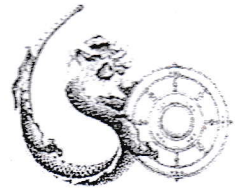




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MoWHS/DHS-11/2015-2016/ 670

8 June, 2016
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**Directives on Incentives for Management of Protected Zones
within Thromde Boundary**

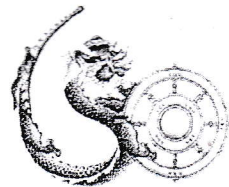
Bhutan is a fast urbanizing nation, as evidenced by the increasing movement of people from rural to urban areas. Bhutan Vision 2020 projects that by 2020, 50% of Bhutanese would be living in urban areas. Therefore the declaration of a Dzongkhag Thromde and a Yenlag Thromde in every Dzongkhag by the Parliament in 2015 is timely. This declaration of Thromdes across the Dzongkhags, is not only in fulfillment of the Constitutional requirement but will ensure planned and sustainable urban development which will promote accelerated socio-economic growth, contributing to equitable and regionally balanced development.

The Ministry of Works and Human Settlement, with its mandate on urban affairs, is tasked to provide necessary policy directives and technical support for planning and development of the Thromdes. Urban planning and development processes are driven not only by economic objectives alone, but pursues development objectives that balance conservation and sustainable management of environment, preservation of culture and tradition and spiritual and other non-economic aspects. Thus, not all land falling within the Thromde boundary are open to development. Spatial planning involves designation of different land uses with controlled or no construction in some areas. Under the circumstances, it is perceived that immediate economic benefits are not accrued by all land owners equally, and hence this has become a concern to the general public.

Further, even as Thromdes or extended Thromde areas are declared, it is not possible to prepare urban development plans immediately. The planning processes involve survey, analysis and plan preparation through public consultation. Even when plans are prepared and approved, provision of infrastructure services requires resources and takes time. But there have been issues of levying of urban taxes and withdrawal of rural incentives before preparation or approval urban development plans and/or provision of basic infrastructure services.



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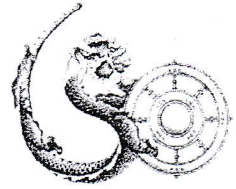
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Therefore, with the objective to address the above public concerns, the government has approved the *Directives on Incentives for Management of Protected Zones within Thromde Boundary*. The *Incentives* for the Protected Zones, where construction is not permitted, and in the Thromdes or areas within Thromdes without approved plan or where basic infrastructure are not developed, are outlined in the following sections:

1. The **Protected Zones** are categorized into three areas and comprise:
 - a) **Environmentally Sensitive Areas** - These are fragile areas (steep slopes, marshy & landslide prone areas), habitat for protected species (e.g. Ramsar Convention), watershed management areas, and/or GLOF and other flood risks areas.
 - b) **Cultural Landscape Areas** - These are archaeological sites, cultural and heritage structures and sites, traditional villages, agriculture and wetlands (chhuzhing), and/or viewpoints and sightlines of local or national significance.
 - c) **Buffer Areas** - These are biological corridors, buffer around national parks, along rivers and streams, around heritage structures and sites, along international boundary, and/or areas under flight paths and high tension power lines.
2. The *Incentives* comprise tax concession and subsidies as follows:
 - a) Rural tax (land and house)
 - b) Electricity charges (100 units free)
 - c) Building materials subsidy - (timber, stone & sand for renovation where there are existing structures and new house constructions where permissible).
 - d) Agricultural/farming subsidy - (all incentives available for agriculture and farming in rural areas).
3. All protected zones within Thromde boundaries shall be eligible for *Incentives* that are provided to similar land uses in rural areas. The categories of *Incentives* that a particular land or area is eligible, shall be identified and proposed as a part of development plan, which will be approved by the competent authority, the Ministry or the Local Government as the case may be.



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If an area qualifies for incentives under two or more categories of protected land uses, it will be eligible for only one category of *Incentives*.

4. The *Incentives* will be applicable only if the designated land use is implemented. For example, farming subsidies will be eligible only if farming is practiced in the area marked for farming; and will not be applicable if farming is practiced in a non-protected area or in an area marked for other types of land use in the development plan.
5. The question of land substitution for the protected areas generally should not arise. However, if the entire plot area falls under protected zone or if it is not possible to construct a standard residential house in the remaining area, land substitution as per the prevailing procedure under the Land Act shall be applied.
6. A Thromde or areas within a Thromde which do not have approved urban development plans or where basic infrastructure are not provided even when there are approved plans, will be eligible for tax concessions and subsidies as *Incentives*, similar to the **Protected Zones**. The types of *Incentives* that a particular area is eligible for shall vary according to the level of development and will be revised as and when plans are prepared and approved or when the basic infrastructure services are provided.

This is an interim measure, during the transition period, and application of the *Incentives* will cease once the Thromde has the basic infrastructures in place.

7. For the purpose of determining the types of *Incentives* for Thromdes under urban planning and development stage, the following shall constitute the basic infrastructure services:

- a) Motor-able urban roads (paved or unpaved)
- b) Electricity supply
- c) Solid waste disposal system
- d) Storm water drain
- e) Drinking water supply (private or public) and
- f) Sewerage (on site or centralized)

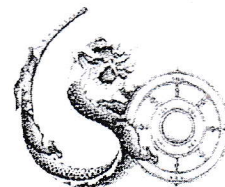
8. Though Thromdes or Thromde areas without approved plans or basic infrastructure are given different *Incentives*, sale of land and properties within



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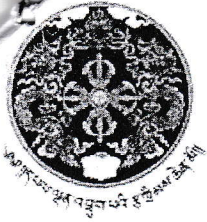


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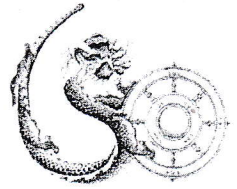
those areas shall be liable for property transfer tax as in any other Thromde area.

9. The approved *Incentives* against different categories of Protected Zones is shown in the table below:

	Protected Land Uses	Taxes		Charges	Building materials	Farming Incentives
		Rural land tax	Rural house tax	E/city charges		
	Environmentally sensitive areas					
1	Fragile areas (steep slopes, marshy & landslide prone areas)	✓	✓	×	×	✓
2	Habitat for protected species (eg Ramsar Convention)	✓	✓	×	×	✓
3	Watershed management areas	✓	✓	×	×	✓
4	GLOF and other flood risk areas	✓	✓	×	×	✓
	Cultural landscape areas					
5	Significant archaeological sites	✓	✓	×	×	✓
6	Significant cultural, heritage structures and sites	✓	✓	✓	✓	✓
7	Significant traditional villages	✓	✓	✓	✓	✓
8	Wetlands (chuzhing)	✓	×	×	×	✓
9	Significant cultivated landscapes	✓	✓	×	×	✓
10	Significant viewpoints and sightlines	✓	✓	×	×	✓
	Buffer areas					
11	Biological corridors	✓	✓	×	×	✓
12	Buffer areas around national parks	✓	✓	✓	✓	✓
13	Buffer areas along rivers and streams	✓	✓	×	×	✓
14	Buffer areas around heritage structures and sites	✓	✓	✓	✓	✓
15	Buffer areas along international boundary	✓	✓	×	×	✓
16	Areas under flight paths	✓	✓	×	×	✓
17	Areas under HT lines	✓	✓	×	×	✓
	Thromde areas without approved plans or basic urban infrastructure services					
18	Areas without approved plans	✓	✓	✓	×	✓
19	Areas with approved plans but no basic infrastructure services	✓	✓	×	×	✓



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10. The respective agencies shall provide the applicable *Incentives* while the Thromdes are responsible to process for the *Incentives*. The Ministry shall monitor, hear grievances and review the cases as and when necessary.

This Directive is issued on 8th June, 2016 for immediate implementation as per the approval of the Special Session of Lhengye Zhungtshog convened on 25th March 2016.

(Dorji Choden)
Zhabtog Lyonpo