



**Fee schedules to cover the cost of  
Administering the Environmental  
Assessment Act 2000**

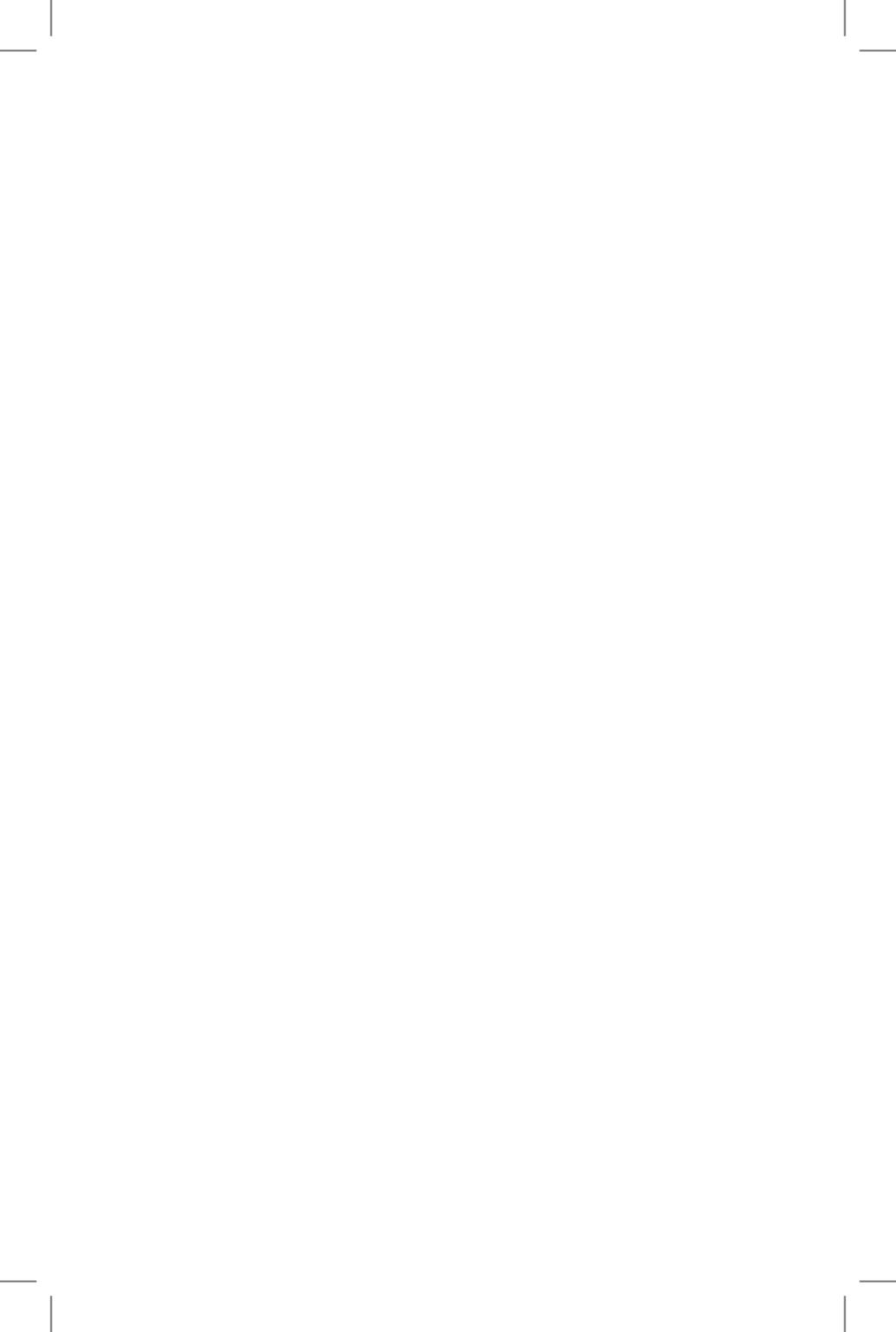
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# **Fee schedules to cover the costs of Administering the Environmental Assessment Act 2000**

## **1. Title, Extent and Commencement**

- 1.1. This schedule shall be called as Fee schedules to cover the costs of Administering the Environmental Assessment Act 2000.
- 1.2. It shall enter into force on the 14th day of the 5th month of the female Wood Sheep year corresponding to the 1st day of July, 2015.
- 1.3. It shall apply to all projects in Bhutan.

## **2. Basis for charging the fees**

The basis for proposing to charge for the services provided by the National Environment Commission Secretariat (NECS) is as follows:

**2.1 Section 35** of the Environmental Assessment Act 2000 (EA Act) has empowered the National Environment Commission (NEC) to issue regulation and guidelines in consultation with Competent Authorities (CAs) concerning:

**2.1.1 Sub-section 35.3** Fee Schedules to Cover the costs of administering the EA Act; and

**2.1.2 Section 63, Liability and Costs**, states that the applicant/holder shall bear the costs associated with meeting the requirements under the EA Act.

**2.2 Section 171 of the Public Finance Act of Bhutan 2007** states that budgetary bodies can fix the fees and charges for services provided to the public subject to approval of the Minister of Finance, unless it is authorized by other provisions of this Act.

**2.3 Article 172 of the Public Finance Act of Bhutan 2007** mentions that such fee or charge shall be set at a level no higher than the cost of the most efficient method of providing the service.

### **3. Rationale**

In administering the EA Act and the Regulation for the Environmental Clearance of Projects 2002 (RECOP), the NECS has the mandate to decide on issuance of Environmental Clearance (EC); monitor and control compliance with the terms of EC, report annually to the NEC on the implementation and enforcement of the Act and institute Environmental Assessment Advisory Board to provide technical advice on the environmental assessment and environmental terms for a project. Further, the NECS has the responsibility to develop regulations, guidelines, environmental standards, codes of best practices, and other related documents. Most of the time, these documents are prepared with technical assistance from consultants, incurring costs, for issuance to the public for better compliance with the requirements under the EA Act.

EC is a prerequisite for commencement of any development activity as stipulated very clearly under the EA Act and RECOP. It involves considerable amount of time, resources and technical capabilities to assess development activity prior to the decision to either issue or reject EC, among others, to ensure:

- That any development activity provides meaningful opportunities for involvement of concerned people;

- That all activities are implemented in line with the sustainable development policy of the government;
- That all foreseeable impacts on the environment, including cumulative effects are fully considered prior to any irrevocable commitments of resources or funds; and
- That concerned people benefit from the activities in terms of social facilities.

Therefore, the application for the EC is subjected to a series of steps: acknowledgement of the receipt of an application, scoping, screening, verification of information contained in the application by conducting site visit, submission of report to the committee, and decision-making. These procedures are followed through keeping in line with the existing practices and the requirements under the EA Act and RECOP. The following is a break up of each step leading to either rejection or issuance of EC:

- 3.1 The application for the EC is acknowledged as per the Applicable Time Limits under Annex 2 of the RECOP.
- 3.2 An officer or officers reviews or review the application for adequacy of information for decision-making. Additional information or clarification is sought, if required.
- 3.3 Once this process is complete, site visit is conducted to verify the information contained in the application. The officer prepares the site visit report.
- 3.4 Depending on the report of the site visit, further clarification or additional information may be sought.
- 3.5 The site visit report along with project details is

submitted to the Environmental Assessment Technical Committee for decisions.

- 3.6 The Committee may require clarification or additional information to be furnished to assist decision-making.
- 3.7 At times, if there is lack of in-house technical capabilities to deal with the application. In such case, the NECS recruits an expert (consultant) for review of an application.
- 3.8 Renewal of an EC involves a site visit, preparation of a report and submission to the Environmental Assessment Technical Committee for a decision.
- 3.9 It requires financial and human resources to acknowledge, review/assess, conduct site visits, make decision to issue or reject EC. After an EC has been issued, a compliance monitoring is conducted to ensure that the holder complies with the Environmental Terms and Conditions under the EC. The costs associated for reviewing/assessing an application as noted below, but not necessarily limited to:
  - a. Officer (s) time
  - b. Transportation
  - c. Daily Subsistence Allowance
  - d. Use of office equipment
  - e. Telephone expenses
  - f. Stationery and supplies
  - g. Postage and delivery costs
  - h. Clerical help
  - i. Meetings of the Committees
- 3.10 On top of these reasons for charging fees, it is to discourage those applicants who are not really serious

about the application. Service charges are levied to weed out applicants who are not serious about applying and are just making an application for no real reason.

#### **4. Consultation with CAs**

As per the requirement under the EA Act, the NECS initiated the preparation of this fee structure. The draft fee structure was deliberated in-house and consulted with the CAs.

The final draft was presented to the 36<sup>th</sup> Commission meeting and was approved by the Ministry of Finance in January 15, 2015.

#### **5. Fee Structure**

A flat fee of Nu. **500.00** per application for all types of application is charged. This amount will be charged in addition to the following fee structures.

##### ***5.1 Roads***

For construction of any road (private access roads, power tiller roads, farm roads, district roads, national highways, forest roads, feeder roads, urban roads), the impact on the environment is repetitive and also the duration of assessing the application will depend on the length of the road.

The fee for processing an application for any road is based on the length of the road, **Nu. 2.00** (two ngultrum) **for every meter**. This is proposed since site visits for roads are usually carried out on foot, which takes considerable amount of time for environmental assessment. Charges will be levied as follows:

1 km	2 km	3 km	4 km	Remarks
Nu. 2,000.00	Nu. 4,000.00	Nu. 6,000.00	Nu. 8,000.00	Multiply Nu. 2.00 per meter

### ***5.2 Power Transmission and Distribution Lines***

The fee for processing an application for power transmission and distribution lines is based on length, **Nu. 2.00** (two ngultrum) **for every meter**. Similarly, these activities will also have impact on the environment depending on the length of the power transmission or distribution lines. Conducting site visits for these activities are similar in nature to that of road projects.

### ***5.3 Mines***

The fee for processing an application for mining/quarry activity is determined as per the area of the mine/quarry as the impact on the environment and time required for environmental assessment will depend on the size of the mine. **Nu. 1, 300.00** (one thousand three hundred ngultrum) **per acre** is charged for processing an application for EC.

### ***5.4 Industries***

The fee for processing an application for industries is based on the size of the investment. The impact on the environment is usually depended on the scale and nature of activity. Time taken to assess and conduct site visits is almost proportionate to the size of the activity. Fees are levied as follows:

Cottage	Small	Medium	Large
Nu. 500.00	Nu. 2, 000.00	Nu. 30,000.00	Nu. 50, 000.00

### ***5.5 Hydropower Projects***

The fee for processing an application for development of hydropower project is **Nu. 1000.00** (one thousand ngultrum) **per Mega Watt**. Normally, hydropower projects are subjected to full Environmental Impact Assessment. It requires more technical and human resources to assess hydropower projects.

### ***5.6 Forestry Activities***

The fee for processing an application for forestry activities – Forest Management Unit- is **Nu. 2.00** (two ngultrum) **per acre**. The operation of Forest Management Unit has lot of implication on the environment, for instance, aesthetics, watershed, biodiversity and other associated impacts.

### ***5.7 Urban Activities***

The fee for processing an application for urban activities – construction of commercial and residential buildings- in urban areas is **Nu. 1,000.00** (one thousand ngultrum) since there is already a system in existence for charging some form of fees.

### ***5.8 Tourism Activities***

The fee for processing an application for construction of hotels and resorts is **Nu. 5,000.00 per activity**. This activity involves land use change, impacting on the environment, mostly during construction, operation and decommissioning.

### ***5.9 Others***

For other activities which do not fall onto the aforementioned lists, a flat fee of **Nu. 2, 000.00 per activity** will be applicable.

### ***5.10 Renewal***

The fee for processing an application for all renewal of the environmental clearances is **20 percent** of the initial processing fee irrespective of activities. This cost is inclusive of compliance monitoring that NECS is required to conduct on an annual basis, surprise checks to ensure better compliance and also mandatory site visit prior to renewal of the EC.

## 6. Summary of Fee Structure

Sl. no	Activity	Fees	Remarks
1	<b>Roads</b> (Private access roads, power tiller roads, farm roads, district roads, national highways, forest roads, feeder roads, urban roads)	<b>Nu. 2 per meter + Application Fee</b>	Should include all types of roads
2	<b>Power Transmission and Distribution Lines</b>	<b>Nu. 2 per meter + Application Fee</b>	
3	<b>Mines and Quarries</b>	<b>Nu.1300.00 per acre + Application Fee</b>	
4	<b>Cottage Industries</b>	<b>Nu. 500.00 + Application Fee</b>	
5	<b>Small Industries</b>	<b>Nu. 2,000.00 + Application Fee</b>	
6	<b>Medium Industries</b>	<b>Nu. 30,000.00 + Application Fee</b>	
7	<b>Large Industries</b>	<b>Nu. 50,000.00 + Application Fee</b>	
8	<b>Hydropower</b>	<b>Nu. 1,000.00 per Mega Watt + Application Fee</b>	
9	<b>Forest Management Unit</b>	<b>Nu. 2.00 per acre + Application Fee</b>	
10	<b>Urban Activities</b>	<b>Nu. 1,000.00 per activity + Application Fee</b>	Construction of commercial and residential buildings in urban areas

11	<b>Tourism Activities</b>	<b>Nu. 5,000.00 + Application Fee</b>	Includes hotels and resorts
12	<b>Others</b>	<b>Nu. 2,000.00 + Application Fee</b>	Include all activities which do not fall in the aforementioned list, such as construction of sub-stations, Mobile Towers, of BHUs, Schools, etc.
13	<b>Renewal</b>	<b>20 % of the initial Fee</b>	

## **7. Mechanism for Implementation**

The CAs will have to enforce and implement the fee structure for delegated activities as per Annex II of the RECOP. The NECS will levy charges on activities not covered by the CAs.

### **7.1 Procedure for collection and deposit into RGR account:**

- 7.1.1 Upon receipt of the application by Competent Authority (CA), the fees shall be deposited to the Accounts/Revenue Section, who shall issue the Revenue Money Receipt (RMR).
- 7.1.2 Only upon production of the RMR, the assessing official shall accept the application for assessment.
- 7.1.3 The collection shall be deposited into the bank latest by the next working day vide the prescribed Revenue Deposit Challans failing which 24% p.a. penalty on the dealing accounts personal will be imposed.

7.1.4 The monthly reports shall be submitted to the concerned RRCO by the 10th of the following month.

## **7.2 Refund of fees**

7.2.1 Any case of refund due to excess/erroneous collection shall have to be routed through DRC.

7.2.2 A written application for refund shall be submitted to the concerned CA along with the original copy of the Revenue Money Receipt. The verified documents shall then be forwarded to DRC through the respective RRCOs by the CA.

## **7.3 Budget Provision**

7.3.1 Budget will be provided to NECS to the maximum extend of the revenues collected by NECS.

7.3.2 The budget appropriation shall be used only for the environment assessment purposes.

7.3.3 No re-appropriation shall be allowed to other programs.

7.3.4 Any unspent amount shall lapse at the end of the Financial year.

## **7.4 Honorarium**

Members to the Environment Assessment Advisory Board, who are civil servants, shall not be eligible to honorarium

## **8. Conclusion**

The fee should be levied together with the application fee prior to the acknowledgement of the application. The application must be acknowledged only once the fee has been paid by the applicant. Renewal fee for the existing activities should be charged based on initial fee the applicant has/would have paid (for on-going projects).

The NECS and all CAs shall start charging the fees. Therefore, it is important to ensure that the fee imposed is practical and easy enough to maintain consistency and transparency. Both NECS and the CAs must record issues, problems, or suggestions for improvement of the fee structure. The CAs must submit their views on the fee structure to the NECS, annually.

Finally, the services rendered by the NECS and CAs will have to be improved and the list should be amended based on the experiences gained during implementation and enforcement.

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