enhancing gender equality and women’s empowerment providing women skills related to income generating opportunities in the project areas. As part of its poverty focus, the IRLP considers women as a target group deserving special attention. While implementing, IRLP will pursue a three-pronged strategy for gender mainstreaming and women’s empowerment aiming to:

- expand women’s economic empowerment through access to and control over fundamental assets;
- strengthen women’s decision-making role in community affairs and representation in local institutions; and
- improve the knowledge and well-being of women and ease women’s workloads by facilitating women’s access to basic rural services and infrastructures.

Approach and Strategy. In order to achieve the above mentioned objectives of gender mainstreaming and women’s empowerment, IRLP interventions will be guided by the principle

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3 According to the Labor Force Survey in 2009, the labor force participation rate of women is almost as high as that of men (65 percent vs. 73 percent), while the South Asia average of female and male labor force participation rates are only 37 percent and 82 percent, respectively. In terms of human development, the ratio of girls to boys in primary and secondary school is as high as 98 percent in 2008.
that development initiatives should be based on an understanding of gender-differentiated roles and needs and provides equal opportunities for women and men to access benefits and services. This will require both attention to gender differences in all aspects of a project or program, and the implementation of specific measures to enable women to acquire the means and ability to participate as equals in economic and social development, as well as in the decisions that affect their lives and those of their families.

Thus EA/IA shall seek to ensure that certain key features are reflected in the design and implementation of IRLP. These include:

- the understanding of gender differences in the activities or sectors concerned;
- actions to empower women, economically and in decision-making;
- operational measures to ensure gender-equitable participation and benefits;
- provision for monitoring and evaluation of gender differentiated impact and participation.

Likely Key Gender Issues in IRLP. Living in remote areas with limited roads, lack of access to resources, and low levels of human capital pose serious constraints to rural women in marketing produce, using health and education services, finding employment, obtaining clean water, collecting fodder and fuel wood and traveling to district centers. Rural infrastructure projects envisioned under the IRLP are important to poor women. Improved connectivity can bring great benefits for women. Transport services will increase, travel will be faster and more convenient, and women and girls can travel safely further from home. The quality of rural health, education and other services will improve with better accessibility. Girls have a better chance of attending secondary school. Markets will be easier to reach and trading opportunities for women increase. Better roads bring more customers to the area, improving opportunities to expand women's small enterprises. Road construction and maintenance can generate jobs for women and provide cash income for the poor. But there are also likely negative impacts: opening remote areas can increase the spread of HIV/AIDS, both during construction and with greater influx of outsiders once the road is complete.

Despite the country’s overall gender equality ethos, Bhutanese women are far behind compared to men in access to basic services\(^4\). The gender equality issues relevant to the project are as follows:

- **Unequal access to jobs viewed as non-traditional for women.** In most countries, employment relating to construction of infrastructure is viewed solely as the domain of men. In Bhutan, however, road workers are drawn from both genders, with women performing tasks as physically hazardous as those performed by men.

- **Extreme poverty among female heads of rural households.** The poorest members of Bhutanese society are women who head rural households due to divorce or widowhood. While the survival of their households depends on their income-earning potential, they face limited employment opportunities. The farm road construction, irrigation improvement and other rural infrastructure improvement project provided employment

\(^4\) Gender Equality Result/Case Study Bhutan, ADB, 2011 (Road Improvement Project: Improving the Wellbeing of Road Workers)
opportunities to any person in the beneficiary communities regardless of gender, skill level, or social circumstance.

- **Limited access to reproductive health services.** On average, at least three Bhutanese women die each month due to pregnancy-related complications (IRP/ADB, 2011). One reason for this is that most deliveries occur at home under unhygienic conditions without the assistance of a trained midwife. Access to health care can be difficult in Bhutan, since the country’s basic health units are located quite a distance from the isolated areas in which many rural residents live. It is thus nearly impossible for these residents to reach health centers without some form of transport in emergency situations. This is a need that should be addressed by the project.

- **Low educational levels among rural women.** Females are less likely to have completed formal education than males. Further, 60% of Bhutan’s rural population currently completes no formal education whatsoever, a rate twice that of the urban population’s 32% (IRP/ADB, 2011). A major reason for this difference is the greater distance between rural dwellings and schools compared to urban areas. Access to schools is a major constraint to receiving education in rural areas, especially for females.

- **Limited access to other basic services.** Lack of proper water supply in rural areas forces women to fetch water over long distances, in addition to the considerable amount of time devoted to collecting fuel wood.

**Gender Mainstreaming Actions Required for IRLP.** In order to address gender issues discussed above a simple gender mainstreaming actions will identified and implemented to maximize benefits to local populations and to ensure that men and women equally share the benefits of the IRLP. The gender mainstreaming actions in IRLP should include the following points

- Women to be represented in all exercises of project designing, planning, implementation and monitoring. They should be represented with decision making position in the entire project induced community structures (subproject coordination/user committees, road and irrigation user committees etc) to increasing women’s access to project management.

- Adopting gender-friendly, participatory consultations while selecting and designing the various subprojects. Such consultations with the potential beneficiaries, both male and female during project preparation and implementation will enhance the project’s gender equity focus. The project’s gender sensitivity will be increase by specifying women as direct project beneficiaries along with men and recognizing women and men as equal actors in achieving project goals.

- Promoting employment of women in road construction and ensuring that they are provided with equal access to employment in road construction, slope protection, and maintenance. Women can gain equal opportunities in project-related investments and work with equal pay in construction sites, but gender sensitization of project staff and
contractors and special clauses in bidding documents are necessary to promote their employment in infrastructure projects.

- Focusing on the social mobilization process to ensure women’s overall participation by requiring road, irrigation and other user groups to comprise at least 40% women members, supporting some women-only groups, and providing gender sensitization training to all its members and leadership training for women to support their active participation.

- Promoting the formation of women-only saving groups from among the beneficiary members of the project area while implementing the Community Investment component of the project. As women are now largely responsible for managing farms and households, the project will seek to increase their financial capital by enhancing their access to loans through savings and credit activities for both production, consumption use and marketing of surplus.

- Adopting a participatory planning approach to provide both men and women opportunities to identify their specific needs and priorities for selecting community-based infrastructure. This opportunity will provide space for women to identify and design supplementary investments in social infrastructure and economic activities which, combined with social mobilization will enable them to better access to markets and services they needed, thereby, reducing their drudgery and saving their time to involve in economically productive activities.

6 Consultation and Participation Framework

Project planning stages and consultation. The project components are at different stages of planning. Most of the infrastructure components, such as road, irrigation, marketing etc. are already identified and included in the 10th Five-Year Plan. Development of those components has followed a bottom-up participatory approach, reflecting the needs and priorities from local communities. The DT and GT were required to formulate their own development plans under a national guideline and they formed the basis of the 10th National Development Plan. They are responsible for assessing local needs and identifying priorities for inclusion under specific sector programs. Geog level planning generally begins with a briefing by the gup to the GT members who are requested to hold village meetings and identify proposals to be brought before a subsequent meeting. Communities are now empowered to identify and propose schemes of their priority. However, the process and quality of planning varies widely from village to village and geog to geog depending on the level of prior training on participatory planning provided by RNR.

Some of these investments will be included in the project for implemented. The selected investments will be designed, including the social aspects, and implemented under the project. Their design will follow a participatory process as described below. The other project components are planned as a response to communities’ requests for their priority support. These are outside the 10th Five-Year Plan. They will be identified and planned for implementation following a community participatory planning approach.
The Geogs, with support from the MOAF and consultant experts, will carry out the design of these infrastructure components, following a participatory process. Regular consultations are planned with beneficiary communities at each of phase of the project to share project related information and provide a feedback mechanism for these communities to voice their concerns and address these concerns during project implementation. This is particularly so in the social screening of adverse impacts and planning of necessary mitigation measures. Project affected people/communities will be made fully aware of the principles and guidelines used for project impact mitigation. Involvement of affected communities is crucial in planning and implementing subproject, when these are required. Preparation of subproject Social Action Plans will be based on detailed consultations with affected people and other stakeholders.

Consultation at different stages of the subproject

<table>
<thead>
<tr>
<th>Stages of a subproject</th>
<th>Consultation and Information steps</th>
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</table>
| **Sub-project planning stage** | **STEP – 1: Proposal and Identification**  
Investments identified following a bottom-up approach, based on feedback from consultations with local communities. |
| **Sub-project design stage** | **STEP – 2: Social Impact Screening and Assessment**  
Investment alignment and locations assessed and finalized following information dissemination and consultations with the affected communities. Following activities to be conducted involving full consultation with the impacted communities,  
- Inventory survey of impacts on properties  
- Census survey to identify the impacted households and identification of vulnerable households  
- Formulation of required mitigation and assistance measures  
- Preparation of Social Action Plan |
| **Sub-project implementation stage** | **STEP – 3: Subproject implementation**  
Once the subproject design is approved, the Social Action Plan will be distributed among the affected households, informing them of their entitlements, plans for reconstruction of public utility infrastructures, details of land acquisition etc. |

Some community infrastructure sub-components are not yet included in the 10th Five-Year Development Plan. These infrastructure schemes are planned to be identified and planned for financing under the project through a participatory planning process by the targeted beneficiary communities themselves. The objective is to expand access of marginalized households to essential community and market infrastructure services. The schemes could include drinking water provision, foot bridges, gravity ropeways, improved housings, pico hydro electricity,
community schools, basic health units and outreach clinics, post-harvest storages and hydro grinding mills. The project will establish a limit of $20,000USD per subproject from project proceeds expecting that beneficiaries will contribute not less than 10% of labor and/or materials.

The poor Chiwog communities will carry out the planning process themselves. They identify their own community needs, establish their own priorities and come up with a list of priority investment schemes to be supported by the project. They would also determine and mobilize their share of contribution either in kind or in labor. The communities will be supported by project component coordinator, community development officers to be contracted under the project, Dzongkhag engineers & agriculture officers, Geog extension staff and Tshogpas.

7 Planning procedure and steps

The rural infrastructure component of the project has followed a bottom-up and participatory approach in its development of part of the five-year national planning process. A selected list of investment activities from the 10th National Five-Year Plan will be implemented under the project. These investment activities will be designed and implemented on an annual basis. The social safeguard planning (land acquisition and relocation) will be carried out as part of the annual subproject planning process. This planning process is as follows,

- **Social impact screening and assessment of subproject investment.** This screening will be carried out as part of engineering survey and design. The proposed investment will be screened and assessed for possible social impacts, such as land taking, loss of crops, trees, structures as well as public infrastructure. A simple database will be established to document the findings of the impact screening and assessment. This database should include an inventory of impacts, a census of the affected households, socioeconomic and demographic profile of the affected households. This process will also identify vulnerable households among the affected.

- **Development of mitigation and assistance measures.** A set of measures will need to be developed to mitigate adverse impacts and provide necessary assistance to the vulnerable households in line with the entitlement policy of the SMF. This will be carried out with local communities regarding the alignment and nature of civil works, the adverse impacts, mitigation approach as well as the compensation package. A short social action plan will need to be prepared on the basis of the impact screening and assessment as well as consultations with local communities. This action plan will be prepared on a subproject basis. A guidance note for social safeguard planning is given in Annex 3 and a format of this action plan is given in Annex 4.

- **Review and clearance.** This action plan will be submitted and reviewed as part of the project design report. It will be reviewed and approved by PPD MOAF, and forwarded to the World Bank for review and clearance.

- **Implementation.** The action plan must be completed prior to award of civil works.

8 Institutional and Implementation Arrangements

**Institutional setup and responsibilities.** The project will be implemented through the existing government management system. This is a multi-level system where the Ministry of Agriculture
And Forestry leads and is responsible for the overall planning and implementation of the sector programs while the Dzongkahag and Geog level administrations play a significant role in the bottom-up planning process and are the actual designer and implementer of their respective development programs. Their roles and responsibilities in implementing the project SMF are as follows,

- **Ministry of Agriculture and Forests.** PPD MOAF will be responsible for the compliance of the SMF under the project. It will i) review and approve the SAPs prepared for subprojects, ii) monitor and supervise the implementation of the SAPs, iii) provide regulatory, necessary human resources and technical support to Dzongkags in developing and implementing the SAPs. PPD MOAF will assign these responsibilities to its staff members. PPD MOAF will be responsible for engaging the Independent Monitor.

- **Dzongkhag level.** Dzongkags will be responsible for developing and implementing the SAPs as part of the subproject program package. Dzongkhag officials (RNR officials) will advise, guide and work together with Geogs, Gup, Tshogpa and the representative of the communities in developing the subproject SAPs. The Geog measures will be compiled into Dzongkhag SAPs. These SAPs will be submitted to PPD MOAF for review and approval. The RNR sector officials will be responsible for guiding and supervising the implementation of their respective sector SAPs.

- **Geog level.** The Geog Tshogde will participate in the SAP planning and implementation. They will work with community representatives in mobilizing the communities, identifying the communities’ project requirements and implementing these programs. The Geogs will implement the SAPs.

**Grievance redress mechanism.** Bhutan has a robust grievance redress system. The poorest of the poor grievance issue is put up to Ministry of Home and Cultural Affairs and which then forwarded to the His Makesty’s Secretariat for compensation. Informal traditional dispute mechanisms, based primarily on negotiations between aggrieved parties and through community meetings to reach consensus on a satisfactory resolution, are already practiced in Bhutan in general and in the participating geogs in particular. These traditional dispute practices appear to function well and are generally accepted by all community members as a satisfactory means for resolving disputes and grievances. The project will rely on these existing systems for addressing grievance from the project. However, to make the grievance redress process more systematic, but still working within traditional community norms and practices, aggrieved parties will follow following steps.
Any complaining parties will submit a formal complaint to the Tshogpa of the Chiwog for consideration;

If it cannot be resolved within the jurisdiction of the Tshogpa of the Chiwog, the grievance case will be submitted to the GT. The GT will review the grievance case and call a public hearing.

Where the complainant does not agree with the recommendation of the public hearing, he or she can file the case with the Dzongkhag Administration for review and intervention. The Dzongkhag Administration will review the case and make recommendations to resolve the case.

The complainant can always file his or her case in court at any time where the case will be reviewed and settled.

Any appeals to the above mentioned committees will be recorded in a register, identifying the name of the aggrieved party, date of grievance registered, nature of grievance, and measures suggested to address the grievance, including escalating resolution of the grievance to MOAF or RGOB for recourse through traditional judicial practices, and date of grievance redress.

**Monitoring & Reporting.** The monitoring system includes internal and external monitoring. Internal monitoring of the social aspects of the project is an integral part of the monitoring setup under the project while the external monitoring will be carried out by an institution or consultant expert independent of the Ministry of Agriculture.

The internal monitoring will be carried out by the Project Coordinator Unit on a regular basis to assess progress against the schedule of action defined in the SAP. Progress reports will be prepared on a regularly basis and submitted to the World Bank as part of the agreed progress report arrangements. Activities to be undertaken will include;

- Regularly monitor and review the implementation progress of the social action plan, as well as other social interventions related to gender and community participation. Assess the progress on implementation of action and commitment describe in SAP;
- Verification that land loss and compensation entitlements are being delivered in accordance with the SAP;
- Verification that agreed measures to restore or enhance livelihood are being implemented;
- Identification of any problem, issue or cases of hardship resulting from the resettlement process;
- Assess project affected peoples’ satisfaction with resettlement outcomes through informal village head and household interviews;
- Collect record of grievances, and follow-up to check that appropriate correction action have been undertaken and that outcome are satisfactory; and
- Prepare brief quarterly progress and compliance report for KEL and external monitoring team, World Bank and MoEn.
As required by the World Bank, an independent expert will be engaged to monitor and evaluate the progress of SAP implementation. This will be carried out every six months. The independent monitoring report will be submitted to the central PIU and the World Bank.

An external monitoring and evaluation organization or individual as designated by the Ministry of Agriculture will carry out six-monthly review of the SAP implementation. External monitoring will be conducted during the implementation period to provide independent verification that timely compensation payment and rehabilitation assistance are provided to those entitled, and that grievances are addressed in a prompt manner to resolve the cases. An evaluation of the achievement of the objective of SAP activities—compensation and restoration or improvement of PAP living standards—will be conducted as part of the project midterm review and before the project closure. Activities that will be undertaken include:

- Review of internal monitoring procedures and reporting to ascertain whether these are being undertaken in compliance with SAP;
- Review of internal monitoring record as a basis for identifying any areas of non-compliance, any recurrent problems, or potentially disadvantaged groups or households;
- Review grievances record for evidence of significant non-compliance or recurrent poor performance in resettlement implementation;
- Discuss with the local governance, Dzongkhag and their staff involved in land acquisition and donation, compensation disbursement or livelihood restoration to review progress and identify critical issues;
- Access overall compliance with the SMF; and
- Prepare a summary monitoring report for the Ministry of Agriculture and World Bank on progress of SAP implementation, any issue arising and any necessary corrective actions.
Annex I
Project Components

Component A. Rural Infrastructure and Agricultural Productivity. This component would finance combination of the improved access to markets and services with investments in rural roads, irrigation, social infrastructure, post-harvest handling, storage and processing to allow households to respond fully to the opportunities created by improved connectivity and productivity. This component consists of five sub-components:

- **Component A.1. Access development.** This component aims at improving rural market access through construction and rehabilitation of rural infrastructure. These could include farm roads construction, landslide protection and rehabilitation works, river crossing structures.
- **Component A.2. Irrigation Infrastructures.** This component will work with the existing irrigation and potential new schemes in the project area. It will support rehabilitation of existing irrigation systems, possibly new small irrigation schemes and storage structures to expand the existing irrigation area.
- **Component A.3. Establishing community infrastructure.** This component aims at expanding access of marginalized households to essential infrastructure services through supporting drinking water provision, tuins, foot bridges, gravity ropeways, improved housings, electricity (f.e. pico hydro electricity, solar batteries, etc.), community schools and outreach clinics, post-harvest storage.
- **Component A.4. Marketing Infrastructure.** This sub-component would provide grants to eligible groups to address the lack of post-harvest and marketing facilities which would permit them to store, process or link to the market.
- **Component A.5. Improving productive assets of existing producer groups.** The project would finance the rehabilitation of declining citrus orchards, provide the producers with inter-cropping support, support livestock groups to enable an increased production of eggs and dairy products, and support investments of tested wildlife damage mitigation and sustainable land management technologies.

Component B. Community Investment. The objective of this component is to expand access of rural communities to finance for income generating. These would be demand-driven and thus be selected directly by the eligible beneficiaries. Investments areas may include but would not be limited to the following: piggeries, fisheries; beekeeping; ginger; food processing micro-enterprises; small-scale protected agriculture for vegetable production; seed production; one-stop shops; farm mechanization services, land and farm productivity technologies, non-farm IGAs, etc. This support will be provided to applicants through an on-lending arrangements with a participating financial institution. The loan ceiling will be USD 7,000 per group, with a maximum of USD 2,000 per group member.
Annex II

Key Provisions of Relevant Government Policies

Constitution of Bhutan
Tenth Five Year Plan
Local Government Act
Land Commission Act
Farm Road Guidelines

The Land Act of Bhutan 2007

The Act established autonomous National Land Commission (NLC) which took over land administration from the Ministry of Agriculture. According to the Act, the function of the Commission is to lay down policies, programs, regulations and guidelines in accordance with the Act. The commission is empowered to issue lag thram (ownership certificate) and has the authority to register land or amend change in thram. The NLC is empowered to acquire land, allot substitute land and approve compensation.

To support the implementation of the Land Act of Bhutan 2007, the NLC formulated Land Rules and Regulations (2007) which define the institutional functions, procedural requirements and regulatory provisions for management of national land records, land ownership entitlements and land rights, land registration, land conveyance, land acquisition and compensation, land grants, allotment of government land, cadastral survey, documentation and mapping, land conversion, land lease, easement, and annulment of land.

Key provisions are as follows,

a) The Government as defined in these rules shall acquire a registered land only for public interest.
b) Any Government Institution proposing acquisition shall state the public interests for which the land is to be acquired.
c) Acquisition of land occupied by religious monuments shall not be acquired.
d) Land under acquisition shall be taken over only after registering the substitute land in the name of the affected landowner or cash compensation has been made to the landowner.
e) Any Government Institution or Dratshang applying for acquisition shall be responsible to provide cash compensation or facilitate providing substitute land or both, subject to the approval of the Land Commission.
f) A Property Assessment and Valuation Agency (PAVA) established under the ministry of finance to valuation and fixes the value of land and any other collateral property that may be acquired.
g) The value of compensation for the land acquired including any landed property shall be as per 151 to 154 of the Land Act of Bhutan 2007.
h) If registered land is acquired from rural areas the landowner shall have the discretion to opt for substitute land or cash compensation.
i) The agency intending to acquire shall submit the application to the Secretariat projecting the purpose and the extent of area of land required for proposed acquisition.

j) The Commission Secretariat shall verify and confirm the public interest of the proposed acquisition, shall arrive at a decision on the proposal, instruct the Dzongkhag/Thromde Committee to conduct and prepare a detailed report if proposal is found feasible.

k) The Dzongkhag Committee shall serve a notice to the landowner of the government’s intention to acquire land at least 120 days prior to the acquisition of the land if the Secretariat approves that the proposed acquisition may be processed.

l) For Thromde, the Executive Secretary shall convey the intention of the Government to acquire land at least 120 days before the acquisition of land to the concerned land owner.

m) The Dzongkhag/Thromde Committee shall prepare a detailed report, specifying the compensation to be provided, including clearance certificates under the applicable laws if substitute land is to be provided, including survey report

The procedures for land acquisition as per the Land Act of Bhutan 2007 are summarized in Table 3.1 below.

Table 3.1 Summary of the Process for Land Acquisition as per the Land Act of Bhutan 2007, 2007

<table>
<thead>
<tr>
<th>Steps</th>
<th>Details of the Procedures</th>
<th>Time Required to Process</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Submission of application to NLC secretariat for land acquisition</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Evaluation and verification of requisition by NLC</td>
<td>Decision within 2 weeks after receipt of the application</td>
</tr>
<tr>
<td>3.</td>
<td>If feasible, the Secretariat shall instruct the Dzongkhag/Thromde Committee to submit a detailed report. If not feasible, the NLCS rejects the proposal and informs the applicant, stating the reasons.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>The Dzongkhag Committee shall issue a notice to the landowner of the Government’s intention to acquire land.</td>
<td>At least 120 days prior to the acquisition of the land</td>
</tr>
<tr>
<td>5.</td>
<td>The Dzongkhag Committee shall prepare a detailed report in the format prescribed under Annexure PLA Form (1) to PLA Form (7). Specify the compensation to be provided, based on the valuation of the PAVA If compensation includes substitute land, clearance certificates under the applicable laws such as Forest and Nature Conservation Act and Environment Act</td>
<td></td>
</tr>
</tbody>
</table>
If Chhuzhing is to be acquired for purpose other than Chhuzhing the compliance of Chhuzhing conversion requirements prescribed under Section 166 of the The Land Act of Bhutan 2007.

The location of the substitute land from rural area in compliance with Section 155 of the The Land Act of Bhutan 2007.

Ensure compliance of restrictions under Section 137 of these rules

Survey report which shall include cadastral maps indicating clearly the total area, location and identification of the land to be acquired and substitute land

If compensation includes cash compensation the responsibility of the particular Government Institution to pay cash compensation.

<table>
<thead>
<tr>
<th>6.</th>
<th>Payment of compensation, release, and registration of acquired land substitute land</th>
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<tbody>
<tr>
<td></td>
<td>Upon final decision the Secretariat shall Convey to Dzongkhag Committee and the landowner whose land is acquired.</td>
</tr>
<tr>
<td></td>
<td>Transfer of land ownership and registration of acquired land in the name of the applicant within 30 days from the decision of the Land Commission</td>
</tr>
</tbody>
</table>

| 7.  | Release of substitute land from the Government land and register substitute land in the name of the person whose land was acquired |
|     | Cause the applicant to make the necessary cash payment if cash compensation is decided by the Land Commission |
|     | Ensure taking over of acquired only after compensation is provided to the Landowner |
|     | Within 30 days from the decision of the Commission |
Policies and Regulations on IPs and Vulnerable Peoples

An overview of available literatures shows that Bhutan has not defined Indigenous People (IP) and Vulnerable Community (VC) officially and there is no legislation specifically tailored for IPs, minor ethnic groups or vulnerable groups. The ESMF (2011) for the project entitled Strengthening Regional Cooperation for Wildlife Protection in Asia funded by WB mentioned that

*In the Bhutanese context, the concept of indigenous peoples is ambiguous. People in every valley/region can be considered indigenous people, with almost every valley/region having distinct dialects. What is more relevant is the term “minor ethnic groups” although such groups in Bhutan can be socio-culturally closely associated with one of the primary ethnic groups, Ngalong, Sharchop or Lhotshampa. But again in the Bhutanese context such minor ethnic groups usually form the dominant local community (pp.17).*

So it sounds that there are no groups which can be said to be indigenous people and vulnerable or disadvantaged as a consequence of their identity and ethnicity. Instead, vulnerable groups can be determined in terms of households with low cash income, small or no landholding, high ratio of dependents (young children, old parents, and disabled members), recurrent food deficit, and woman as family head due to death/illness of husband or divorce. Such households will need special attention to ensure that they benefit from the project activities and are not adversely impacted

However, Bhutan’s overall development philosophy is based on all-inclusive, nondiscriminatory development, which is gaining further ground with the growing impetus on decentralization. The national decentralization policy is geared towards enhancing local governance and promoting broad-based participation at the local community level. While geogs are officially considered the smallest unit for planning and administration of development programmes, local activities and priorities emanate from the chiog\(^5\) level. Each chiog is represented in the GYT (Geog Yargye Tshogchung or Block Development Committee) by its tshogpa (Representative of a chiog) . The tshogpa convenes chiog meetings to discuss and draw consensus on local activities and priorities before submitting them to the GYT.

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\(^5\) A group of households for which a tshogpa is responsible. Larger villages are usually divided into two or more chiogs while smaller villages constitute a single chiog.
Annex III

Note on Social Safeguard Planning

The objective of this note is to provide a guideline for project planners, in consultation with the affected population, to identify and prioritize critical social issues and to address them in the design and implementation of the project. It details the broad methodology to systematically identify, predict and evaluate beneficial and adverse social impacts of project activities, designing enhancement measures for beneficial impacts and appropriate mitigation measures for adverse impacts. Following steps/actions will be carried while doing social safeguard planning for IRLP.

Screening and assessment of the likely Impacts

Social screening will be carried out as part of the technical design for each subproject to assess the precise nature and magnitude of social impacts. To ensure consistency in the application of social screening criteria across different sectors (irrigation channels, farm roads), MoAF would prepare and use a standard social screening format based on upon the current NEC and the Department of Agriculture (DOA) environmental screening guidelines and its past experience of executing similar projects. The screening format should cover but not limited to following issues:

- Loss of land
- Loss of structures
- Loss of livelihoods
- Impacts on vulnerable groups
- Impacts on common community resources
- Willingness of communities to volunteer land

Social screening will identify the potential for loss of land, assets/structures, livelihoods, willingness of the community to donate land to the project, and other significant social impacts. The findings the social screening will include recommendations for the exclusion of the subproject if involuntary land acquisition or serious social impacts are anticipated. Social screening will also enable the categorization of subprojects based on their level of social impacts. Where the extent of adverse social impacts is minor and no displacement or loss of assets or livelihoods is expected, further social assessment will not be necessary. However, for those subprojects where there is a potential for land acquisition and/or significant social impacts, detailed social assessments/studies will be carried out and if required appropriate social safeguard instruments (i.e. subproject Resettlement Action Plans) developed. The screening will also identify the vulnerable households among the affected.

Socioeconomic Baseline

A socio-economic profile for the project sites will be prepared based on the findings of the social screening supplemented with secondary sources. It should also sketch a broad overview of the dzongkhags and geogs where the project will be implemented and their levels of socio-economic
development. The objective of this socioeconomic baseline is to evaluate the socio-economic conditions of the project affected people prior to the implementation of project interventions, which will provide a baseline against which the project impacts can be measured at the completion of the project.

**Preparation of Social Action Plan**

Subproject investments proposed under IRLP are expected to be small and cause minimal negative social impacts. Resettlement is unanticipated under the project. However, as a precautionary measure, a Land Acquisition Rehabilitation Framework (LARF) has been proposed to address impacts arising from: (i) loss of land; (ii) loss of homes/structures; (iii) loss of livelihood systems/income opportunity (due to the lost of productive land or impact to a structure where a livelihood activity is being carried out); and (iv) loss of community property resources (religious structures, grazing land).

The LARF defines the legal, institutional and implementation framework to guide the compensation for lost assets, livelihoods, community property, and resettlement and rehabilitation of project affected people in accordance with the World Bank’s Operational Policy 4.12 on Involuntary Resettlement and RGOB guidelines and legislation.

The ILRP will consider alternative engineering designs to minimize adverse social impacts and land acquisition to the extent possible. Where the social screening indicates that land acquisition and/or loss of assets is unavoidable, a subproject Social Action Plan (SAP) will be prepared in line with the LARF and VCDF. Subproject SAPs will also include concerns of women and vulnerable communities as cross cutting issues and will be based on more detailed social studies/assessment. A sample outline for SAP preparation is provided in annex 3. Subproject SAPs will be prepared at the planning and design stage and submitted to the concerned authority of RGOB and World Bank for review and approval.

**Eligibility Criteria and Package**

The following groups of people are entitled to compensation and assistance under the project:

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6 It also includes 100% census survey of affected peoples. The (sub) project Implementing Agency (IA) may carry out this activity either through its own staff or through consultants depending on size of the assignment. For large works e.g. roads, irrigation cannels etc. they may hire external consultants. The IA would prepare and use standard format for social assessment including census survey of impacted households as per the requirement and its past experiences of executing similar projects. The social assessment and census survey should provide information on loss and damage suffered by individuals/families, and communities, impact on minority and vulnerable communities. In addition, this should furnish a profile of the affected households which should have demographic and socio-economic details including landownership, usage and productivity and income, impacts on IPs and vulnerable communities. Additional information can be gathered through Stakeholder Consultations (Focus Group Discussions, Key Informant Interview etc) with the affected people, minority and vulnerable community groups, their leaders, NGOs, and CBOs. These discussions should focus on the positive/negative impacts; measures to enhance positive impacts and reduce/mitigate negative impacts.
**Project Affected People:** They include any person or persons or households who because of project activities would have their: (i) standard of living adversely affected; (ii) legally recognized title, or interest in any house, land (including residential, agricultural and grazing land) or any other moveable or fixed assets acquired or possessed, in full or in part, permanently or temporarily, and; iii) place of work or residence or habitat adversely affected, with or without displacement.

**Project Affected Families:** All members of a project affected household residing under one roof and operating as a single economic unit, who are adversely affected by the project or any of its components. For Rehabilitation purposes, affected persons will be considered as members of affected households.

**Squatter:** People who are occupying land in violation of the laws of Bhutan are not entitled to compensation for loss of land under this policy. However, if such people have uninterrupted possession of land for at least one year prior to the census, they are entitled to Rehabilitation assistance if displaced. All displaced persons are entitled to compensation for loss of assets other than land, in particular, structures and crops.

**Encroachers:** People who have trespassed into RGOB/private/community land to which they are not authorized.

**Marginal farmer:** A farmer whose land holding is less than 1.0 acre.

**Tenants:** They are those persons having bona fide tenancy agreements, written or unwritten, with a private property owner with clear property titles to occupy a structure or land for residence, business or other purposes. They are eligible for certain compensation or assistance as per the existing norms and practice.

**Vulnerable Group:** Distinct groups of people who are socially distressed or economically backward and who might suffer disproportionately from Rehabilitation effects. These include, but are not limited to the following: women headed households who are poor, households living below the national poverty line (monthly income of hh member < Nu1,096.94 per month), marginal land owners, landless or very small land holding (<1.5 acres), agricultural laborers, and the disabled and elderly. For adverse impacts on community facilities (i.e. places of worship) no financial compensation will be paid directly to individual persons or groups. Implementing agency will rebuild the affected facilities or provide alternatives in consultation with user communities.

**Cutoff Date:** The date of completion of the census survey will be the cut off for entitlements under the project

**Valuation of Affected Assets**
The project proponent shall conduct detailed measurement survey (DMS) of the affected land and/or non-land assets and detailed census survey of the affected families to record the actual impacts. All the assets that will be affected as identified by the survey team will be properly recorded and verified in the presence of concerned persons. The detailed survey records will be used to monitor the reestablishment of PAPs.

The Land Act of Bhutan 2007 (section 151) provides for a Property Assessment and Valuation Agency (PAVA) established under the Ministry of Finance (MOF) to valuation and fixes the value of land and any other collateral property that may be acquired. As per the Act, the valuation of the land and property shall consider the total registered area, registered land category, its current use, location in relation to accessibility to vehicular road, immovable property, local market value, and other elements such as scenic beauty, cultural and historical factors where applicable.

In pursuance to the Act, the Department of National Property (DNP), Ministry of Finance formed a Task Force in November 2007 with members from the MoWHS, TCC, Ministry of Agriculture, Ministry of Economic Affairs and NLC. The Task Force has presented its Report "Assessment and Valuation of Land and Properties" to the Cabinet on 3 March 2009. It was approved and came into force from May 1, 2009. The same can be accessed from the Ministry of Finance Website www.mof.gov.bt. The report describes the method of calculation of compensation for land, structure and fruit bearing trees. In part 1 and 2 the procedures and methods to be followed for the purpose of valuing land in rural and urban areas are presented. In part 3, the present practice of building and chattel valuation was reviewed and alterations made to refine the present existing system in order to have a more realistic value. In part 4, an attempt was made to work out valuation of crops and fruit trees.

In accordance to section 151, Chapter 7 of the The Land Act of Bhutan 2007, the Royal Government of Bhutan announced the revised compensation rates for cash crops / fruit trees / annual crops on land when acquired by the Government. The new compensation rates were effective from the 1st of September 2008, superseding all previous rates.

On the basis of the above, a set of compensation, mitigation and assistance measures should be developed and documented in the SAP, with a cost estimate.

**Implementation Process**

If the relocation of people unavoidable, resettlement will be planned coordinating with the timing of the civil works as a part of IRLP implementation. The project will provide adequate notification, counseling and assistance to affected people so they are able to move without undue hardship before the commencement of civil works.

In the case of land acquisition, IRLP will follow the procedures prescribed in the Land Act of Bhutan 2007 and SMF. The outline of the subproject along with the subproject SAP after its approval by RGOb and the World Bank will be translated into the local language and made available in a public place accessible to affected people and other stakeholders. The project will ensure that civil works are not started on any subproject sites before compensation and assistance to the affected population have been provided in accordance with the LARF.
Annex IV

Social Action Plan Outline

A. Introduction
1. Give a brief introduction to the (sub) project and its components
2. Describe the components causing land acquisition/alienation and resettlement
3. Provide an overall picture on the estimates of land acquisition and rehabilitation
4. Describe issues of gender and vulnerable groups as a result of the project

B. Measures to Minimize Resettlement
1. Describe the efforts made, results achieved and mechanisms in place to minimize displacement/loss of livelihood/income

C. Social Screening and Impact Assessment (Census and Socioeconomic Survey)
1. Summarize outcome of Social Screening as initial assessment of social impacts including in terms of involuntary resettlement and impact on vulnerable communities and indigenous people 2. Describe the process of conducting the census/socio-economic survey/ enumeration
2. Discuss and analyze the results of the census/socio-economic survey/ enumeration
3. Identify all categories of impacts and the extent of impact on each affected

D. Consultation and Involvement of PAPs
1. Describe various stakeholders involved in the sub-project
2. Describe how consultations particularly with PAPs would be continued across all stages of the subproject
3. Describe how the information on the sub-project will be disseminated to PAPs

E. Entitlement Framework
1. Provide clear definitions to the key terms like PAF, PAP etc., as specified in the annex 2 of the SMF
2. Describe land acquisition and rehabilitation entitlements for each category of impact and methods of valuation used for land, structures and other assets under the sub-project
3. Provide the full matrix of the Entitlements as in the SMF with specific numbers of people affected in each category.

F. Relocation, if required
1. Assess the need for a relocation site along with the details of facilities to be provided like free housing, water, electricity, roads, sewerage and sanitation etc.
2. In case, the PAPs are to construct houses, provide details of compensation/provision for coverage under government housing scheme etc., to help them construct houses.
3. Specify the involvement and role of the PAPs in selecting the resettlement site and also list the proposed sites selected along with number of affected families to be relocated.
4. Describe respective mechanisms for (i) procuring/acquiring/alienating (ii) developing and (iii) allotting resettlement sites

G. Income Restoration

1. List income restoration measures for rehabilititating PAPs as per the provisions in SMF
2. Briefly spell out the restoration strategies for each category of PAPs, and describe institutional, financial and technical arrangements/aspects involved
3. Describe the consultation process in finalizing strategies for income restoration
4. If income restoration involves change in economic activities of PAPs, specify what capacity building measures would be undertaken, access institutional funds/ credits/ markets and preparation and implementation strategy.
5. Describe steps to be taken to reduce any impoverishment risks the PAPs may face.
6. Describe the process to monitor effective implementation of income restoration

H. Institutional Arrangements

1. Describe institutions & officers responsible for coordinating and implementing:
   (a) Delivery of entitlements (b) land acquisition and rehabilitation program coordination and (c) SAP implementation
2. Describe the external (non-Project) institutions/departments involved in the process of resettlement and restoration of income such as land development, land allocation, credit, training for capacity building mechanisms etc., as the case may be.
3. Discuss institutional capacity, understanding on social safeguard planning in general and land acquisition and rehabilitation in particular & areas for improvement

I. Monitoring and Evaluation

1. Describe overall internal monitoring process for the sub-project
2. Define key monitoring indicators for land acquisition, rehabilitation and income restoration and participation of PAPs and provide a list of these indicators to be used for internal monitoring
3. Describe frequency of reporting and contents of reports
4. Describe the process for integrating feedback from internal monitoring into implementation
5. Describe financial arrangements, ToR and frequency for external monitoring

J. Redressal of Grievances

1. Describe the structure and process of Grievances Redressal Mechanisms (GRM) at sub-project level including a step-by-step process for registering and addressing grievances, consultations, response time etc.,
2. Describe the mechanism for appeal for PAPs to approach courts if GRMs fail.

K. Implementation Schedule

1. List the chronological steps in implementation of SAP including identification of agencies responsible for each activity along with a brief explanation of each activity
2. A month-wise implementation schedule of activities to be taken as part of SAP
3. Description of the linkage between completion of land acquisition & rehabilitation and initiation of civil works for each of the sub-project component

L. Costs and Budgets

1. Clear statement of financial responsibility and authority
2. Indicate that costs of land acquisition & rehabilitation are included in the overall sub-project costs
3. Provide a cost-wise, item-wise budget estimate for entire land acquisition, rehabilitation and cost for other mitigation measures including administrative, monitoring and evaluation expenses incurred for SAP implementation
Annex V

Agreement on Land Donation

The following agreement has been made on ................day of .............. between Mr./Ms ........................................................................ aged ................... Thram # ............. Geog.....................Dzongkhag..............

1. That the land with Thram #..........................is a part of ................. is surrounded from eastern side by ...................................... western side by ........................................ on northern side, by ................................... and southern side by ..................................
2. That the owner holds the transferable right of ............................................ (unit of land) of land/structure/asset ......................................................................
3. That the owner testifies that the land/structure is free of squatters of encroachers and not subject to any other claims.
4. That the owner hereby grants to the..................................................this asset for the construction and development of ..................in.....................................geog. ........................................ dzongkhag supported by the IRLP for the benefit of the community.
5. That the owner will not claim any compensation against the grant of this asset nor obstruct the construction process on the land in case of which he/she would be subject to sanctions according to law and regulations.
6. That the IRLP agrees to accept this DONATION of asset for the purposes mentioned.
7. That the IRLP of.........................shall construct and develop the IRLP sub-project and take all possible precautions to avoid damage to adjacent land/structure/other assets.
8. That both the parties agree that the IRLP sub-project so constructed shall be community premises.
9. That the provisions of this agreement will come into force from the date of signing of this deed.

__________________________________________
Signature of the Owner

__________________________________________
Signature of Gup

__________________________________________
Signature of the Tshogpa