

Semi-annual Report

July 2019

HIGHLANDS REGION ROAD IMPROVEMENT INVESTMENT PROGRAM -TRANCHE 3 Henganofi-Nupuru Road Sub-Project

Prepared by Department of Works for the Asian Development Bank

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**PNG: HIGHLANDS REGION ROAD IMPROVEMENT
INVESTMENT PROGRAM - TRANCHE 3**

Henganofi to Nupuru Road Sub- Project

**SEMI- ANNUAL SOCIAL SAFEGUARDS
MONITORING REPORT**

January to June 2019

Project Implementation Unit

Department of Works

National Capital District

July 2019.

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ABBREVIATIONS

| | |
|--------|--|
| ADB | Asian Development Bank |
| APs | Affected Persons |
| CRO | Community Relations Office |
| DA | District Administrator |
| DC | Design Consultant |
| DMS | Detailed Measurement Survey |
| DP | Displaced Person |
| DOW | Department of Work |
| EA | Executive Agency |
| ESSB | Environment and Social Safeguards Branch |
| 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 | Highlands Road Management Group |
| HRRIIP | Highlands 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 |
| MTS | Manager-Technical Services |
| NRA | National Road Authority |
| PNG | Papua New Guinea |
| PRO | Public Relations Officer |
| PSC | Project Supervision Consultant |
| PWO | Provincial Works Office |
| PWM | Provincial Works Manager |
| RAP | Resettlement Action Plan |
| RCR | Resettlement Completion Report |
| ROW | Right-of-Way |
| SFPC | Senior Field Project Coordinator |
| RP | Resettlement Plan |
| SHP | Southern Highlands Province |
| SIS | Socio-economic Impact Study |
| SMR | Semi-annual Monitoring Report |
| SPS | Safeguard Policy Statement |
| SS | Social Safeguard Officer |
| TOR | Terms of Reference |
| PWM | Provincial Works Manager |

1.0 Executive Summary

- I. This first semi-annual social safeguards monitoring report covers the period from January to June 2019. This report was carried out by the Department of Works (DOW) through the Highlands Road Management Group (HRMG) and the monitoring results will be communicated to ADB through this report.
- II. Henganofi-Nupuru road sub-project is one of the 4 sub-projects of Tranche 3 of the Highlands Region Roads Improvement Investment Program, an ADB assisted road program. The sub-project is covered by CSTB contract # 3533 entered into by the Independent State of Papua New Guinea represented by the Department of Works and China Wu Yi LTD (CWY China).
- III. The contract was awarded last March 4, 2017 and mobilization started in October 2017. The construction period of the project is 24 months. The long-term Performance Based Maintenance Services is 60 months from the issuance of the Performance Certificate for the Improvement Work.
- IV. HRMG, the project implementing unit (PIU) has provided support related to resettlement activities for upgrading the HRRIP road. With this mandate, HRMG has provided training and seminars, technical and financial support to empower and upgrade the capabilities of its staff and other project stakeholders.
- V. In accordance with the HRRIP eligibility criteria, every effort has been made to minimize the impacts on land acquisition and resettlement for this road section. The engineering design has been formulated to minimize the need to acquire additional land outside of the existing road alignment, to the extent feasible and consistent with agreed design standards and good engineering practice. Among the technical solutions applied to minimize resettlement impacts were;
 - a. shifting the road alignment to the opposite side away from the potential affected structure,
 - b. narrowing of the road shoulders in front of the potential affected structures, and
 - c. adjustments of the drainage component to minimize resettlement impacts.
- VI. Additionally, the DOW through the Provincial Works Office (PWO) in close coordination with the provincial, district administrators, local-level government (LLG) presidents and wards leaders where the road section is located, all cooperated to ensure that no new structures or other improvements were erected or crops and trees planted within the construction limits after the proposed project information were first disseminated to them on 25th November 2011. The resettlement impacts assessment was originally conducted in the same year.
- VII. The results of the resettlement impact assessment indicated that the existing road carriage occupies a total of 17.95 hectares of customary land. The upgrading and rehabilitation of the road will require an additional 19.55 hectares of customary land for the whole road section. In total, the project will require a total of 37.85 hectares of customary land which is the subject matter of the memorandum of agreements (MOAs) between DOW and the customary landowners.

- VIII. Aside from the resettlement impacts on customary land, the whole road section of 33.96 km is free from any resettlement impacts on assets including residential houses, trade stores or any other structures. The whole road section is also free from crops and trees, fences and grave sites. The cut-off date is March 13, 2015, the date when the resettlement impact assessment for the Henganofi-Nupuru road section was complete.
- IX. However, based on the Resettlement Plan (approved), the total cost for the Henganofi-Nupuru road project amounted 744,800 Kina. This budget is for the purpose of community in-kind assistance and also the amount for compensation of crop or assets in unanticipated losses occur during road construction. The cost of external monitoring by independent monitoring organization (IMO) is not included in the RP budget.
- X. The resettlement category is determined by the severity of impacts on affected people. In the case of Henganofi-Nupuru road subproject, as there are no significant impacts on houses, businesses, crops, trees of any other asset apart from land impacts on 11 tribes, there are no affected people. These factors determined that the subproject falls into Category C for involuntary resettlement impacts following ADB's Operations Manual of October 2013 (OM Section F1/BP, 1 October 2013) and Safeguards Policy Statement 2009 (SPS 2009).
- XI. The establishment of the Grievance Redress Committee (GRC) for this sub-project was facilitated by HRMG as part of its delegated mandate to implement the resettlement plan. The initial GRC meeting was convened on the 1st of February 2018. The GRC convened a second meeting at Henganofi District office on the 6th of September 2018 chaired by the District Administrator. This meeting included the identification of problem areas along the road project as well as the careful deliberations of the 333 log grievances that were tabled in the meeting during that time. The third GRC meeting occurred in the fourth quarter (13/12/18) which saw technical advisors from HRMG carrying out the initial re-verification exercise on 600 received grievances along the project corridor.
- XII. For the covered period from January to June 2019, additional grievances mostly new ones about 779 grievances have been received by HRMG through the resettlement and social safeguards unit. These grievances are registered in the complainant logbook. The planned GRC meetings coming up will be convened by the GRC to deliberate on all grievances received once the project is near completion for a final physical verification.
- XIII. For the covered period there were 16 public consultations conducted along the sub-project at numerous intervals from January to June 2019 covering all the affected wards. There were 1,258 participants and out of this total, 850 were males while there were 295 females and 113 children participants.
- XIV. For the period covered there were two operation quarries. One is the Upegu Quarry and the other the Mehenave quarry. All other quarries used since the project commencement has ceased operation. A total of PGK 112,634.26 was paid for both quarries with 95.63% going to the quarry owners of Upegu quarry.
- XV. 16. The subproject has a total of two campsites one at Konamempi and the other at Upegu. The Konamempi and Upegu campsites both have a quarterly payment agreement. The entire disposal site along the project corridor has no charge or is free as per the signed agreement with the landowners. However, for the stockpile area there is payment as per the signed agreement between the contractor and the landowners. For the covered period

the contractor has paid an aggregate amount of K 14, 800.00 as per the signed agreements to customary landowners. Upon the completion of the construction project or expiration of the lease, all permanent improvements shall be owned by the customary landowners.

- XVI. The main camp is located at the border of Konamempi and Menefi Village at CH 0+460. This camp had purchased locally various construction materials, purchases of food, water, and miscellaneous items. The contractor has spent over K40, 900.00 on purchasing local food and miscellaneous items near the campsite areas, from the Henganofi station local market and from Goroka Town Market. Other local purchase includes the purchase of live meat such as chicken, ducks, pigs and goats totaling K5, 200.00. The contractor had no other local expenditures for the period covered. The contractor spent a total of K8,490.00 for the purchase of local construction materials such as timber, logs, posts and bamboo strips. A total of K 54,590.00 was spent on local purchases for the time covered.
- XVII. There are two recommendations for corrective actions; (a) verification and deliberations of grievances received in the first two quarters of 2019; (b) Implementation of in-kind programs. The progress of these two outstanding issues has been reported in the fourth quarter social safeguards monitoring report of 2019 for the project.

2.0 Introduction

2.1 Project Background

1. The Highlands Region of Papua New Guinea (PNG), comprising the Provinces of Western Highlands, Southern Highlands, Eastern Highlands, Enga, Jiwaka, Simbu and Hela 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.
2. In order to address the deterioration of the HCRN there is a clear need to: (i) implement a program of regular maintenance of all HCRN roads that are in good condition; and (ii) to improve those roads that are in poor condition and ensure that maintenance begins on these roads as soon as the improvement works are completed.
3. The GoPNG has negotiated a Multi-Tranche Financing Facility (MFF) with the Asian Development Bank (ADB) to implement the Highlands Region Road Improvement Investment Program (HRRRIIP). The HRRRIIP will include projects to improve the HCRN and develop the capacity development of road agencies. Tranche 3 included the upgrading and rehabilitation of four road sections namely; Nipa-Munihu Road, Pangia-Wiru Loop Road, Gewa-Gembogl Road in Simbu province and Henganofi-Nupuru Road in Eastern Highlands Province.
4. The Executing Agency (EA) for the whole HRRRIIP is the Department of Works (DOW) whilst the Highlands Roads Management Group (HRMG) is the Implementation Agency (IA) based in Mt. Hagen Provincial Works Compound, Western Highlands Province (WHP).
5. 2The Henganofi - Nupuru Road Section is covered by CSTB contract # 3533 entered into by the Independent State of Papua New Guinea represented by the DOW and National Road Authority (NRA) and China Wu Yi Co., LTD (CWYC). The CSTB contract was signed on March 15, 2017.

2.2 Sub-project Description

6. The road from Henganofi to Nupuru, starts from the Kafentina LLG at Konamempi and passes through the Faiyantina LLG and ends at Nupuru and is approximately 34 km in length. The road project commences at the junction with the Highlands Highway at Knoamempi, approximately one kilometer from Henganofi Station and ends at the junction with the Okapa road in Nupuru. The road serves the Henganofi and Okapa Districts of Eastern Highlands Province which together have an average population of 40,000. The road is the only link from the two districts to Goroka and Kainantu townships and hence improvement is vital to the economic development of the area and the delivery of fundamental services to the population. **Figure 1 showing the location of the Henganofi - Nupuru road.**

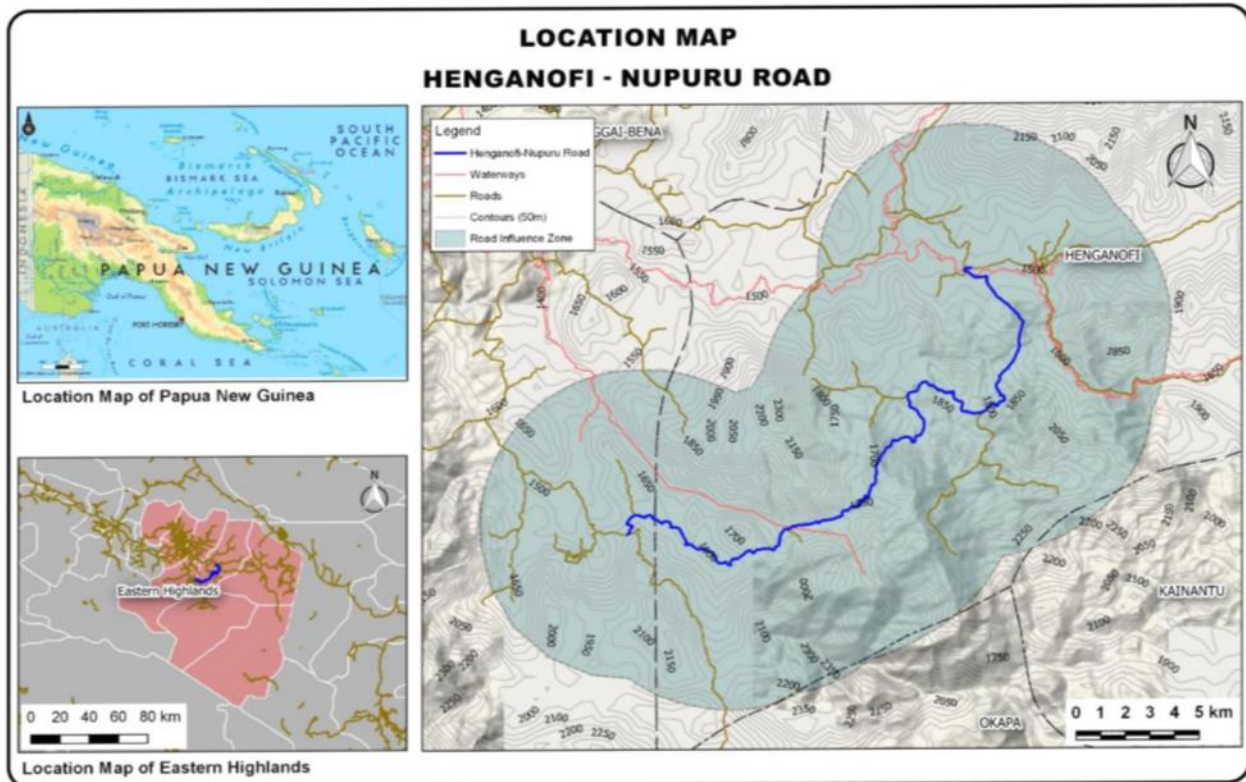


Figure 1: Location of the Henganofi-Nupuru Road in Goroka

7. the elected MPs. The route traverse's mountainous terrain and extensive sections of the alignment follow ridges. Elsewhere, the route is benched into sidelong ground and comprises a twisting alignment with steep gradients at the approaches to river and creek crossings. Improvement of either the horizontal or vertical alignment would not be economically justified at the present time.
8. The route crosses a total of 4 rivers and 3 major creeks on existing bridges. Two of these bridges are of comparatively recent construction and will require only minor maintenance whereas the remaining structures will require rehabilitation of the superstructure, the provision of steel decking to replace the existing timber and the provision of pedestrian facilities across the bridges. One new bridge is required for the bridge at Imaka Primary School which has been washed away.
9. The route passes through 11 villages/tribal settlements, the largest of which is Fore that acts as a local centre for gathering and marketing for the population living within the middle third of the road length and the immediate surrounding area. There are also numerous junctions along the road project with local roads connecting to the interior of the two LLGs.
10. The first 20 kilometers of the road primarily follows a ridge top alignment and the landscape is dominated by swathes of grassland with occasional secondary growth of trees, generally around settlement areas and individual homes. In the section of the road from km 20 to the end at Nupuru, the local tribes have made extensive plantings of pine trees.

11. The entire length of the road corridor has been extensively disturbed by human habitation and the activities of clearance for cultivation, the gathering of wood for fuel and hunting for food, hides and feathers for ceremonial purposes. As a consequence, there are no natural habitats of significance immediately adjacent to the road corridor and within the areas which will be affected by the proposed improvement works.
12. The MOA covered the land from the edge of the existing road up to the construction limits including road clearance and other infrastructure (e.g., drainage and culverts). This linear area on both sides of the road was the subject matter of the DMS.
13. The resettlement category is determined by the severity of impacts on affected people. In the case of Henganofi-Nupuru road subproject, as there are no impacts on houses, businesses, crops, trees of any other asset apart from land impacts on 11 tribes, there are no affected people. It is therefore to be concluded that this subproject falls into Category C for involuntary resettlement impacts, according to ADB's Operations Manual of October 2013 (OM Section F1/BP, 1 October 2013).

2.3 Institutional Arrangements

14. The Department of Works, as the executing agency, has the overall responsibility to manage the planning, implementation and monitoring related to acquiring use rights for additional land to implement HRRIP subprojects, as well as compensation for damages on project-affected land.
15. DOW established a Project Management Office (PMO) headed by a Project Director which manages the day to day activities of the program. Within the PMO, there are two units, the Project Management Unit (PMU) which is based in Port Moresby. The other is the Highlands Road Management Group (HRMG), the DOW's Project Implementation Unit (PIU) for HRRIP subprojects to carry out the planning, implementation and monitoring for land activities, as required and is based in Mt. Hagen.
16. HRMG is headed by the Field Project Manager (FPM). Under the FPM are two sub-units, the construction unit headed by the "Engineer" and the social and environmental safeguards unit headed by the Senior Field Project Coordinator (SFPC). The SFPC is ably supported by the Manager of Technical Services (MTS). Under the MTS are three sub-units, the social safeguards, resettlement, and HIV/AIDS officers.
17. The reporting protocols for the monitoring reports originate from the resettlement or environmental officers who prepare their back to office reports (BTOR). Routinely, they visit their respective sub-project twice a month. In addition, the EOs may return to the subproject as often as needed, if new issues will arise regarding resettlement and environmental issues.
18. These collated BTORs form the backbone of the monthly reports. The monthly reports form the basis for the quarterly reports. These quarterly reports are augmented by the data retrieved from the contractor such as employment, quarry operations, participation of women in employment and other relevant data. The quarterly reports form the basis of the semi-annual reports that are being submitted to DOW/POM and ADB.

2.4 Purpose and Methodology

19. This report presents the status of social safeguards including the compliance with approved RAP in respect of the Henganofi Nupuru road section, covering the review period of January 1 to June 30, 2019. This semi-annual monitoring report (SMR) is a requirement under the Safeguards Policy Statement 2009 (SPS 2009) of ADB.
20. As of the end of the last and second semi-annual report for 2018 the contractor has already mobilized its equipment and machinery, set up its campsite at Upegu Village and Konamempi village, set up its quarry and quarry equipment at Upegu at Bena River and has completed the clearing and grubbing works all the way to Nupuru Junction CH 34+000. The other activities undertaken for the same period covered along the project corridor is the laying of road base materials along the road stretch, priming and sealing of certain areas of the project road and Line drain, head wall, and culvert installations.
21. This First semi-annual report for 2019 will also focus on what have been done on resettlement and will discuss what parameters or indicators that were utilized to internally monitor the implementation of the remaining resettlement activities during actual road construction such as missed out and undervaluation of affected assets, public consultations, grievance redress and monitoring of direct and indirect project benefits.
22. Indicators for the internal monitoring are those related to process, immediate outputs and results. This information will be collected directly from the field and will be reported monthly to the DOW by the HRMG staff to assess the progress and results of RP implementation, and to adjust the work program, if necessary. These monthly reports will be consolidated for the quarterly reports and semi-annual social safeguards monitoring reports. Specific monitoring standards will be:
 - Budget and Time Frame
 - Delivery of Compensation and Entitlements;
 - Public participation and Consultations;
 - Benefit Monitoring;
 - Requirements for Remedial Actions.

3.0 Background of Resettlement Activities.

3.1 Detailed Design Stage

23. The total cost of this resettlement plan for the Henganofi-Nupuru road project amounted to 744,800 Kina. This budget includes community assistance measures, in-kind assistance, an amount for compensation of crop or assets in case such losses occur, physical and price contingencies and administrative expenses. The cost of external monitoring is provided directly by ADB which is not included in the RP budget. The details are shown in the Table 1: Summary of Costs Estimates and RP Budget.

Table 1: Summary of estimated resettlement costs based on RP budget.

| BUDGET COSTS | AMOUNT (KINA) |
|---|----------------|
| Land | Covered by MOA |
| Crops and assets compensation, if any | 50,000.00 |
| Road Design features | 182,000.00 |
| In-Kind Assistance | 350,000.00 |
| Sub-total (A) | 532,000.00 |
| Physical Contingency (20%) | 79,800.00 |
| Price Contingency (10%) | 53,200.00 |
| Sub-total (B) | 133,000.00 |
| Administrative Expense (15%) (C) | 79,800.00 |
| Grand Total (A+B+C) | 744,800.00 |

24. The selection criteria for subprojects for the HRRIP include provisions that the proposed work is on an existing road, does not involve major earthmoving works and avoids the displacement of residential structures or other, permanent structures. These selection criteria in effect aim to minimize the resettlement impacts for any candidate road for the HRRIP.
25. Based on these selection criteria, the district administration headed by the local Member of Parliament Hon. Robert Aitiyafa, facilitated the widening of the road corridors and improvement payments. The records of these payments are with the district administration and the local member reassured the locals during a public consultation in January 2018 that grievances recommended by GRC will be settled by the district administration.
26. From 2018 Semiannual reports there was a total of 600 grievances logged and documented for the Henganofi-Nupuru subproject. During the Fourth Quarter (October-December) the first re-verification exercise was carried out to value these planted and structural improvements. After the exercise the technical advisors to the project derived an estimated value of K 542, 600.00. This figure is subjected to variation as this is the estimated value of the damages from CH 0+00 to CH 27+300 only. For this semiannual report (January-June 2019) the clearing and grubbing activities have already been completed and the last estimated 7 Km from CH 27+300 to CH 34+000 improvement damages have been logged in by the HRMG CRO on site.
27. There was an additional increase in the total number of grievances logged book for the sub project which is now 779 after the completion of the clear and grubbing work to Nupuru Junction. However more time is given for the HRMG CRO to recheck, verify and log in any APs missed out along the project corridor. After a final check carried out by the HRMG CRO the list can be verified by the technical advisors to the project for the planted and structural improvement damages to derive a cost estimate from Konamempi to Nupuru. A summary of the initial 600 grievances verification derived value from CH 0+00 to CH 27+300 is shown below in table 2 and is subjected to change if a final verification is made by the technical advisors to the project.

Table 2: Summary of estimated resettlement costs from CH 0+000 to CH 27+300

| RESETTLEMENT BUDGET | AMOUNT |
|------------------------------|---------------------|
| Cost of Different Structures | K 430, 200.00 |
| Crops and Trees | K 112,400.00 |
| Grand Total | K 542,600.00 |

3.2 Process of Compensation Payment Executed by HRMG.

28. A verification survey is conducted by the HRMG staff together with LLG ward leaders and councilors, officials from District and Provincial Works based on the Consultant's master list. Some assets that are likely to be affected but were not included in the master list will be reassessed by the HRMG staff. The total number of DPs on the Consultant's assessment will either increase or decrease depending on the outcome of the verification survey.
29. Once the master list of DPs with the breakdown of affected assets and their corresponding amounts are submitted to DOW, the list is finally verified and confirmed by HRMG before the final list of DPs is submitted to PMO for funding allocation.
30. Unlike Tranche 2, the approved resettlement budget is remitted directly to HRMG instead. Formerly the budget was remitted to the PWM of the concerned province. Once, received, HRMG schedules the date for payment of compensation, informing the concerned district administrators (DAs), LLG presidents, ward leaders and village councilors to inform and mobilize the DPs to attend and receive their compensation payments for the affected assets.
31. The actual compensation payment is directly given to DP and most of the time with their families in the presence of the DA, LLG president, ward and village councilors, PWM and/or his representatives.
32. All compensation rates and the amount of the compensation for damaged crops, trees and structures are based on Valuer General's Schedule of Compensation (August 2013) or full replacement costs if the damaged assets are not included in the compensation schedule.
33. There are also rehabilitation allowances to assist the DPs in restoring their former living conditions. These allowances included shifting allowance, moving allowance, subsistence allowance, relocation and reburial assistance and vulnerability allowance.
34. With the presence of ward councilors, each DP is called and receives cash payment contained in an envelope with the amount indicated in the envelope. The DP is photographed while holding the payment before he signs the deed of release (in triplicate) indicating that DOW has fully complied with its obligation and he has waived his right over his affected properties. There are two witnesses, one from HRMG and another from a local leader.

4.0 Safeguards Staffing and Training

4.1 Resettlement Staffing

35. The Highlands Road Management Group (HRMG) under the Department of Works based in the DOW compound in Mt. Hagen, who is tasked to internally monitor all activities associated with land acquisition and payment of compensation to DPs have been mobilized since Tranche 1 and Tranche 2 and is now fully staffed to undertake its responsibilities in Tranche 3.
36. It is headed by the Senior Field Project Coordinator (SFPC) who is in charge of day to day monitoring activities and is supported by the Safeguards Coordinator, Social Safeguards Officer and Environmental Officers. He is ably supported by the Manager of Technical Services and support staff. There are eight (8) Community Relations Officers (CRO) constituting of a male and female in each of the four (4) road sub-project under Tranche 3. HRMG is assisted by the Social/Resettlement and Environmental Safeguards Specialists from the Project Supervision Consultant (PSC). The organizational chart is shown in Appendix 6: -- Organizational Chart.
37. The CROs for the sub-project road have been coordinating with their respective Provincial Works Managers and have been utilizing their facilities as field offices for resettlement related works. In the local level, the CROs have also been coordinating with the Provincial and District Administrators, LLG presidents, and affected ward leaders. The job description of the CRO is attached as Appendix 4: HRMG Community Relations Officer.
38. During the covered period from January to June 2019, there were two training seminars conducted in May 2019. The first training seminar was conducted on 24th May 2019 at DoW Mt. Hagen Conference Room and was facilitated by the Gender Consultant of HRMG/DoW. The seminar focused on HIV & Aids and its negative impact on newly constructed subproject roads. The seminar was merely a group discussion; however, participants have discussed some very important gender related causes that trigger the spread of HIV & AIDs and the possible measures to mitigate or control the virus (*refer proceedings attached*). The second training seminar was conducted on 28th of May 2019 at DoW Mt. Hagen Conference Room and was facilitated by ESSB/DOW, and those took charge include ESSB Manager, International Social Safeguards Specialist and Environmental Consultant. The participants were the Environmental and Social Safeguards officers of HRMG; National Environmental Specialist of CSC, National Environmental and Resettlement Specialists of PSC and the International Resettlement and Environmental Specialists. The seminar focused on a draft DoW Safeguards Policy 2019 thus case studies of projects undertaken were discussed, basically on how best safeguard practices can be implemented at project levels. Participants were given samples of the DoW Safeguards Policy 2019 so that feedbacks could be given to ESSB for a final review.



Figure 2: HIV/AIDS awareness and focus group discussion in DOW office, Mt. Hagen.



Figure 3: Safeguards seminar facilitated by ESSB and DOW in Mt. Hagen

5.0 Delivery of Compensation and Entitlements

5.1 Memorandum of Agreements

39. 64. DOW has negotiated and entered into a Memorandum of Agreement (MOA) with all affected tribes and clans for the free use of the minimum additional land required to rehabilitate and upgrade the Henganofi - Nupuru road. In addition, the affected tribes and clans had also validated the permission given by their forefathers to use their land for the existing road. There are no direct costs to secure the required lands for the sub-project. Documentation expenses for these MOAs have been paid under the district administrative expenses.
40. The fourth public consultation was undertaken on March 12 and 13, 2015 when the team conducted a resettlement impact assessment to validate the observations made in November 2014 that previously identified affected assets were no longer within the construction limits. March 13, 2015 is the cut-off date adopted for this subproject road and was disseminated to the residents of the subproject road. The last public consultations were held on April 30, 2015 after it was determined that a DMS is no longer necessary for the subproject road.
41. The MOAs did not cover the structures, trees, crops and land improvements that were affected during road construction. The district government paid compensation to owners of trees and improvements. Based on the latest Valuer General's compensation schedule for plants and improvements, the affected people were compensated.

5.2 Verification of DMS Survey Results

42. Based on the RP, DMS is no longer necessary for the subproject road; hence, verification survey is also not required.

5.3 Due Diligence Survey

43. A due diligence survey was not required as the road width was widened with no assets within the construction limits.
44. Unanimous support was expressed by the participants for the upgrading, rehabilitating and maintaining roads in Henganofi-Nupuru due to a wide range of economic and social benefits (e.g., rehabilitation of coffee gardens, diversification of coffee factories, expansion of cash cropping for wider markets because of improved accessibility, reduced cost for transport of goods, and better access to health care, education and other services, improved family ties and social network, among others) identified by the participants. Women understand that road improvements offer them particular benefits related to their responsibilities to grow food, opportunity to engage in businesses, and better care for the health and education of their children.

5.4 Delivery of Compensation and Entitlements

45. The Resettlement Plan was submitted and approved by ADB in 2015. There were no affected residential or business structures, fences and graves. The District Administration of Henganofi facilitated the payments of trees and crops as per the Valuer General's Rates of 2013. Grievances raised during construction will be addressed through the established Grievances Redress Mechanism Committee (GRMC) headed by the District's Chief Executive Officer with the Implementing Agency (HRMG) providing technical advice. Represented also in the GRMC are Local Councilors and Women's representative along the project impacted areas.
46. The local Member of Parliament Hon. Robert Aitiyafa together with the District Administration initiated and settled the payments of trees and crops during improvements works
47. in 2016. During a recent meeting on the 10th of January 2018 with the displaced persons (DPs) and affected persons (APs) near Konamempi village, Hon. Robert Aitiyafa reassured the locals that grievances raised during construction which are deemed genuine upon the recommendation of the GRMC will be settled by the District Administration.
48. Anis Foundation, a Non-Government Organization (NGO) trained locals along the road influence zone (RIZ) about livelihood restoration programs. This was facilitated and monitored by Environment and Social Safeguards Branch (ESSB) of the Department of Works. The locals were trained on poultry, small business management, breeding drought resistance crops such as Chinese cabbages and others. Locals interviewed expressed their joy and gratitude for this livelihood training activity.
49. The outstanding compensation payments in this road project are the grievances and claims filed with the GRC that may be decided in favor of the complainants by the GRC. HRMG may request a contingent fund from DOW/POM to settle any decision of the GRC in favor of payment to the complainant under the "pay as we go" approach.
50. For the third (3rd) quarter, 333 grievances were received for clearing and grubbing works from CH 0+000 to CH 20+000. GRC has convened during the third (3rd) quarter of 2018 to decide the merits of the complaints as well as identifying the problem areas along the road project. For the fourth (4th) quarter the GRC convened again and HRMG technical advisors to the project carried out a re-verification exercise to verify the merits of all the relocated structures along the road logged since project commencement. For the period covered the grievances logged tally increased from 333 to 600 and finally to 779 at Nupuru Junction as recorded by the HRMG CRO. The logged grievance increased as the clearing and grubbing activities reached Nupuru at CH 34+000. Additional time is given for any missed out Ap's/Dp's to argue their case so that the HRMG CRO can verify onsite and log in their grievances regarding improvement damages or resettlement issues only if their case is genuine.

6.0 Public Participation and Consultations

6.1 Public consultation and women participation.

51. Public Consultations were conducted with roadside communities who are direct stakeholders. Other indirect stakeholder includes the District Administrator, LLG Presidents, Ward Councilors, religious representatives and women representatives. The consultations conducted for the most part covered included the project's positive and negative impacts on the communities located along the project corridor.
52. There were 16 consultations conducted along the sub-project at numerous intervals and locations from January to June 2019. These consultations covered most of the affected wards located along the project corridor and RIZ. For the period covered there was a total of 1,258 participants. These included the males, females and children from the affected LLGs. Out of the given total, 850 were males (67.57%), 295 were females (23.45%) and 113 (8.98%) were children. Summary of these are provided in the following table 2 below;

Table 3: Summary of public consultation with women participation.

| Month | # of Consultations | Male Participants | Female Participants | Children Participants | Total Participants | DPs Who Participated |
|-------------------|--------------------|-------------------|---------------------|-----------------------|--------------------|----------------------|
| January | 5 | 254 | 93 | 45 | 392 | 49 |
| February | 3 | 317 | 33 | 20 | 370 | - |
| March | 2 | 79 | 32 | 18 | 129 | - |
| April | 1 | 9 | 0 | 0 | 9 | 5 |
| May | 2 | 41 | 31 | 15 | 87 | - |
| June | 3 | 150 | 106 | 15 | 271 | - |
| Total | 16 | 850 | 295 | 113 | 1,258 | 54 |
| Percentage | | 67.57% | 23.45% | 8.98% | 100% | 4.29% |

53. For the period covered a total of 54 participants who belong to the DP households took part in the consultations. This number represented 4.29 % of total participants that took part in the public consultations. The important points discussed during the consultations were the road impacts including both positive and negative impacts. Positive impacts discussed during the consultations such as project awareness are; better road access would link to other basic services, generation of spin-off benefits, improve in socioeconomic activities, creation of employment opportunities and improvement in livelihood opportunities.
54. The negative impacts of the road project discussed during the consultations include; primary and secondary improvement damages incurred by the contractor and subcontractor, and other adverse impacts to the environment and ecosystem and loss of land if required by the project. However, the positive impacts outweigh the negative impacts. As the year ends through public consultations with the general population people begin to realize and experience the importance of having a better and viable road. A brief summary of the issues are summarized in Table 4 below.

55. Awareness and public consultations are jointly being conducted by HRMG, District Administration and the contractor (CWYC). All the public consultations recorded jointly by the parties mentioned above have been included in the first and second quarter reports and in this first semi-annual report of 2019 for the subproject.



Figure 4: Community consultations jointly conducted by HRMG, Contractor and DA.

Table 4: Community consultation execution for these quarters.

| Consultation Location | Issues/ Concern Raised by DPs | Response(s) by HRMG Officers |
|---|---|--|
| First Quarter | | |
| Communities around Emaka, Menefi Landowners, Negere Village, Mehenave Village Date: 7 th , 17 th , 22 nd & 30 th January, 2019 | <p>1. District Improvement Service Program (DISP) -- Outstanding payments for affected assets and employment opportunities. Quality of Road – Road width to narrow and line drains falling apart. In-Kind assistance – building of classrooms, church and field maintenance.</p> <p>2. Customary landowners at Menefi area CH 0+8460 raised their concern about the Compensation for the rerouted 3.4 km customary land from the sitting Member of Parliament</p> | <p>1. Complaints filed with the HRMG CRO for affected assets will be verified first, owners identified and valued and recommended for payment. For the quality of the road, CWYC will be informed for proper actions. No idea for the in-kind assistance except for the bus bay and waiting sheds. Will look into this matter.</p> <p>2. Honorable Robert Atiyafa has Kina 40,000 in hand and was willing to pay. However, 2 groups were claiming ownership of the affected land. The MP will only pay if the 2 groups resolve the ownership issue and claim the compensation due to</p> |

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| | <p>3. Relocation of residential house of Mr. Din Noah</p> <p>4. Potential damage to a ground well, their source of drinking water</p> <p>5. Underpayment of extracted burrows</p> | <p>the land issue disturbing the progress of the road.</p> <p>3. The CRO logged his claim for resettlement so that proper assessment can be made. Mr. Din relocated his house.</p> <p>4. HRMG CRO ensured them that he will personally inform the CWYC engineers to look into the matter</p> <p>5. It was explained that payment of extracted burrows is based on the actual volume extracted and not by area.</p> |
| <p>Kupuro Village, Communities at Nupuru Junction and Kosi Village</p> <p>Date: 26th & 27th February, 2019</p> | <p>1. Previous Improvement Damages made by the District Improvement Service Program (DSIP) - Outstanding payments for affected assets. Locals Sharing border with the Henganofi District and Lufa district have threatened to stop work if Henganofi Hon.MP Mr. Robert Atiyafa will not pay for the previous damages. They received payment from the Lufa MP but have yet to receive any from the Henganofi MP.</p> <p>2. Improvement damage assessment and payment arrangements.</p> <p>3. Potential destruction of Kosi village water dam. The community's only source of drinking water.</p> | <p>1. Contractor PRO and HRMG CRO respond that all previous will have to be taken up with the district office. For the current project all improvement damages grievances will be assessed and compiled by the HRMG Officers for eventual payment after further verification.</p> <p>2. The HRMG CRO informed locals about assessment made. Assessment will then be verified by the GRC committee and only grievances deemed to be genuine will eventually receive payment. CRO explained he has no idea about the payment arrangements.</p> <p>3. HRMG CRO ensured them that he will personally inform the CWYC engineers to look into the matter so that the contractor preserves the community's drinking water.</p> |
| <p>Hagagimi market, Menefi Village</p> <p>Date: 14th and 20th March, 2019</p> | <p>1. Improvement damages to gardens as a direct result of the contractor by installing culvert along the project road. That is why in our area we are stopping work for all culverts.</p> <p>Commitment made by the CWYC PRO Graham Tofagau about a feast to be made before the road works go past the former MP late Viviso Serabo's grave and area. This is for</p> | <p>1. The HRMG Officers informed the gathered locals that they will inform the CWYC engineers to take gardens, drinking water and residential areas into consideration before installing culverts as this can affect the local's livelihood in the future.</p> <p>The commitment made by the CWYC PRO the HRMG officers</p> |

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|--|--|---|
| | <p>the people of Hogoteru and work will stop until the commitment made is fulfilled. This is a sign of disrespect to our late leader.</p> <p>2. Power assistance promised by the CWYC management not fulfilled and the project is coming to an end and still the two host communities are living in the dark.</p> <p>Employment rate not changed since locals from the two villages were engaged to work in the project.</p> <p>Administration officers always turn down the locals when seeking assistance from the contractor for very simple things. Thus, they want the Chinese female employee Ms. Sophie to be replaced or sent back to China.</p> | <p>informed the locals that they were not around when this commitment was made. Thus they will do a follow up with the contractor on the issue raised and will get back to the concerned locals when they have a definitive response.</p> <p>2. The HRMG Social Safeguards Officer present on site advised the locals to take a professional approach to address the issues and avoid fighting and damaging the contractor's properties. He also informed the residence of the two villages and the landlords that he will do a follow up on the conditions that the locals gave to the CWYC management that day.</p> |
| Second Quarter | | |
| <p>APs and Community representatives from Labu at CH 32+900</p> <p>Date: 9th April, 2019</p> | <p>1. Improvement damages to gardens as a direct result of the contractor's machine pushing over burden over the road edges along the Labu area. The villagers demanded that the contractor must pay for the damages.</p> <p>Resettling of some villagers residing when the land slipped and moved as a result of the contractor carrying out slope cut to widen the road. They raised their concerns on who will be responsible for resettling of these villagers as their work has destroyed their home.</p> | <p>1. The HRMG Officers informed the gathered locals that they will inform the CWYC engineers to take a look into the matter as this was out of his field.</p> <p>The improvement located on the land such as gardens, houses and fishponds that will be damaged he will not comment as these improvements are located outside of the construction limit.</p> |
| <p>APs and Community at Huguparo at CH 32+100, Community representatives and Aps at CH 26+410</p> <p>Date: 11th and 22nd May, 2019</p> | <p>1. The community located around the Huguparo area raised their concern about the damaged planted improvements that the contractor destroyed during the clearing and grubbing stage of the project.</p> <p>The locals enquired to the HRMG CRO about when they will be compensated for the damages done to their area and how much they will</p> | <p>1. The HRMG and CWYC officers present onsite during the consultation confirmed that payment will be made when the assessment is complete. They assured the locals gathered there that assessment was done carefully so that no one is missed out of the improvement payment.</p> |

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| | <p>receive. They stated that the previous DISP work did not pay for the damage well and some have missed out and they insisted that this time they should be paid properly and no one should be left out.</p> <p>2. The first issue raised during the public consultation was regarding the removal of over burden spoils left unattended along the roadsides. The community raised their concern that the loose waste soils and rocks are being eroded down the slope and destroying their gardens.</p> <p>The second issue raised by the locals is the payment of the rocks extracted around the Hagagimi area to be used for as cabbings material on the road. The locals said that they have supplied the materials with trust to the contractor and are still waiting</p> | <p>The payment will be made when verification is made and only the genuine grievances are identified for the improvement payments.</p> <p>2. The HRMG CRO advised the locals in concern to make a claim and submit it to the contractor if no sign agreement with the contractor was made between them and the contractor.</p> <p>The HRMG CRO explained that this was out of his area of work and will no advice further as if there's any negative he does not want to be held liable.</p> |
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6.2 Grievance Redress

56. The establishment of the GRC for this sub-project was facilitated by HRMG as part of its delegated mandate. The initial Grievance Redress Committee (GRC) meeting was convened on the 1st of February 2018. The preparatory meeting was convened purposely to formalize the GRC composition, formulation of approaches to resolve grievances and officially convene the GRC to commence.
57. The GRC meets at short intervals depending on the number of grievances to be resolved. Both parties may re-negotiate the offer made during the first hearing and may introduce new arguments and evidence to support their respective positions. After the summation of their views, the GRC shall make a decision based on the policies governing HRRIP, prevailing laws of PNG and customary laws of the place where the dispute arose.
58. On in-kind compensation, it is explained that HRMG is not responsible for the implementation and monitoring of the livelihood restoration programs. Anis Foundation, a local non-government organization was nominated by ESSB and all its activities and programs were monitored and reported directly to the Project Director's office by ESSB.

6.2.1 Composition of GRC

59. 83. The committee is composed of the District Officials, women's representative, local leaders who are well known in the affected communities for their fairness and even-handedness in deciding disputes and conflicts. Its main function is to receive,

log and deliberate all grievances received from the APs who may have resettlement related complaints arising out of the project. The names of the GRC members are shown in table 5 below.

Table 5: Composition of the Grievance Redress Committee

| No. | Name | Position | District |
|-----|----------------|---------------------------|------------------------|
| 1 | Paul Bayuwe | DA Henganofi District | District Administrator |
| 2 | John Feyome | Fayantina LLG Manager | Henganofi District Rep |
| 3 | Eriko Fufurefa | NGO and Women's Rep | Women's Rep |
| 4 | Jones Sunaba | Ex Officio | Department of Works |
| 5 | Dominic Keowa | Acting PWM | Department of Works |
| 6 | Alois | Ward Councilor | Ward 4 |
| 7 | Amos Bekou | Ward Councilor | Ward 7 |
| 8 | Soks Afio | Ward Councilor | Ward 5 |
| 9 | Jerry K Maki | HRMG Officer | Technical Adviser |
| 10 | Steven Kolaiye | NRS, Renardet SA Engineer | Technical Adviser |

60. While there were no deadlines to submit the complaints, members of the GRC were urged to encourage DPs with complaints to lodge their grievances. The complainants may file their complaints with the HRMG Safeguards Officers on site so that their complaints may be formally registered in the compliant log sheet which is the basis for setting up the agenda of the GRC.



Figure 5: Safeguards officers on mission in responding to grievances at Chain 11+400

6.2.2 Grievance filed with GRC

61. For the covered period from January to June 2019 the tally of the logged grievances that has been logged has increased after the completion of the clearing and grubbing activities. These new grievances have been received by HRMG through the Resettlement and

Social Safeguards unit and have been registered in the complainant log sheet. GRC meetings will be convened by the GRMC to deliberate on all grievances received.

62. These grievances were lodged in by the affected persons (APs) from the start of the project at CH 0+000 to the CH 34+000 at Nupuru Junction. The second GRC meeting was convened at the Henganofi District office on the 6th of September 2018 chaired by the District Administrator. This occurred in the third quarter of 2018. This meeting included the identification of problem areas along the road project as well as the careful deliberations by the GRC members and HRMG technical advisors of the initial 333 log grievances from CH 0+000 to CH 20+000 that was tabled in the meeting.
63. The third GRC meeting occurred in the fourth quarter of 2018 on the 13th of December which saw technical advisors from HRMG carrying out the initial re-verification exercise to verify the merits of the relocated structures that were logged for GRC deliberation. For that period covered the HRMG officers have logged a total of 600 grievances and complaints about environmental, built and planted improvements damage along the project road. From January to June 2019 the logged tally increased to 779 as anticipated earlier in 2018 as clearing and grubbing works and activities have been completed. Final recommendations from GRC regarding the grievances will be forwarded to the District Administration and copy to HRMG for further deliberations and verifications.

6.2.3 GRC Recommendations

64. GRC will convene during the third quarter of 2019 to deliberate on all the grievances raised during the reporting period. Based on the deliberations and physical site verification by the GRC members who are all from the subproject road and HRMG technical advisors, grievances will be classified as eligible for compensation or may deemed to be not eligible for compensation and will not accord the due course.

7.0 Project Benefits

65. Since the construction works commenced on the 18th of November 2017 the communities and the Aps along the project corridor have been experiencing beneficial impacts. The project is in its initial stages of clearing and grubbing and these impacts are expected to intensify as the project works progresses on. Direct benefits for the communities and the DPs are the experienced most from the employment benefits as well as the payment they receive for the use of the customary lands. Indirect benefits have also started to be felt by the by all the communities in and outside of the RIZ. The following are the positive effects experience by the communities along the road for the covered period.
66. Project employment is one of the positive effects of the project and the contractor is greatly encouraged to source its manpower requirements from the Aps and the residents of the affected wards and villages. It is also a condition in the MOA, wherein the customary landowners permitted DOW to upgrade and rehabilitate the sub-project fully expecting that they will be hired to work in the road project. There are provisions in the contract agreement between DOW and the contractor regarding the employment of local residents including DPs and at least 30% women to be employed in the road project. These pertinent provisions also cover and are applicable to local sub-contractors.

67. From January to June 2019, the contractor carrying out the project work from Henganofi-Nupuru employed a total workforce of 1, 820 local workers and personnel. This total includes both the contractor's (CWYC) and subcontractor's (GLC) combined employees. The contractor had a monthly total employment average of 303 employees each month. The workers recruited to work in the project were engaged on ad-hoc basis and others were engaged on a long-term basis. Out of the total employed for the period covered 1, 680 were males (92.31%) while there were 140 females (7.69%). Employment figures for males have remained at a constant figure since the second semi-annual monitoring report for 2018. The contractor was advised to increase the employment of women to reach at least 30% but have failed to comply regardless of continuous advice and suggestions provided to them for the period covered. They have complied with providing employment for locals living along the project corridor as well as inside the RIZ to engage with the line drain and culvert construction works. This was done because the employment of locals along the road influence zone was also highly recommended for unskilled locals to benefit from the project employment benefits.
68. For the covered period, records have shown that out of the total workers employed by the contractor a total of 845 DPs were also employed. This is a great improvement and very encouraging result. This has shown that the contractor has taken the initiative to start employing and giving back to the affected people along the road in terms of employment. The contractor was also advised to give preference to DPs. The documentation of this employment data is very important. The disaggregated employment breakdown as well as estimated female wages for the covered period is tabulated below in table 6.

Table 6: Monthly summary of local employment by gender.

| Month | Male | Female | Total | DPs Employed | Estimated Female Wages (K) | Estimated Total Wages |
|-------------------|---------------|--------------|---------------|---------------|----------------------------|-----------------------|
| January | 291 | 13 | 304 | - | 561.54 | 199,050 |
| February | 284 | 14 | 298 | - | 492.86 | 244,100 |
| March | 273 | 30 | 303 | 207 | 797.59 | 246,700 |
| April | 278 | 29 | 307 | 209 | 413.09 | 228,600 |
| May | 290 | 28 | 318 | 210 | 442.73 | 232,300 |
| June | 264 | 26 | 290 | 219 | 471.38 | 244,100 |
| Total | 1,680 | 140 | 1,820 | 845 | 3,179.19 | 1,394.850 |
| Average | 280 | 23.33 | 303.33 | 140.83 | 529.87 | 232,475 |
| Percentage | 92.31% | 7.69% | 100% | 46.43% | - | - |

69. The minimum wage in Papua New Guinea according to the Labor Office is K3.50 per hour. This rate is fixed for both short term and long-term engagement. Local and international companies and organizations are fully obliged to comply. This is the basis for estimating the wages paid to women for the covered period. This amount is multiplied by the hours worked per women to attain each woman's fortnightly wages. This is then multiplied by the number of women for the covered period. It is estimated that a female employed in the Henganofi-Nupuru subproject received an estimated total wages of K 3,179.19 for this covered period of 2019 from direct employment.

70. In addition, the contractor also farmed out certain construction activities that were not previously captured by the employment data because these wages were paid per task or per piece. However, this deficiency has been rectified and data on women's participation in non-payroll activities have been retrieved and documented.
71. For the months of January and June 2019, the contractor engaged females in all the non-payroll activities except the construction of Rip Raps. The majority of Females were engaged notably as traffic spotters along the project road at various locations. Female participation in other related non-payroll activities started from the month of January through to June. For this covered period, a total of 113 women were engaged in non-payroll activities in the project. Out of that total 71 were engaged as spotters, 4 in the head wall construction, 25 in the Line drain and 13 in the construction of gabions. The females engaged in these construction activities were paid per day. The summary is shown below in table 7.

Table 7: Monthly summary of women engaged outside the formal employee.

| Month | Gabions | Line Drains | Rip Raps | Head Walls | Spotters | Total | Estimated Wages (K) |
|-------------------|---------------|---------------|-----------|--------------|---------------|-------------|---------------------|
| January | 2 | 3 | 0 | 0 | 24 | 29 | 8,200 |
| February | 0 | 4 | 0 | 0 | 13 | 17 | 8,300 |
| March | 2 | 4 | 0 | 0 | 13 | 19 | 8,000 |
| April | 3 | 7 | 0 | 1 | 8 | 19 | 8,090 |
| May | 4 | 3 | 0 | 1 | 5 | 13 | 9,130 |
| June | 2 | 4 | 0 | 2 | 8 | 16 | 9,072 |
| Total | 13 | 25 | 0 | 4 | 71 | 113 | 50,792 |
| Percentage | 11.50% | 22.13% | 0% | 3.54% | 62.83% | 100% | - |

72. The number of women's participation in non-payroll activities has shown has increases for this covered period which is a positive sign. As civil works progress these figures are anticipated to increase. The project has completed its clearing and grubbing activities and many other construction activities has commenced which saw the participation of females in the project increased from January to June. The majority of the females belong to the DPs households and most are illiterate and unskilled thus the most fitting employment opportunity for them is to work as traffic controllers and spotters at his stage of the project.
73. The contractor as advised has engage more women to take part in the project especially for the non-payroll activities. These activities are such as line drainages, gabions, Head walls and traffic controllers such as spotters. Despite being highly recommended the engagement of women in campsite and technical areas remained the same for the covered period.
74. From January to June females engaged in the non-payroll activities were paid K20.00 per day according to the contractor's management. Upon field verification and investigation, it was discovered that they were actually paid K 15.00 per day. The inflated data provided was brought to the contractor and the actual wages earned by the females were obtained. The female wages varied depending on the task performed and their durability. Most of the women engaged in the non-payroll activities were used

interchangeable by the contractor for equal distribution of benefits. The 113 women working in the non-payroll activities earned a total estimated wages of K 50,792.00 for the covered period. Summary of this is shown above in table 7.

75. The monitoring from January to June also categorized the contractor's employees in terms of government level. For the covered period the contractor employed a total of 1, 863 persons to work in the project. Out of this total, 214 persons were foreigners, 364 were from other LLGs, 815 were from the Kafentina LLG while 471 were from the Fayantina LLG. The employees from other LLGs include other LLGs with Eastern Highlands Province and also LLGs outside of the province as well. The summary and details of the disaggregation of contractor's employees for the period covered is shown below in table 8.

Table 8: Summary of employment by origin.

| Month | Foreigner | Kafentina LLG | Fayantina LLG | Other ¹ LLG | Total |
|-------------------|---------------|---------------|---------------|------------------------|---------------|
| January | 32 | 139 | 79 | 54 | 304 |
| February | 37 | 139 | 82 | 40 | 298 |
| March | 32 | 130 | 77 | 64 | 303 |
| April | 32 | 132 | 76 | 67 | 307 |
| May | 38 | 137 | 76 | 67 | 318 |
| June | 43 | 138 | 81 | 72 | 334 |
| Total | 214 | 815 | 471 | 364 | 1,864 |
| Average | 35.67 | 135.83 | 78.50 | 60.67 | 310.67 |
| Percentage | 11.48% | 43.72% | 25.27% | 19.53% | 100% |

¹ Others refers to workers coming from outside the affected areas and these are mostly nationals.



Figure 6: Local employees engaged by contractor to work on head wall construction

76. The subproject road traverses across two local government units, namely Kafentina and Faiyantina LLGs. In terms of direct benefits accruing from the project, an estimate was undertaken to calculate the income being derived from employment in the project by workers from the two affected LLGs. The computation was based on the minimum wage of K3.50/h set by the GoPNG through its labor laws.
77. From January to June the 471 workers originating from the Faiyantina LLG² received a total estimated wages of K 316, 676.00 working in the subproject. For the same period, it was also estimated that the 815 workers from Kafentina LLG received a total estimated wages of K 446,404.00. Foreigners and workers from other LLG's salaries and wages were excluded in this computation the above figures are exclusively for the workers originating from the two affected LLGs. Combining the income of the workers from the two affected LLGs, the total amount in wages paid by the contractor to these workers amounted to K 841,002.00 for January to June 2019. The details are shown in the following table 9 below.

² LLGs stands for Local Level Government and it refers to the third-tier government level of West Ministers style of governance. Fayantina and Kafentina are located in the two LLGs where the project impacts are experienced.

Table 9: Estimated monthly wages paid to workers from affected LLGs.

| Month | Fayantina LLG | Estimated Wages (K) | Kafentina LLG | Estimated Wages (K) | Combined Wages (K) |
|----------------|---------------|---------------------|---------------|---------------------|--------------------|
| January | 79 | 52,192 | 139 | 91,831 | 144,023 |
| February | 82 | 79,600 | 139 | 115,000 | 194,600 |
| March | 77 | 45,461 | 130 | 76,752 | 122,213 |
| April | 76 | 44,978 | 132 | 78,092 | 123,070 |
| May | 76 | 46,325 | 137 | 79,872 | 126,197 |
| June | 81 | 48,120 | 138 | 82,779 | 130,899 |
| Total | 471 | 316,676 | 815 | 446,404 | 841,002 |
| Average | 78.5 | 52,779.33 | 135.83 | 74,400.67 | 140,167 |

7.2 Benefits from quarry sites and other revenues relating to lands.

78. The owners of the land where the quarries are located are usually the tribes and clans who own the customary lands. However, there are tribe members who are assigned the portions of customary lands where the quarries are located. These tribal occupants suffer direct disturbances and are entitled to a bigger share than ordinary tribal members. The royalties received each month from the contractor are divided based on internal agreements within the tribes.
79. As the project progresses further up the chainage the contractor has identified two potential quarries. Only one was used which is the Mehenave quarry after signed agreement with the local landowners along with the Upegu quarry for gravel material extraction for the subproject from January to June 2019. The Mehenave quarry was only used in the month of January and has ceased operations during the rest of the period monitored. A total of 1,577.60 m³ of gravel was extracted from the Mehenave quarry.
80. Materials extractions from Upegu quarry are valued as per the signed agreement at K3.15 per cubic meter (m³). The Habanofi quarry has also ceased operation completely after the project road works progressed further up the chainage.
81. Contractor was granted Quarry Permit for Upegu quarry on the 23rd March 2018. The term of the permit is ten (10) years and the expiry date is 24th of April 2028.
82. The landowners benefiting from the royalty payments from the two quarries received a total payment of K 112,634.26. This payment is for the materials extracted from their land from January to June. The volume extracted each month for the period covered and their estimated values paid each month are shown below in table 10.

Table 10: Summary of quarry volume extracted and estimated monetary value.

| Month | Mehenave Quarry | Upegu Quarry | Habanofi Quarry | Total (tons) | Estimated Value (Kina) |
|----------|-----------------|--------------|-----------------|---------------|------------------------|
| January | 1,577.60 | 4,564.10 | - | 6,141.70 | 16,280.92 |
| February | - | 4,628.40 | - | 4,628.40 | 14,579.46 |
| March | - | 4,616.80 | - | 4,616.80 | 14,542.92 |

| | | | | | |
|-------------------|--------------|------------------|-----------|------------------|-------------------|
| April | - | 6,391.6 | - | 6,391.6 | 20,133.54 |
| May | - | 5,665.92 | - | 5,665.92 | 19,830.70 |
| June | - | 8,656.1 | - | 8,656.1 | 27,266.72 |
| Total | 1,577.60 | 34,522.92 | - | 36,100.52 | 112,634.26 |
| Percentage | 4.37% | 95.63% | 0% | 100% | - |

83. The contractor also leases customary land to locate their camp and other facilities. In addition, the contractor also pays customary landowners for disposal sites where the contractor stockpiles the excess spoils, basically from clearing and grubbing activities. Some locals voluntarily request the contractor to dump waste earthworks on unstable areas. No form of payment is made to the locals under this arrangement.
84. The subproject has two campsites. One at Konamempi and the other at Upegu. Both Chinese campsites have an agreement in-place with the customary landowners and payments are done on a quarterly basis. The landowners provided security and general labourers to those two camps. All waste disposal sites are located along the project corridor and they are free of charge as per the signed agreement with the landowners. They only request for excess soils to be dumped, leveled and stabilized in areas they see has potential for future development. For the covered period the contractor has paid an aggregate amount of K 6,600.00 for the Konamempi campsite and K7, 200 for Upegu Campsite respectively. Road works have already commenced and the contractor has begun to place the subbase and base coarse materials on the sub grade surfaces of the road. The materials transported from Upegu are stockpiled at the contractor's stockpile area. The contractor has now several stockpile areas that was used from January to June. The contractor pays K 500.00 each month for the month of January and February as per the signed agreement with the landowner. For the covered period the contractor has paid a total of K 1, 000.00 as stockpile area rental. Upon the completion of the construction project or expiration of the lease, all permanent improvements shall be owned by the customary landowners. The details are shown below in table 11.

Table 11: Summary of Lease Rental paid to customary landowners as benefit

| Month | Upegu Camp | Konamempi Camp | Stockpile Sites | Total |
|-------------------|---------------|----------------|-----------------|---------------|
| January | 1,200 | 1,100 | 500 | 2,800 |
| February | 1,200 | 1,100 | 500 | 2,800 |
| March | 1,200 | 1,100 | - | 2,300 |
| April | 1,200 | 1,100 | - | 2,300 |
| May | 1,200 | 1,100 | - | 2,300 |
| June | 1,200 | 1,100 | - | 2,300 |
| Total | 7,200 | 6,600 | 1,000 | 14,800 |
| Percentage | 48.65% | 44.59% | 6.70% | 100% |

7.1 Other Local Benefits

85. The contractor has its main campsite located at Konamempi village at CH 0+460. For this period covered the contractor has made various local purchases for its operation. The local purchases include various construction materials, food (Vegetables and local meat),

water, and miscellaneous items. For food and miscellaneous items the contractor has spent a total of K 54,590.00 from January to June.

86. The foods purchased within the affected areas are from the project site and the Henganofi local market. Food not found within the affected area and purchased outside of the affected areas is from the Goroka town main market. Other local purchases include the purchasing of live meat such as chicken, ducks, pigs and goats. A total of K 40 900.00 was spent for the time covered. A total of K 8, 490.00 was spent on the purchase of local construction materials and a total of K 5, 200.00 was spent on purchase of other local items. A total of K 54, 590.00 in total was spent on local purchase for the time covered. The details are shown below in the following table 12.

Table 12: Value of local food purchased by the contractor.

| Month | Local Purchase of Food | Local Construction Materials | Local Purchase of other Items | Other local Expenditures | Total |
|-------------------|------------------------|------------------------------|-------------------------------|--------------------------|---------------|
| January | 3,000 | 550 | 4,900 | - | 8,450 |
| February | 7,300 | 2,000 | 300 | - | 9,600 |
| March | 7,800 | 1,200 | - | - | 9,000 |
| April | 8,600 | 1,570 | - | - | 10,170 |
| May | 6,400 | 1,270 | - | - | 7,670 |
| June | 7,800 | 1,900 | - | - | 9,700 |
| Total | 40,900 | 8,490 | 5,200 | 0 | 54,590 |
| Percentage | 74.92% | 15.55% | 9.53% | 0% | 100% |

7.2 Indirect Social Benefits

87. As improvement works progresses further in many indirect social benefits started to arise as a direct result of the upgrading and rehabilitation of the Henganofi Nupuru subproject road. These benefits include the start of small businesses, rental houses, new local markets and the increase of public motor vehicles (PMVs) plying the route and the decrease of transportation fares as a result of improved accessibility.

7.2.1 Trade Store Business

88. Since the project commencement the communities along the project have realized the opportunities that the project brought. Thus, they have tried to create ways in which they can capitalize and benefit from the project. They created small business so that they can benefit indirectly from the project spin offs. One of the ways is the setting up of Trade store business along the project corridor. Many of the trade store owners are APs residing along the project corridor and have admitted seeing an increase in demand for the products they sell. The demand is so great that they run out of stock and have to travel two to three times a week to Henganofi or Goroka to restock their supplies compared to before where it was once a week. During the month of January to June these small enterprises have admitted seeing continuous increase in their profit margin than they did before. The goods are bought by the CWYC employees, the villagers and the general public travelling the road.
89. Due to the improvement done by the project more people now travel the road than had been in the past. The store owners have also gained the confidence to venture into other

small businesses such as coffee cherry buying and lending out loans to interested clients in the area.

90. Since the commencement of the project there have been continuous construction and erecting of trade stores along the project corridor to meet the demand of the communities, the contractor's employees as well as the general public travelling the road. There are now 37 trade stores along the project road. Of the total 13 are permanent trade stores, 23 are semi-permanent and 1 is constructed from bus materials. Of the above total 11 are newly constructed trade erected along the



Figure 7: New village trade store hut established alongside the new road.

7.2.2 Rental Houses

91. Another opportunity created by the project is the increased demand of rental houses to meet the housing need of the CWYC employees. The locals have taken advantage of this demand and have erected new bush material and semi-permanent houses to be put up for rent. This is because almost half of the contractor's employees are either from other provinces or other parts of the Eastern Highlands Province and need accommodation. The houses are rented at K 50.00 per fortnight like most houses around the area and the money the landlord earns goes to purchasing basic needs like food and clothes from Henganofi station. A landlord can earn an estimated average total of K 150.00 a fortnight. For the period covered a landlord earned an estimated total average of K900 just from collecting rental fees from the contractor's employees.

7.2.3 New Local Markets

92. Since the commencement of the subproject, communities along the project corridor has benefited by erecting new markets at various locations along the road. They set up these markets to sell their cooked food, fruits, vegetables, store goods, beetle nut and cigarettes to the communities themselves, the general public traveling the road as well as the CWYC

employees. During lunch break only foreign employees are provided food so the local employees along with a few foreign employees purchase the food sold by the local markets. After the construction work moves on the market remains and becomes a place of social gathering where buying and selling continues.

93. These new erected markets are initiated by the construction works. Where there are construction activities along the road project new markets are erected. There are different ways in which they set up these markets. People from further away only bring canvases for which they place their goods and sell. People nearby bring mobile table which they set up and take back home when done. People residing along the road edge set up by building permanent marketing stalls made from bush materials for their everyday sales. From January to June the tally of these markets has increased. Monitoring of these activities shows an average of 73 canvas markets; 17 table markets and 33 marketing stalls are doing active trading each day along the project corridor for the time covered.



Figure 8: Mothers selling local produce alongside the road.

7.2.4 Coffee Business

94. During the early days of June in the Eastern Highlands Province is the season for the coffee trees to flower and bear it cherries. Along the Henganofi- Nupuru road project, the main cash crop is coffee and supports many households in the two affected LLGs. since the commencement of the project till December the road conditions have greatly improved due to the rehabilitation work carried out by the contractor. This has enabled local transportation to travel further in enabling local growers to transport their cash crops out to buyers along the road, Henganofi station, Goroka town and Lae. The people have expressed their gratefulness as a result of the project for the reduced costs of transport.

95. For the period covered coffee buyers from outside of the two LLGs have started to move in to purchase dried coffee. Coffee scales and bags are a familiar site along the road. Due to an increased number of buyers and competition coffee price has gone up to K4.20 per Kilo compared to before where it was K 3.80-K 3.90. The people from the affected LLGs are now able to get good money for their coffee and exclude all the extra expenses of transporting their coffee to urban centers like Henganofi station and Goroka Township. These incomes from coffee goes back into purchasing goods sold along the project corridor by the new markets and trades stores erected.

7.2.5 Local product on sale

96. The other new business venture created by the project and have emerged in the month of November to December is the selling of locally created product. People with excess good native bush materials have started to capitalize on selling native products such as posts made from trees, Blind walls weaved by hand and trimmed natural roofing leaves (kunai). These natural products are placed on the roadsides for interested people traveling the road within and outside of the two affected LLGs to purchase. This has never been done before and is a direct result of the improved roads. The standard prices of these products are K3.00-5.00 per posts, K 5.00 for one heap of natural roofing leaves and K 200 for the Blin walls depending on the length weaved.



Figure 9: Local timber product sold at the roadside

7.2.6 Public Motor Vehicle (PMV) Business

97. Before the project when the roads were in a bad state, there were only 4 local Public Motor Vehicles (PMV) operating along the road corridor. The re-opening of the road and its improvements as of June has seen increased number of PMV's and a decrease in the fares paid by the passengers from K 6.00 to K 4.00. This is as a result of improved road conditions which has made trip faster to travel from point A to point B benefiting the local population along the road project corridor as well as the PMV owners. Many of these PMV owners have admitted to seeing increase in their daily revenue as a result of making more

trips to and from Henganofi station and Goroka town. There are now over 10 PMV's transporting people to and from the urban centers using the sealed road.

8.0 Requirements for Remedial Actions

98. As of June 30, 2019, there were two outstanding issues, namely the grievances pending in the GRC and in-kind assistance. The implementation of the recommended income restoration measures involving the construction of gender friendly structures are scheduled to commence once the portion of the proposed locations would have been sealed.

8.1 Pending Grievances

99. A total of 779 grievances were received by the resettlement unit of HRMG and these grievances have been registered in the complainant log sheet. The GRC have yet to deliberate on some of the new additions of these grievances and re-verification exercise was carried out in the fourth quarter of 2018 for the initial 600 grievances. Based on the GRCs deliberations, only genuine claims will be recommended for compensation. The 779 grievances are from CH 0+000 to 34+000 where clearing and grubbing works ended. The grievances from CH 27+300 onwards have all been collected by the HRMG CRO during the months leading up to this semiannual report for 2019.
100. Based on the GRC recommendations, the genuine claims will be forwarded to the District Administration and HRMG for further deliberations. Since the District Administration spearheaded the widening of the road and improvement payments back in 2016, HRMG will provide the technical advice and support where necessary.

8.2 Implementation of In-King Assistance

101. The implementation of the livelihood restoration programs was facilitated by ESSB. Anis Foundation, a non-government organization was engaged by Environment and Social Safeguard Branch (ESSB) of Department of Works to carry out these programs and trainings. The programs include; financial literacy trainings, breeding of drought resistant crops, poultry trainings, breeding goats, etc. The monitoring reports are directly implemented by the Project Director and ESSB.

9.0 Appendices

Appendix 1 – List of References

1. Resettlement Plan (RP) for Henganofi-Nupuru Sub-Project, March 2016
2. Third and Fourth quarter social monitoring reports, July 2018
3. Back to Office Report of HRMG Environmental Officer and Quarterly Reports.
4. Conformed Documents for the Improvement Works and Long-Term Performance Based Maintenance Service (LTPBM) for Henganofi Nupuru Road. Contract Number CSTB 3533.

Appendix 2: -- List of People Invited

1. Mr. Alberto Fieramosca – Resident Engineer PSC.
2. Mr. Johnny Buduhan – Resident Engineer PSC
3. Alphonse Niggins, Senior Field Coordinator, HRMG
4. Stephen Sukot -National Environmental Specialist, PSC
5. Steven Kolaiye – National Resettlement Specialist, PSC
6. Paul Nombri, Manager, Technical Services, HRMG
7. Graham Tofagau, Public Relations Officer, China Wu Yi Co., Ltd
8. Anita Uvovo, Environmental Officer, HRMG
9. John Upave, Community Relations Officer, HRMG
10. Terrix Lanefae, Public Relations Officer, China Wu Yi Co., Ltd
11. James Andowawe, Health and Safety Officer, China Wu Yi Co., Ltd