

# Social Monitoring Report

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Final Report  
May 2021

## Bhutan: South Asia Subregional Economic Cooperation Road Connectivity Project

Northern Bypass Road-II (PhuentsholingThromde)

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

This 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.

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## **CURRENCY EQUIVALENTS**

(as on 4 May 2021)

Currency unit		Bhutanese Ngultrum
Nu. 1.00	=	\$ 0.0135
\$ 1.00	=	Nu. 73.82

### **NOTE**

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

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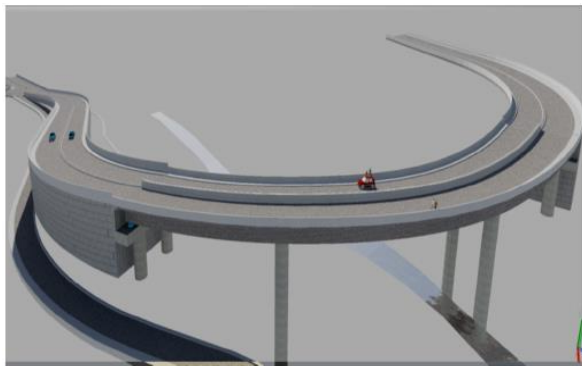
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## **I. Background**

1. The Royal Government of Bhutan (RGoB) and the Asian Development Bank (ADB) approved the SASEC Road Connectivity Project in July 2014. One of the components of the project is the construction of the 2.7km of bypass road in Phuentsholing city, viz the Northern Bypass Road (NBR) project. This project is expected to help in decongesting the heavy traffic flow within urban core of Phuentsholing town.

2. The NBR is a 4-lane road starting at the second Indo-Bhutan gate (near the Mini Dry Port) and ending at the Phuentsholing–Thimphu highway (the Royal Bhutan Army bend). To fast track the project and for ease of management, the NBR project was further bifurcated into two packages – NBR I and NBR II. The NBR II is 0.7 km and includes a 120 meters curvilinear bridge over the Omchhu river.



*3D design of the Bridge (courtesy Phuentsholing Thromde web page)*

3. This is a final social monitoring report for the Northern Bypass Road II. The report will provide an overview of the performance of the project during the construction phase in terms of social safeguards being implemented at the project site as per the ADB's guidelines. Quarterly social monitoring reports for the Project have been submitted to the client and are available on the ADB website.

## **II. Institutional Arrangements**

4. The NBR II project was implemented by the Phuentsholing Thromde. A Project Management Unit (PMU) and Project Implementation Unit (PIU) were set up with personnel drawn from the PT and supported by the construction supervision consultants. SMEC International in association with Gyaltsen Consultancy were retained as the project construction supervision consultants (CSC). The construction works was awarded to the M/S Marushin Shitaka -M/s Rigsar Construction JV.

5. The PIU reported to the PMU on all matters relating to the project.

## **III. Involuntary resettlement issues**

6. Only one private land and some structures on that land were affected by the NBR II project. The property belonging to the Tashi Commercial Corporation (TCC) had a total registered land of 16.71 acres. The land is located at the end of the bypass, by the riverbank side, just before connecting to the curvilinear bridge.

7. The Phuentsholing Thromde was involved in a series of consultative meeting, correspondences and site visits with the AP and the National Land Commission (NLC). After nearly a delay of 12 months to the project - the parties agreed on the value-based adjustment to the excess government land occupied by the TCC properties in core town area. On 12/09/2018, the TCC signed a Handing-Taking Over Note with the PT (attached as Annex I) and copies of this note were submitted to ADB and the CSC office in Phuentsholing.

#### **IV. Procedure of Land acquisition and Legal Framework**

8. ADB's Safeguard Policy Statement 2009 (SPS) requires that all projects supported by the ADB must (i) avoid involuntary resettlement impacts wherever possible; (ii) minimize such impacts by exploring alternatives; (iii) enhance, or at least restore, the living standards of affected persons in real terms relative to pre-project levels; and (iv) improve the living standards of the poor and other vulnerable groups. It covers both physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of involuntary land acquisition or restriction on land use, or on access to parks and protected areas.

9. However, Section 148 of the Land Act states that if the land to be acquired is within the Thromde boundary then the affected party will be provided cash compensation (unless the land is the only plot owned by the AP, in which case the AP will be given substitute land within the same city boundary). Since TCC owned more than one plot within the core city area, they were informed that they would be given cash compensation calculated in accordance to the rates fixed by the Property Assessment and Valuation Agency (PAVA).

10. TCC did not agree to this arrangement and instead requested PT for a value-based adjustment to the excess government land occupied by the TCC properties in core town area. The request by TCC was rejected by the National Land Commission Secretariat Thimphu (NLCS). In a letter dated 30/03/2018, the NLCS informs PT to abide by the Sections 142, 143 and 148 of Land Act 2007 and process accordingly.<sup>1</sup>

11. However, since this is an ADB financed project, the ADB's Safeguard Policy Statement (SPS) calls for a 'replacement cost' (SPS 2009, p. 45), or a negotiated land acquisition (SPS 2009, p. 48). The definition of a replacement cost is the calculation of full replacement costs which is based on the following elements:

- i. Fair market value;
- ii. Transaction costs;
- iii. Interest accrued;
- iv. Transitional and restoration costs; and
- v. Other applicable payments if any.

12. A negotiated settlement, on the other hand, helps avoid appropriation and eliminates the need to use Government authority to remove people forcibly. Here, the borrower or the client is encouraged to acquire land and other assets through a negotiated settlement wherever possible, based on meaningful consultations with the affected person(s) including those without legit title to assets. The borrower or client must also ensure that any negotiations with displaced persons openly addresses the risks of asymmetry of information and bargaining power of the parties

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<sup>1</sup> Section 142 The Government may acquire a registered land for public interest.

Section 143 The Government may provide substitute land or cash compensation, or, both as compensation.

Section 144 Acquisition of land shall entail a fair compensation.

involved in such transactions.

13. For this purpose, the borrower/client will engage an independent external party to document the negotiation and settlement process. The borrower/client will agree with ADB on consultation processes, policies and laws that are applicable to such transactions; third party validation, mechanisms for calculation the replacement costs of land and other assets affected; and record keeping requirements.

14. These different rules and regulations specific to ADB and NLCS and the AP's unwavering decision to hold on to their initial demands meant that construction works at this section was put on hold. After a series of consultative meetings, correspondences and site visits, along with the ADB's decision to withdraw the support from Bhutan, the NLCS finally agreed to PT's request to concede to TCC's demands.

15. On 12/09/2018, the TCC signed the Handing-Taking Over Note with the PT and the contractor mobilized the resources and work restarted on this stretch.

16. The details of the private land affected by the project is below:

Details	Area (Acre)
Total registered area	16.71
Total area affected by 18m wide Northern Bypass Road in the Kabreytaar LAP	1.445
<b>Value of affected land @ Nu. 325.93 sq ft</b>	<b>Nu. 20,515,337.92</b>
<b>Area Proposed for adjustment</b>	
Excess land from plot PGT-2754 (thram no1001) in core area	0.544
Registered area	0.14
Value per sq.ft	Nu. 908.42
Area proposed for value-based adjustment from excess land	22,583 sq. ft. or 0.5184 acres

## V. Structures Affected

17. The security guard house, small water tank and the barbed wire fencing along Tashi Commercial Corporation land was affected by the NBR-II. The boundary wall 350m in length with brick masonry, the water tank and the security guard house has been constructed. At present the water tank is in full operation.

18. The last stretch of the road connecting to the Phuentsholing-Thimphu highway passes through the Royal Bhutan Army area locally known as the RBA turning. Two structures RBA were affected by the project. Cost estimates were made based on the Property Assessment and Valuation Agency (PAVA). In a letter dated 20 March 2017, the PT submitted a letter to the Ministry of Finance endorsing an amount of Nu. 2,934,378.39 to be paid to the Royal Bhutan Army as cash compensation for the affected structures.



*The security guardhouse (left) and the Royal Bhutan Army Warehouse (right)*

## **VI. Grievances Redress Mechanism**

19. The Phuentsholing Thromde took up the lead role for any grievances from the public for this project. According to the Project GRM, if there are any persons or parties affected by the project, the first point of contact would be the site engineers of the PIU and PMU or the CSC. If the issues could not be solved at this level, then the case would be forwarded to the Phuentsholing Thromde Grievance Committee. For the involuntary resettlement issues relevant to this project, the PT took the sole responsibility of assessing the impact, consultations with the Affected party and negotiating the settlement for the land and affected structures. All communication and meetings with the affected party, viz the Tashi Commercial Corporation have been properly documented and filed in a register that was opened by the PT.

In the case of any conflicts with the locals in relation to the project or social unrests at the project site, the Phuentsholing Thromde was responsible to address these issues in a manner that was proper and transparent. However, the project did not face any such issues with the locals or the workers on site.

## **VII. Monitoring and Supervision**

20. The NBR-II project had a labour contractor who is an Indian worker himself. He handled the recruitment of workers from across the border, payments to them and any problems that may arise on site. Work on the site was from Monday to Saturday and these workers started at 8 am and continued until 6 pm. Payments to these workers varied between Nu. 400 for unskilled to Nu. 700 for skilled.

21. However, during the COVID pandemic, when the Indian workers had all left for their homes, the contractor was left with no option but to hire local workers from nearby communities. Bhutanese workers are not skilled especially for a project like the NBR-II and they needed constant supervision and payments demanded by these workers was Nu. 900 a day including Nu. 150 per day for meals.

22. The following table lists out the number of labourers on site as reported during March 2020 to March 2021:



Month	Imported labourer	Local labourer	Total
March/April/May 2020	80	0	80
July/Aug/ 2020	20	13	33
Sept.2020	10	8	18
Oct.2020	9	14	23
Nov/Dec 2020	6	26	35
Jan 2021	9	26	35
Feb 2021	8	31	39
March 2021	0	35	35

23. The labourers (both Indian and Bhutanese) were provided with accommodation by the contractor along the project site. The accommodation included a temporary structure constructed out materials such as bamboo sheets or CGI sheets. The average size of a room was about 100 sq ft (10 x 10) and each room accommodated 4–6 workers. The rooms had poor ventilation and most of the rooms had a kitchen included too Others basic facilities provided were toilets, water and electricity.

24. The contractors and labour contractors were notified many times about the conditions of the accommodation and the camps. However, there were no improvements from their side during the entire project period. In addition, the bidding document had no clauses that would allow the Phuentsholing Thromde to impose any penalties to the contractors on non-compliance of ADB's social safeguard rules.

25. In order to improve the condition of labour camps in future projects, it is recommended that safeguard requirements such as accommodation and other basic amenities for labourers be quantified and included in the Bill of Quantities and the required quality of these facilities clearly specified in the Technical Specifications. Alternatively, penalty clauses for non-compliance to the expected safeguard standards can be introduced in the Particular Conditions of Contract which will enable the Implementing Agencies to administer the contract more effectively.



*Labour camps at NBR-II Project site*

26. All labourers employed at the construction site including site engineers and contractors were required to take reasonable care of their health and safety and they were provided with safety equipment and gears by the contractor. The project office maintained a first-aid box which contained band aids and bandages, antiseptic creams and liquid and even basic painkillers for

minor injuries such as cuts or headaches. For any major injuries, a worker would have been sent to the hospital and treated there. During the project phase, there were no serious injuries or fatalities to the workers.



*Signboard at the entrance of NBR-II project (left) workers on site (right)*

## **VIII. Recruitment Procedures**

27. Before being recruited for any construction projects in Bhutan, Indian workers have to undergo medical tests to rule out sexual diseases or any other communicable diseases. Only after getting a medical clearance from the Hospital in Bhutan, the workers are eligible for a work permit to work in Bhutan. The fees for these tests are all covered by the construction company.

## **IX. Awareness Programs**

28. However, the ADB requires that awareness programs be carried out to combat complacency about HIV/AIDS and also educate the labourers at construction sites with regards to their sexual activities, the risks associated with multiple sex partners, preventing STD/HIV and social marketing of condoms. There were two awareness programs conducted along the NBR-II project site. These programs were conducted by Ms. Karma from the Health and Information Services Center (HISC), Phuentsholing along with Ms. Dorji Zangmo and Ms. Karma Dema.

29. The program included demonstrations on the usage of condoms and the workers were encouraged to get tested for HIV/AIDS. Tests are provided free of costs and the workers are given the option of getting tested at the HIS Center or at the construction site. According to Ms. Karma, many of the workers agreed to get tested for HIV/AIDS. In the case where a labourer has contracted sexual diseases, the HISC together with the MoH will provide medical care and medicines free of costs. The treatment will be carried out in a private hospital in Siliguri, India (about 4 hour drive from Phuentsholing) and all expenses will be covered by the Royal Government of Bhutan, even for Indian labourers.

30. Pamphlets were also distributed to the workers. The pamphlets were translated into Hindi and Bengali—languages that are familiar with the labourers. The program also included topics on anti-trafficking and child labor and gender sensitization activities. Although the Labour and Employment Act (2007) of Bhutan does not permit the recruitment of foreign female labourers and children (below the age of 18 years), monitoring is still necessary to ensure that contractors are adhering to these rules. Bhutanese women are always encouraged to take up work at the construction sites, however, there were no Bhutanese female workers on this site.



*Workers gathering for the awareness program*

## **X. Government rules on COVID-19 for workplaces**

31. The Ministry of Labour and Human Resources (MoLHR) started advocating for Standard Operating Procedures (SOP) for COVID 19 at all workplaces, including construction sites. The MoLHR and the Department of Immigration monitored all workplaces. All businesses had to register their non-national workers with the Department of Immigration. Once registered, each worker was given a COVID card with details of the worker which superseded the work permit that was initially given to the worker. Proprietors/site engineers were advised to encourage social distancing amongst their workers and move in smaller groups, especially during grocery or vegetable shopping. The contractors were also advised to take charge of the health of their workers, including close monitoring and counseling.

32. For this project, the construction company was notified to strictly adhere to COVID 19 protocols. Guidelines for the COVID 19 Standard operating Procedures have been outlined in the Social Monitoring Report July 2020. They have also been advised to put up sign boards at both the entrances so that the public are not using the project road during construction.



*Health and Safety protocols on the NBR-II project site*

## **XI. Setbacks to the project**

33. The contract for the 0.7 km bypass including a curvilinear bridge was awarded to M/s Marushin Shitaka –M/s Rigsar Construction Company JV in 2017 and scheduled to complete by February 2020. However, there were a few setbacks to the project that delayed the project by 378 days:

34. A section of the land belong to Tashi Commercial Company was affected by the NBR-II project. Due to discrepancies between the Phuentsholing Thromde, the National Land



Commission and the affected party, the acquisition of land for project use went on for nearly a year. The PT along with the NLC, the contractor and the consultants were involved in the entire consultative process. The discussions and communications are chronologically listed out in a table and attached as Annex I in the Social Monitoring Report March 2018.

35. Works at the construction site started to slow down with the onset of the COVID pandemic in 2020. When Bhutan closed its borders in March 2020, many of the Indian workers started leaving for their homes and by July, there were less than 20 Indian workers on site. The construction company started recruiting Bhutanese workers from localities around Phuentsholing. According to the site engineer, the Bhutanese workers were not as skilled or fast as the Indian laborers, and they demanded higher wages and more facilities on site. In addition, if there were any rumours of lockdown, then the Bhutanese workers would immediately leave for their homes.

36. Bhutan imposed its first nationwide lockdown due to a local transmission in August 2020. All works at the construction site was stalled. As COVID 19 positive cases increased in Phuentsholing, the town went under the 'red zone' classification. There was another nationwide lockdown in December 2020, whereby works at the construction site was again stalled.

## **XII. Completion and Handing over of the Project Site**

37. According to the contract, works are expected to be completed by February 2020. However, due to interruptions caused by hindrances/force majeure delayed the project by 378 days and the NBR-II was completed and officially handed over to the Phuentsholing Thromde only on the 22 March 2021.



*Labour camps at the NBR-II project site cleared (above)*

38. The labour camps have been removed and according to the construction company, the materials are being reused at their construction site on the Amochhu project. There were closely monitored by the site engineers of both PT and the Construction Supervision Consultants (CSC).

## **XIII. Conclusion**

39. Local workers that were recruited to work at the construction site during the COVID pandemic times have now upgraded their skills and knowledge. This will help them in the future get better jobs or even assist in developing their own villages.

40. The entire NBR project has benefitted the people of Phuentsholing by providing it with an alternative route for vehicles travelling through town. The NBR will potentially reduce traffic congestion in the core town area, reduce the effects of heavy vehicle traffic, increase roadway safety, provide travelers with a faster route and also improve access locally.

**Annex I: Handing-Taking Over Note on Tashi Commercial corporation (TCC) land**

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Royal Government of Bhutan

Phuentsholing Thromde, Pelkhil Lam, Post Box No. 02



Ref. Ref. PT/ADB- SASEC/2018-2019/16 1445

Did. 12/09/2018.

To,  
Yang Lu, (Ph.D)  
Transport Specialist,  
Transport and Communications Division,  
South Asia Department, ADB- Manila,  
Philippines.

**Sub: Forwarding the Handing-Taking Over Note on Tashi Commercial Corporation (TCC's) Land.**


Dear Sir,

Phuentsholing Thromde Management, through SASEC, Road Connectivity Project Office is pleased to forward you the Handing-Taking Over Note on TCC's Land, formally handed over by TCC to the Phuentsholing Thromde management, on September 12, 2018.  
The contractor has been already advised to mobilize the resources and start the work activities in this stretch.

This is forwarded for your kind information and necessary action, at your end.  
Thanking you for your continued support.

**Encl. A scanned copy of Land Handing-Taking Over Note, between TCC and Phuentsholing Thromde.**

Yours sincerely,

  
(Devi Charan Dhiman)  
Project Co-ordinator  
SASEC, Road Connectivity Project,  
Phuentsholing Thromde.

cc.

1. The Hon'ble Secretary, NLCS, Thimphu.
2. The Director General, Department of Macroeconomic Affairs, Ministry of Finance, Tashichhodzong, Thimphu.
3. The Country Director, BHRM, ADB Office, Royal Textile Academy Building, Thimphu.
4. The Dasho Thrompon, PT.
5. The Executive Secretary, PT.
6. Office copy.

Phone: EPABX 0975-05-252168/252759/254645, Fax# 252882, Thrompon # 252495 [ext. 140], Executive Secretary # 254312 [ext. 124].



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ROYAL GOVERNMENT OF BHUTAN  
PHUENTSHOLING THROMDE  
POST BOX NO.02  
PELKHIL LAM



PT/Land Record (08) /2018-19/ 1433

Date: 12/09/2018

Internal Memo

Project Coordinator  
SASEC RCP  
Phuentsholing Thromde

**Subject: Sharing of Handing /Taking Over Notesheet**

Sir

Please find here an attached copy of Handing /Taking Over notesheet of the 1.445 acres of land affected by Northern Bypass Road project from the representative of Tashi Commercial Corporation to Phuentsholing Thromde.

Thank You.

Yours Sincerely

  
(Prakash Rai)

Land Record Section

Copy To:

1. Executive Secretary, Phuentsholing Thromde for kind information
2. Office copy

*Document forwarded*  
*(Signature)*  
*12/09/2018*

DIARY NO. 20  
DATE 12/09/2018  
FILE NO. 516

*Prog. Engineer*  
*(NBR-II)*  
*P.s. for ward*  
*document to project*  
*ABB, H.R.*  
*Office*  
*12/09/2018*



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TASHI COMMERCIAL CORPORATION  
THARPAI LAM  
POST BOX NO 78  
PHUENTSHOLING, BHUTAN.

TCC/HO/Estate(16)2018/ 2147

12<sup>th</sup> September 2018

## Handing/Taking Over

The under signed representative of Tashi Commercial Corporation has handed over 1.445 acres of land affected by Northern Bypass Road project from late Dasho Ugen Dorji's Thram no.57 to Phuentsholing Thromde on 12<sup>th</sup> September 2018.

Handed over by:

Dy. Managing Director  
Tashi Commercial Corporation



Taken over by:

Executive Secretary  
Phuentsholing Thromde Office.



Witnesses:

Pema Dorji  
(Estate Unit, TCC)



Prakash Rai  
(Land Record Section, PT)