

Semi-annual Report

February 2016

Highlands Region Road Improvement Investment Program – Tranche 1.

Mendi – Kandep Road Sub-project.

Prepared by Department of Works for the Asian Development Bank.

This Semi-annual Social Monitoring Report is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature. Your attention is directed to the "terms of use" section of this website.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

Loan Number: 3076/3077 – PNG:

Project Number: 40173-023

Report No 3: Semi-annual

HIGHLANDS REGION ROAD IMPROVEMENT INVESTMENT PROGRAM-TRANCHE 1

MENDI to KANDEP ROAD SUB-PROJECT SOCIAL SAFEGUARD MONITORING REPORT (July to December, 2016)

Project Implementation Unit

Department of Works

National Capital District

Papua New Guinea

February 2017

Table of Contents

1. Introduction	5
1.1 Background	5
1.2 Project Description	5
1.3 Purpose	6
1.4 Methodology	6
2. Monitoring results and findings	7
2.1 Compensation payment	7
2.2 Consultation activities	8
2.3 Grievance redress	8
2.4 Other Issues	9
2.5 Other benefits	9
2.6 External monitoring	10
3 Conclusions and Recommendations	10
3.1 Conclusions	10
3.2 Recommended actions	11
Appendices	11
Appendix 1 : List of References	11
Appendix 2 : List of People Interviewed	11

Abbreviations

ADB	- Asian Development Bank
AP	- Affected People
COVEC	- China Overseas Engineering Company
CRO	- Community Relations Officer
CSC	- Construction Supervision Consultant
DA	- District Administrator
DC	- Design Consultant
DMS	- Detailed Measurement Survey
DOW	- Department of Work
EA	- Executive Agency
ESSU	- Environment and Social Safeguards Unit
GR	- Grievance Redress
GRC	- Grievance Redress Committee
GRM	- Grievance Redress Mechanism
GRP	- Grievance Redress Process
HCRN	- Highland Region Core Road Network
HIV	- Human Immunodeficiency Virus
HRMG	- Highland Road Maintenance Group
HRRIP	- Highland Region Road Improvement Investment Program
IA	- Implementation Agency
IMO	- Independent Monitoring Agency
IRS	- International Resettlement Specialist
LLG	- Local Level Government
MFF	- Multi-tranche Financial Facility
MOA	- Memorandum of Agreement
NRA	- National Road Authority
PNG	- Papua New Guinea
PRO	- Public Relations Officer
PWM	- Provincial Works Manager
PWO	- Provincial Works Office
RCR	- Resettlement Completion Report
RP	- Resettlement Plan
ROW	- Right-of-Way
SHP	- Southern Highland Province
SIS	- Socio-economic Impact Study
SPS	- Safeguard Policy Statement
STD	- Sexual Transmitted Diseases
TOR	- Terms of Reference

1. Introduction

1.1 Background

01. The Highlands Region of Papua New Guinea (PNG), comprising of the Provinces of Western Highlands, Jiwaka, Southern Highlands, Hela, Eastern Highlands, Enga and Simbu, is a major contributor to the PNG economy through its agricultural production and mineral resources. A well maintained road network is essential to facilitate the movement of goods and people. The Government of PNG (GoPNG) has made significant investment in improving the road network but a lack of maintenance has resulted in deterioration of the roads such that the Highlands Core Road Network (HCRN) is now in poor condition.

02. In order to address the deterioration of the HCRN there is a clear need to: (i) implement a program of regular maintenance on all HCRN roads that are in good condition; and (ii) improve those roads that are in poor condition and ensure that maintenance begins on those roads as soon the improvement works are completed.

03. The GoPNG has negotiated a Multi-tranche Financing Facility (MFF) loan with the Asian Development Bank (ADB) to implement the Highlands Region Road Improvement Investment Program (HRRRIIP). The HRRRIIP includes projects to improve the HCRN, the preparation of long-term maintenance contracts for the HCRN, and the capacity development of road agencies. In total, 13 road sections are expected to be funded under the program. The Execution Agency (EA) for the program is Department of Works (DOW) whilst the Highland Region Maintenance Group (HRMG) is the Implementation Agency (IA).

04. The Project 1 (Tranche 1) included improvement to two road sections namely, Mendi-Kandep and Laiagama-Porgera in the Southern Highlands/Enga and Enga provinces, respectively.

05. The rehabilitation of the Mande-Kandep road is one of the 13 projects supported through the above loan. The civil works commenced in 2012 June with the mobilization of the contractor. The contract for construction has been awarded to COVEC (China) Limited. The construction period of the project was 30 months. It was expected that the project is to be completed by October 2014. A further extension saw the road construction completed in July 2015. The road now provides an effective link between the 2 provinces, Southern Highlands and Enga.

06. The road maintenance work has been disrupted due to lack of resources for the National Road Authority (NRA). Almost all resettlement work but the addressing of grievances has been completed as reported in the previous semi-annual safeguards monitoring report.

1.2 Project Description

07. Mendi-Kandep road section is 49.60 km long that connects Mendi in the SHP with Kandep station in Enga province. The construction work of this road section included up-grading of the tract that existed in the past.

08. The road consists of 8.0 meter sealed carriageway with 0.25 meter gravel shoulders on either side together with a road furniture as per the design. The subproject work has taken place within the existing road corridor and direct impacts were confined to the edge of

the existing road and the construction limits. The existing road is situated on customary land, the use of which has been agreed to, by the clan leaders and communities that jointly own the land via memoranda of agreement (MOAs) permitting DOW the use of customary land for public infrastructure.

09. The resettlement impacts assessed at the time of project preparation categorised the project as Category B. The same category was confirmed by the findings of the Detailed Measurement Survey (DMS). However, Tranche 1 is categorised as Category A due to the inclusion of Laiagama-Porgera subproject which is a resettlement Category A. The RP was approved in 2013, disclosed in the web site and executed between April 2013 and December 2014. The delay was caused by the unavailability of financial resources. The RP reveals that resettlement impacts are relating to the displacement of structures such as houses, crops and trees, huts, animal cages, fence lines, grave yards. The resettlement completion report (February, 2015) contains all relevant information on compensation payment which is not repeated in here.

10. Apart from compensation payment information, the RP consisted of the establishment of institutional arrangements for implementation, grievance redress process and, consultations with the APs during and until all resettlement activities are completed. The RP included a budget of Kina¹ 3,635,929.52 (inclusive of administrative expenses) which has been already spent on compensation payment. Internal monitoring has been undertaken by HRMG with further advice from ESSU based in Port Moresby whilst external monitoring has been assigned to an Independent Monitoring Organisation (IMO). The IMO has presented its progress report in respect of Tranche 1 road projects during the period under review. Their report has been accepted by DOW. The SPS as well as the loan agreement require that social safeguard monitoring reports are prepared at six monthly intervals and submitted to ADB for disclosure.

1.3 Purpose

11. This report presents the status of social safeguards including the compliance with approved RP in respect to Mendi-Kandep road section, covering the review period of July to December 2016. The comprehensive bi-annual safeguards monitoring reports is a requirement under the Safeguards Policy Statement (SPS).

12. This report presents the outcomes and issues encountered during the implementation of RP, for the review period referred to above. The report also reviews the corrective action plan submitted in the previous report for January-June 2016 and, states further actions, if considered necessary.

1.4 Methodology

13. This report was written using data gathered from several sources. The primary data was gathered through discussions with APs, project staff, officials, the contractor and representatives of community-based organisations (CBOs). More in-depth discussions were conducted with APs to gather relevant information on resettlement, the manner of implementation of RP and its impacts and finally the improvement of AP's living standards. The secondary data sources utilized include compensation payment reports including tally sheets, monitoring reports produced by the HRMG, contractor reports, ten, district administrators and other reports.

¹ Kina is a local currency for Papua New Guinea. US\$1 = 0.322 Kina (28 February 2017)

14. The list of reports reviewed are in Appendix 1 whilst names of people interviewed are presented in Appendix 2.

1.5 Report Organisation

15. The report consists of the foregoing introduction and 2 other sections as follows:

Section 1 – Introduction

Section 2 –Monitoring results and findings

Section 3 – Conclusions and recommendations

2. Monitoring results and findings

16. The main findings of internal monitoring during the review period are presented in this section.

17. The basis for monitoring is the parameters and indicators listed in the RP. The RP contains ten parameters that are to be included in the program of internal monitoring. The monitoring parameters proposed under the program of resettlement for the sub-project road are as follows:

- Compensation payment
- Consultations
- Grievance redress
- Training
- Employment
- Skills development
- Land use by contractor
- Women associations formed
- Income and livelihoods restoration
- External monitoring

18. Most of the above issues have been completed at the time of completing construction works last year. The remaining activities that were carried out during the review period were the compensation payments for missed out APs, consultation of APs and the addressing of grievances. Discussed below is the status of performance of these 3 parameters during the reporting period.

2.1 Compensation payment

19. The compensation payment according to the RP has been completed (refer to semi-annual monitoring report for January-December 2015). The only remaining payment issue that is addressed in this report is the missed out APs. The number of APs who have missed out on payment have been identified, verification conducted, assessment finalised and disbursement begun in September. The AP identification has been based mainly on the grievances of which 976 cases were reported. The project staff conducted meetings with APs and presented to them the method of verification, assessment, approval process and payment procedure, based on their grievances. After a careful assessment of all grievances by GRC, HGRM working closely with the GRC members and the PWM for SHP, have resolved all outstanding payments within the past few months.

20. It has been agreed by the GRC and the affected people that the missed out APs should receive cash-payments. The GRC members working closely with HRMG and PWM of Enga province have completed verifications on missed-out APs. The total amount inclusive

of rate adjustment using a factor of 6.4% per annum and the administrative costs is Kina 475,000. Arrangements have been made for the disbursement for all eligible APs whilst all ineligible APs have already been informed by HRMG staff.

21. When the disbursement team commenced its activities, a group of APs were rejecting the payment. They also worked with others not to accept any payment. Their claim was that they should receive payment for all assets that lay within the construction limit of 40 M. The verification team witnessed through field check that many of the assets the APs were demanding compensation for were still intact whilst there were few assets that have been built after the cut-off date yet APs demanded all such assets be paid. The PWM, DA and the verification team conducted further education and awareness which finally lead APs to accept the payment only for replaced assets and any other assets that were damaged during the program of construction. Because of the delays caused, payments were finally effected to all eligible APs in September.

2.2 Consultation activities

22. The consultations undertaken during the review period were relating to grievances as well as to educate APs to accept compensation payment for assets that were disturbed by the program of construction. Majority of grievances were dealing with missed-out payment whilst there were few APs who did not receive compensation for relocated structures. The consultations were conducted in groups, large meetings and individually with the APs.

2.3 Grievance redress

23. The Grievance Redress Committee (GRC) consisting of six members (Table 1) have met once during the review period to resolve all grievances as well as to approve missed-out payments. There were no women representatives in the GRC. However, women were included in consultations relating to grievances and their concerns were noted and submitted to the GRC. The chairman of GRC is the provincial administrator (or his delegate) while the DA or his delegate is the deputy chair.

Table 1 : Members of the Grievance Redress Committee, Mendi-Kandep Subproject

Serial No.	Member Name	Position in GRC	Designation
1	James Embiap	Chairman	District Administrator
2	Simon Tolpe	Member	President, Karinz LLG
3	Jack Soel	Member	President, Lai Valley LLG
4	Luke Jeffrey	Member	Community Leader
5	Jack Mondel	Ex-officio	Provincial Civil Engineer (Mendi)
6	Mathias Awi	Technical Advisor	HRMG

24. The HRMG staff presented to the GRC in its first meeting that 976 grievances have been received. The committee, following guidelines on resettlement compensation, have approved payments for 449 APs. The committee unanimously declined to pursue 527 grievances as there was evidence that such grievances were not genuine. Most of not-genuine grievances were concerning assets built after the cut-off date whilst about 25% were outside the construction limits and were found to be unaffected. All APs including the unsuccessful applicants have been informed by HRMG about the decision of GRC. The reasons for the large number of grievances are explained later in this section.

25. The higher number of missed-out grievances are explained as follows. The Right of way (ROW) for the sub-project is 20 M wide. However, the APs have been advised of a wider ROW of 40 M prior to the sub-project being implemented. This advice has been made by DOW in order to provide a wider road clearance so that the future needs for road widening could be accommodated. The design work has been based on ROW of 20 M. This difference of 20 M was a concern to APs who at the time of payment of compensation have demanded that the assessment is based on a 40-meter wide ROW and should not be based on a 20-meter ROW. There were several concerns raised on environmental damage however, these grievances were not genuine. The other reason for large number of grievances is that the previous payments were not inclusive of compensation for structures. Accordingly, all those who had their structures lost to road widening have submitted grievances.

26. As part of grievance redress process, awareness was conducted to enhance the APs understanding of the GRP during the review period. The community relations officer (CRO) of HRMG main roles were to create awareness and provide initial response to APs with regards to their grievances. The activity focussed on those who are yet to submit their grievances. Most of them are known to be vulnerable APs. The APs were informed about the process of handling the grievances and the mechanism in place to provide resolution to their grievances.

27. APs were informed about the GRC decision with regard to missed out payments. They were informed of the date and time to visit PWO to collect their payment. The final payment was made out on 31st August and 1st September for Kandep section and on 14th September in Mendi section. A total of 505 APs received Kina 475,000 for their missed out assets. Only 11 APs in Mendi section were unwilling to accept their entitlement amounting to Kina 12,720 as they demanded cash for structures that are still intact. There are no vulnerable APs among the 11. This is a clear case of exploiting the opportunity for personal gains that all agencies condemn. This was confirmed by the payment disbursement team and explained to the relevant APs. Yet they did not accept the payment. There was a turbulent atmosphere after the payment that lead many APs to demand compensation for existing structures. After further explanation by the disbursement team, the APs finally agreed to receive their payment and dispersed.

2.4 Other Issues

28. The other six issues that were included in the RP have been completed during the previous reporting period. Hence, the progress is not applicable to the six parameters

2.5 Other benefits

29. The contractor continued to purchase for the use of Mopa camp staff food items including fresh garden produce from the community members, inclusive of APs. The average amount paid out to community members, majority of whom were women, is Kina 500 per month. Moreover, the contractor has provided training on crops farming coupled with the distribution of seeds for planting by the community.

30. There are 32 people (30 women+2 men) who operate their mini-markets in front of the Mopa Camp and the quarry. This has been an important livelihood support for several households. The vendors are mainly APs. The mini-market had been established ever since the camp began operation in 2012 which is continued now for the construction of Mendi-Tambul road.

2.6 External monitoring

31. There are two aspects to external monitoring. The first is independent monitoring already assigned to a Finnish firm by the name FinnOC. Second, the socio-economic impact study (SIS) also assigned to the same firm (a different team) comprises of a baseline survey, a mid-term impact study and a final impact study, the latter 1-2 years after the completion of all road construction works.

32. The IMO in its progress report in respect of this sub-project has stated several instances where further improvement to program of resettlement should be made. The perusal of IMO report reveals that several gaps are a result of the design of the RP itself. The report also refers to instances where both implementation as well as monitoring are weak. The inadequate attention to identify monitoring indicators in the RP itself is also highlighted.

33. On the matter of SIS, the FinnOC has presented the baseline study report that contains both socio-economic and environment information about the sub-project. The report presents relevant information for selected villages under the sub-project (called treatment villages) and for other villages that are not affected by the program of construction (control villages). One key-finding is that there is no difference in socio-economic performance between treatment and control villages. The results of the final impact assessment study will be useful to compare the socio-economic status and living standards of both treatment and control villages that would help establish whether the AP's living standards have improved after resettlement.

3 Conclusions and Recommendations

3.1 Conclusions

34. The main conclusions arising from the monitoring activities during the review period are:

- The compensation has been calculated based on the valuation figures multiplied by a factor of 6.4% per annum to calculate the current value of lost assets;
- Compensation for all eligible APs has been paid out in September. The amount paid was Kina 487,720. With this final payment, there are no more claims for settlement;
- All grievances have been reviewed, decision made and results conveyed to 976 APs who have submitted grievances. There are no more grievances from APs or others thereby complying with the RP;
- About 45 APs are currently being employed by the same contractor for the construction of Mendi-Tambul road;
- The comparison of socio-economic status of APs before and after resettlement will be made when the SIS data is available. This analysis is expected to yield information based on which further actions to correct observed gaps, if any could be formulated;
- The community of Mendi-Kandep road continues to receive income from the contractor deployed in construction of the Mendi-Tambul road who purchases vegetables, yams and other food items. The average monthly income to the community through selling of fresh garden produce is about Kina 500; and
- The resettlement program provides a number of lessons that are useful in the implementation of future projects. It is important that lessons learned are analysed and documented for future reference.

35. Based on the above conclusions, it is confirmed that all resettlement activities as stated in the RP have been completed by DOW.

3.2 Recommended actions

36. As stated in the previous paragraphs, the only pending resettlement activity is the comparison of socio-economic and living standards of APs before and after resettlement. This will be undertaken sometime in future when results are available. Otherwise, the resettlement process as it was implemented in Mendi-Kandep road section fully complies with the disclosed RP. There are no more resettlement activities that require further monitoring.

Appendices

Appendix 1 : List of References

1. Resettlement Plan for Mendi-Kandep Road section (2013).
2. Resettlement Monitoring Report for Mendi-Kandep (Nov 2014)
3. Resettlement Monitoring Report (Feb, May and June 2015)
4. Resettlement Completion Report (2015).
5. Safeguards Monitoring Report for January-December, 2015
6. FinnOC (2016). Progress Report by the Independent Monitoring Organisation (September 2016)

Appendix 2 : List of People Interviewed

1. Ippio Acceri, The Team Leader, CSC
2. Alphonse Niggins, Senior Field Coordinator, HRMG
3. Paul Nombri, Technical Services manager, HRMG
4. Jerry Yang, Camp Manager, Mopa Camp
5. Patterson Sonali, CRO, Mendi-Kandep
6. Newman Paraka, Environmental officer, Mendi-kandep
7. Mathias Awi, Social Safeguards Officer, HRMG
8. Jerry Kevin, Safeguards Coordinator and member, resettlement disbursement team
9. Andrew Noria, Team leader, resettlement disbursement team
10. Angeli Lei, Resettlement disbursement team member
11. Jr Kupulu, PWM, SHP