

SECTION III

LEASE FOREST RULES

PREAMBLE.

in response to the commands of His Majesty the King dated 1979 and 1984 to the Royal Government of Bhutan, and in exercise of the power conferred by Section 27 of the Bhutan Forest Act of 1969, Royal Government of Bhutan has framed following rules:

1. SHORT TITLE AND COMMENCEMENT.

- 1.1 These rules can be called the Lease Forest Rules, 1990.
- 1.2 These rules shall come into force immediately.

2. DEFINITIONS.

Unless the subject or context otherwise requires, in these Rules:

- a. "Act" means The Bhutan Forest Act, 1969.
- b. "Lease Forest" means all degraded forests alienated from the National Forests for a fixed period of time to an individual, a group of individuals, or Government institutions primarily for the production of tree fodder, fuelwood, forest based industrial raw materials, medicinal plants and other minor forest produces under the provision of this rule.

3. SELECTION OF DEGRADED NATIONAL FORESTS FOR LEASING.

- 3.1 Royal Government of Bhutan under the provision of this rule shall appoint a special committee under the chairmanship of Dasho Dzongda in each Dzongkhag to select degraded forests for leasing to the interested target group. The Divisional Forest Officer responsible for the District shall serve as the member secretary of this committee. The composition of this committee shall be designated by the Ministry of Agriculture in consultation with the Ministry of Home Affairs.
- 3.2 The selection committee will identify and recommend to the Royal Government of Bhutan suitable national forest for leasing to an interested party according to the guidelines provided in Schedule 1 of this rule. Divisional Forest Officer shall be responsible to forward the recommendation of the committee to the Department of Forests for final approval of RGOB.
- 3.3 The Department of Forests shall review the recommendations made by different district committees to alienate selected national forests for leasing and shall seek approval from the appropriate authorities in RGOB. The Department of Forests will notify to all Dzongkhags about the final decision of RGOB. The respective Dzongkhag and the Divisional Forest Office shall make necessary arrangements to implement the lease forest schemes as per the provision laid out in this rule.
- 3.4 National Forests consisting of more than 12 trees per acre of 16" girth or more and/or more than 50 trees of less than 16" girth shall not be released to the farmers.

4. SOLICITATION OF THE EXPRESSION OF INTEREST TO ESTABLISH LEASE FOREST.

- 4.1 In those District where RGOB plans to implement lease forest programme, the Dzongkhag Office shall solicit expression of interest from the interested farmers willing to establish lease forests according to the terms and conditions laid down in this rule.
- 4.2 Farmers willing to establish lease forest shall apply through Cup/Mandal to Dasho Tizongda by completing three copies of the application form as specified in Schedule 2 of this rule.
- 4.3 Following individuals will be eligible for leasing the forest land:
 - nationals of Bhutan;
 - farmers owning less than 25 acres of cultivated land.

5. SELECTION OF FARMERS, LEASE AGREEMENT AND AWARD OF CERTIFICATE.

- 5.1 Whenever the number of farmers expressing interest to establish lease forest far exceeds the available resources to provide incentives and technical assistance from the Department of Forests, Dasho Dzongda shall form a committee to select the appropriate farmers to lease the land. This committee shall consider following criteria while selecting the farmers:
 - landless citizens;
 - farmers owning less than 5 acres of permanently cultivated land;
 - farmers residing adjacent to the forest area alienated for leasing;
 - progressive farmers capable of demonstrating the techniques of agroforestry/farm forestry.
- 5.2 The responsible Divisional Forest Officer shall forward the list of farmers agreed by the District Committee (rule 5.1) to the Dzongkhag administration for final approval to enable him to enter into lease contract with the selected farmers.
- 5.3 The Divisional Forest Officer will demarcate the forest requested by the farmer and enter into a lease agreement as specified in Schedule 3 of this rule. He shall issue a certificate of lease holding as specified in Schedule 4 of this rule and hand over the forest to the lessee. A nominal charge will be levied amounting to Nu 10/- per acre from the lessee.

6. PERIOD OF LEASE AGREEMENT.

- 6.1 National Forest will not be leased for a period more than 25 years. However, if a lessee who would develop a leased forest satisfactorily, RGOB may extend the lease for another term without any charges.
- 6.2 The lessee shall develop the leased forest within three years after entering into contract with DOF. If he/she fails to develop the leased land within this period the contract shall become automatically null.
- 6.3 The Divisional Forest Officer shall provide technical assistance for preparing a simple working plan to the lessee. The Divisional Forest Office shall also provide necessary technical assistance during the process of the establishment of lease forest as and when needed.

- 6.4 The lessee shall be responsible for the maintenance and protection of the lease forest and shall comply with the rules and regulation of the Department of Forests affecting its protection, management and utilization.

7. ACTIVITIES NOT ALLOWED IN LEASE FOREST.

- 7.1 Following activities shall not be allowed inside the lease forest:
- use the land in any manner other than as prescribed in the working plan;
 - sell, mortgage, or otherwise alienate the forest;
 - sub-leasing;
 - shifting cultivation or permanent cultivation;
 - mining, hunting, and unauthorized recreational activities;
 - to build houses or huts for purposes other than the protection of the lease forest.

8. ROYALTIES AND BENEFIT SHARING FROM THE LEASE FOREST.

- 8.1 All trees planted by the lessee in the lease forest shall be his property. Land rent amounting to Nu. 50/- per ha. per year shall be charged by RGOB to forest based industries leasing the forest land. This rent shall be paid by the lessee before the end of the first month of the year. However, no land rent will be charged to those small farmers leasing less than 5 ha. of forest land.
- 8.2 The standing trees in the leased forest before it was leased will remain to be the property of the DOF. Lessee will not have any rights on these trees. DOF will dispose these trees according to the prevailing rules and regulations affecting timber sales. However, these standing trees shall not be disposed until the new plantation in the leased forest reaches an age of more than five years.
- 8.3 The Department of Forest will not levy any royalties on any forest produce if they are consumed locally for household use. There will be no charges for the technical assistance or for any incentives provided to the lessee under the social forestry scheme.

9. UTILIZATION OF THE FOREST PRODUCE FROM THE LEASE FOREST.

- 9.1 The lessee shall apply for a permit before harvesting forest produce from the leased forest from the DFO. If he/she would like to sell the forest produce to the local industry or export outside the country, they shall apply for a separate permit. The lessee will have to pay the regular royalty of all the forest produce according to the prevailing rules and regulation of the Department of Forest if he/she would like to sell or export the forest produce.

10. TRANSFER OF OWNERSHIP RIGHTS.

- 10.1 The lessee can transfer the ownership right of the lease forest after the lapse of half of the lease period to any individual provided it is not against rule 5 above. Prior approval of the Divisional Forest officer shall be required before transferring the ownership right.
- 10.2 The Divisional Forest Officer shall enter into a new agreement with the new lessee and a new certificate will be awarded to him.

11. PENALTY FOR BREACHING THE AGREEMENT AND DAMAGES TO THE FOREST PRODUCE INSIDE THE LEASE FOREST.

- 11.1 Royal Government of Bhutan reserves the right to break the lease contract if the lessee does not comply with the conditions of the lease agreement.

- 11.2 The lessee shall not be allowed to utilize the forest produce in a way that may be detrimental to the soil and water resource of the land leased. Except for harvesting of fuelwood and fodder from thinning, and the removal of minor forest produce and cash crop, lessee will not be allowed to use the produce commercially before the lapse of five years of the lease agreement. If the lessee is found harvesting the produce prematurely against this rule, he/she will be punished according to sub-rule 12.1.
- 11.3 Any damages, theft, hazards to trees planted under lease forest programme shall be reported immediately to the nearest Range Office of the Department of Forests. The cases of offenses of theft and damages in the leased forest will be equally treated as regular forest offenses committed in the national forest and shall be punished according to the Bhutan Forest Act, 1969.

MONITORING AND EVALUATION.

- 12.1 Dasho Dzungda reserves the right of monitoring the activities of the lessee inside the leased forest. If his evaluation reveals breaching of the terms and condition under this lease forest rules, he can immediately cancel the lease agreement. All the properties standing inside the lease forest will be nationalized and the lessee in no case can claim any compensation.
- 12.2 The Divisional Forest Officer shall submit an evaluation report to the Dasho Dzungda and the Department of Forests describing the status of the lease forest programme in his Division at the end of each calendar year in a format issued by the Department of Forests.

SCHEDULE 1

[Pertaining to rule 3.2]

GUIDELINES FOR THE SELECTION OF THE LEASE FOREST

1. The forest to be alienated for leasing shall be close to the farming population.
2. The forest land should not have any controversy about land ownership. It should not be a religious forest or the property of a monk body.
3. The forest to be leased shall be a degraded forest degenerated due to the uncontrolled use of the forest resources by the local communities for meeting their daily basic needs.
4. As far as possible, forest areas shall not be selected from consolidated reserved forests. Patches adjacent to the villages should receive first priority.

SCHEDULE 2

[Pertaining to rule 4.2]

APPLICATION FORM EXPRESSING INTEREST TO ESTABLISH LEASE FOREST

Dasho Dzongda,

_____ Dzongkhag, _____

Dasho,

Being desirous of leasing Government land for the purpose of developing forests through reforestation in accordance with the work plan prepared with the help of the Department of Forests, subject to the provisions of the Bhutan Forest Act and the Lease Forest Rules, I hereby request the allotment of the following forest area to me. Particulars of the forest area of my interest are given below:

1. Description of the forest for leasing:

a. District : _____ b. Block: _____

c. Village : _____ d. Description of the Forest :

E : _____

W : _____

S : _____

N : _____

e. Location : _____ f. Forest Demarcation: Yes / No

g. Estimated area : _____ : hectares/acres (sketch map attached)

h. Number and kind of standing trees. : ~~List attached~~/not attached

2. Kind of forest products planned for production : ~~fuelwood / fodder /~~
multipurpose / others

3. Tree species preferred : ~~List attached~~

4. Period of lease applied

5. Sources of seeds and other planting materials.

6. Sources of funding :

7. Intended use of forest produce

- a. domestic consumption,
- b. to be marketed.

Name of the Lessee : _____

Address : _____

Signature : _____

Date : _____

SCHEDULE 3

[Related to Rule 5.3]

LEASE AGREEMENT FOR ESTABLISHING LEASE FOREST

I, _____, grandson of _____
son of _____ residing at _____ Village at
_____ Block in _____ District,
aged _____ years, would like to establish _____ hectares/acres of
"Lease Forest" to produce allied forest resources in the national forest located at
_____ village at the _____ Block in _____ District the
boundary of which are _____ on the east _____ on the west
_____ on the south _____ on the north. I agree
to comply with the following terms and conditions under this lease agreement.

TERMS AND CONDITIONS

1. I will not do any activities other than what is allowed by the Lease Forest Rules promulgated by the Department of Forests.
2. I will not encroach forest land outside established boundary of lease forest handed over to me.
3. I will not be involved in any act that damages or degrade the adjoining national forests.
4. I will immediately hand over the forest leased to me after the present term expires. I will not claim for another area for lease if the present lease is not renewed for another term.
5. I will initiate field activities to establish lease forest according to the agreed upon plans within one year after the lease agreement is signed.
6. I will comply with the technical assistance and other guidance extended by the Department of Forests from time to time.
7. I will not carry out shifting cultivation or permanent cultivation inside the lease forest.
8. I will not construct houses or any other permanent structure inside the lease forest.
9. I will not remove scattered standing trees handed over to me.
10. I will not mortgage the lease forest.