

Semi-annual Report

August 2018

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

Prepared by Department of Works for the Asian Development Bank

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SEMI-ANNUAL SOCIAL SAFEGUARDS MONITORING
REPORT # 1

**PNG: HIGHLANDS REGION ROAD
IMPROVEMENT INVESTMENT PROGRAM
(TRANCHE 3)**

Henganofi to Nupuru Road Sub-Project

(January – June 2018)

Prepared by Highlands Road Management Group (HRMG), Department of Works for
the Asian Development Bank.

August 2018

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ABBREVIATIONS

| | |
|--------|---|
| ADB | Asian Development Bank |
| APs | Affected Persons |
| BTOR | Back to office reports |
| CAR | Corrective action request |
| CIVPAC | Civil Contractors Pacific Limited |
| CRO | Community Relations Office |
| CSC | Construction Supervision Consultant |
| CWYC | National Authority and China Wu Yi Co., LTD |
| DA | District Administrator |
| DC | Design Consultant |
| DDS | Due Diligence Study |
| DMS | Detailed Measurement Survey |
| DOW | Department of Work |
| DP | Displaced Person |
| EA | Executive Agency |
| EO | Environmental Officer |
| ESSB | Environment and Social Safeguards Branch |
| FGD | Focus Group Discussion |
| FPM | Field Project Manager |
| GOPNG | Government of Papua New Guinea |
| GR | Grievance Redress |
| GRC | Grievance Redress Committee |
| GRM | Grievance Redress Mechanism |
| GRMC | Grievance Redress Mechanism Committee |
| GRP | Grievance Redress Process |
| HCRN | Highland Region Core Road Network |
| HIV | Human Immunodeficiency Virus |
| HRMG | Highlands Road Management Group |
| HRRIP | Highland Region Road Improvement Investment Program |
| IA | Implementation Agency |
| IMO | Independent Monitoring Agency |
| IRS | International Resettlement Specialist |
| KII | key informants' reports |
| LLG | Local Level Government |
| MFF | Multi-tranche Financial Facility |
| MOA | Memorandum of Agreement |
| MTS | Manager-Technical Services |
| NOV | Notice of violation |
| NRA | National Road Authority |
| PIU | Project Implementing Unit |
| PMU | Project Management unit |
| PNG | Papua New Guinea |
| POM | Port Moresby |
| PRO | Public Relations Officer |
| PSC | Project Supervision Consultant |
| PWM | Provincial Works Manager |
| RAP | Resettlement Action Plan |
| RCR | Resettlement Completion Report |
| RIZ | Road influence zone |
| RO | Resettlement Officer |
| ROW | Right-of-Way |
| RP | Resettlement Plan |
| SAMR | Semi-annual monitoring report |
| SFPC | Senior Field Project Coordinator |

| | |
|-----|-------------------------------|
| SHP | Southern Highlands Province |
| SIS | Socio-economic Impact Study |
| SMR | Semi-annual Monitoring Report |
| SPS | Safeguard Policy Statement |
| SS | Social Safeguard Officer |
| SSO | Social Safeguard Officer |
| STD | Sexual Transmitted Diseases |
| TOR | Terms of Reference |

EXECUTIVE SUMMARY

- A. This semi-annual social safeguard monitoring report covered the period from January to June, 2018. This report was carried out by the DOW through the Highlands Road Management Group (HRMG) and the monitoring results will be communicated to ADB through this report.
- B. 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).
- C. 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.
- D. HRMG, the project implementing unit (PIU) has provided support related to activities to acquire land for upgrading the HRRIP road. With this mandate, HRMG has provided training/seminars, technical and financial support to empower and upgrade the capabilities of its staff and other project stakeholders.
- E. 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 project effects were (a) shifting the road alignment to the opposite side of 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.
- F. Additionally, the Department of Works (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.
- G. 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 land owners.
- H. 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. Accordingly, there will be no physical or economic displacement arising out of the proposed road improvement project. The cut-off date is March 13, 2015, the date when the resettlement impact assessment for the Henganofi-Nururu road section was complete.

- I. However, based on the RP, 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.
- J. 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. 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).
- K. The establishment of the GRC for this sub-project was facilitated by HRMG as part of its delegated mandate to implement the resettlement plan. 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 members, approach to resolve grievances, and officially open the GRC to start operational function.
- L. For the covered period from January to June 2018, a total of 167 grievances have been received by HRMG through the Resettlement and Social Safeguards unit and has been registered in the complainant log sheet. Three subsequent (3) GRC meetings will be convened by the GRC to deliberate on all grievances received.
- M. For the covered period there were 14 public consultations conducted along the sub-project at numerous intervals from January to June 2018 covering all the affected wards. There were 850 participants and out of this total, 500 were males (58.82%) while there were 350 females (42.68%).
- N. The two quarries operational are Upegu Quarry and Hapanofi Quarry. A total of PGK 64,520.00 was paid for both quarries with 98% going to the quarry owners of Upegu quarry.
- O. The subproject has a total of two campsites one at Konamempi and the other at Upegu. The Konamempi campsite has a monthly payment agreement and the Upegu camp has a quarterly payment agreement. The disposal site has no charge or is free as per the signed agreement with the landowners. For the covered period the contractor has paid an aggregate amount of K 6,900.00 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 land owners.
- P. The main camp is located in Konamempi Village. This camp had purchased locally various construction materials, purchases of food, water, and miscellaneous items. The contractor has spent K18,000.00 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 and goats totalling K900.00. Other expenses include K6,300 for local purchases of other items. The contractor spent a total of K17,000.00 for the purchase of local construction materials. A total of K 41,300.00 was spent on local purchases for the time covered.
- Q. There are two recommendations for corrective actions; (a) deliberations of grievances received in the first two quarters of 2018; (b) Implementation of in-kind programs. The progress of these two outstanding issues will be reported in the third quarter social safeguards monitoring report of 2018.

1.0 INTRODUCTION

1.1 PROJECT BACKGROUND

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.

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.

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 (HRRIP). The HRRIP 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 and Henganofi Nupuru Road.

Tranche 3 (Loan # 3404/3408) included the upgrading, rehabilitation and maintenance of four road sections namely; Nipa Munihu Road in Southern Highlands(SHP), Pangia Wiru Loop Road in Southern Highlands(SHP), Gewa Gembogl Road in Simbu and Henganofi Nupuru Road in Eastern Highlands Province.

The Executing Agency (EA) for whole the HRRIP 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).

The Henganofi - Nupuru Road Section is covered by CSTB contract # 3533 entered into by the Independent State of Papua New Guinea represented by the Department of Works and National Authority and China Wu Yi Co., LTD (CWYC). The CSTB contract was signed March 15, 2017.

1.2 SUB-PROJECT DESCRIPTION

The road from Henganofi to Nupuru, passing through Fayantina, is approximately 34 km in length. The road commences at the junction with the Highlands Highway, 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 Kainaintu townships and hence improvement is vital to the economic development of the area and the delivery of fundamental services to the population. *Figure 1 Location of the Henganofi - Nupuru Road.*

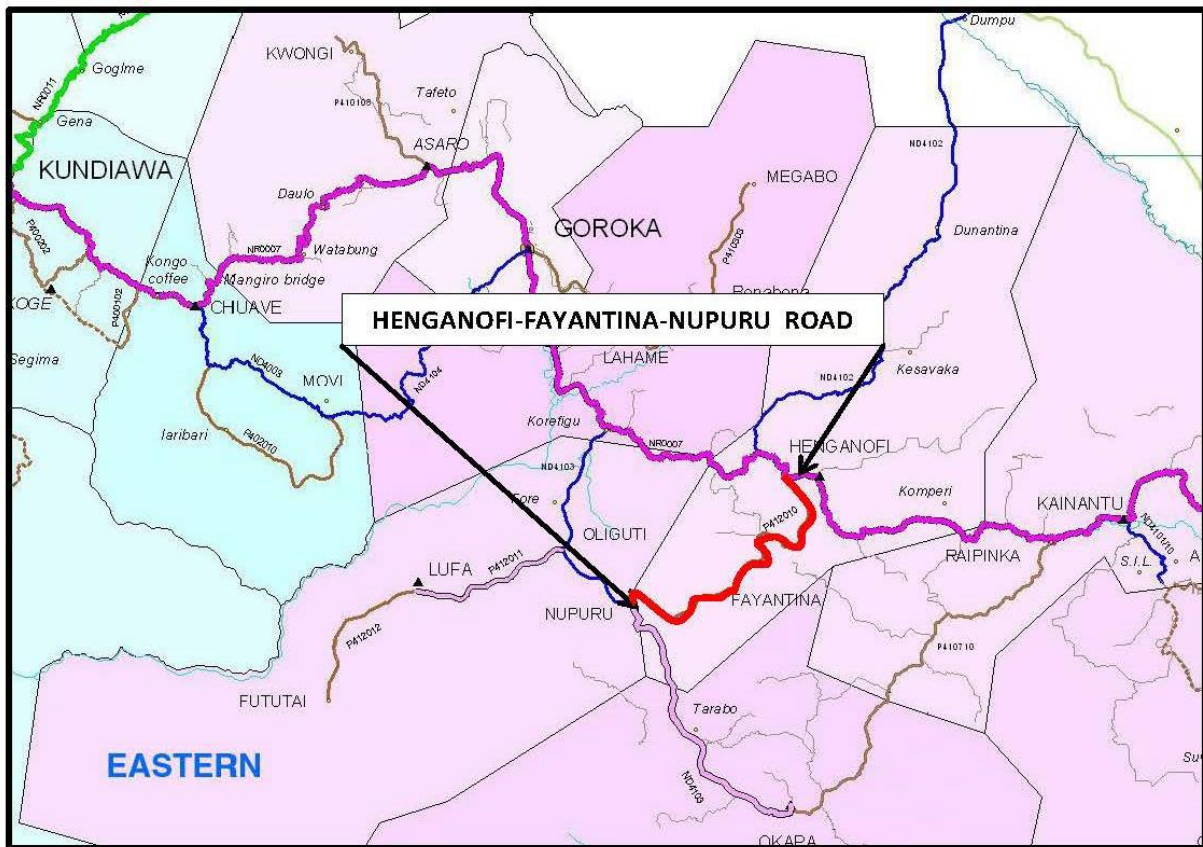


Figure 1 Location of the Henganofi - Nupuru Road

The Henganofi – Nupuru road was initially a walking trail which since the late 1960s or early 1970s has gradually been opened to provide the current road. The route traverses 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.

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.

The route passes through 11 villages/tribal settlements, the largest of which is Pore that acts as a local center 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 with local roads connecting to the interior.

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.

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.

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 Detailed Measurement Survey (DMS).

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).

1.3 INSTITUTIONAL ARRANGEMENTS

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.

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.

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.

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 social and environmental safeguard issues.

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.

1.4 PURPOSE & METHODOLOGY

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, 2018. This semi-annual monitoring report (SMR) is a requirement under the Safeguards Policy Statement 2009 (SPS 2009) of ADB.

As of June 30, 2018, the end of this first semi-annual report coverage, the contractor mobilized its equipment, set up its campsite at Konamempi village and did clearing and grubbing works as far as CH 17+500. The initial construction activity, the clearing and grubbing activity based on the construction limits has not been undertaken for any part or section of the road project during the covered period. The only activity undertaken is the establishment of campsite and the pre-construction survey activities.

This second semi-annual report will therefore focus on what have been done on regards to social safeguards and will discuss what parameters or indicators were utilized to internally monitor the implementation of the remaining social safeguards 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.

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.

2.0 BACKGROUND OF RESETTLEMENT ACTIVITIES

2.1 DETAILED DESIGN STAGE

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 RESETTLEMENT COSTS ESTIMATES BASED ON THE 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 |

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 impacts for any candidate road for the HRRIP.

Based on this 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 this 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.

2.2. Process of Compensation Payment executed by HRMG

A verification survey is conducted by the HRMG staff together with Local Level Government (LLG) ward leaders and councillors, 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 affected persons (APs) on the Consultant's assessment will either increase or decrease depending on the outcome of the verification survey.

Once the master list of APs 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 APs is submitted to PMO for funding allocation.

Unlike Tranche 2, the approved resettlement budget is remitted directly to HRMG instead. Formerly the budget was remitted to the Provincial Works Manager (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 councillors to inform and mobilize the APs to attend and receive their compensation payments for the affected assets.

The actual compensation payment is directly given to APs 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.

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.

There are also rehabilitation allowances to assist the APs in restoring their former living conditions. These allowances included shifting allowance, moving allowance, subsistence allowance, relocation and reburial assistance and vulnerability allowance.

With the presence of ward councillors, each AP is called and receives cash payment contained in an envelope with the amount indicated in the envelope. The AP 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.

3.0 BUDGET AND TIME FRAME

3.1 RESETTLEMENT STAFFING

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 APs have been mobilized since Tranche 1 and Tranche 2 and is now fully staffed to undertake its responsibilities in Tranche 3.

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.

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.

3.2 CAPACITY BUILDING AND TRAINING ACTIVITIES

3.2.1 TRAINING ON TREE PLANTING AND QUARRY MANAGEMENT PLAN

The International Environment Specialist spearheaded a Seminar Workshop on Tree Planting and Management and Quarry Management Plan on March 8, 2018 at the Kuri Lodge, Mt. Hagen City. The seminar was attended by participants from the contractors of Tranche 2 and 3 and Environmental Officers from HRMG.

For tree planting management, the training was focused on the importance of doing an inventory for marked trees which will be approved by the residential engineer before removal. The inventory includes specific locations along the construction sites for tree planting and types of trees to plant. For the resettlement aspect, it was emphasized that damages to trees and assets occurring outside of the construction limits will be the responsibility of the contractor. The contractors were also informed that there may be cases wherein assets inside the construction

limits may have been missed out or undervalued, hence, these matters should be relayed to the resident engineer of the subproject, who will then inform HRMG, who will initiate the appropriate actions.

Quarry Management Plan training was focused on how to do a QMP by identifying important items such as sensitive receptors, a proper map of the quarry site and volumes of materials to be extracted. Certain volumes may require the contractor to apply for a quarry permit with the Conservation and Environmental Protection Authority (CEPA). Extractions of quarry materials exceeding 10,000 tons for river based quarries requires a permit and volumes exceeding 100,000 tons for land based quarries also require quarry permit for a year's operation. Contractors and HRMG participants were informed about the importance of quarry data required by ADB in quarterly and semi-annual reports. And the importance of complying within the perimeters of the approved Quarry Management Plan.

3.2.2 TRAINING FOR COMMUNITY RELATIONS OFFICERS OF HRMG

There are two assigned CROs for each subproject road consisting of one male and one female, who are residents in the project area. These CROs are employed by HRMG and are assigned permanently in their respective subproject roads as community representatives of HRMG in addressing resettlement and environmental issues arising out of the implementation of the subproject roads under HRRIP.

An induction meeting was conducted in August 2017 to familiarize the CROs with the project and empower them to liaison with the affected communities in providing project information, exercising preliminary mediation responsibilities and assisting in the monitoring and reporting function of HRMG.

Project information consisted of procedures in the selection of candidate roads, formulation of the resettlement plan (RP) including the memorandum of agreement (MOA) between DOW and the customary landowners, ADB's Safeguards Policy Statement (SPS), the construction contract, organizational arrangement for project implementation, grievance redress procedures, requirements for monitoring and the job description of the CRO.

Periodically, CROs are guided by HRMG safeguards officers to strictly abide by their terms of reference issued to each CROs during the induction meeting. Each CROs are equipped with smart phones to take geotagged images and communicate with HRMG regarding issues on site.

Based on the experiences in Tranches 1 and 2, there is a further need to improve and clarify the responsibilities of the CROs to enable them to focus on their responsibilities so that it can perform effectively in the project areas so that issues and concerns may be settled in a timely and fair manner to avoid the escalation of grievances.

4.0 DELIVERY OF COMPENSATION AND ENTITLEMENTS

4.1 MEMORANDUM OF AGREEMENT

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 use of the required lands for the sub-project. Documentation expenses for these MOAs have been paid under administrative expenses of the sub-project.

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.

The MOAs did not cover the structures, trees, crops and land improvements located in the affected lands. Full compensation has been paid to owners of these improvements who will experience physical and/or economic displacement because of the Project. Compensation paid is based on the latest Valuer General's Compensation Schedule for Trees and Plants (All Regions).

4.2 VERIFICATION SURVEY OF DETAILED MEASUREMENT SURVEY RESULTS

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

4.3 DUE DILIGENCE SURVEY

A due diligence survey was not required as the road width was widened with no assets within the construction limits.

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.

4.4 DELIVERY OF COMPENSATION AND ENTITLEMENTS

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.

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 in 2016. During a recent meeting on the 10th of January 2018 with the affected persons (APs) and affected persons (APs) near Konemempi 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.

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, Chinese cabbages and others. Locals interviewed expressed their joy and gratitude for this livelihood training activity.

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.

For the covered period, 167 grievances were received for CH 17+500 clearing and grubbing works. GRC will convene during the third (3rd) quarter of 2018 to decide the merits of the complaints. For the remaining CH 16+46, GRC will convene on the fourth (4th) quarter of 2018 to determine the merits of the complaints.

5.0 PUBLIC PARTICIPATION AND CONSULTATIONS

5.1 PUBLIC CONSULTATIONS AND WOMEN’S PARTICIPATION

Public Consultations were conducted with roadside communities who are direct stakeholders and other indirect stakeholders including the District Administrator, LLG Presidents, Ward Councillors, religious and women representatives. The consultations for the most part covered the project and the positive and negative impacts of the project.

For the covered period there were 14 public consultations conducted along the sub-project at numerous intervals from January to June 2018 covering all the affected wards. There were 850 participants and out of this total, 500 were males (58.82%) while there were 350 females (42.68%). These are summarized in the following table 2 below;

TABLE 2: SUMMARY OF PUBLIC CONSULTATIONS & WOMEN PARTICIPATION

| Month | # of Consultations | Male Participants | Female Participants | Total Participants | APs Who Participated |
|-------------------|--------------------|-------------------|---------------------|--------------------|----------------------|
| January | 1 | 20 | 15 | 35 | 20 |
| February | 1 | 3 | 0 | 3 | 15 |
| March | 2 | 50 | 16 | 66 | 0 |
| April | 6 | 120 | 51 | 171 | 19 |
| May | 4 | 98 | 69 | 176 | 34 |
| June | 6 | 130 | 24 | 154 | 32 |
| Total | 14 | 500 | 350 | 850 | 420 |
| Percentage | | 58.82% | 42.68% | 100% | 49.41% |

There were 420 participants who belonged to AP households. This number represented 49.41% of total public consultation participants. Important points discussed during the consultations were the road impacts including both positive and negative impacts. Positive impacts discussed during the consultations 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.

The negative impacts of the road project discussed during the consultations include; damages incurred by the previous contractor, 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 because people begin to realize the importance of having a better and viable road. A brief summary of the issues are summarized in Table 3 below.

Awareness and public consultations are jointly being conducted by HRMG, District Administration and CWYC. For January to March 2018, public consultations were not documented as HRMG’s engagement of the Social Safeguards Officer was only effective in April 2018. Public consultations for the third and fourth quarter of 2018 will be included in the second semi-annual report of 2018.

TABLE 3: SUMMARY OF ISSUES RAISED FROM APRIL TO JUNE 2018 CONSULTATIONS

| Consultation Location | Issues/Concerns Raised by APs | Response(s) by HRMG Officers |
|---|---|--|
| <p>Konamempi Village near the campsite</p> <p>Date: 9th & 13th April 2018</p> | <p>1. Assets compensation;</p> <p>At CH 0 + 300 to CH 1 + 050. The Kazibu Family and the Maranto Family from the Menefi clan raised complaints about payments to relocate structures within the road construction limit. They claimed that they were underpaid with only K175 during the initial construction works undertaken by the local MP in 2016.</p> <p>2. Workers Safety along project site;</p> <p>Local workers raised the issue regarding their safety when local youths under the influence of alcohol and marijuana attacked construction workers. The employees requested the management to provide extra security as work progresses.</p> <p>3. Workers hourly rates;</p> <p>Most local employees raised complains about their hourly rates. Workers were paid below the minimum wage of K3.50/hour.</p> | <p>The families were advised to lodge in their grievance formally for GRC to deliberate the final outcome of their claims and never to hold the project for ransom.</p> <p>This agenda was directed to the management of the contractor to provide action. The contractor responded by engaging an extra police squadron to patrol and provide security.</p> <p>Contractor is fully obliged to abide by the labour laws of Papua New Guinea. The provincial labour office in Goroka was notified and a formal letter from the labour office was written to the contractor to pay workers using the set minimum wage of K3.50/hour.</p> |
| <p>Mehenave Village</p> <p>Date: 22nd May 2018</p> | <p>1. Damages to trees and garden</p> <p>Harry Kesgefa of Mehenave village (Megusanofi clan) the complainant raised his concern about environmental damage done to his area as a result of clearing and grubbing. He mentioned that a total of 15 matured trees were uprooted by the CWYC excavators along the road sides. This matter was raised to CWYC PRO Graham</p> | <p>Damages outside the construction limit is the responsibility of the contractor. Damages within the construction limit will be addressed through the GRC in place. And contractor was also advised to do an inventory of trees which must be approved by the Resident</p> |

| Consultation Location | Issues/Concerns Raised by APs | Response(s) by HRMG Officers |
|---|---|--|
| | Tofagau, HRMG CRO John Upave and HRMG Environmental Officer Nazmie Ruape. | Engineer before destroying the trees. <i>*Similar complaints were raised by several locals in different villages and the responses by HRMG's Officers were the same.</i> |
| Mehenave Village Date: 12th June 2018 | <p>1. New Quarry and landowners' issues</p> <p>Lack of consultations with the locals before dumping of wastes earthworks or doing fresh cuts in new areas outside the scope of works.</p> <p>Local security personnel engaged to look after machineries were underpaid during more than 12 hours of security work during the night till 7:30am in the morning. They are paid K20 each for more than 12 hours of work.</p> <p>Local landowners want the contractor to pay royalties as per the Department of Works rates of materials extractions and most importantly a signed agreement between the landowners and the contractor before the start of the quarry operations.</p> | <p>Locals must be consulted, and agreements must be signed between the contractor and the locals before any activity is carried out outside the scope of works.</p> <p>The standard minimum wage rate per hour is K3.50, it is according to the labour law of PNG. Contractor is obliged to abide by this law. The matter was forwarded formally to the contractor for actions.</p> <p>Contractor's activities must be done as per the DOW standards and specifications. Before the commencement of any activity, agreements must be signed between the locals and the contractor.</p> |



Picture 1: Public consultation at Mehenave village.

5.2 GRIEVANCE REDRESS MECHANISM

The establishment of the GRC for this sub-project was facilitated by HRMG as part of its delegated mandate to implement the resettlement plan. 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.

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.

On in-kind compensation, it was explained that HRMG was 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. Hence, issues relating to these programs are outside the current function of HRMG.

5.2.1 COMPOSITION OF THE GRC

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 members of the GRC are shown in table 4 below.

TABLE 4: COMPOSITION OF THE GRIEVANCE REDRESS COMMITTEE

| No. | Name | Position | District |
|-----|----------------|--------------------------|------------------------|
| 1 | Paul Bayuwe | DA Henganofi District | District Administrator |
| 2 | John Feyome | Faiyantina 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 | Danny Philip | Provincial Works Manager | Department of Works |
| 6 | Alois | Ward Councilor | Ward 4 |
| 7 | Amos Bekou | Ward Councilor | Ward 7 |

| | | | |
|----|----------------|----------------------------|-------------------|
| 8 | Soks Afio | Ward Councilor | Ward 5 |
| 9 | Paraka Newman | HRMG Officer | Technical Adviser |
| 10 | Jerry K Maki | HRMG Officer | Technical Adviser |
| 11 | Steven Kolaiye | NRS, Renardet S A Engineer | Technical Adviser |

While there were no deadlines to submit the complaints, members of the GRC were urged to encourage APs 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.



Picture 2 Composition of the Grievance Redress Committee

5.2.2 GRIEVANCES FILED WITH GRC

For the covered period from January to June 2018, a total of 167 grievances have been received by HRMG through the Resettlement and Social Safeguards unit and has been registered in the complainant log sheet. Three subsequent (3) GRC meetings will be convened by the GRC to deliberate on all grievances received.

These grievances were lodged in by the affected persons (APs) from the start of the project to the first CH 17+500 of clearing and grubbing works. The GRC will convene during the third quarter to deliberate on grievances raised during this phase of construction works. For the remaining CH 16+400, grievances will be collected and logged in for GRC to deliberate during the final quarter GRC meeting of 2018. Final recommendations from GRC will be forwarded to the District Administration and copy to HRMG for further deliberations.

5.2.3 GRC RECOMMENDATIONS

GRC will convene during the third quarter to deliberate on the 167 grievances raised for this reporting period. Based on the deliberations of the GRC members who are all from the subproject road, grievances will be classified as eligible for compensation or may deemed to be not eligible for compensation and will not accord the due course.

6.0 BENEFIT MONITORING

The contractor has officially commenced its operation last June 2017. The contractor mobilized its equipment and set the campsite for the next two months. The construction works commenced on the 18th of November 2017. The beneficial impacts are expected to intensify in favour of the APs and host communities in terms of employment and payments for the use of customary land. In addition, indirect benefits have started to be felt by the beneficiaries of this road project. The following are the positive effects of the subproject road.

Project employment is one of the positive effects of the project and the contractor is greatly encouraged to source its workforce requirements from the APs and the residents of the affected wards and villages. It is also a condition in the MOA, wherein the customary land owners 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 APs and at least 30% women to be employed in the road project. These pertinent provisions also cover and are applicable to local sub-contractors.

From January to June 2018, the Henganofi-Nupuru project hired a total of 543 local workers and personnel. Some were engaged on ad-hoc basis and others are engaged on a long term basis. There were 477 males (87.85%) while there were 66 females (12.16%) during the covered period. These figures will increase in the succeeding months of 2018. The contractor was advised to increase the employment figures including the employment of women to reach at least 30% as suggested by their contract. The employment of locals along the road influence zone is also highly recommended.

For the covered period, records have shown that the number of APs employed is only 8. This discouraging result is to be monitored closely and the contractor was advised to give preference to APs. The documentation of this employment data is very important. The disaggregated employment breakdown is shown in table 5.

TABLE 5: SUMMARY OF MONTHLY EMPLOYMENT BY GENDER

| Month | Male | Female | Total | APs Employed | Estimated Female Wages (K) |
|-------------------|---------------|---------------|-------------|--------------|----------------------------|
| January | 23 | 15 | 38 | 0 | 3000.00 |
| February | 0 | 0 | 0 | 0 | 0.0 |
| March | 37 | 29 | 66 | 0 | 5800.00 |
| April | 121 | 6 | 127 | 0 | 8900.00 |
| May | 144 | 8 | 152 | 0 | 8900.00 |
| June | 152 | 8 | 160 | 8 | 8900.00 |
| Total | 477 | 66 | 543 | 8 | 35,500.00 |
| Average | 79.5 | 11 | 90.5 | 1.33 | 5,916.66 |
| Percentage | 87.85% | 12.16% | 100% | 0 | |

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 or 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 number of women for the covered period. It is estimated that women earned at least Kina 35,500.00 for this covered period of 2018 from direct employment.

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.

For the months of January and February, no females were involved in non-payroll activities until the months of March to June. Women were engaged notably as traffic spotters. For this covered period, 53 women worked as spotters. The traffic controllers and spotters are paid per day. Below is the summary for the time covered.

TABLE 6: SUMMARY OF WOMEN'S PARTICIPATION IN NON-PAYROLL ACTIVITIES

| Month | Gabions | Line Drains | Rip Raps | Head Walls | Spotters | Total |
|-------------------|----------|-------------|----------|------------|-------------|----------------|
| January | 0 | 0 | 0 | 0 | 0 | 0 |
| February | 0 | 0 | 0 | 0 | 0 | 0 |
| March | 0 | 0 | 0 | 0 | 3 | 3 |
| April | 0 | 0 | 0 | 0 | 8 | 8 |
| May | 0 | 0 | 0 | 0 | 22 | 22 |
| June | 0 | 0 | 0 | 0 | 20 | 20 |
| Total | 0 | 0 | 0 | 0 | 53 | 53 |
| Percentage | 0 | 0 | 0 | 0 | 100% | 100.00% |

The number of women's participation in non-payroll activities will increase as civil works progress. At this stage, the only physical activity is clearing and grubbing, hence, the engagement of females in this category is not required, except for traffic controllers and spotters.

The contractor was advised to engage more women for line drainages, gabions works and other activities. Engagement of women in campsite and technical areas is also highly recommended.

The 53 women working in the non-payroll activities were paid K20.00 per day earning them K280 per fortnight. The women worked as spotters along the road sides, controlling the traffic flow. All 53 earned a total of K 7,840.00 with a monthly average of K1,306.70 for the covered period as summarized below in the table.

Table 7: Estimated Monthly Income of Women in Non-Payroll Activities

TABLE 7: ESTIMATED MONTHLY INCOME IN NON-PAYROLL ACTIVITIES

| Month | Total Number of Women | Estimated Wages (Kina) |
|------------------------|-----------------------|------------------------|
| January | 0 | 0 |
| February | 0 | 0 |
| March | 3 | 840 |
| April | 8 | 4,480.00 |
| May | 22 | 1,320.00 |
| June | 20 | 1,200.00 |
| Total | 53 | 7,840.00 |
| Monthly Average | | 1,306.70 |



Picture 3: Female spotter engaged along the project site.

The monitoring for the period also categorized the employees in terms of government level. There were 540 persons employed from January to June 2018. Out of this total, 192 persons were from Kafetina LLG, 53 persons from Faiyantina LLG while 82 were foreigners. The other employees were from other LLG. The details are shown in the following table.

TABLE 8: SUMMARY OF EMPLOYMENT BY ORIGIN

| Month | Foreigner | Kafetina LLG | Faiyantina LLG | Other LLG | Total |
|-------------------|--------------|---------------|----------------|---------------|----------------|
| January | 0 | 20 | 4 | 20 | 44 |
| February | 0 | 20 | 2 | 13 | 35 |
| March | 17 | 3 | 0 | 2 | 22 |
| April | 23 | 49 | 10 | 45 | 127 |
| May | 21 | 40 | 11 | 80 | 152 |
| June | 21 | 60 | 26 | 53 | 160 |
| Total | 82 | 192 | 53 | 213 | 540 |
| Percentage | 15.2% | 35.55% | 9.8% | 39.44% | 100.00% |

The subproject road traverses two local government units, namely Kafetina 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.

It is estimated that the 53 workers from Faiyantina LLG received Kina 36,750.00 from the covered period working in the subproject. For the same period, it was also estimated that the 192 workers from Kafetina LLG received Kina 86,247.00. Salaries and wages of foreigners and workers from other LLGs were excluded in this computation. Combining the income of the workers from the two affected LLGs, the total amount was Kina 122,817.00 for January to June 2018. The details are shown in the following table 9 below.

TABLE 9: ESTIMATED MONTHLY WAGES PAID TO WORKERS FROM AFFECTED LLGS

| Month | Faiyantina LLG | Estimated Wages (K) | Kafetina LLG | Estimated Wages (K) | Combined Wages (K) |
|----------------|----------------|---------------------|--------------|---------------------|--------------------|
| January | 4 | 3,000.00 | 20 | 10,000.00 | 13,000.00 |
| February | 0 | 0.0 | 20 | 10,500.00 | 10,500.00 |
| March | 2 | 3,700.00 | 3 | 11,000.00 | 14,700.00 |
| April | 10 | 2,500.00 | 49 | 15,000.00 | 17,500.00 |
| May | 11 | 10,389.00 | 40 | 17,247.00 | 27,636.00 |
| June | 26 | 16,981.00 | 60 | 22,500.00 | 39,481.00 |
| Total | 53 | 36,570.00 | 192 | 86,247.00 | 122,817.00 |
| Average | 8.83 | 6095 | 32 | 14,374.50 | 20,469.00 |

6.1 BENEFITS FROM QUARRY AND OTHER LAND RELATED REVENUES

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 are divided based on internal agreements within the tribes.

The subproject has five potential quarries that have signed agreements but only three (3) were operational during this period. A total of 130 tons of gravel was procured at a total cost of K1,300.00 from the Konamempi quarry for use in and around the campsite and construction of the camp. For the Konamempi Quarry an agreement was signed to pay landowners K10.00/scoop or K100.00/ton.

Materials extractions from Upegu and Hapanofi quarries are valued as per the signed agreement at K3.15 per cubic meter (m³). This agreement does not include the campsite lease rental payments. For the Hapanofi quarry the agreement is set for K20 per load however the quarry is in its initial stages of operation.

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.

The benefits from the quarry activities are provided in Table 10 for Upegu Quarry and Hapanofi Quarry. A total of PGK 64,520.00 was paid for both quarries with 98% going to the quarry owners of Upegu Further details are given in Table 10.

TABLE 10: SUMMARY OF QUARRY VOLUME & ESTIMATED VALUE

| Month | Konamempi Quarry | Upega Quarry | Hapanofi Quarry | Total (tons) | Estimated Value (kina) |
|-------------------|------------------|---------------|-----------------|----------------|------------------------|
| January | 10 | | | 10 | 100.00 |
| February | 70 | | | 70 | 700.00 |
| March | 50 | | | 50 | 500.00 |
| April | | 5000 | | 5000 | 15,750.00 |
| May | | 6200 | 370 | 6570 | 20,695.00 |
| June | | 8500 | | 8500 | 26,775.00 |
| Total | 130 | 19,700 | 370 | 20,200 | 64,520.00 |
| Percentage | 0.64% | 98.5% | 1.8% | 100.00% | |

The contractor also leases customary land to locate their camp and other facilities. In addition, the contractor also pays customary land owners for disposal sites where the contractor stockpile

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.

The subproject has a total of two campsites one at Konamempi and the other at Upegu. The Konamempi campsite has a monthly payment agreement and the Upegu camp has a quarterly payment agreement. The disposal site has no charge or is free as per the signed agreement with the landowners. For the covered period the contractor has paid an aggregate amount of K 6,600.00 and K7,200 for Konamempi and Upega Camps respectively. Upon the completion of the construction project or expiration of the lease, all permanent improvements shall be owned by the customary land owners. The details are shown in the following table 11.

TABLE 11: SUMMARY OF LEASE RENTAL PAID TO CUSTOMARY LAND OWNERS

| Month | Konamempi Camp | Upega Camp | Stockpile Sites | Total |
|-------------------|------------------|------------------|-----------------|-------------------|
| January | K1,100.00 | K1,200.00 | | K2,300.00 |
| February | K1,100.00 | K1,200.00 | | K2,300.00 |
| March | K1,100.00 | K1,200.00 | | K2,300.00 |
| April | K1,100.00 | K1,200.00 | | K2,300.00 |
| May | K1,100.00 | K1,200.00 | K500.00 | K2,800.00 |
| June | K1,100.00 | K1,200.00 | K500.00 | K2,800.00 |
| Total | K6,600.00 | K7,200.00 | K1000.00 | K14,800.00 |
| Percentage | 44.6% | 48.6% | 6.8% | 100.00% |

6.2 OTHER LOCAL BENEFITS

The main camp is located in Konamempi Village. This camp had purchased locally various construction materials, food, water, and miscellaneous items. The contractor has spent K18,000.00 on purchases of local food and miscellaneous items near the campsite areas, from the Henganofi station local market and from Goroka Town Market. Other local purchases includes the purchasing of live meat such as chicken and goats a total of K900.00 was spent for the time covered. A total of K6,300 was spent on local purchases of other items for the covered period. The contractor spent a total of K17,000.00 for the purchase of local construction materials. A total of K 41,300.00 in total was spent on local purchase for the time covered. The details are shown in the following table 12.

TABLE 12: LOCAL PURCHASES OF THE CONTRACTOR

| Month | Local Purchases of Food | Local Construction Materials | Local Purchases of Other Items | Other Local Expenditures | Total |
|-------------------|-------------------------|------------------------------|--------------------------------|--------------------------|------------------|
| January | 4,700.00 | 5,000.00 | 300.00 | N/A | 10,000.00 |
| February | 4,800.00 | 2,500.00 | 300.00 | N/A | 7,600.00 |
| March | 4,800.00 | 1,500.00 | 300.00 | N/A | 6,600.00 |
| April | 1,200.00 | 2,300.00 | 1000.00 | N/A | 4,500.00 |
| May | 1,800.00 | 4,300.00 | 0.0 | N/A | 6,100.00 |
| June | 700.00 | 1,400.00 | 4,400.00 | N/A | 6,500.00 |
| Total | 18,000.00 | 17,000.00 | 6,300.00 | | 41,300.00 |
| Percentage | 43.6% | 41.2% | 15.3% | 0.00% | 100.00% |

6.3 INDIRECT SOCIAL BENEFITS

There are also indirect social benefits arising from the upgrading and rehabilitation of the Henganofi-Nupuru subproject road. These include the start of small businesses, rental houses, new local markets and the increase of public motor vehicles (PMVs) plying the route and the expected decrease of transportation fares because of improved accessibility.

6.3.1 Small Business

Since the project commencement, small businesses such as trade stores, rental houses and coffee buying stations were erected along the project corridor. During the month of April to June the small enterprises have seen huge increase in their profit margin than they did before. For the trade stores, the owners who are also APs residing along the project corridor admitted to seeing an increase in demand and have to travel to Henganofi and Goroka to restock their stores three times a week compared to the previous once a week. The goods are bought by the CWYC employees, the villagers and the general public travelling the road.

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.

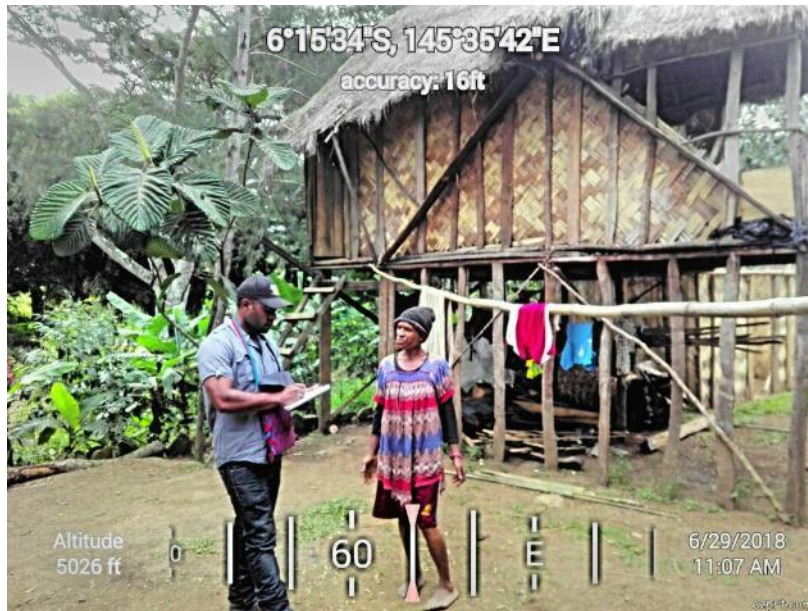
Another business that the project has had a positive impact on is the primary cash crop of the two affected LLGs. Local buyers of coffee interviewed have confirmed an increased in the daily intake quota of their buying. They have seen increase in the total number of bags bought per day. This is because of the improved road condition which has allowed more locally owned vehicle to travel the road and transport the cash crop out to the local coffee buyers along the road.



Picture 4: HRMG Officer interviewing local coffee growers.

6.3.2 Rental Houses

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 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.



Picture 5: HRMG Officer interviewing a local landlord.

6.3.3 New Local Markets

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, beetle nut and cigarettes to the CWYC employees. During lunch break only foreign employees are provided food so the local employees along with a few foreign employees and people travelling along the road 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.

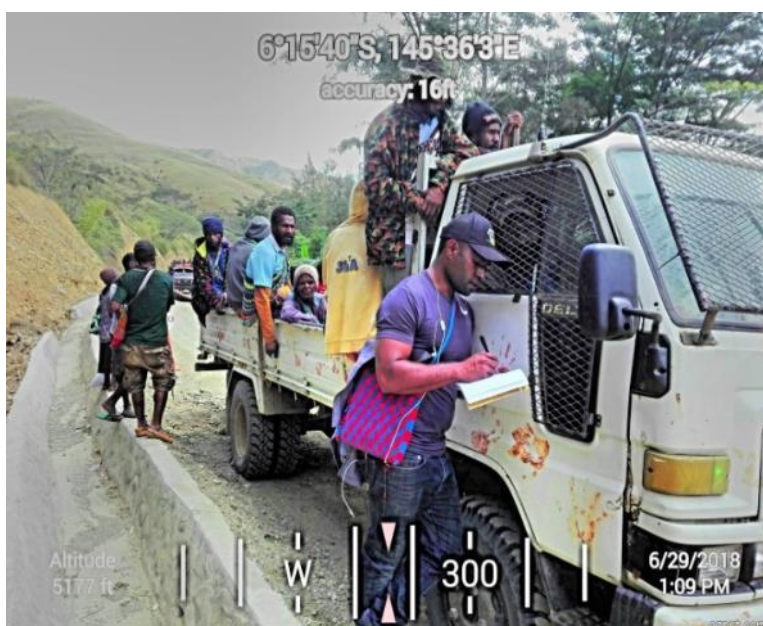


Picture 6: Local women selling local products along the road side.

7.4.4 Affordable Transportation and Accessibility

The month of April to 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 sweet potatoes. During the period covered when the road was cleared and opened it 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.

Before the project when the roads were in a bad state, there were only four 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 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.



Picture 7: HRMG Officer interviewing a local PMV Operator.

7.0 REQUIREMENTS FOR REMEDIAL ACTIONS

As of June 30, 2018, 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. The following paragraphs discuss briefly these two outstanding issues.

7.1 PENDING GRIEVANCES

A total of 167 grievances were received by the resettlement unit of HRMG and these grievances have been registered in the complaint log sheet. The GRC will deliberate on these grievances during the second GRC meeting in third quarter. Based on the GRCs deliberations, only genuine claims were recommended for compensation. The 167 grievances are from CH 0+000 to 17+500 where clearing and grubbing works are currently underway. The grievances from CH 17+500 onwards will be logged in and deliberated in GRC meeting for the last quarter of 2018.

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.

7.2 IMPLEMENTATION OF IN-KIND ASSISTANCE

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.

7.3 PAYMENT OF WAGES

Payment of wages to anyone employed in the Project need to abide by the labour laws of Papua New Guinea. The PSC is responsible to monitor the Contractor to ensure employees are engaged under fair and legal conditions.

Appendix 1 – List of References

1. Resettlement Plan (RP) Henganofi Nupuru Sub-Project, March 2016
2. First and second quarters social monitoring reports, July 2018
3. Back to Office Report of HRMG Environmental Officer and Quarterly Report.
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 INTERVIEWED

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. Paraka Newman, Environmental Officer, HRMG
8. Nazmie Ruape, Social Safeguards Officer, HRMG
9. Graham Tofagau, Public Relations Officer, China Wu Yi Co., Ltd
10. Anita Uvovo, Environmental Officer, HRMG
11. John Upave, Community Relations Officer, HRMG
12. Terrix Lanefae, Public Relations Officer, China Wu Yi Co., Ltd
13. James Gurinoware, Health and Safety Officer, China Wu Yi Co., Ltd
14. Abel Kapari, Environmental Officer, China Wu Yi Co., Ltd