

Social Monitoring Report

Second Annual Report
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BHU: SASEC Road Connectivity Project

Phuentsholing Thromde Component

Prepared by Phuentsholing Thromde for the Government of Bhutan and the Asian Development Bank.

CURRENCY EQUIVALENTS

(as on 17 September 2017)

Currency unit		Bhutanese Ngultrum
Nu. 1.00	=	\$ 0.0156
\$ 1.00	=	Nu. 64.08

ACRONYMS

ADB	-	Asian Development Bank
DOT	-	Department of Trade
GRC	-	Grievance Redress Committee
PIU	-	Project Implementation Unit
PMU	-	Project Management Unit
PT	-	Phuentsholing Thromde
RGoB	-	Royal Government of Bhutan
RP	-	Resettlement Plan
SPS	-	Safeguard Policy Statement

NOTE

In this report, '\$' refers to US Dollars.

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I. INTRODUCTION

1. The Royal Government of Bhutan (RGoB) and the Asian Development Bank (ADB) approved the SASEC Road Connectivity Project in July 2014. The Project includes the following components: the construction of

- i. 68km of National Highway between Nganglam and Dewathang;
- ii. 1.2km access road from an Indian border constructed at Pasakha area;
- iii. A mini-dry port in Phuentsholing and Alay land custom station;
- iv. The construction of about 2.7km of bypass road in Phuentsholing city.

2. The Phuentsholing Thromde is one of the Executing Agency of the ADB-SASEC Road connectivity project. It is in charge of implementing component 3 and 4 of the project (i.e. the 2.7 km bypass and the the mini dry port).

3. The Phuentscholing bypass is a 4-lane road will start at the second Indo-Bhutan gate, near the Mini Dry Port and end at the existing Phuentsholing – Thimphu road. This component of the project will decongest the traffic flow within urban core of Phuentsholing. Both the components are being implemented by the Phuentsholing Thromde (PT). The Project Management Unit (PMU) is supported by personnel drawn from the Phuentsholing Thromde and they work alongside the supervision consultants to monitor all construction activities.

4. This is the second social monitoring report prepared for the construction of the mini dry port and the Phuentsholing bypass. The bypass led to involuntary resettlement impacts. The impacts were assessed during the due diligence in 2014 and disclosed in a Resettlement Plan on the Asian Development Bank's website.¹ However, some impacts, such as the impacts on the vegetable market were not identified at the time and are included in this document as well as in the first Social Monitoring Report. The purpose of this Social Monitoring Reports is to look into the progress of the construction projects and analyse the compliance with the ADB Safeguard Policy Statement (2009) and RGoB rules and regulations.

5. The construction of the bypass will affect the existing vegetable market, two workshops, the crocodile farm and a private land owner. Construction works for the new vegetable market are underway and expected to complete by mid-2018. The two workshops have started relocating to the new workshop area allocated by the PT. The private landowner has been compensated as per the Land Act of Bhutan.

6. The contract for the construction of the Mini Dry Port has been awarded to Marushin Shitaka Construction Company in April 2017 and expected to complete by December 2018. The contractor has mobilised the work at the construction site and works have started on the boundary wall and the labour camps. However due to ongoing Hindu festivals, there are only about 40 workers on the site, including office staff. Work is expected to be at the height of its activities only after mid-October.

7. The contract for the 2.7 km bypass was awarded to Marushin Shitaka and Rigсар Construction Company in September 2017 and expected to be complete by August 2019. Construction works for the bridge was also awarded to Marushin Shitaka and Rigсар Construction

¹ <http://www.adb.org/sites/default/files/project-document/80589/39225-034-rp-01.pdf>

Company in September 2017 and expected to be complete by February 2020. Construction works for both the packages have not yet started and currently survey works are being carried out.

8. Follow up actions on updating the Social monitoring report shall be carried out on a semi-annual basis. An awareness raising activities targeting contractors and laborers on the risks of HIV/AIDS and compliance with core labor standards which is elimination of discrimination in employment, especially on providing equal pay for work of equal value and elimination of child labor shall also be planned and carried out within 2017.

II. BACKGROUND

9. The Royal Government of Bhutan (RGoB) and the Asian Development Bank (ADB) approved the SASEC Road Connectivity Project in July 2014. Two of the components of the Project include:

- i. the construction and development of facilities for the existing transshipment and cargo handling compound occupying approximately 235,224 square feet or 5.4 acres of land (mini dry port) and
- ii. widening, reconstruction and a new section of road and additional crossing over the Om Chhu river (bypass). The total length of the road is 2.7 km.

III. PURPOSE OF THE REPORT

10. This is the second social monitoring report prepared in September 2017 for the construction of the mini dry port and the Phuentsholing bypass. The purpose of this report is to look into the progress of the construction projects and analyse the compliance with the ADB Safeguard Policy Statement (2009) and RGoB rules and regulations. This report covers the first quarter of the construction phase covering the period of October 2016 – September 2017.

IV. IMPLEMENTING AGENCY(S)

11. The Phuentsholing Thromde (municipality) is the implementation agency for the project. It is in charge of implementing components 3 and 4 of the project (i.e. the 2.7 km bypass, the mini dry port and the Allay Customs Station).

V. PROJECT MANAGEMENT UNIT AND PROJECT IMPLEMENTATION UNIT

12. Both the Project Management Unit (PMU) and the Project Implementation Unit (PIU) are with the Phuentsholing Thromde. The PMU is headed by a full-time Project Co-ordinator and supported by a team of consultants including Social and Environmental Safeguard Specialists. The PT has established a PIU for both the sub-projects, headed by a Project Manager. Both the PMU and the PIU are supported by personnel drawn from the Phuentsholing Thromde, including site engineers who work alongside the Supervision consultants onsite to monitor all construction activities. The PIU will report to the PMU on all matters relating to the subprojects.

VI. SCOPE OF IMPACTS

A. Mini Dry Port

13. The Mini dry port in Phuentsholing is the oldest land port in Bhutan. The Royal Government of Bhutan approved the establishment of a dry port as a part of the Phuentsholing Urban Development Plan (2002-2017). In 2003, the Ministry of Trade began acquiring additional land for the dry port in accordance to the Government rules and regulations. The land acquisition affected two private plots and three Government plots. Land acquisition for the dry port began in 2003 prior to any ADB involvement and the land acquisition was not done in anticipation of any ADB financing. The land acquisition was carried by the Department of Trade with assistance with the Phuentsholing Thromde and carried out in accordance to the Land Act 1979 and Land Compensation Rule 1996.

14. The total area of the MDP is 5.4 acres or 235,250 square feet of which 11,474 sq. ft. and a one two-story residential structure belonged to private people. Both the families have been compensated and have been given land replacements within Phuentsholing City boundary.

To the North-West end of the Dry Mini Port, there is a graveyard site built on Government land. With requests from the family members, the PT had decided that the boundary wall would be realigned to avoid any impacts on the grave site from the dry port. This realignment of the boundary has been approved by the Thromde Committee. The wall which is currently being constructed has been aligned inside the MDP boundary but outside the graveyard site.

B. Phuentsholing Bypass

15. The bypass, which is 2.7 km and a 4-lane road, will start at the second Indo-Bhutan gate, near the Mini Dry Port and end at the existing Phuentsholing–Thimphu road. This component of the project will decongest the traffic flow within the urban core of Phuentsholing.

16. The construction of the bypass will affect the existing vegetable market, two workshops, the crocodile farm, a private land owner and other public land and structures.

17. **Affected market vendors:** Construction works for the new vegetable market are underway (see picture below). Located at the old truck parking, adjacent to Jorden Lam, the new market is expected to be completed by mid-2018. The area for the new vegetable market is 1.18 acres or 51,402 square feet. The new market is an integrated space, similar in concept to the Thimphu vegetable market, and will be able to accommodate all the existing vendors at the current vegetable market and more. There is ample space allocated for parking.

18. The PT agreed to allocate stalls in the new market to the 72 shops that will be affected by the construction of the bypass (Annex 1 is a list of the AP). In case of any delays in the construction of the new market compensation packages have been calculated and all the APs will be compensated as per the entitlement matrix in the Resettlement Plan: Nganglam-Dewathang Highway and Pasakha Access Road (2014, p. 32). The entitlement compensation has been calculated in the first monitoring report and is included as Annex 2 of this report.



19. **Workshops:** The two workshops have been relocated to the new workshop area allocated by the PT.

20. **Affected private landowner:** The land belonging to Tashi Group of Companies (TGC) has been affected by the project. Located at the end of the bypass, the total registered land is over 16 acres. According to the Phuentsholing Thromde, a series of meetings have been held with representatives of the TGC and they have agreed to land for land compensation as per the Land Act of Bhutan. The Company owns a commercial area in core town which has encroached into Government land. The proposal for value-based adjustment of the excess land occupied in the core town area by TGC with land affected by the northern bypass road was submitted to the National Land Commission (NLC). In a letter from the NLC, dated 8th May 2017, the PT has been instructed to resurvey the affected areas and submit all necessary documents for further processing.

21. **Other affected structures:** The demarcated corridor of impact indicates that some public structures and land will be affected by the bypass, which includes walls, gates and posts. Affected structures from the starting point of the MDP include the following:

- wall and gate of the State Trading Corporation of Bhutan Limited (STCBL) located just outside the MDP boundary,
- the Dantak Hindu temple walls,
- the Dantak barbed fences (on either side of the road),
- walls of the Rabten Engineering Workshop
- walls of the Phuentsholing Higher Secondary School
- walls of the National Pension and Provident Fund housing colony

22. A survey of all affected structures will be conducted and details will be included in the Addendum to the Phuentsholing Bypass Resettlement Plan 2014.

² Based on the PAVA rates, it was calculated that the 1.445 acres of land affected in Kabreytar by the bypass was equivalent to 0.5184 acres in the core area.

23. **Addendum to the Phuentsholing Bypass Resettlement Plan:** The Phuentsholing Bypass RP3 prepared in 2014 only identified the private land as affected asset during preparation. Subsequently, the Social Monitoring report, September 2016 identified other impacts which includes:

- a section of the Phuentsholing vegetable market,
- two bus workshops and a warehouse located adjacent to the vegetable market, and
- the crocodile farm belonging to the Ministry of Agriculture and Forests occupying a total area of 15,833 sqft.

24. Given that more impacts have been identified since then, an addendum to the Phuentsholing Bypass RP detailed all impacts and mitigation measures will be prepared and disclosed on the ADB website.

VII. MONITORING FINDINGS

A. Mini Dry Port

25. The contract for construction works for the Mini Dry Port has been awarded to Marushin Shitaka Construction Company in April 2017 under contract agreement PT/Contract/2016/MDP/01. According to the contract, civil works are expected to complete by December 2018.

26. The contractor has mobilised the work at the construction site. Works are required to comply with ADB's SPS 2009 and the clauses under the contract bid document such as (i) Hiring/Recruitment of more National workforce; (ii) Provide gender responsive, HIV/AIDS and human trafficking awareness; (iii) Provide proper sanitation and safe drinking water; (iv) Ensure implementation of core labor standards to Bhutanese especially the provision on equal wages for both men and women; (v) Hiring of child labor should be avoided, be it national or of Indian origin and (vi) ensure usage of safety equipment and gears at the worksite.

27. Currently there are only about 40 workers on the site (inclusive of office staff). The labourers are involved in building the boundary wall and the labour camps. The site office, store houses and a common kitchen for the staff has been constructed (see picture below). There are no female workers on the construction site and the majority of the labourers are of Indian nationality. According to the site engineer, with a lot of on-going Hindu festivals, the work progress has been delayed and work is expected to be at the height of its activities only after mid-October. Any awareness activities will be conducted once the mobility of workers is at its highest.

³ <https://www.adb.org/sites/default/files/project-document/80589/39225-034-rp-01.pdf>



28. Living quarters are under construction (see picture below). Facilities such as toilets and clean water will be provided to all workers on the construction site.



B. Phuentsholing Bypass

29. The contract for the 2.7 km bypass was awarded to Marushin Shitaka and Rigsar Construction Company in September 2017 under contract agreement number PT/Contract/2016/NBR/01. According to the contract, works are expected to be completed by August 2019.

30. Construction works for the bridge was also awarded to Marushin Shitaka and Rigsar Construction Company in September 2017 under contract agreement number PT/Contract/2016/NBR/02. Works are expected to be completed by February 2020.

31. Construction works for both packages have not yet started and currently survey works are being carried out.

VIII. GRIEVANCE REDRESS MECHANISM

32. The Phuentsholing Thromde will be the main point of contact for any grievances from the public. All complaints to be lodged in writing and all proceeding related to the complaints to be recorded and documented. The document will be useful in modifying procedures in the future. The functions of the Grievance Redress Committee include but not limited to (i) supporting any affected persons (AP); (ii) recording grievances from the APs and categorizing, prioritizing and solving the grievances within an appropriate time and (iii) informing the Project Steering Committee of any unresolved cases within an appropriate timeframe.

IX. CONCLUSION

33. The contractors for both the construction projects should follow the clauses such as

- (i) Hiring/Recruitment of more National workforce;
- (ii) Provide gender responsive, HIV/AIDS and human trafficking awareness;
- (iii) Provide free accommodation with proper sanitation, safe drinking water and electricity;
- (iv) Ensure implementation of core labor standards to all workers especially the provision on equal wages for both men and women
- (v) Ensure providing personal protective gears to all labourers and all labourers suggested to regular usage of personal protective gear at construction site
- (vi) Hiring of Child labor should be avoided, be it national or of Indian origin and
- (vii) Minimize noise and dust pollution.

34. Follow up actions on updating the Social monitoring report shall be carried out on a semi-annual basis. An awareness raising activities targeting contractors and laborers on the risks of HIV/AIDS and compliance with core labor standards are planned to be carried out within 2017. These activities have been tentatively set for November when the construction site has the highest mobility of workers.

ANNEX 1: LIST OF AFFECTED PEOPLE

The following table lists the name and details of affected people. Most of them are shop-owners and vendors at the vegetable market who will be losing their major source of income.

Affected vegetable market vendors and renters

No	Name	Sex	Business
1.	Sonam Choden	F	Local products
2.	Chang Lam	F	Local products
3.	Sonam Pelden	F	Local products
4.	Yugu Maya	F	Vegetables
5.	Purni Maya	F	Vegetables
6.	Tika Maya Ghalley	F	Vegetables
7.	Chatur Maya Rai	F	Vegetables
8.	Dhali Maya	F	Vegetables
9.	Peldon	F	Fruits
10.	Bina Shiva	F	Fruits
11.	Phub Dem	F	Vegetables
12.	Tshering Dema	F	Vegetables
13.	Lhakpa Dema	F	Local products
14.	Zekom	F	Local products
15.	Ugyen Dema	F	Vegetables
16.	Ugyen Lhamo	F	Local products
17.	Dhan Maya Ghalley	F	Eggs
18.	Phub Gyelmo	F	Vegetables
19.	Tshering Dema	F	Local products
20.	Dorji Wangmo	F	Vegetables
21.	Tashi Wangmo	F	Vegetables
22.	Purni Maya Rai	F	Vegetables
23.	Jigme Wangmo	F	Vegetables
24.	Chencho Lhamo	F	Vegetables
25.	Sithey Mo	F	Local products
26.	Dorji Wangmo	F	Vegetables
27.	Tashi Yangzom	F	Local products
28.	Jas Maya Rai	F	Vegetables
29.	Jas Lachi Rai	F	Vegetables
30.	Tshering Pelden	F	Vegetables
31.	Bana Gurung	F	Fruits
32.	Jas Maya Raini	F	Vegetables
33.	Tenden	F	Local products
34.	Pema Om	F	Local products
35.	Tshering Pem	F	Vegetables
36.	Bhagi Maya Mongar	F	Vegetables
37.	Run Maya Rai	F	Vegetables
38.	Reveka Gurung	F	Vegetables
39.	Budi Maya Raini	F	Vegetables
40.	Lal Maya Rai	F	Vegetables
41.	Dhanmati	F	Vegetables
42.	Chimi Wangmo	F	Vegetables
43.	Rinchen Lhamo	F	Vegetables
44.	Dorji Dema	F	Meat Shop
45.	Tara Bidi Sunwar	F	Meat Shop
46.	Dorji	F	Vegetables

No	Name	Sex	Business
47.	Sanjana Khatoon	F	Vegetables
48.	Dawa Zangmo	F	Vegetables
49.	Tshering Pem	F	Vegetables
50.	Tashi Pemo	F	Vegetables
51.	Jagtarani Devi	F	Vegetables
52.	Dechen Wangmo	F	Vegetables
53.	Tandin	F	Bhutan products
54.	Tilma Rai	F	Fruits
55.	Khandu Wangmo	F	Vegetables
56.	Ugyen Wangmo	F	Vegetables
57.	Kharka Maya rai	F	Vegetables
58.	Pema Dema	F	Vegetables
59.	Dambal Kumari Ghalley	F	Vegetables
60.	Kharka Maya Bhujel	F	Eggs
61.	Sonam	F	Vegetables
62.	Uttam Gurung	M	Fruits
63.	Sonam Tshering	M	Fruits
64.	Nima Wangdi	M	Vegetables/fruits
65.	Tshering Samdup	M	Local Products
66.	Sangay	M	Local Products
67.	Jangchub Dorji	M	Local Products
68.	Chandra Maya Rai	M	Vegetables
69.	Bhim Bdr Rai	M	Vegetables
70.	Raj Kumar	M	Meat Shop
71.	Phurba Thinley Sherpa	M	Meat Shop
72.	Tenzing Sangay	M	Meat Shop
73.	Karma Phuentsho	M	Meat Shop
74.	Rama Shankar	M	Meat Shop
75.	Sonam Tshewang	M	Meat Shop
76.	Lotay Tenzing	M	Meat Shop
77.	Yam Kumar Sherpa	M	Meat Shop
78.	Nima Wangdi	M	Meat Shop
79.	Sonam Palzor	M	Meat Shop
80.	Bishnu Ram Chetri	M	Meat Shop
81.	Md. Salim Hussein	M	Meat Shop
82.	Madha Shah	M	Meat Shop
83.	Ramesh Prasad Gupta	M	Meat Shop
84.	Ashok Shah	M	Meat Shop
85.	Kedar Prasad	M	Meat Shop
86.	Amit Shah	M	Meat Shop
87.	Mhd Kaiyum Miya	M	Meat Shop
88.	Tenzin	M	Meat Shop
89.	Ngawang Yonten	M	Vegetables
90.	Harka Bhdr Ghalley	M	Vegetables
91.	Sangay Dorji	M	Fruits
92.	Bhakta Bhdr Ghille	M	Vegetables
93.	Sunil Kumar	M	Small shop in the warehouse
94.	Tashi Wangdi	M	Canteen in the ware

The table below lists the persons and agencies that are being affected by this sub-project.
Other affected persons

No.	Description	Type	Lessee/Institution	Existing Structures
1.	Workshop 1	Leased	Mr. Ekka Dukpa	Built by Lessee
2.	Workshop 2	Leased	Mr. Pema Thinley	Built by Lessee
3.	Warehouse	Leased	Mr. Pem Tshering	Built by Lessee
4.	Crocodile Farm	Department of Forest	Department of Forest	Department of Forest
5.	Private Land	Empty land	Tashi Group of Companies	No structures

ANNEX 2: CALCULATION OF THE ENTITLEMENT

A. Compensation for affected persons from the vegetable market

Option 1: Relocation to a stall in the new integrated vegetable market and income assistance equivalent to the number of days of income lost related to the relocation process. According to the social due diligence the daily income lost will be based on the minimum daily income for the majority of the AP which is Nu. 500 per day.

Option 2: Should the newly integrated market not be ready in time for the civil works in the existing vegetable market section, the following compensation and resettlement assistance will be provided to affected shop-owners.

Compensation for Number of people affected (loss of Income)

Number of Affected people	94
Compensation per day/person (Nu.)	500
Total number of days	90
TOTAL (Nu.)	4,230,000.00
TOTAL (USD)	63,218.00