

# Social Monitoring Report

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September 2016

## BHU: SASEC Road Connectivity Project

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

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September 2016

***SASEC Road Connectivity Project***  
***Bypass***  
***Phuentsholing Thromde***

Detailed Design and Procurement Assistance  
Project Number: (Grant-BHU-0400)

**BHU:SASEC Road Connectivity Project**  
**Phuentsholing Bypass**

## Contents

Executive Summary.....	5
1. Background .....	9
2. Scope of Impacts.....	9
3. Status of RP Implementation .....	9
A. Institutional Arrangement and Capacity.....	9
B. Compensation and Rehabilitation .....	10
C. Disclosure and public consultation .....	12
D. Grievance Redress Mechanism (GRM) .....	12
4. Summary of Monitoring Results and key findings .....	12
5. Compliance Status.....	15
6. Follow up actions, recommendations and disclosure .....	16
7. Mini Dry Port.....	17
8. Allay Land Customs .....	18
Annex 1: Structural layout of the ground floor of the new market.....	19
Annex 2: The alignment of the road .....	20
Annex 3: Meeting to review the options for the vegetable market .....	21
Annex 4: List of Affected people.....	22
Annex 5: Calculation of the Entitlement.....	25
Annex 6: Consultative meeting .....	26
Annex 7: Lease Agreement: Crocodile farm and warehouse .....	28
Annex 8: Budget approved for the new integrated market .....	31
Annex 9: Entitlement Matrix (based on Nganglam-Dewathang and Pasakha Access Road Resettlement Plan approved for SASEC Road Connectivity Project).....	31

### Currency Equivalents

(As on 01 September 2016)

Currency Unit		Bhutanese Ngultrum
USD 1	=	Nu. 66.9115
USD 0.0149	=	Nu. 1

### Acronyms

ADB	Asian Development Bank
AP	Affected Person
BAFRA	Bhutan Agriculture and Food Regulatory Authority
CSC	Construction Supervision Consultant
GRC	Grievance Redress Committee
MoAF	Ministry of Agriculture and Forests
PT	Phuentsholing Thromde
RGoB	Royal Government of Bhutan
RSTA	Road Safety and Transport Authority
SASEC	South Asia Sub-regional Economic Cooperation
SDP	Small Development Program
SPS	Safeguard Policy Statement

## Executive Summary

The Royal Government of Bhutan (RGoB) and the Asian Development Bank (ADB) approved the SASEC Road Connectivity Project in July 2014. The Project includes the following activities: the construction of (i) 68km of National Highway between Nganglam and Dewathang; (ii) 1.2km access road from an Indian border constructed at Pasakha area, (iii) a mini dry port (MDP) in Phuentsholing and Allay land custom station (LCS); and (iv) the construction of about 2.7km of bypass road in Phuentsholing city. This Social Monitoring Report only relates to the third and fourth activities outlined above, which are the MDP, the LCS, and the 2.7 km bypass road in Phuentsholing city. These activities are being implemented by Phuentsholing Thromde (Phuentsholing municipality).

The Phuentsholing Thromde will implement the ADB-funded SASEC Road connectivity project. The bypass, which is 2.7 km and a 4-lane road, will start at the second Indo-Bhutan gate, near the Mini Dry Port and end at the existing Phuentsholing–Thimphu road. This component of the project will decongest the traffic flow within urban core of Phuentsholing. This is an addendum to the Phuentsholing Bypass Road Resettlement Plan (2014) that was prepared during the appraisal of the Bhutan SASEC Road Connectivity Project, approved in July 2014. The Phuentsholing Bypass Road original Resettlement Plan is disclosed on the Asian Development Bank’s website.<sup>1</sup> The Social Monitoring Report is based on the draft final design of the Phuentsholing bypass and has identified involuntary resettlement impacts that were not identified in the original RP disclosed in 2014. The report has been prepared on the basis of a survey conducted with the affected persons and with consultative meetings with officials from the Phuentsholing Thromde. This report complies with ADB Safeguard Policy Statement (2009) and with RGoB rules and regulations.

Bordering to West Bengal, India, Phuentsholing is known as the gateway to Bhutan. Being the largest commercial town in the country, Phuentsholing has attracted many investors, industrialists, vendors and people from within and outside Bhutan putting immense pressure on the housing and congesting the flow of traffic, especially inside urban Phuentsholing. As such a component of the ADB-SASEC project is to design and construct a 4-lane bypass through sections of Phuentsholing which will decongest the heavy traffic.

The proposed bypass will mostly affect structures located from the junction point after the National Housing Colony towards the Road Safety and Transport Authority (East). The identified involuntary resettlement impacts identified in the RP Addendum include:

- a portion of private land located at the end of the bypass by the right riverbank side (this impact was identified in the original 2014 RP)
- a section of the Phuentsholing vegetable market,
- two bus workshops and a warehouse located adjacent to the vegetable market, both on Government land and leased out to business persons to operate and maintain
- the crocodile farm belonging to the Ministry of Agriculture and Forests occupying a total area of 15,833 sqft, and

All of the impacts besides the impacts on private land by the right riverbank side have been identified after the completion of the final design and are now included in this report. The crocodile farm has been relocated to Gelephu, about 5 hours’ drive through the Indian Highway. A portion of the affected private land will be pooled as per the RGoB Land Pooling

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<sup>1</sup> <http://www.adb.org/sites/default/files/project-document/80589/39225-034-rp-01.pdf>

Rules and the remaining affected area will be financially compensated. The land belongs to a business person (Tashi Group of Companies) who owns over sixteen acres of registered land in this area alone. The workshops are being relocated to a new area that has been earmarked for workshop-related uses in the Phuentsholing structure plan itself. The warehouse and the workshops will be vacated as per the lease agreement signed between the two parties.

The vegetable market covers a total of 95m by 55m of Government land where over 100 shops have licenses to sell vegetables, meat, dairy, grocery and miscellaneous items. Over 50% will be demolished for the bypass construction - of which 39 shops are in the semi-permanent structures and 27 temporary sheds. A total of 94 people will be affected which includes shop owners and workers at the market and the two individuals who run a small shop and a restaurant at the warehouse. Approximately 65% of the licenses or shops are either owned or run by women or have women working for a salary or wage.

The table below presents the approximate sizes and monthly rent of each type of structure. Water and electricity charges average between Nu. 50.00 and Nu. 500.00 depending on type of structure and nature of business.

	Semi-permanent		Temporary
Size of each shop/space (approx)	10 x 12 sq. ft	3 x 6 sq. ft (3 x 3 sq ft if the space is shared)	4 x 4 sq. ft
Rent per month (nu.)	1,200.00	300.00	150.00

The majority of the meat shops are managed and operated by Indians from Jaigaon, a town just across the Phuentsholing gate, who have been in this line of trade for many years in Bhutan. Some of them have taken over the business from their father or relatives while some of the licences are in the names of Bhutanese who have leased out their licence and the space in the market.

All the shopkeepers were aware of a new road coming up in front of the marketplace, but not informed of the plan to relocate the vegetable market. Daily earnings from sales of vegetables, fruits, dry grains, spices, meat, etc. range anywhere from Nu.500 to Nu.5,000. These depend on the season and day of the week. Since this is the only source of income for many of the APs, they said that they have no other alternative but to relocate to the new location that may be identified by the Phuentsholing Thromde.

The ADB SPS 2009 states that the borrower (the client) will need to provide the Affected Persons with the needed assistance such as secured tenure to the relocation site, transitional support and development assistance, compensation for loss of income livelihood sources and the cost for re-establishing commercial activities. So in accordance to the ADB SPS 2009, the PT had initially planned to relocate the affected vegetable shops to areas within the vicinity of the vegetable market (the remaining land after the two workshops and the warehouse are dismantled). However, this was not considered feasible as the remaining area is not adequate for the affected number of shops. Secondly, the Bhutan Agriculture and Food Regulatory Authority (BAFRA) has a standard regulations for meat and milk booths/stalls. BAFRA will not permit temporary sheds for highly perishable food items. PT has thus proposed to relocate the affected shops to a new integrated market complex that is planned to be constructed adjacent to Jorden Lam.

A meeting was held on 10th May 2016 to review all options offered by the consultant and finalise one or two viable relocation and compensation options. Since this particular stretch of road from the RSTA junction point to Norgay Hall junction point is approximately 200 meters, it was decided that the construction on this particular stretch could be left for the last phase of the construction works. The bypass road construction period is 30 months from the award of the contract, which means that works on this stretch could be scheduled from the 25th month onwards. This would give the Phuentsholing Thromde ample time to complete the design and begin with construction works of the new market. This would also minimise the resettlement impacts on the vegetable market people.

However, given that it is possible that the construction of the new integrated market complex may face delays, the option to compensate the market shop owners affected by the bypass road project has been kept as an alternative. Compensation packages will be formulated according to the Entitlement Matrix of the Resettlement Plan: Nganglam - Dewathang Highway and Pasakha Access Road (2014, p. 32) and included in Annex 9, which was approved by the Royal Government of Bhutan and the Asian Development Bank as part of their formal agreement on the Bhutan SASEC Road Connectivity Project.<sup>2</sup> The list of APs and compensation packages have been attached as Annex 4 and Annex 5.

According to the Phuentsholing Thromde, the budget for the construction and development of an integrated vegetable market complex has been approved by the Small Development Project (Annex 8). The PT expects the new vegetable market be completed within the financial year 2017-2018. The location for the new vegetable market is the old truck parking adjacent to Jorden Lam.

A Grievance Redress Mechanism (GRM) has been set up for the purpose of this sub-project. The Phuentsholing Thromde has taken the lead role in consulting with the APs, informing them of the benefits, opportunities, and implementation arrangements of this sub-project, such as the construction of the new integrated market complex or compensations and rehabilitation assistance, and tentative timeline for the entire relocation process. The official in-charge of the new vegetable market complex conducted a consultative meeting with all the APs and informed them of the new developments taking place in and around the vegetable market. He also informed them of the location and structure plan of the new market and the support that would be rendered to them during relocation.

During the construction of the bypass, there will be noise and dust pollution created as a result of the construction activities. In addition, this particular stretch of road between the existing vegetable market and the RSTA is heavily populated due to the different activities that take place in this area. So the civil contractor must take adequate measures to ensure that this area remains safe and pollution and noise free. Awareness programs on HIV/AIDS and gender issues will also need to be conducted during the construction period by persons who are qualified and trained. The Phuentsholing Thromde and CSC will monitor all the activities effectively.

On the completion of the new vegetable market, the PT will ensure that all the APs from the existing market are relocated first. The lucky draw system should be used to allocate stalls or booths. The two APs from the warehouse should also be given the choice to move to the new market.

Construction works at Mini Dry port is expected to start soon with the selection of the contractor underway. Design works for the Allay Land Customs (ALC) have not yet started.

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<sup>2</sup> <http://www.adb.org/projects/documents/sasec-road-connectivity-project-nganglam-dewathang-highway-pasakha-access-road-rp>

However, since there is no social impacts or any social issues in this area, there will be no Social Monitoring report for this component of the project.



## 1. Background

The 2.7 km bypass road in Phuentsholing city is a component of the SASEC Road Connectivity Project. The Phuentsholing Thromde will implement this project with financial assistance from the Asian Development Bank (ADB). The subproject is a 4-lane road starting at the second Indo-Bhutan gate, near the Mini Dry Port and ending at the existing Phuentsholing – Thimphu road. This component of the project will decongest the traffic flow within urban core of Phuentsholing.

This Social Monitoring Report aims to mitigate all unavoidable negative impacts caused due to the project and resettle the displaced persons and restore their livelihoods. This has been prepared on the basis of a survey conducted with the affected persons and with officials from the Phuentsholing Thromde. This complies with ADB Safeguard Policy Statement (2009) and with RGoB rules and regulations.

## 2. Scope of Impacts

The subproject will affect a section of the Phuentsholing vegetable market, two workshops, a warehouse, the crocodile farm and a portion of private land.

- The vegetable market belongs to the Government, where both semi-permanent and temporary sheds have been constructed and leased out to vegetable vendors who pay monthly rent.
- The workshops and warehouse located adjacent to the vegetable market is also on Government land leased out to private business people.
- The next area affected by this bypass is the crocodile farm. This is with the Department of Forest, Ministry of Agriculture and Forests and has been relocated to Gelephu, about 200 km from Phuentsholing (a journey of approximately five hours through the Indian National Highway).
- The private land affected by this subproject is located at the end of the bypass, by the right riverbank side, just before connecting to the proposed bridge. The land belongs to a business family who owns over 16 acres of land in this area alone. The land being affected by this road is approximately 2.7616 acres of which, 1.76 acres will be land pooled and 1.0004 acres will be compensated to the AP as per the Land Act of Bhutan 2007.

## 3. Status of RP Implementation

### A. Institutional Arrangement and Capacity

A number of institutions will be involved at various levels and stages of the project such as the Ministry of Agriculture and Forests (MoAF), Bhutan Agriculture and Food Regulatory Authority (BAFRA) and the Phuentsholing Thromde. However, the primary institution for this sub-project is the Phuentsholing Thromde who will take the lead role to inform and consult with the affected people, household or organisations. They will also ensure that all the affected people are provided with ample time and assistance to relocate and resettle.

For this sub-project only, the people being affected are the shop owners at the Phuentsholing vegetable market, the two workshops and the warehouse. These are all leased properties from the Government. However, the PT still needs to ensure that these people who are affected by this sub-project are temporarily accommodated until a viable solution is found. Especially the people from the vegetable market who can become vulnerable and poor if suitable measures are not found immediately, be it temporary or permanent. Even during the relocation phases, the PT will need to provide as much support in the relocation and resettlement. This includes the responsibility of ensuring that allocation of booths/stalls for every shop owner is carried out systematically so as to avoid grievances. The PT will have to assure the APs that the relocation of the vegetable market will not impact them in ways that could negatively affect their livelihood.

## B. Compensation and Rehabilitation

The sub-project can physically and economically displace the affected vegetable shop owners, adversely affecting their place of work and standard of living. According to the ADB SPS 2009, the borrower/client will have to provide the physically and economically displaced persons<sup>3</sup> with the needed assistance which will include the following:

**Option 1:** relocation at the new integrated vegetable market (see below) and compensation for loss of income for the days of income lost related to the move. This option will only be retained if the vegetable market is built and functional before the existing structures of the shop owners are dismantled.

**Option 2:** Should the new integrated market not be built and functional in time, the following will be provided to the affected shop owners.

- Compensation for the loss of structure at replacement cost.
- Compensation for the loss of income equivalent to 3 months lost wages (as per the entitlement matrix) and rental assistance equivalent to 2 months' rent.

In this effect, the Phuentsholing Thromde has identified an area for the new vegetable market. The area is the current truckparking located adjacent to Jorden Lam which has a total area of approximately 51,402 sq.ft (1.18 acres). The Phuentsholing Thromde's plans are to design this marketplace similar to the Centenary market in Thimphu. The new market will consist of three floors including the ground floor covering a total plinth area of 1,675 sq.m. which will integrate a variety of services under one roof. Each stall is approximately 1 x 3 meters. In order to cater to the varied needs of customers, this market will have sections divided into vegetable, meat, dairy products, local items, handicrafts, dry grains, restaurants and even an entertainment center for children. The structure will also have proper toilets, ramps and parking provisioned for 40 cars at one time. Moreover in a distance of less than 300 meters is a new multi level car parking which is under construction and this will be connected by pedestrian linkages (refer to Annex 1). Such initiatives and ideas for the new market is an effective relocation plan that will be viewed positively by the affected population.

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<sup>3</sup> economically displaced persons are those that have been affected by the project in terms of loss of land, assets, access to assets, income sources or means of livelihood (in this case the vegetable and meat vendors)

This area that has been already appropriated for the new vegetable market is a suitable site and will actually benefit all the shops and the people. The proposal for budget to construct an integrated vegetable market was put up through the Small Development Project (SDP) which has been approved as of July 2016 vide letter number DNB/Div-11/COORS/2016-17/027 (Annex 8). With budget now approved the PT plans to tender out the construction works by September-October 2016. If construction works begin by November-December 2016, the new vegetable market should be ready by December 2017. According to the PT, the market is not complicated in design or structure, so if there are no unforeseen hindrances during the construction, the vegetable market should be complete within the stipulated time schedule of one year.

In the event of the new market being delayed, the plan as per the meeting held on 10th of May 2016, was to leave the construction works for this stretch of road for the last. This particular section measuring about 200 meters lies between the main junction road and the Norgay Cinema junction road. This would give the PT some additional time to complete the new market.

However, if the market is still not ready by this time, the APs will be compensated according to the entitlement packages, formulated according to the resettlement principles of this sub-project highlighted in the Resettlement Plan: Nganglam-Dewathang Highway and Pasakha Access Road<sup>4</sup> (2014, p. 32). Resettlement assistance for lost income and livelihoods will be provided to all APs. Special resettlement and rehabilitation measures will be made available to the 'vulnerable groups', comprising of people living below poverty line (BPL) and women and disabled headed household as they have limited access to formal credit and have high dependancy burdens on their relatives. The list of affected people who are eligible for entitlement are presented in the Annex 4.

Compensation packages have been calculated accordingly in Annex 5. For majority of the AP, this is a primary source of income, so compensation will include a one-time economic rehabilitation grant in the form of 3 months wages at Nu.500 per day per household. In addition other forms of assistance includes preferential employment in the project, especially women and the poor and/or assistance in finding an alternative job. However, Nu. 200 per day is way below the minimum daily earnings of the majority of the shops. In addition, the minimum daily wage in Bhutan is Nu. 215. So considering these factors, the daily compensation for each AP has been set at Nu. 500. This allows for a guaranteed income for the AP. Although if the relocation takes place before the old market structures are to be dismantled, then the APs will not need to be compensated for 3 months but only for the losses incurred during the time it takes to move (about a week at the most).

The two workshops and warehouse are on Government land that have been leased out to business people. Lease Agreements have been signed between the PT and the Lessees in 2013 and 2015. The Agreement clearly states that 'at the time of handing, Phuentsholing Thromde shall not be liable for any compensation to the lessee neither for removal of any structure, infrastructure, building, etc not for any damages caused by natural calamities'. It also states that a month's advance notice will be given for repossession of the land. These are agreements that have been duly dated and signed by the Lessee and Lessee's witness (Annex 7).

The private land which has been affected by the sub-project is located at the end of the bypass. Although the registered land is over 16 acres, the total plotted area is 14.6964 acres, of which only 12 percent is being land pooled based on the Land Pooling Rules,

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<sup>4</sup> <http://www.adb.org/projects/documents/sasec-road-connectivity-project-phuentsholing-rp>

leaving a deficit of 1.0004 acres. After a series of discussions between the PT and the land owner, they have agreed to a compensation package for the land. However, this is only in principle and the PT is still waiting for a confirmation in writing from the AP.

### C. Disclosure and public consultation

The ADB encourages and seeks active participation from all stakeholders including the APs in order to ensure transparency in planning. Information has to be disseminated through public consultations and/or advocacy programs early in the project preparation stage. However, according to the shopkeepers and vendors (APs), they have not been informed about the sub-project. Most of the APs seem to be aware that a road is coming up in front of the market but they have not been informed that this road would affect the market and their business. According to the Phuentsholing Thromde, they had planned to inform the people only after the alignment of the bypass had been finalised. The consultative meeting which was scheduled for May 2016 was held on the 3rd of June 2016 with all the affected shop owners (refer to Annex 4).

The persons who have taken the workshop and the warehouse on lease are aware of the fact that the proposed road would affect their businesses. The workshops have started dismantling and clearing their areas to relocate to the new area which has been earmarked for workshop related uses in the Phuentsholing structure plan itself. These have been carried as per the Lease agreements signed between the Lessees and the PT (Annex 7). The PT has also informed the lessee of the warehouse and he has agreed to vacate the place. The restaurant and the small shop are under the license of the lessee. If they require, they may be given a space or a booth at the new vegetable market.

### D. Grievance Redress Mechanism (GRM)

The ADB requires that the borrower/client establish and maintain a grievance redress mechanism to receive and facilitate resolution of affected people's concerns and grievances about the borrowers/clients social and environmental performances at the project level. For this sub-project only, the Phuentsholing Thromde needs to have a GRM to address the concerns and complaints of the APs. The mechanism should be a transparent process that is gender responsive, culturally appropriate and readily accessible to all segments of the affected people at no costs and without retribution. In the case where a GRM has not been established, the Phuentsholing Thromde needs to take the lead role where the people affected by this sub-project can express their grievances and seek solutions promptly.

It was agreed in the meeting held on the 10th of May 2016, that the GRM would comprise of the Mayor, Executive Secretary, Urban Planner, the Principle Engineer and the vegetable market In-charge (who will be the first point of contact for the APs).

## 4. Summary of Monitoring Results and key findings

Bordering to West Bengal, India, Phuentsholing is known as the gateway to Bhutan. Being the largest commercial town, the vibrancy of Phuentsholing attracts many investors, industrialists, vendors and people from within and outside Bhutan. The development of Phuentsholing began in 1961 with Bhutan's 1<sup>st</sup> Five Year Plan (FYP) and was further

accelerated by the construction of Phuentsholing-Thimphu highway in 1962. This rapid development brought about many issues such as high in-migration of people leading to a sudden growth in population in and around and also beyond Phuentsholing. This put immense pressure on the housing due to scarcity of suitable land and also led to the city being heavily congested by the increased flow of traffic, especially heavy vehicles. The main purpose of the sub-project is to design and construct a 4-lane bypass through sections of Phuentsholing which will decongest the heavy traffic.

Most of structures being affected by the subproject are located from the junction point after the National Housing Colony towards the Road Safety and Transport Authority (East). The proposed bypass will affect over fifty percent of the Phuentsholing vegetable market. There are over 100 shops and vendors with licenses to sell vegetables, meat, grocery and miscellaneous items. Approximately 94 people are being affected which includes employers and employees, of which 61 are women.

The vegetable market covers a total of 95m by 55m of Government land with semi-permanent and temporary structures. Although this is Government land, the shopkeepers say that they had to make an initial payment of Nu. 20,000.00 towards construction and development of the existing vegetable market. This was in 2004, and prior to this, the vegetable market was located in the core town area.



Figure 1: Existing road between the vegetable market(left) and the RSTA/bus stop (right)



The table below presents the approximate sizes and monthly rent of each type of structure. Additional utilities (water and electricity) average to anywhere between Nu. 50.00 and Nu. 500.00 per month depending on the type of structure and business.

	Semi-permanent		Temporary
Size of each shop/space (approx)	10 x 12 sq. ft	3 x 6 sq. ft (3 x 3 sq ft if the space is shared)	4 x 4 sq. ft
Rent per month (nu.)	1,200.00	300.00	150.00

The vegetable market is followed by two workshops and a warehouse. These are again on Government land and leased out to business persons to operate and maintain. The two bus workshops occupy a total area of 5,455 sqft and 6,230 sqft and currently are operated by private transport companies. And the building following the two workshops is leased out to a businessman as a warehouse. The total area is around 5,576 sqft. However there a sections of the warehouse which has been subleased out as a canteen and a small shop. The crocodile farm occupies a total area of 15,833 sqft.

No.	Type of structure	Type of Shop	Nationality of Affected Person	Education level of AP	Is licence in your name?	Informed of road project	Name of Location (if you know the new location)	Would you relocate to new location
1.	Permanent	Meat	Indian	Cl. 6	No	No	NA	Yes
2.	Permanent	Fruit	Indian	Cl. 10	No	Yes	No	Yes
3.	Permanent	General	Bhutanese	Cl. 12	Yes	Yes	Yes	Yes
4.	Permanent	General	Bhutanese	Cl. 6	No	Yes	No	Yes
5.	Permanent	Vegetable	Bhutanese	None	No	No	NA	Yes
6.	Permanent	Meat	Indian	Cl. 3	No	No	NA	Yes
7.	Permanent	Meat	Indian	None	No	Yes	No	Yes
8.	Permanent	Meat	Indian	None	No	Yes	No	Yes
9.	Temporary	Vegetable	Bhutanese	Cl. 4	NA	No	NA	Yes
10.	Temporary	Vegetable	Bhutanese	None	NA	No	NA	Yes
11.	Temporary	Vegetable	Bhutanese	None	NA	No	NA	Yes
12.	Permanent	Restaurant	Bhutanese	Cl. 5	No	No	NA	Yes
13.	Permanent	Paan shop	Indian	Cl. 10	No	No	NA	Yes

The majority of the meat shops are managed and operated by people from Jaigaon, a town just across the Phuentsholing gate. They are of Indian nationality, living in Jaigoan but have been in this line of trade for many years in Bhutan. Some of them have taken over the business from their father or relatives while few of the licences are in the names of Bhutanese who have either leased out their licence and the space in the market or have employed Indians. Most of the meat vendors seem to aware of the fact that a section of the vegetable market would be affected by the new road project but none of them were aware of the new location. Many of the vegetable shopkeepers are not educated and some do not have even the basic education and nearly fifty percent of the vegetable shops are run by women. Everyone seems to be aware of a new road coming up in front of the marketplace, but many were not informed of the plan to relocate the vegetable market.

The shop owners say their daily net earnings are anywhere between Nu. 500 to Nu. 5000,, depending on the season and day of the week. For the majority of the shop keepers, this is the only source of income, leaving them with little or no alternative but to relocate to the new location that may be specified by the Phuentsholing Thromde.

According to the PT, the plans to construct the new infrastructure and relocate the vegetable market has been finalised. Construction works should start by the end of 2016 and if there are no unforeseen hindrances to the works, then the new market should be ready by end of 2017. However, in case of delays in the construction of the new market, compensation packages have been calculated and all the APs will be compensated as per the entitlement matrix in the Resettlement Plan: Nganglam - Dewathang Highway and Pasakha Access Road (2014, p. 32).



Figure 2: View of the Vegetable market (right) and the RSTA/bus stop (left)

## 5. Compliance Status

According to Phuentsholing Thromde officials, the old truck parking has been identified for the new vegetable market. The old truck parking is located adjacent to Jorden Lam, slightly upstream of lower market fuel station. The proposed area for the market is 51,402 sqft (1.18 acres) and it is ideally located with easier access for the vendors, shopkeepers and the customers. The Thromde's plan is to design a vegetable market similar to the vegetable market in Thimphu - a large infrastructure, maybe two or more floors, that will allow for more shops and vendors to accommodate under one roof. This will ensure safety and security for the vegetable shop owners and their goods.

The Phuentsholing Thromde has a detailed plan ready and the budget through the Small Development Project (SDP) has been approved (Annex 8). Phuentsholing Thromde plans to complete the new vegetable market within the financial period 2017-2018. In case of delays in the construction, all APs will be compensated based on the entitlement matrix in the Resettlement Plan of Nganglam Dewathang and Pasakha Access Road (2014, p. 32).

The In-charge of the vegetable market conducted a consultative meeting on the 3rd June 2016 with the affected people. The meeting informed the APs on the following:

- temporary measures taken and relocation assistance,
- the location of the new vegetable market,
- design of the new market and booth allocation
- assistance with the relocation
- timeline for the entire relocation process



Figure 3: View of the old truck parking (location for the proposed new vegetable market)

## 6. Follow up actions, recommendations and disclosure

The Grievance Redress Mechanism (GRM) has been set up for the purpose of this sub-project. The PT will take the lead role to consult with the AP's, inform them of the benefits and opportunities of this sub-project and the implementation arrangements such as temporary arrangements for the market, rehabilitation and relocation assistance, location and proposed design of the new market and even the tentative date of relocation. The APs need to be informed of the GRM and the communication plan for the grievances procedures.

It was decided that leaving the construction for this particular stretch of road for the last phase of the construction works (refer to Annex 2) would be a feasible option. This would allow PT ample time to finalise the plans and start construction of the new market.

During construction works, the contractor will have to ensure that adequate measure are in place to minimise noise and pollution and ensure a safe environment for people working at the vegetable market. Awareness programs will also be conducted amongst the construction



workers and people living within the vicinity of the construction sites. These will include gender and HIV/AIDS awareness programs where pamphlets and contraceptive devices will be also be freely distributed. These awareness programs will be conducted by qualified and trained personnel on a periodic basis during the entire construction period. The Phuentsholing Thromde and the Construction Supervision Consultant (CSC) will have the responsibility to monitor this effectively.

The PT will also need to assure that all the shop owners will be guaranteed a space at the new market and not only the affected shops. Spaces can be allotted in a lucky draw to ensure that the each person is provided with a fair chance.

Affected Item	Proposed mitigation measure	Timeline	Comment
Vegetable market: 4 permanent structures and 4 temporary structures	The proposal is to construct this particular stretch of road during the last phase of the construction works. Since the works will be 30 months from the award of contract, this particular stretch could be left for the 25th month. This can be adjusted on the construction work schedule. Annex 3 has details on the meeting held on the 10th of May 2016 between Phuentsholing Thromde and the Consultant team	If the proposed mitigation measure is accepted, the new market should be built and ready for business before the end of 2018.	According to the Phuentsholing Thromde, the funds to construct the new market has been approved and the infrastructure is expected to be complete within the 2017-2018 financial year.
Warehouse: 1 permanent structure	The person has been contacted and he has agreed to move out. Both the restaurant and the small shop are under his name	Immediate	He is a businessman and has already found a new place to relocate to.
Bus workshops: (2 permanent structures and 2 sheds)	The bus workshops have already started dismantling and clearing the area to move to the new allocated workshop area.	In Process	The new location is being developed
Land (No structure)	A section of the affected land will be pooled and the rest compensated as per the Land Act of the Kingdom of Bhutan	In process	In process
1 structure (includes a pool)	Crocodile farm is to be relocated to Gelephu which is about five hours drive on the Indian Highway	The crocodiles are in the process of being relocated to the Gelephu crocodile farm.	Completed

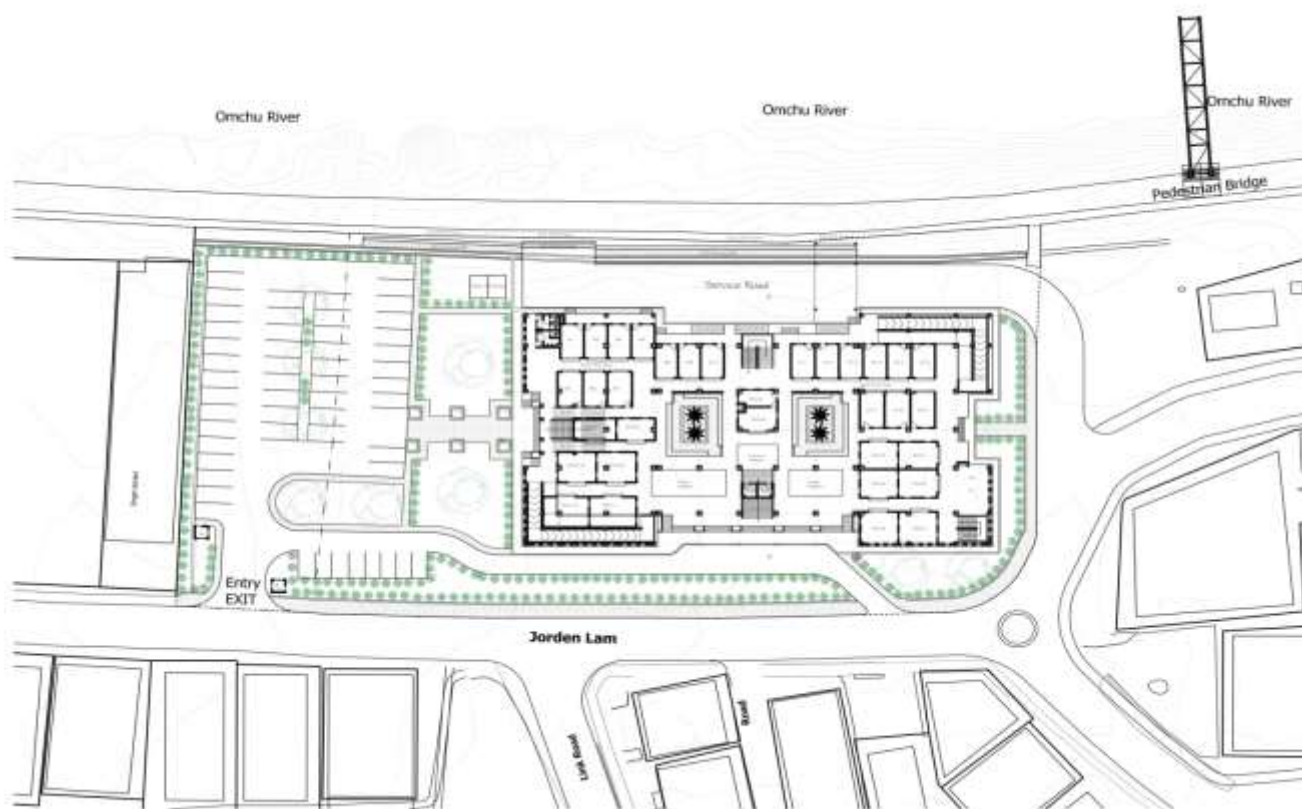
## 7. Mini Dry Port

There is an old graveyard located at the North-West end of the proposed Dry Mini Port. As a sign of respect and concern for the family members, the boundary wall of the Dry Mini Port was realigned to exclude the graves. This realignment has been approved by the Thromde Committee. With the land provided free to encumbrances and all affected persons relocated, the PT plans to start civil construction works by the first quarter of 2017. Sale of the bidding documents have been done and submission of tender has been set to 31st of October 2016.

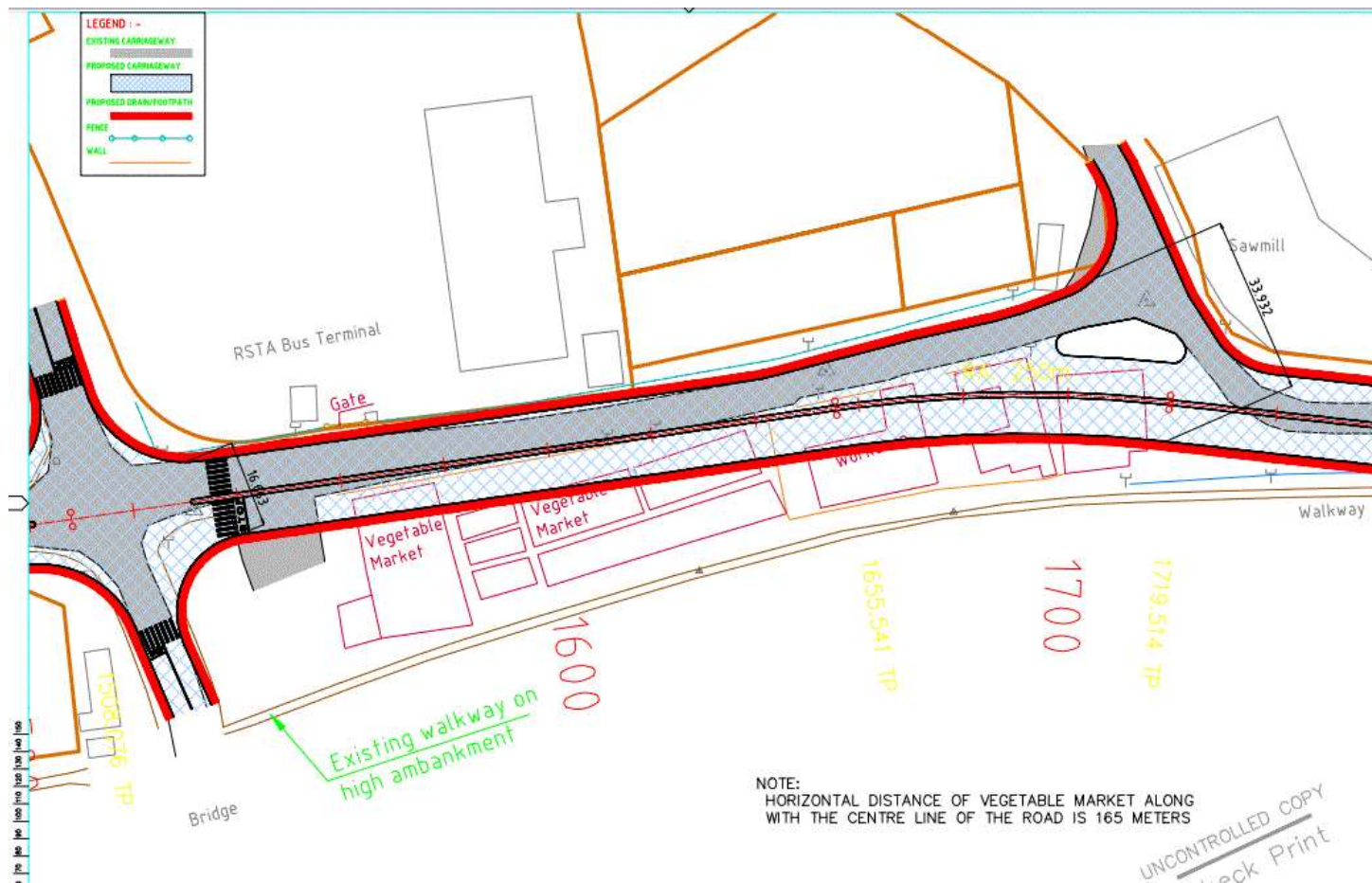
## 8. Allay Land Customs

Design works at Allay Land Customs (ALC) Station, Pasakha have not yet started. However, since there are no social impacts or safeguard issues at the ALC Station, there will be no Social Monitoring for this component.

## Annex 1: Structural layout of the ground floor of the new market



## Annex 2: The alignment of the road



## Annex 3: Meeting to review the options for the vegetable market

On the relocation plan of the vegetable market, a series of discussions was held between officials of the Phuentsholing Thromde, vegetable market In-charge and the social consultant. A meeting was finally held on the 10th of May 2016 to review the various options and finalise the temporary measures for the affected vegetable shop owners. The options discussed are as below:

	Mitigation Measures	Observation/Remarks
1	Build temporary sheds within the vicinity of the affected area to accommodate the vegetable shops. Sheds similar to the temporary sheds in the existing market should be serve its purpose for the vegetable shops. Costs of temporary structures can be calculated.	Booths meant for highly perishable items such as meat amilk products cannot be accommodated into temporary sheds as per BAFRA rules and regulations.
2	Look for a permanent measure for the milk and meat booths. This will be both cost and time effective for Thromde. This will also leave additional space for the vegetable shops to relocate into. However, the land should be located close to the urban area	There is no suitable land within urban core area to serve this purpose.
3	Compensation paid to those people who cannot be temporarily accommodated for the period until the new vegetable market is ready.	Daily/Weekly/Monthly Compensation can be paid according to livelihood income lost.
4	Leave the construction works for that particular stretch for the last (from the main road junction till the Norgay Cinema junction road). This gives time for Thromde to plan, design and start construction works on the new market.	Works on the new vegetable market need to start immediately.

Option 2 was not feasible as the concept of the new market integrates a number of services into one structure which includes sections assigned for vegetable, dairy products, meat and processed meat, dry fruits and grains, canteens and even a playpen for children. In addition, Phuentsholing does not have the suitable land within the urban core area to allot for this purpose only.

The remaining area after dismantling the workshops and warehouse is not adequate to accommodate the number of shops being affected, including the existing car park which belongs to a private individual/company. However, this is only on paper and can be affirmed only after physically dismantling the affected structures. So Option 1 can be an option to accommodate majority of the affected shops.

The consensus amongst the majority of the participants was that Option 4 seemed most practicable for this sub-project. Firstly it minimised the effects of relocation and secondly, it provided the PT with ample time to secure funds, design and construct the new market.

Compensation packages was the last option if none of the above options worked. The compensation for the affected people will be formulated according to the entitlement matrix in the Resettlement Plan Report for Nganglam-Dewathang Highway and Pasakha Access Road (2014, p. 32).

## Annex 4: List of Affected people

The following table lists the name and details of affected people. Most of them are shopowners and vendors at the vegetable market who will be losing their major source of income.

Affected vegetable market vendors and renters			
No	Name	Sex	Business
1.	Sonam Choden	F	Local products
2.	Chang Lam	F	Local products
3.	Sonam Pelden	F	Local products
4.	Yugu Maya	F	Vegetables
5.	Purni Maya	F	Vegetables
6.	Tika Maya Ghalley	F	Vegetables
7.	Chatur Maya Rai	F	Vegetables
8.	Dhali Maya	F	Vegetables
9.	Peldon	F	Fruits
10.	Bina Shiva	F	Fruits
11.	Phub Dem	F	Vegetables
12.	Tshering Dema	F	Vegetables
13.	Lhakpa Dema	F	Local products
14.	Zekom	F	Local products
15.	Ugyen Dema	F	Vegetables
16.	Ugyen Lhamo	F	Local products
17.	Dhan Maya Ghalley	F	Eggs
18.	Phub Gyelmo	F	Vegetables
19.	Tshering Dema	F	Local products
20.	Dorji Wangmo	F	Vegetables
21.	Tashi Wangmo	F	Vegetables
22.	Purni Maya Rai	F	Vegetables
23.	Jigme Wangmo	F	Vegetables
24.	Chencho Lhamo	F	Vegetables
25.	Sithey Mo	F	Local products
26.	Dorji Wangmo	F	Vegetables
27.	Tashi Yangzom	F	Local products
28.	Jas Maya Rai	F	Vegetables
29.	Jas Lachi Rai	F	Vegetables
30.	Tshering Pelden	F	Vegetables
31.	Bana Gurung	F	Fruits
32.	Jas Maya Raini	F	Vegetables
33.	Tenden	F	Local products
34.	Pema Om	F	Local products
35.	Tshering Pem	F	Vegetables
36.	Bhagi Maya Mongar	F	Vegetables
37.	Run Maya Rai	F	Vegetables
38.	Reveka Gurung	F	Vegetables
39.	Budi Maya Raini	F	Vegetables

40.	Lal Maya Rai	F	Vegetables
41.	Dhanmati	F	Vegetables
42.	Chimi Wangmo	F	Vegetables
43.	Rinchen Lhamo	F	Vegetables
44.	Dorji Dema	F	Meat Shop
45.	Tara Bidi Sunwar	F	Meat Shop
46.	Dorji	F	Vegetables
47.	Sanjana Khatoon	F	Vegetables
48.	Dawa Zangmo	F	Vegetables
49.	Tshering Pem	F	Vegetables
50.	Tashi Pemo	F	Vegetables
51.	Jagtarani Devi	F	Vegetables
52.	Dechen Wangmo	F	Vegetables
53.	Tandin	F	Bhutan products
54.	Tilma Rai	F	Fruits
55.	Khandu Wangmo	F	Vegetables
56.	Ugyen Wangmo	F	Vegetables
57.	Kharka Maya rai	F	Vegetables
58.	Pema Dema	F	Vegetables
59.	Dambal Kumari Ghalley	F	Vegetables
60.	Kharka Maya Bhujel	F	Eggs
61.	Sonam	F	Vegetables
62.	Uttam Gurung	M	Fruits
63.	Sonam Tshering	M	Fruits
64.	Nima Wangdi	M	Vegetables/fruits
65.	Tshering Samdup	M	Local Products
66.	Sangay	M	Local Products
67.	Jangchub Dorji	M	Local Products
68.	Chandra Maya Rai	M	Vegetables
69.	Bhim Bdr Rai	M	Vegetables
70.	Raj Kumar	M	Meat Shop
71.	Phurba Thinley Sherpa	M	Meat Shop
72.	Tenzing Sangay	M	Meat Shop
73.	Karma Phuentsho	M	Meat Shop
74.	Rama Shankar	M	Meat Shop
75.	Sonam Tshewang	M	Meat Shop
76.	Lotay Tenzing	M	Meat Shop
77.	Yam Kumar Sherpa	M	Meat Shop
78.	Nima Wangdi	M	Meat Shop
79.	Sonam Palzor	M	Meat Shop
80.	Bishnu Ram Chetri	M	Meat Shop
81.	Md. Salim Hussein	M	Meat Shop
82.	Madha Shah	M	Meat Shop
83.	Ramesh Prasad Gupta	M	Meat Shop
84.	Ashok Shah	M	Meat Shop
85.	Kedar Prasad	M	Meat Shop



86.	Amit Shah	M	Meat Shop
87.	Mhd Kaiyum Miya	M	Meat Shop
88.	Tenzin	M	Meat Shop
89.	Ngawang Yonten	M	Vegetables
90.	Harka Bhdr Ghalley	M	Vegetables
91.	Sangay Dorji	M	Fruits
92.	Bhakta Bhdr Ghille	M	Vegetables
93.	Sunil Kumar	M	Small shop in the warehouse
94.	Tashi Wangdi	M	Canteen in the ware

The table below lists the persons and agencies that are being affected by this sub-project.

Other affected persons

No.	Description	Type	Lessee/Institution	Existing Structures
1.	Workshop 1	Leased	Mr. Ekka Dukpa	Built by Lessee
2.	Workshop 2	Leased	Mr. Pema Thinley	Built by Lessee
3.	Warehouse	Leased	Mr. Pem Tshering	Built by Lessee
4.	Crocodile Farm	Department of Forest	Department of Forest	Department of Forest
5.	Private Land	Empty land	Tashi Group of Companies	No structures



## Annex 5: Calculation of the Entitlement

### A. Compensation for affected persons from the vegetable market

**Option 1:** Relocation to a stall in the new integrated vegetable market and income assistance equivalent to the number of days of income lost related to the relocation process. According to the social due diligence the daily income lost will be based on the minimum daily income for the majority of the AP which is Nu. 500 per day.

**Option 2:** Should the newly integrated market not be ready in time for the civil works in the existing vegetable market section, the following compensation and resettlement assistance will be provided to affected shop-owners.

#### 1. Compensation for Number of people affected (loss of Income)

Number of Affected people	94
Compensation per day/person (Nu.)	500
Total number of days	90
<b>A. TOTAL (Nu.)</b>	<b>4,230,000.00</b>
<b>B. TOTAL (USD)</b>	<b>63,218.00</b>

#### 2 Cost of structures vegetable market

	Rate of structure per square meter/rate of rent	No. square meter/no. of renter	Total (Nu.)
Structure owner Entitlement: Replacement cost of structure or stall at new market location			
Renter Lump sum rental assistance of 2 months current rental rate			
<b>Total</b>			

#### 3. Total compensation package vegetable market

<b>Total A + Total C (Nu.)</b>	<b>Total B + Total D (USD)</b>

## B. Compensation for loss of private land

Compensation	No. acre	Rate per acre	Total
Affected land	2.7616		
Affected land that will be pooled	1.76		
Affected land that will be compensated	1.004	Rate being discussed with landowner and PT	To be determined

## C. Total Budget for the Resettlement Plan:

The total budget is still being discussed as the rate for the structures and the private land is still being determined.

## Annex 6: Consultative meeting

The public consultation was to be carried out by the Phuentsholing Thromde at the onset of the sub-project (September-October 2015). However, during the survey of the vegetable market, it was learned that the majority of the people were not aware of the plans to relocate the market. According to the Phuentsholing Thromde, awareness or public consultations were not carried out as the alignment of the bypass took a couple of months to be finalised. The initial plan was to construct a two-way lane which would have affected only about 10 vegetable shops. It was decided later on in the project design phase that a four-way lane would be a pragmatic approach for Phuentsholing's traffic congestion.



An awareness was conducted on June 3rd, 2016 with the affected shop owners. Approximately 72 shops are being affected and every affected shop-owner was present or represented in this meeting. Mr. Jamtsho, who is the in-charge of the vegetable market was responsible to inform and contact the affected shop-owners. He was given information and instructions on the issues to be covered during this consultative meeting with the affected shop owners which covered the following:

- i. The proposed road and the structures that will be affected by the road construction
- ii. The actual affected shops and the temporary measures for the AP
- iii. Assistance to be provided with relocation and compensation if any
- iv. Location of the new vegetable market and proposed design of the market
- v. layout of the market and stall/booth allotment system
- vi. Proposed rental and lease agreement
- vii. Assistance that will be provided to the APs with relocation to the new market and compensation if any
- viii. Tentative timeline for the entire process (temporary and permanent relocation)
- ix. Who would be the right person/people/agency to contact if the APs came across any issues with regards to relocation. However, the first point of contact will be the In-Charge, Vegetable Market, Phuentsholing.



Figure 2: The Affected shop owners being briefed on the Sub Project

## Annex 7: Lease Agreement: Crocodile farm and warehouse

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ROYAL GOVERNMENT OF BHUTAN  
PHUENTSHOLING MUNICIPALITY  
POST BOX NO.02  
PELKHIL LAM  
PHUENTSHOLING, BHUTAN


PT ADM-28(SASEC-ADB)/2016-2017/ 395- 29<sup>th</sup> July, 2016.

The Director,  
Department of Forests and Park Services,  
Ministry of Agriculture and Forests,  
Thimphu.

Sub: Shifting of Crocodile Farm.

Sir,  
With reference to letter no. WCD/Adm-05/2016/3963, dtd. 16/03/2016, the Phuentsholing Thromde appreciated the efforts taken by the Department of Forests and Park Services in relocating the Crocodiles to Gelephu.  
In this regard, we would like to inform that as per the final lay out plan as well as the alignment of the road corridor, there will be a balance area in the existing location, of about 12,000 sq. ft. (27 decimal), after incorporating the required area into the road corridor. The inner edge of the road will affect the existing compound wall, ticket counter and some ponds inside the compound. This is submitted for your kind information and necessary action, please.

Thanking you.

Yours sincerely,  
  
Chhewang Jangpa  
Joint Executive Secretary  
Phuentsholing Thromde.

1. The Chief Forest Officer, Gedu Forest Division, for kind information.  
2. The Forest Range Officer, Phuentsholing Range, Phuentsholing, for kind information and in reference to your letter no. PR/9-2/2016-2017/15, dtd. 14/07/2016. The alignment and Geometric design of the road corridor at particular location cannot be compromised, as requested in the above referred letter.

☒ The Project Co-ordinator, SASEC, RCP, PT.  
☒ The Project Manager, P.U., ADB, PT. for kind information  
S.T.L. M/s. SMEC, P/ing

Phone: Main Office: EPATIX: 00974-08-252168/252759/254643 Fax: 252882, Water Supply: (C/O) 252877, Sewerage: (C/O) 253106, Town Maintenance: (C/O) 254644-4645.

PHUENTSHOLING CITY CORPORATION: BHUTAN

**LEASE AGREEMENT**

This Lease agreement is made between **Phuentsholing Thromde** (*hereinafter referred to as Lessor*) and **Mr. Pem Tshering** (*referred to as the Lessee*) for lease of the land described below under the following terms and conditions.

1. A plot of land measuring **2775.00 sq.ft.** located near Norgay Cinema Hall at Phuentsholing is being leased to Mr. Pem Tshering for a period of **twenty years** effective from **1<sup>st</sup> November 2010 to 20 years**. This is as per the approved note sheet no. NLCS/LL/Note/10/203 dated 11<sup>th</sup> march 2010 for an area of 2300sqft and approved letter no. NLCS/CID (LL)/41/2012-13/5515 31<sup>st</sup> July, 2013 for 475sq.ft.
2. The lessee shall pay Nu.42/- per sq.ft per annum (Nu.3.5 per sq.ft per month) as a lease rent to Phuntsholing Thromde.
3. The leasehold cannot be converted into freehold and cannot sublet the leased land.
4. The land is to be used solely for the purpose as set out in the lessee's application for the lease of the land and not for any purpose other than that for which it has been leased out.
5. Failure to comply with the terms under clause no.4 above shall result in termination of the lease agreement with one month's notice and repossession of the land by Phuntsholing Thromde.
6. No permanent structure/construction is allowed on the lease land. However the lessee must obtain the approval of Phuntsholing Thromde prior to the erection of any temporary structure.
7. The lessee shall, before the expiry of the lease, unconditionally remove all the structures and restore the land at the lessee's own expenses before handing it back to Phuntsholing Thromde in a clean and cleared state before the expiry date of the lease.
8. If the lessee fails to comply with the clause no. 6, Phuntsholing Thromde may clear the land of any structure remaining and the lessee will be liable for the cost of carrying out the work.
9. At the time of handing over, Phuntsholing Thromde shall not be liable for any compensation to the lessee neither for the removal of any structure, infrastructure, building etc nor for any damages caused by natural calamities.
10. The lessee shall be responsible for the payment of all charges, fees, taxes etc. that may be applicable from time to time.
11. Since the Urban Development Plan (2002-2017) is under implementation vide Hon'ble Zhabtog Lyonpo's letter no.MoWHS/9/65 dated 29<sup>th</sup> June 2004, the leased land will be repossessed with one month's advance notice as and when required by Thromde to carry out the development works and the lease agreement executed shall be terminated.
12. The lessee is bound to give, with reasonable diligence, notice to the lessor when he is aware of any danger to the land or any encroachment made upon by others. The lessee hereby agrees to fence (barbed wired/chain-link) the leased out area within one months' period from the signing of this agreement. Failing which, the lease agreement shall be terminated immediately.
13. The lease rent shall be payable to Phuntsholing Thromde by lessee @**Nu. 58,275/-**(2775.00sq.ft. x Nu.3.5/sq.ft x 6 months) as an advance payment for every 6months or lessee shall submit a bank guarantee in favor of Phuntsholing Thromde with the amount equivalent to 6month's lease rent before signing the agreement.



14. An advance lease rent shall be paid by lessee for every six months until the expiry of the agreement.

15. A penal interest of 24% shall be levied if the payment of advance lease rent for six months is delayed.

16. In case the lessee defaults the payment of lease rent and fails to response for lease extension after serving the reminder, Phuntsholing Thromde shall disconnect the service facilities without giving any further notice.

17. After the above action if the lessee still fails to clear the outstanding dues shall result in termination of lease agreement and demolition.

18. If the lessee wishes to terminate the lease agreement, it can be done with one month's notice in advance and vice-versa if the lessor wishes the same.

19. This agreement is being signed by the representatives of lessor and lessee both on 14 Day of August, 2013 in presence of the witnesses.

**For Lessee**  
Mr. Pem Tshering  
(Signature & Seal)  
Name: Pem Tshering  
**Proprietor.**  
Contact Address:  
Jangchub Thrimdey Lhal-  
Phy 17707911


**For Lessor**  
Phuntsholing Thromde.  
(Signature & Seal)

**Witness**  
Signature: Gawa Lhuna  
Name: Gawa Lhuna  
Designation: \_\_\_\_\_  
Contact Address: 17279595  
Dham Dara Phy.

Note:  
1. Please affix legal stamps where-ever necessary.  
2. Only authorized person can sign on this document.

Page 2 of 2

## Annex 8: Budget approved for the new integrated market


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 རྒྱལ་ཡོངས་འཛུའ་དངུལ་ལས་ཁུངས།  
**ROYAL GOVERNMENT OF BHUTAN**  
**MINISTRY OF FINANCE**  
**DEPARTMENT OF NATIONAL BUDGET**  
 THIMPHU - BHUTAN

DNH/Div-II/CORRS/2016-17/ 027  
 July 15 2016

The Thrompon  
 Phuentsholing Thromde  
 Phuentsholing, Chukha

Subject: **Budget for FY 2016-17**

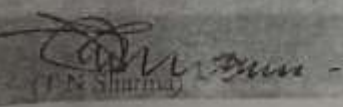
Sir,

This is to inform that in addition to Thromde's internal revenue for the FY 2016-17, the Government has approved a budget of Nu. 248.219 million and as detailed below:

#	Activity	Funding source	Current	Capital	Total
1	RGoB subsidy	RGoB	3.219	150.000	153.219
2	Construction of access road to proposed housing colony	RGoB	-	50.000	50.000
3	Construction of multi-car parking	GoI	-	15.000	15.000
4	Construction of permanent structures at Pekarzing loop road	GoI	-	15.000	15.000
5	<b>Construction of integrated vegetable market complex at lower market</b>	GoI	-	15.000	15.000
Total			3.219	245.000	248.219

A copy of Budget Notification for the FY 2016-17 is also attached for your kind information and compliance.

Yours sincerely,

  
 (T.N. Sharma)

TL / Social Safeguard  
 SMEC  
 For ref. and info. / M.  
 15/7/16  
 PROJECT CO-ORDINATOR  
 SASEC ROAD CONNECTIVITY PROJECT, U  
 PHUENTSCHOLING THROMDE

## Annex 9: Entitlement Matrix (based on Nganglam-Dewathang and Pasakha Access Road Resettlement Plan approved for SASEC Road Connectivity Project)

Type of Loss	Application	Definition of APs	Entitlement	Responsibility	Remarks
1. Agricultural land by titled owners (private property)	Land on the project right of way (ROW)	Titleholders	<p>Affected plot is more than 10 decimals: Option of Land-for-Land and/or Cash-for-land</p> <p>Affected plot is less than 10 decimals: Cash-for-land</p> <p>Compensation at replacement value.</p>	Dzongkhag, DoR and Agriculture Department	<p>1. The difference between the compensation determined by the Dzongkhag and the replacement value determined by the Block Development Committees will be paid as a cash grant by the project.</p> <p>2. If a portion from the total land holding of the individual is acquired by the project, the following options will be given:</p> <ul style="list-style-type: none"> <li>○ The AP keeps the remaining land and the compensation and assistance is paid to the AP for the land to be acquired.</li> <li>○ If the AP is from a vulnerable category, compensation for the entire land is by means of land-for-land if preferred by the AP, provided that land of equal or better productivity is available.</li> <li>○ Land for land or cash compensation. In case of developed land being acquired and substituted by an undeveloped land, the owner in such cases shall be compensated with half the cost land for land development purpose. In case the owner is endangered of becoming landless, the affected owner will be compensated the cost of land as per the Land Compensation Rates 2009 as well as substitute land free of cost.</li> </ul>
2. Homestead and commercial land (private property)	Land on ROW	Titleholders	Compensation at replacement cost.	Dzongkhag and DoR	Cash compensation at replacement value. If there is a difference between the latest published Land Compensation rate and replacement value, difference in value will be covered by grant by DoR.
3. Residential and commercial structures by owners (private property)	Structure within the ROW	Owners of structures	Compensation at replacement cost.	Dzongkhag and DoR	<p>1. Cash compensation to be paid by the Dzongkhag.</p> <p>2. The amount of depreciation deducted by the Dzongkhag will be covered by a cash grant by DoR.</p> <p>3. DoR will help in shifting and in rebuilding the structures of the owners.</p>



4. Tenant – residential or commercial	Affected by ROW	Tenant	Compensation	Dzongkhag and DoR	<ol style="list-style-type: none"> <li>1. The amount of deposit/advance paid to the landlord or the remaining amount at the time of acquisition (to be deducted from the payment to the landlord) is to be based on Tenancy Act of RGoB 2004.</li> <li>2. The tenant has the right to salvage material from the demolished structure constructed by him/her.</li> <li>3. DoR will assist in shifting and in rebuilding the</li> </ol>
5. Income from business or land through wages and other employment	Households affected by ROW	Individual	Lump sum	DoR	<ol style="list-style-type: none"> <li>1. Persons directly affected by project will be given priority by DoR to re-employ during the implementation of project.</li> <li>2. One time economic rehabilitation grant (in the form of 3 months wages) per household.</li> </ol>
6. Annual / seasonal crops	Households affected by ROW	Household	Notice to harvest standing crops	Dzongkhag, DoR and Agriculture Department	Compensation for lost crop will be paid as per the Compensation rates 2008/2009 for cash crops/fruit trees/annual crops. The difference between the Compensation rates 2008/2009 for cash crops/fruit trees/annual crops and the market price for lost crop will be covered by providing free seeds and seedlings.
7. Trees/Perennial cash crops	Households affected by ROW	Household	Compensation following Govt procedures.	Dzongkhag, DoR, Agriculture Dept.	Compensation for tree cash crops will be based on Compensation rates 2008/2009 for cash crops/fruit trees/annual crops and the existing procedure of the Ministry of Agriculture which supports the compensation in cash for loss of income from the cash crops.
8. Encroachers	Households affected by ROW	Household	No compensation for land; assistance to vulnerable households	Dzongkhag and DoR	<ol style="list-style-type: none"> <li>1. One time economic rehabilitation grant (in the form of 3 months wages) for vulnerable encroachers (e.g., households below the poverty line) will be assisted.</li> <li>2. Cut-off date for this entitlement is the date of the survey.</li> </ol>

9. Structures by squatters and informal settlers	Households affected by ROW	Household	No compensation for land; compensation for structure at replacement cost and assistance to vulnerable households	Dzongkhag and DoR	<ol style="list-style-type: none"> <li>1. The squatter has the right to salvage material from the demolished structure.</li> <li>2. DoR will assist in shifting and in rebuilding the structures for the squatters.</li> <li>3. One time economic rehabilitation grant (in the form of 3 months wages) for vulnerable groups per household</li> <li>4. Cut-off date for this entitlement is the date of the</li> </ol>
10. Primary source of income	Households affected by ROW	Individual	Assistance for income restoration	Dzongkhag and DoR	<ol style="list-style-type: none"> <li>1. One time economic rehabilitation grant (in the form of 3 months wages) for vulnerable groups per household.</li> <li>2. Preferential employment in the project, especially for women and the poor.</li> <li>3. Assistance in finding alternate jobs</li> </ol>
11. Vulnerable Households	Households affected by ROW	Household	Assistance for income restoration	Dzongkhag and DoR	<ol style="list-style-type: none"> <li>1. One time economic rehabilitation grant (in the form of 3 months wages)</li> <li>2. Preferential employment in the project</li> </ol>
12. Community infrastructure and amenities	Affected by ROW	Community	Replacement	Dzongkhag and DoR	Cultural properties will be conserved by special measures such as relocation, replacement in consultation with the community. Compensatory afforestation will replace loss of trees.
13. Other impacts not identified	Households affected by ROW	Individual	Additional assistance	Dzongkhag and DoR	Unforeseen impacts will be documented and mitigated based on the principles agreed upon in this policy framework.