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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF ENERGY & NATURAL RESOURCES
DEPARTMENT OF FORESTS & PARK SERVICES
FOREST RESOURCES PLANNING & MANAGEMENT DIVISION

DoFPS/FRPMD/FRPIS/01/2024-2025/ 307

October 10, 2024

Chief Forestry Officer(s)
Divisional Forest Office and Protected Areas Offices
Department of Forests and Park Services

Subject: Implementation of Modality for allotment of sites and extraction of timber from Phase II Scientific Thinning Operations through Private Sector

Sir(s),

This is to inform that the Ministry has approved the “*Modality for allotment of sites and extraction of timber from Phase II Scientific Thinning Operations through Private Sector*” vide notesheet no. DoFPS/FRPMD/FRPIS/2024-2025/271 dated September 30, 2024. The modality has been approved to facilitate engagement of private sector in Phase II Scientific Thinning operation through fair and transparent allotment of Thinning Operation areas excluding those thinning areas that have been allotted to authorized agencies.

The potential thinning operation areas for Year 1 (2024) which could be allotted to the private sector is attached herewith for your reference. In total, approximately 6.48 million cft of timber in log form is proposed for allotment to the private sector in 2024.

In this regard, the Department would like to request field offices to initiate and facilitate the allotment of thinning operation areas to private sectors based on the provisions of the Modality with immediate effect. Thinning sites shall be identified and validated as per the thinning target and the forest resource potential assessment done by the Department. However, the thinning volume shall in no way exceed the Annual Allowable Cut of the site if it falls inside/within area-based management plans.

A copy of the Modality is attached herewith for reference and compliance.

Thanking you,

Yours sincerely,

(Kinley Dem)
Offtg. Director

Copy

1. The Hon'ble Lyonpo, MoENR for kind information.
2. The Hon'ble Secretary, MoENR for kind information.
3. The private sector for information and action
4. CFO (s), Functional Divisions for information
5. Office copy



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 MINISTRY OF ENERGY & NATURAL RESOURCES
 DEPARTMENT OF FORESTS & PARK SERVICES
 FOREST RESOURCES PLANNING & MANAGEMENT DIVISION

S/n	Division/Park	Operation Year	Thinning Area (geog)	Thinning Production Area (r-)	Broadleaf (Ha)	Conifer (Ha)	Broadleaf%	Conifer%	Thinning Volume (standing volume in m ³)	Thinning Volume (Standing Volume in m ³)	Approximate Log Volume (c ^m)	Broadleaf Log (cft)	Conifer Log (cft)	Approximate Cable line (Numbers)
1	Bumdeling Wildlife Sanctuary	Year 1	Bumdeling	2468.20	2353.82	114.35	95.37	4.63	7601.90	268423.20	109856.60	102395.73	7460.87	15
2	Bumthang Forest Division	Year 1	Chhoeor	1455.86	6.76	1449.1	0.46	99.54	3047.11	107593.63	64456.26	321.48	64134.78	6
3	Bumthang Forest Division	Year 1	Tang	3506.47	106.86	3399.61	3.05	96.95	7339.04	259141.56	153905.47	5081.78	148823.69	14
4	Dagana Forest Division	Year 1	Gesarling	2462.42	2462.42	0.00	100.00	0.00	8618.47	304318.18	121727.27	121727.27	0.00	17
5	Dagana Forest Division	Year 1	Deoralli	3878.58	3878.58	0.00	100.00	0.00	13575.03	479334.31	191733.72	191733.72	0.00	27
6	Dagana Forest Division	Year 1	Dorona	4204.83	4204.83	0.00	100.00	0.00	14716.91	519653.92	207861.57	207861.57	0.00	29
7	Gedu Forest Division	Year 1	Bongo	1548.01	1505.83	42.18	97.28	2.72	4594.49	162277.40	65791.37	63124.59	2666.78	9
8	Gedu Forest Division	Year 1	Bjachho	3189.20	2998.1	191.1	94.01	5.99	9465.552	334323.07	137755.53	125680.45	12075.08	19
9	Jigme Dorji National Park	Year 1	Naro	175.74	0	175.74	0.00	100.00	658.15	23239.15	13943.49	0.00	13943.49	1
10	Jigme Dorji National Park	Year 1	Kawang	1823.05	16.19	1806.86	0.89	99.11	6827.32	241072.75	144215.47	323.34	143892.13	13
11	Jigme Khesar Strict Nature Reserve	Year 1	Gakilling	5238.17	4326.78	911.39	82.60	17.40	11916.84	420783.51	179252.72	165550.88	13701.84	23
12	Jigme Singye National Park	Year 1	Phobji	115.08	11.42	103.66	9.92	90.08	267.45	9443.52	5478.68	337.59	5141.09	1
13	Jigme Singye National Park	Year 1	Chhudzom	222.35	222.35	0	100.00	0.00	602.35	21268.84	8507.54	8507.54	0.00	1
14	Jigme Singye National Park	Year 1	Jigmechholing	919.63	919.63	0.00	100.00	0.00	2491.27	87966.73	35186.69	35186.81	-0.12	5
15	Jigme Singye National Park	Year 1	Athang	3548.24	2504.69	1043.55	70.59	29.41	8246.11	291170.14	133594.89	95834.24	37760.65	16
16	Jomotshangkha Wildlife Sanctuary	Year 1	Serthi Gewog	2826.43	2826.43	0.00	100.00	0.00	8962.62	316559.59	126623.84	126587.99	35.85	18
17	Jomotshangkha Wildlife Sanctuary	Year 1	Langchenphu Gewog	5381.96	5381.96	0	100.00	0.00	17066.20	602778.01	241111.21	241042.94	68.26	33
18	Mongar Forest Division	Year 1	Jurme	2600.08	2296.28	303.8	88.32	11.68	7808.04	275701.90	116723.50	97395.27	19328.23	15
19	Mongar Forest Division	Year 1	Gongdue	3716.26	3716.26	0.00	100.00	0.00	11159.93	394057.09	197028.11	157622.83	39405.28	22
20	Pemagatshel Forest Division	Year 1	Chongshing	758.56	758.56	0	100.00	0.00	5607.30	197993.85	79522.03	79197.16	324.87	11
21	Pemagatshel Forest Division	Year 1	Shumer	1366.56	1129.54	237.02	82.66	17.34	10101.61	356687.90	155048.15	117929.18	37118.97	20
22	Pemagatshel Forest Division	Year 1	Zobel	3305.94	3219.26	86.68	97.38	2.62	24437.51	862888.42	349680.27	336105.58	13574.69	48
23	Pemagatshel Forest Division	Year 1	Nanong	3952.43	3762.45	189.98	95.19	4.81	29216.36	1031629.76	422569.30	392817.12	29752.18	57
24	Phibsoo Wildlife Sanctuary	Year 1	Singye	1385.39	1385.39	0.00	100.00	0.00	3753.03	132519.64	53007.85	53007.68	0.00	7
25	Phrumsingla National Park	Year 1	Ura Gewog	7182.89	238.49	6943.31	3.32	96.66	24181.42	854087.87	506630.38	11341.64	495288.74	47
26	Royal Manas National Park	Year 1	Ngangla	404.52	404.52	0.00	100.00	0.00	2061.43	72789.23	29115.69	29115.69	0.00	4
27	Royal Manas National Park	Year 1	Norbugang	670.62	670.62	0.00	100.00	0.00	4957.22	175039.55	70015.82	70015.82	0.00	9
28	Royal Manas National Park	Year 1	Phangkhar	2525.10	2525.10	0.00	100.00	0.00	12867.91	454365.89	181746.36	181746.36	0.00	25
29	Sakteng Wildlife Sanctuary	Year 1	Merak	492.00	240.34	251.64	48.85	51.15	1821.80	64327.80	33146.00	12659.89	20576.11	4
30	Sakteng Wildlife Sanctuary	Year 1	Sakteng	1027.60	832.73	194.86	81.04	18.96	3805.10	134359.10	58005.50	43552.58	14452.92	7
31	Sarpang Forest Division	Year 1	Shompangkha	747.29	747.3	0.00	100.00	0.00	2024.42	809.77	28592.94	28592.94	0.00	4
32	Sarpang Forest Division	Year 1	Sengye	1709.65	1709.64	0.00	100.00	0.00	4631.43	1852.57	65414.35	65414.35	0.00	9
33	Sarpang Forest Division	Year 1	Gakiling	4352.60	4352.59	0.00	100.00	0.00	11791.19	4716.48	166538.76	166538.76	0.00	23
34	Sarpang Forest Division	Year 1	Dekiling	4647.60	4647.6	0.00	100.00	0.00	12590.36	5036.14	177826.20	177826.20	0.00	25
35	Thimphu Division	Year 1	Geney, Tshochekha	382.82	0.44	382.38	0.11	99.89	2048.09	72317.95	43390.77	23.27	43367.50	4
36	Trashigang Forest Division	Year 1	Toetsho	504.66	494.17	10.49	97.92	2.08	1554.35	54884.20	22181.85	21497.34	684.51	3
37	Trashigang Forest Division	Year 1	Ramjar	555.32	467.34	87.98	84.16	15.84	1710.39	60393.72	26071.14	24442.43	1628.71	3
38	Trashigang Forest Division	Year 1	Tomzhangtshen	749.96	704.19	45.77	93.90	6.10	2309.88	81561.75	33620.24	30633.62	2986.62	5
39	Trashigang Forest Division	Year 1	Yalang	971.79	857.08	442.39	88.20	45.52	2993.11	105686.83	44857.66	37284.63	7573.03	6
40	Trashigang Forest Division	Year 1	Khamdang	997.60	922.52	75.08	92.47	7.53	3072.61	108493.79	45030.58	35180.12	9850.46	6
41	Trashigang Forest Division	Year 1	Trashiyangtse	4990.14	2054.19	683.26	41.16	13.69	15369.63	542701.68	217661.42	89361.21	128300.21	30
42	Wangdue Forest Division	Year 1	Dangchu	83.746	33.85	42.74	40.42	51.04	187.0879	6607.944628	6607.946	1111.23	5496.71	1
43	Wangdue Forest Division	Year 1	Phangyul	1306.37	980.79	325.58	75.08	24.92	2918.43058	103078.9681	46356.43	32193.62	14162.81	6
44	Wangdue Forest Division	Year 1	Kazhi	2746.78	1910.08	836.64	69.54	30.46	6136.30652	216734.3463	99869.40	62696.80	37172.60	12
45	Wangdue Forest Division	Year 1	Bjina	3488.69	2768.44	720.05	79.35	20.64	7793.73346	275274.6658	121438.57	90871.76	30566.80	15
46	Wangdue Forest Division	Year 1	Nysho	5618.4	5010.11	609.19	89.17	10.84	12551.5056	443319.1778	210839.56	164452.73	46386.82	24
47	Zhemgang Forest Division	Year 1	Trong	3081.28	2772.64	308.64	89.98	10.02	15702.20	554444.80	232885.23	199563.27	33321.96	31
48	Zhemgang Forest Division	Year 1	Nangkor	9492.15	8676.87	456.88	91.41	4.81	48372.02	170801627.00	699648.70	624525.67	75123.03	95
	Total										6482073.00			



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ROYAL GOVERNMENT OF BHUTAN
 MINISTRY OF ENERGY & NATURAL RESOURCES
 DEPARTMENT OF FORESTS & PARK SERVICES
FOREST RESOURCES PLANNING AND MANAGEMENT DIVISION

DoFPS/FRPMD/FRPIS/2024-2025/ 271

30/09/2024

Notesheet

Sub: Approval for implementation of "Modality for allotment of sites and extraction of timber from Phase II Scientific Thinning Operations through private sector".

The 13th Five Year Plan Key Performance Indicator (KPI) for the Economic Cluster aspires "to build a USD 10 billion economy founded on creativity, innovation, and sustainability resulting in Gross Domestic Product (GDP) per capita of USD 12,000 by 2034." So far the forestry sector's contribution to the national GDP has been relatively low and thus remains a largely underutilized sector with minimal contribution to the GDP. With large timber resources, the forestry sector has a high potential to contribute significantly to the GDP and also to national economic transformation efforts. The need to leverage the economic potential of our forest resources was also emphasized by His Majesty the King during the Royal audience. He commanded to look at the opportunities of timber exports with focused extraction of timber from feasible areas through engagement of private sectors. Therefore, the Department of Forest and Park Services has developed this modality for effective engagement of private sector in nationwide scientific thinning which will be implemented for a period of three years from 2024-2026. The main objectives of this modality is to encourage effective engagement of private sector in nationwide scientific thinning operations ensuring fair allotment and distribution of thinning operation areas, efficient implementation of the thinning operation as per the approved management plans and to facilitate efficient extraction and utilization of timber thus extracted. The Guideline has been prepared through consultations with the field offices and private sectors. Therefore, the Department would like to seek for an approval of the Ministry for implementation of the modality. Attached herewith is a copy of the modality for kind reference please.

Submitted for kind approval:

Recommended for approval:

(Kencha Sukpa)

Offg. Chief Forestry Officer

(Karma Tenzin)

Director

Secretary

Ministry of Energy and Natural Resources

Minister

Ministry of Energy and Natural Resources

Post Box. No. 1345. Phone: (PABX) +975 (02) 334458/334487

Ministry Energy & Natural Resources
 Dak Received No. 135
 Date: 4/10/24

Legal Division vetted the modality. Hence recommended for approval.
7/10/24

*Ch. HSD
 Pl. review if your views incorporated
 4/10/24*

**MODALITY
FOR ALLOTMENT OF SITES AND EXTRACTION OF
TIMBER FROM
PHASE II SCIENTIFIC THINNING OPERATIONS
THROUGH
PRIVATE SECTOR**

FOREST RESOURCES PLANNING AND MANAGEMENT
DIVISION

DEPARTMENT OF FOREST AND PARK SERVICES

OCTOBER 2024



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CHAPTER 1

PRELIMINARY

1 Back ground

The 13th Five Year Plan Key Performance Indicator (KPI) for the Economic Cluster aspires “to build a USD 10 billion economy founded on creativity, innovation, and sustainability resulting in Gross Domestic Product (GDP) per capita of USD 12,000 by 2034.” The current GDP is estimated at Nu 192.353 billion, which means that the GDP should grow by more than five folds in 10 years to meet the target. Though Bhutan has around 69% forest cover, the forestry sector's contribution to the national GDP is only around 2.9 percent and thus remains a largely underutilized sector with minimal contribution to the GDP. Further, despite abundant natural resources, Bhutan continues to import billions worth of wood and wood-based products annually. Therefore, with large timber resources, the forestry sector has a high potential to contribute significantly to the GDP and also to national economic transformation efforts. The need to leverage the economic potential of our forest resources was also emphasized by His Majesty the King during the Royal Audience granted on 9th August, 2023. His majesty specifically commanded us to come up with immediate stop-gap measures for two to three years so as to manage the current reality of our economy which is highly stressed from trade deficit and negative balance of payments. He commanded to look at the opportunities of timber exports with focused extraction of timber from feasible areas through engagement of private sectors. He also emphasized on sustainable harvesting through improved technology, robust marketing and pricing mechanisms. Therefore, this modality is developed for effective engagement of private sector¹ in nationwide scientific thinning which will be implemented for a period of three years from 2024-2026 as per the thinning action plans developed by the Department of Forest and Park Services (DoFPS).

2 Objective

The main objectives of this modality are to:

¹ Private sector shall include all business entities with valid logging or wood-based industries (Primary or secondary) license and interchangeably used with private party in this document.



- 2.1 Encourage private sector participation in nationwide scientific thinning operation;
- 2.2 Ensure fair allotment and distribution of scientific thinning operation areas;
- 2.3 Ensure efficient implementation of the thinning operations; and
- 2.4 Enhance and facilitate efficient extraction and utilization of timber.

3 Scope and application of the Modality

The scope and application of this modality shall be limited to the engagement of the private sector in the extraction of all classes of timber (Special, A, and B Class timber) from identified and allotted scientific thinning operation areas identified by the DoFPS.



CHAPTER 2

ALLOTMENT OF SCIENTIFIC THINNING OPERATION AREAS

4 Guiding Principles

- 4.1 The DoFPS, as the custodian of the forest resources vested through Forest and Nature and Conservation Act (FNCA)², shall reserve all rights relating to allotment of thinning areas to the private sector.
- 4.2 All thinning operations shall be carried out as per the approved Scientific Thinning Action Plan (Action Plan) approved by DoFPS.
- 4.3 The Action Plan shall be developed by the concerned Chief Forestry Officer (CFO). The action plan shall provide estimates of the thinning area, timber volume and species composition.
- 4.4 The private party concerned shall ensure that all thinning operations strictly adhere to the prescriptions of the Action Plan.
- 4.5 Scientific thinning areas shall be allotted to the eligible private party for extraction, utilization and marketing based on the allotment modality as prescribed under clause 5 of this modality.
- 4.6 For the purpose of carrying out the scientific thinning operation, the concerned CFO shall execute a site specific Contract Agreement with the private party as specified under Annexure I of this Modality.

5 Lucky dip system

All scientific thinning operation areas identified for allotment to the private party shall be allotted through Lucky dip system conducted by the concerned Divisional Forest Office/Park Offices, DoFPS.

5.1 Eligibility Criteria

Any registered Bhutanese firm or private party intending to participate in the Lucky dip system for allotment of scientific thinning operation areas shall fulfill the following requirements:

² Forest and Nature Conservation Act of Bhutan 2023.



- 5.1.1 Possess valid wood-based industries license (Primary or secondary);
- 5.1.2 Registered with the Department³;
- 5.1.3 Produce an evidence of ownership or authorized hire of at least one cable crane;⁴; In case of hired cable crane, the cable crane must not be hired to multiple parties;
- 5.1.4 Produce a valid coupe clearance issued by concerned CFO, if applicable;
- 5.1.5 A private party shall not be allotted with more than one scientific thinning sites at a time.

A copy of the documents listed above shall be submitted to the concerned CFO for verification.

5.2 Registration

The eligible private party or their representative shall register with the concerned CFO to attend the lucky dip system with copies of their trade license and Department issued registration letter and a letter of power of attorney in case a representative is participating in the allotment. The CFO shall verify whether the private party fulfills all the criteria under clause 5.1.

5.3 Inspection of scientific thinning operation areas

All the interested private parties may thoroughly inspect the scientific thinning areas and may assess the quantity and quality of the timbers prior to the commencement of the lucky dip allotment.

5.4 Earnest Money Deposit (EMD)

An amount equivalent to 2% of the sale value at approved NRPC rate for log shall be deposited as earnest money in the form of cash warrant or demand draft at the time of registration. The EMD shall be refunded to those who are unsuccessful in the lucky dip. However, the EMD of the winner of the lucky dip shall be retained and refunded upon successful completion of the thinning operation and upon receipt of coupe clearance.

5.5 Reforestation cost

A non-refundable reforestation cost that will be incurred for reforestation of the clear-felled areas of cable corridors through plantations shall be deposited

³ Department shall mean any Divisional Forest Office(s)/Park Office(s) under the Department of Forests and Park Services.

⁴ Private sector must produce evidences of ownership or hire of cable crane either in the form of ownership certificates or a letter of authorization to use the crane from the owner in case of hire.

as upfront payment by the lucky dip winner on allotment of any scientific thinning operation area. The cost shall be determined by the concerned CFO in accordance with the Plantation Norms and Standards which shall be inclusive of plantation creation and maintenance for a minimum period of 5 years and or until the plantation is successfully established. The upfront payment shall be provided to GBCL through the Ministry of Finance for plantation.

5.6 Lucky dip Procedure

- 5.6.1. The allotment of thinning operation sites shall be made through the Lucky dip system conducted by the allotment committee.
- 5.6.1 All eligible private parties shall be allowed to participate in the lucky dip system.
- 5.6.2 The private party shall report to the allotment venue at date and time notified by CFO, failing which the participants shall not be allowed to participate in the lucky dip.
- 5.6.3 The winning private party shall commence thinning operations within 1 month from the date of signing of the Contract Agreement.
- 5.6.4 The thinning operation site allotted to a private party shall be non-transferable.

5.7 Allotment committee

- 5.7.1 An Allotment Committee shall be formed within the Divisional Office to carry out the scientific thinning site allotment and whose term shall be valid for only one allotment procedure.
- 5.7.2 The allotment committee shall comprise of following members:
- 1) Chief Forestry Officer: Chairperson;
 - 2) Section Head, FRPMS: Member Secretary;
 - 3) One member from relevant agency: Member;
 - 4) Range Officer/FMU Incharge: Member ; and
 - 5) Section heads of the Division: 2 Member
- 5.7.3 A simple majority of the allotment committee members should be present for the conduct of the allotment.

5.8 Roles and responsibilities of allotment committee

The allotment committee shall be responsible for the following:



- 5.8.1 Verify that the attending private party(s) are eligible to participate in the allotment;
- 5.8.2 Organize and conduct the allotment of the thinning operation sites;
- 5.8.3 Explain the procedure of allotment at the outset to the private party; and
- 5.8.4 Ensure that the allotment is conducted in just and fair manner in compliance with the provisions of this modality.

5.9 Authority of the Allotment Committee

- 5.9.1 The Allotment Committee shall have the following authority:
 - To exclude any participants from the allotment process for failure to meet the eligibility criteria or comply with any provisions of this modality;
 - To award the thinning operation areas to the winning party; and
 - To hear any grievances or complaints.

5.10 Place and time for allotment

- 5.10.1 All scientific thinning operation areas to be allotted to the private party shall be produced for lucky dip allotment in any location identified and announced by the CFO. The Member Secretary of the allotment committee shall co-ordinate and organize the allotment and shall oversee its execution with support from the allotment committee.
- 5.10.2 The frequency of the allotment shall be determined by the CFO, based on the availability of thinning operation areas.
- 5.10.3 The concerned CFO shall officially notify about the availability of scientific thinning operation areas for allotment through appropriate mass media (print media and broadcast), and/or Department/Ministry Websites.
- 5.10.4 The concerned CFO shall maintain a report and submit a copy of each allotment to the Department for information and records.

CHAPTER 3

TIMBER EXTRACTION FROM SCIENTIFIC THINNING OPERATION AREAS

6 Extraction of timber from scientific thinning operation areas

- 6.1 The thinning operation area(s) allotted to the private party shall be exclusively for thinning operation and shall only exercise rights as specified in the Action plan and the Contract Agreement. The winning private party shall not be entitled to rights over any other resources, including the rights over the use of State Reserve Forest Land, except for the purpose specified in the Action plan.
- 6.2 A site specific Contract Agreement with the winning private party shall be signed on the day of the allotment process.
- 6.3 The private party shall extract all timber in log form. However, extraction in other forms shall be allowed only upon approval of the CFO.
- 6.4 All timbers shall be extracted including poles, offcuts, lop and tops from the allotted scientific thinning operation area by the Private Party.
- 6.5 The private party may be allowed to extract less preferred timber species in any form other than the prime timber as decided and approved by the concerned CFO.
- 6.6 The private party shall complete the extraction of timber allotted from scientific thinning operation areas within the agreed timeline as per the Contract Agreement. However, subject to certain special circumstances, a one time extension for a maximum period of 3 months upon approval of the Department. *may be given.*
- 6.7 The concerned CFO shall ensure effective compliance, application, and enforcement of the terms and conditions of the Contract Agreement.
- 6.8 Amendment of any terms and conditions of the Contract Agreement shall be approved by the Department upon recommendation of the concerned CFO.
- 6.9 The private party shall obtain coupe clearance upon completion of extraction activities. The coupe clearance shall be issued by the concerned CFO as per Annexure II, upon proper inspection and verification of the sites.
- 6.10 The reforestation of the clear-felled area within the cable corridor will be carried out by the DoFPS through GBCL wherever necessary.



CHAPTER 4

PRICING AND DISTRIBUTION

7 Timber price and Royalty

- 7.1 All timber extracted from scientific thinning areas shall be allowed to be exported in any form at a price not less than the existing approved floor price set by the Ministry.
- 7.2 The timber extracted may also be allowed to be sold within the domestic market at a price not exceeding the approved Natural Resource Pricing Committee (NRPC) rate.
- 7.3 The private party may sell firewood within the domestic market at prevailing rates of Natural Resource Development Corporation Limited (NRDCL).
- 7.4 The private party may sell special class timber within the domestic market at existing average auction rates of NRDCL.
- 7.5 The royalty for the timber extracted shall be levied as per section 225 of Forest and Nature Conservation Rules and Regulations, 2023 (FNCRR 2023) and existing royalty schedules in vogue.

8 Distribution

- 8.1 The private party shall be allowed to market their timbers in all forms including log, sawn timber, poles, firewood, etc.
- 8.2 The private party shall maintain the record of timber extracted and ensure to obtain all necessary relevant documents as per the provisions of FNCRR 2023.
- 8.3 The concerned CFO shall issue line wise coupe clearance on completion of thinning operation and verification of the operated line.



CHAPTER 5

COMPLIANCE MONITORING

9 Monitoring

DoFPS through the concerned CFO shall monitor to ensure that:

- 9.1 All thinning operations are as per the prescriptions of the approved Action plan;
- 9.2 All merchantable timbers allotted to the private party for harvesting are converted into suitable lengths of logs and extracted;
- 9.3 Timber allotted to the private party is extracted in compliance to the provisions of this modality;
- 9.4 The timber is sold as per the provision of this modality; and
- 9.5 The general terms and conditions for thinning operation and penalty for violation shall be prescribed in the specific contract agreement.

CHAPTER 6

AMENDMENT OF THE MODALITY

10 Amendment of the modality

The Department may amend this modality from time to time.



ANNEXURE I: CONTRACT AGREEMENT FOR SCIENTIFIC THINNING OPERATION

CONTRACT AGREEMENT

BETWEEN

**____(OFFICE NAME)_____DIVISIONAL FOREST OFFICE, DEPARTMENT OF
FORESTS AND PARK SERVICES, MINISTRY OF ENERGY AND NATURAL
RESOURCES**

AND

_____(PRIVATE PARTY NAME)_____

FOR

SCIENTIFIC THINNING OPERATION



**Contract Agreement for Scientific Thinning Operation between _____
Divisional Forest Office and _____**

This Contract Agreement (hereinafter referred to as the "Agreement") is made and entered into on the _____ day of _____, _____ by and between _____ Divisional Forest Office, Department of Forest and Park Services hereinafter referred to as the "Division Office");

AND

_____ (Name of the private party), bearing the company registration number _____ (hereinafter referred to as the "Private party");

AND

the Division Office and the Private Party collectively referred to as the "Parties."

WHEREAS, the Division Office of the Department of Forest and Park Services (hereinafter referred to as the "Department") under the Ministry of Energy and Natural Resources (hereinafter referred to as the "Ministry") is the custodian of forest resources of the country and has been mandated to engage private parties in conducting scientific thinning operations as per the 'Modality for Allotment of Sites and Extraction of Timber from Phase II Scientific Thinning Operations through Private party (hereinafter referred to as the "Modality")' and the Scientific Thinning Action Plan (hereinafter referred to as "Action Plan") adopted by the Department;

WHEREAS, the Private Party has expressed interest in participating in the scientific thinning operation and has been successful in securing the allotment through a fair and transparent Lucky Dip System;

THEREFORE, in consideration of the mutually agreed terms and conditions of the Agreement, the Parties hereby agree to the following:

Article 1
Scope of the Agreement

The scope of this Agreement shall be limited to the exclusive engagement of the Private Party in the extraction, utilization and marketing of all classes of timber (Special, A and B Class) for the purpose of scientific thinning operation in the area identified and agreed under this Agreement.

Article 2
Allotment Area

The area allotted to the Private Party for carrying out the scientific thinning operation shall comprise of _____ acres or hectares of land located under the _____ Gewog, _____ Dzongkhag, as specified in Annexure I of this agreement, which includes the GPS coordinates of the designated area.

Article 3
Duration of the Agreement

1. The duration of this Agreement shall be for a period of _____ (Years, months and days) commencing from the date of signing of this Agreement.
2. Notwithstanding Article 3 (1), the Division Office may grant one time extension for a maximum period of 3 months for certain circumstances, upon approval of the Department.

Article 4
Roles and Responsibilities

1. The Division shall have the following roles and responsibilities:
 - 1) Provide necessary technical assistance and guidance to the Private Party as per the Modality and the Action Plan;
 - 2) Monitor and supervise the thinning operations including the extraction of timbers to ensure compliance with this Agreement and the Modality; and
 - 3) Enforce the terms and conditions outlined under this Agreement.
2. The Private Party shall have the following roles and responsibilities:
 - 1) Commence the thinning operation and timber extraction within one month from the date of signing of this Agreement;

- 2) Make a deposit of a non-refundable reforestation cost as an upfront payment during the signing of this Agreement;
- 3) Only extract the trees with marking hammer impressions;
- 4) Extract timber in log form which includes the poles, offcuts, lop and tops, unless otherwise approved by the Division Office;
- 5) Ensure adherence and compliance to the provisions and standards laid under the Regulation on Occupational Health, Safety, and Welfare, 2022 at all times;
- 6) Shall price the timbers extracted at a rate not less than the approved floor price set by the Ministry;
- 7) Carry out the timber extraction strictly as per the prescription of the Action Plan and this Agreement;
- 8) Maintain proper sanitation and waste management practices in and around the timber extraction site at all times;
- 9) Bear the responsibility for any illegal activities, violation of any law of the land, or any other collateral damages caused to the State, private properties or life arising out of negligence within the operation area;
- 10) The Private Party shall not transfer the allotted thinning operation to any other party;
- 11) Restrain from constructing any approach or access roads for the purpose of logging without prior approval and clearance of the concerned agencies;
- 12) Ensure that all prime timber including wood residues, lops, and tops are extracted prior to de-installation of cable lines;
- 13) Obtain all the required legal documentation, permits, and clearances for the transit and marketing of the timber;
- 14) Maintain proper records and provide necessary documents as required by the Division Office for monitoring;
- 15) Refrain from causing any unreasonable disturbances or hindrances to the day-to-day activities of the local community;
- 16) Bear the responsibility for the repair and maintenance of the farm roads or private roads that may be damaged due ^{to} execution of the scientific thinning operation; and
- 17) Carry out low-impact logging techniques through cable craning. However, manual logging may be carried out in circumstances



where the terrain or location poses challenges or makes the cable craning impractical, upon approval by the Division Office

Article 5 Penalties

1. In the event, there are any violation of terms and conditions under Article 4(2)(1) to (14); Earnest Money Deposit (hereinafter referred to as the "EMD") shall be forfeited, and a penalty at existing export floor price of log for the total volume of timber allotted shall be paid by the Private Party.
2. In the event, the Private Party fails to comply with any terms other than specified under Article 5(1) of this Agreement, the EMD will be forfeited.
3. In the event, the Private Party commits breach of terms and conditions under this agreement for the second time, the thinning operation shall be immediately suspended through the termination of this Agreement and shall be barred from participating in any future allotments.
4. In the event the private party withdraws the timber extraction operation before completion of the work, the Division Office shall forfeit the EMD and realize a penalty at existing export floor price of log for the total volume of timber allotted.
5. Any illegal activities within the thinning operations area shall be dealt with as per the existing Forest and Nature Conservation Act 2023 or any other applicable laws of Bhutan.

Article 6 Dispute Settlement

1. Any dispute regarding the interpretation, application, and enforcement of this Agreement shall be amicably resolved through mutual understanding between the Parties and based on the principles of mutual understanding and respect.
2. In any event, the parties are unable to resolve the dispute through amicable settlement within thirty days, the matter shall be referred to the Court of competent jurisdiction.

**Article 7
Indemnity**

The Division Office shall be indemnified against any claims, actions, damages, liabilities arising from unforeseen circumstances which is beyond the control of the Division Office.

**Article 8
Termination**

1. This Agreement shall terminate automatically upon expiration of the Agreement.
2. The Division Office retains the right to terminate this Agreement if the Private Party violates or fails to comply with any terms of this Agreement for a second instant.
3. The Private Party may terminate this Agreement at any time upon two months prior written notice to the Division Office. In such an event, the penalties described under Article 5 (4) shall apply.

**Article 9
Force Majeure**

1. Neither party shall be held liable for failure to perform any of its obligations set forth in this Agreement due to reasons beyond their control, including but not limited to natural disasters, fires, storms or floods.
2. In events outlined in Article 9 (1) of this Agreement, the affected party shall provide a written notice to the other party and the Parties shall engage in discussions to determine a reasonably appropriate course of action.

**Article 10
Commencement and Validity**

This Agreement shall come into force on the date of signing the Agreement and shall remain in effect until terminated as per this Agreement.

IN THE WITNESS THEREOF, the following duly authorized representatives of the Parties have signed this Agreement

Signed for and on behalf of the Division Office: Chief Forestry Officer _____ Divisional Forest Office	Signed for and on behalf of the Private Party: (_____) (Name of the firm/company_)
Witness for the Division Office	Witness for the Private Party



ANNEXURE II: FORMAT FOR COUPE CLEARANCE

COUPE CLEARANCE REPORT

1. COMPLETION OF THE COUPE OR CABLELINE REPORT OF THE CONTRACTOR

I have completed the extraction/transportation of the timber from line no/coupe.....of Scientific Thinning Area.....Gewog comprising of.....cft of logs and poles on dated.....and executed all thinning activities as per the plan prescriptions.

Name and signature of the contractor

Date:

2. RECOMMENDATION OF THE SITE SUPERVISOR (SITE INCHARGE)

The contractor has completed scientific thinning operation on dated.....satisfactorily as per the plan prescription and extracted all timber as required.

Name and signature of the Site Supervisor

Date:

2. RECOMMENDATION OF THE RANGE OFFICER (OFFICER INCHARGE)

Confirmed that the contractor has satisfactorily completed extraction of all timber from the scientific thinning operation area and has adhered to all provisions and requirements of the management plan during the operation.

Name and signature of the Range Officer

Date:

3. ISSUANCE OF COUPE CLEARANCE BY THE CHIEF FORESTRY OFFICER

Based on the above reports and recommendation, clearance is hereby issued for the scientific thinning area as indicated above executed by M/S.....

Name and signature of the Chief Forestry Officer

Date:



CONTROL FORM					
COUPE INSPECTION REPORT					
Details of Scientific Thinning Operation area					
Gewog					
Area					
No of cablelines					
PARTICULAR	MEASUREMENT	SPECIES	NUMBER	VOLUME	REMARKS
Marked Tree(s) not felled					
Lops and tops not extracted					
High stump(s)					
Tree(s) felled with no marking					
Avoidable damages					
Width of corridor					
Any other deviation of the plan					