

Land Acquisition Due Diligence Report

March 2014

BHU: SASEC Road Connectivity Project
Phuentsholing Mini Dry Port

Prepared by the Phuentsholing Thromde for the Royal Government of Bhutan and the Asian Development Bank.

CURRENCY EQUIVALENTS

(as of 12 March 2014)

Currency unit	–	Bhutanese Ngultrum
Nu 1.00	=	\$ 0.01637
\$1.00	=	Nu 61.0800

ABBREVIATIONS

ADB	–	Asian Development Bank
BSR	–	Basic Schedule of Rates
DC	–	District Collector
DH	–	Displaced household
DOT	–	Department of Trade
DP	–	Displaced person
EA	–	Executing Agency
GOI	–	Government of India
GRC	–	Grievance Redressal Committee
IA	–	Implementing Agency
RGoB	–	Royal Government of Bhutan
ROW	–	Right-of-way
RP	–	Resettlement plan
SPS	–	Safeguard Policy Statement

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION AND BACKGROUND

1. The proposed ADB-financed SASEC Road Connectivity Project includes the development of the Phuentsholing Mini Dry Port. The scope of the subproject includes infrastructure development, maintenance, and capacity building activities. The infrastructure part of the sub-project includes improving the existing transshipment and cargo handling compound occupying approximately 243,936 square feet or 5.6 acres of land.

2. Phuentsholing Mini Dry Port is the oldest land port in Bhutan and began operating officially as a land port in 2003 on land that was handed over in the 1980s to the Ministry of Economic Affairs/Department of Trade (DOT) by the Ministry of Forestry. The Royal Government of Bhutan (RGoB) approved the establishment of a dry port as part of the Phuentsholing Urban Development Plan (2002-2017). The Ministry of Trade and Industry began acquiring additional land for the dry port in 2003, in accordance to the Land Act 1979 and Land Compensation Rules 1996. The land acquisition affected two private plots and three government plots with a total area of 11,474 square feet of private land and one two-storey residential structure of 6,274 square feet. The map of the Mini Dry Port is presented as Figure 1. The affected households are detailed in Table 1 and a photo of the affected residential structure can be found in Figure 2.

3. The commencement of land acquisition in the Mini Dry Port area began in 2003, prior to any ADB involvement, and the land acquisition was not done in anticipation of any ADB financing. Therefore, the land acquisition was carried out in accordance to Government rules and regulations. The land acquisition was undertaken by DOT, with assistance from the Phuentsholing Thromde (PT).

4. According to government records, compensation for loss of land, structures has been paid to the two titleholders in accordance to the RGoB rules per BSR 2005. The compensation for structure included flooring, wall, gate, and swimming pool.

Figure 1: Map of subproject area

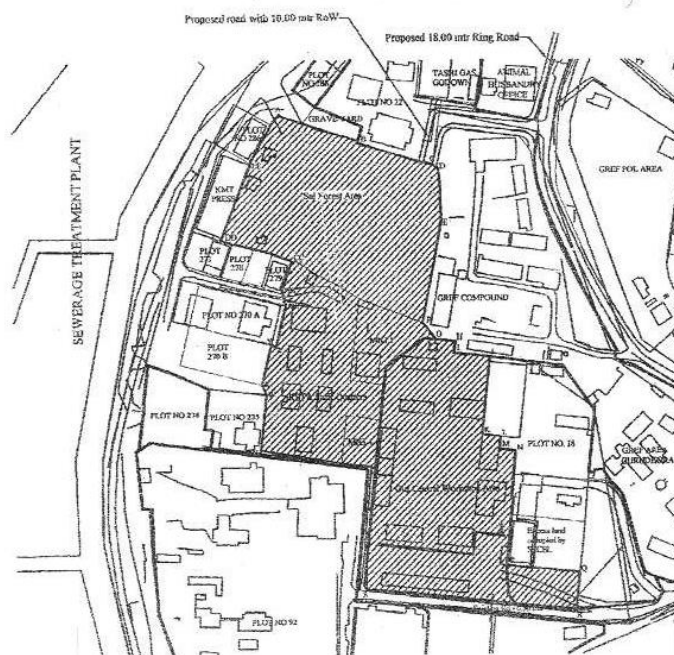


Table 1: List of affected households

	Affected Person	Thram No (Plot)	Affected Area (Sq.feet)	Type of Compensation
1.	Nado Rinchen	PT-700	5,200	Land-for-land
2.	Pema Lhadon	PT-701	6,274	Land-for-land and cash for structure 2 checks were issued and encashed

II. OUTSTANDING LAND ACQUISITION ISSUES

5. The due diligence found that the process of land acquisition and compensation payment has been long and complicated. The two households are still occupying the already acquired land inside the Mini Dry Port area. During the due diligence, the two households were consulted. They expressed dissatisfaction with the amount of compensation which has influenced the households to postpone shifting. The household also expressed dissatisfaction with the compensation received for their structures, which, in their view, has been subject to inflation. Because of the grievance, the plots were revalued

Figure 2: Photos from Consultation with Affected Persons

Consultation with affected person occupying plot 701 in November 2012



Affected structure, still occupied.

III. FINDINGS AND STEPS

6. The due diligence found that the Government has acquired the land and structures in accordance to government rules and regulations and has compensated the two households required by the law. The Government has made best effort to negotiate with the two households during the entire land acquisition process.

7. The DOT/PT are determined to complete the land acquisition process and ensure that the project area is free of encumbrance prior to handing over to the civil works contractor. During the preparation of the due diligence, the DOT has submitted a request to the National Office of the Attorney General for a legal opinion. Once the legal opinion is issued, it will be submitted to the Cabinet for their review and recommendation. DOT will then proceed in accordance to the recommendation.