

Resettlement Plan

November 2012

Proposed Loan and Grants
Kyrgyz Republic and the Republic of Tajikistan:
Central Asia Regional Economic Cooperation
Regional Improvement of Border Services Project

Karamyk Subproject

Prepared by the Ministry of Economy of the Kyrgyz Republic for the Asian Development Bank.



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Г-ну Йинг Чен
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Уважаемый господин Чен!

Министерство экономики и антимонопольной политики Кыргызской Республики выражает благодарность программе АБР «Содействие региональному экономическому сотрудничеству в Центральной Азии» (CAREC) за оказываемое содействие в области развития инфраструктуры и институциональных реформ.

Министерство, настоящим письмом, одобряет предварительный проект Плана переселения и не против размещения данного Плана на официальном сайте АБР.

С уважением,

Зам. министра

С. Муканбетов

CURRENCY EQUIVALENTS

(as of November 2012)

| | | |
|---------------|---|--|
| Currency unit | – | som (KGS) togrog (MNT) somon (TJS) |
| KGS1.00 | = | \$0.02 |
| \$1.00 | = | KGS46.6 |
| MNT1.00 | = | \$0.0008 |
| \$1.00 | = | MNT1,282.00 |
| TJS1.00 | = | \$0.22 |
| \$1.00 | = | TJS4.46 |

ABBREVIATIONS

| | | |
|-------|---|--|
| ADB | – | Asian Development Bank |
| AP | – | Affected Party |
| BCP | – | Border Crossing Point |
| CAREC | – | Central Asia Regional Economic Cooperation |
| MOE | – | Ministry of Economy |
| RP | – | Resettlement Plan |
| SCS | – | State Customs Service |
| SPS | – | Safeguard Policy Statement |

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A. The Project

1. This Resettlement Plan (RP) is prepared to meet the Asian Development Bank (ADB) requirements for Project Appraisal for the Karamyk (Kyrgyz Republic) Border Crossing Point (BCP) under the proposed Regional Improvement of Border Services (RIBS) Project. The RP has been translated in Russian language, approved by Ministry of Economy (MOE) – executing agency of the Project in Kyrgyzstan Republic, and disclosed in the ADB and MOE website.

2. The Karamyk BCP is on two CAREC corridors (3b and 5), and its opposite border post in Tajikistan has recently been improved. The Project plans to upgrade the Karamyk BCP to be fully compliant with international requirements and standards. The Project is classified as “B” for involuntary resettlement.

B. Resettlement impact

3. Under the proposed Project, it is planned to build a modern border facility that requires the allocation of the 3.30 ha of land from the land reserve of the Jekendi Local Government (see Annex 1 and 2 for the location and design of the border facility). All land needed for the project is state-owned pastureland, which is used for grazing purposes, according to its designated use. Out of 3.30 ha, 0.45 ha is leased by three households from Karamyk village¹ to cultivate crops such as potato, wheat and fodder (esparcet) both for sale and home consumption. Because of the Project, the leases for 0.45 ha will be cancelled before the start of the next agricultural season (March 2013), which will result in the loss of income from the leased land by three households. No structure or other non-land assets will be affected. APs are also expected to have sufficient time to harvest any standing crop on their leased land in the current agricultural season prior to the commencement of civil works in 2013.

4. The Jekendi Local Government signed individual lease agreements with each household in March 2011 for duration of 5 years (until March 2016). The households cropped the land for two agricultural seasons (2011 and 2012) and paid lease fee and land tax for the past two years. They all have three remaining agricultural seasons in their current lease. The lease for the 2013 has not yet been paid, and is due by March 2013. The summary of the impact on the three households is shown in the table below:

Table 1: Summary of the anticipated land acquisition impact

| | Affected Party | Size of used plot | Crop cultivated | Average yield | Number of remaining agricultural seasons | Total anticipated loss for 3 years |
|----|-----------------------|--------------------------|------------------------|----------------------|---|---|
| 1. | Abdilya TEMIRBAEV | 0.10 ha | Wheat | 350 kg | 3 | 1,050 kg |
| 2. | Sulaiman ASHIRALIEV | 0.20 ha | Esparcet (fodder) | 46 bales | 3 | 138 bales |
| 3. | Myrza USONOV | 0.15 ha | Potato | 3,375 kg | 3 | 10,125 kg |

¹ Karamyk is one of 5 villages, which administratively belongs to the Jekendi Local Government. The other villages of Local Government include: Kara Teit, Jekendi, Shive, and Chuluk.

C. Legal status of the land uses

5. Given that the pasturelands cannot be leased (nor cultivated) according to the national legislation,² except for the pasturelands of the State Forestry Fund, the lease agreements concluded between the Local Government and households are not legally valid. Moreover, the lease agreements were not registered with the Local Office of State Registration Service (Gosregister) and, therefore, do not have a binding force as such.³ However, considering that the cultivation of the pasturelands were not carried out arbitrarily by the households, but was authorized by the official decision of the Local Government (signed leased contract) the affected households should be treated as legal APs and not as illegal land users.

D. Socio-economic profile

6. Just as the other local governments in Chon Alai Raion, Jekendi depends on state subsidies (for 97%) to provide basic social and economic services to the local population. Being one of 5 villages that are part of Jekendi local government, Karamyk is home to 550 households (or 2,761 people), of which 61% qualify as the poor and very poor.⁴ Due to the limited economic opportunities and harsh climatic conditions in the region, the local population relies largely on animal husbandry and potato cultivation. The wheat and fodder (esparcet) is grown mainly for the home consumption. Officially, households who have more than 5 children or live in a harsh/upland environment are considered as vulnerable and are provided with additional state allowances. All 3 APs currently receive state allowances provided to such households. In terms of source of income, 2 APs receive pension in addition to their income from agriculture. One AP also receives salary as a chief of the Seismological Unit at Chon Alai Raion. The livelihood profile of the APs is provided in Table 2 below.

Table 2: Livelihood profile of the APs

| Affected Party | Family status | Employment | Land allotment | Livestock | Source of family income |
|-----------------------|---|--|---|-------------------------------------|----------------------------------|
| Abdilya TEMIRBAEV | Married, has 3 male & 3 female children | Retired, works as a farmer | Owns 1,86 ha of irrigated arable land used to grow fodder (esparcet) | 10 sheep, 5 goats, 2 cows, 2 calves | Pension, sale of potato & fodder |
| Sulaiman ASHIRALIEV | Married, has 2 male and 9 female children | works as a farmer | No land allotment in the village. Moved in to the village in 1999 after land redistribution reforms | 3 sheep, 2 goats, 1 cow | Earnings from temporary jobs |
| Myrza USONOV | Married, has 3 male & 4 female children | Retired, works as the chief of Seismological Unit at Chon Alai Raion | Owns 3 ha of irrigated arable land used to cultivate crops for sale & own consumption | 30 sheep, 2 cows, 2 calves | Salary, pension, sale of potato |

² Pasture Law (January 2009) and Constitution of the Kyrgyz Republic (June 2010).

³ Law on Registration of Property Rights for Real Estate and Transactions Associated with them (December 2003).

⁴ Social Passport of the Jekendi Local Government, 2012.

E. RP Policy Principles and Entitlements

7. This RP fits the requirements of the applicable Kyrgyz Republic laws and ADB Safeguard Policy Statement 2009, which allows the preparation and implementation of the RP as a condition for the Project Appraisal. The policy principles that underline the implementation of the RP are as follows:

- Resettlement impact is to be avoided or at least minimized;
- If the resettlement impact is unavoidable, the compensation and rehabilitation should be provided at the replacement value so as to preserve the APs' pre-project level of livelihood status;
- Lack of the formal land title should not be a bar to the compensation or at least rehabilitation
- APs will be assisted to restore their livelihood;
- Vulnerable APs will be provided special allowances;
- Appropriate redress mechanisms to solve APs grievances will be established;
- Compensation payments will be initiated only after ADB has approved the LARP. Moreover, LARP implementation will be monitored and reported to ADB; and,
- Civil works for the subproject will only commence after the LARP implementation has been completed, and verified.

8. Compensation and entitlements for this subproject aim to assist APs to maintain or improve their standard of living after the project. The Table 3 below provides a summary of the compensation entitlements for various categories of APs under the project.

Table 3: Entitlement and compensation matrix

| Asset | Specifications | AP | Compensation Entitlements |
|----------------------------|----------------|---|---|
| Permanent Loss | | | |
| Agricultural land plots | | Leaseholder | <ul style="list-style-type: none">• Cash compensation equivalent to potential income loss from leased land multiplied by the number of remaining years under the current lease |
| Vulnerable households (HH) | | Officially defined vulnerable households (HH below the poverty line; families with more than 5 children, and families living in upland areas) | <ul style="list-style-type: none">• Assistance equivalent to the official minimum subsistence level for 3 months;• Priority in local employment for members of vulnerable household. |

F. Valuation

9. As a result of the expected lease cancellation, each household is going to lose a chance to continue cultivation of the leased plots until the end of the lease agreement. The scale of the loss will be measured as the value of the net profit derived from selling the annual yield at the market price and multiplied by the number of remaining years (3 years) under the lease agreement. The cash compensation is considered as the only viable option, as the Jekendi Local Government has no unused land left within the Land Redistribution Fund and, therefore,

cannot provide replacement lease to the affected households. The calculation of the compensation for the loss of lease to each household is provided in Table 4 below (see Annex 3 for the detailed valuation methodology):

Table 4: Valuation of income loss from the leased land

| Crop cultivated | Size of used plot | Average yield | Average price for 2012 | Number of remaining agricultural seasons⁵ | Value of compensation |
|------------------------|--------------------------|----------------------|-------------------------------|---|------------------------------|
| Wheat | 0.10 ha | 350 kg | 15 Som | 3 | 9,075 Som |
| Esparcet (fodder) | 0.20 ha | 46 bales | 200 Som | 3 | 16,200 Som |
| Potato | 0.15 ha | 3,375 kg | 15 Som | 3 | 92,700 Som |
| TOTAL | | | | | 117,975 Som |

10. All 3 APs are officially considered as vulnerable. To assist these households, a vulnerability allowance computed based on the current official minimum subsistence level (MSL)⁶ for the Osh province, multiplied by 3 months (4,102 Som x 3 months).

G. Budget and Financing

11. The State Customs Service, as the key project implementing partner, will be responsible for making available necessary funds to implement the RP. The overall budget for the implementation of the RP is provided below:

Table 5: Budget of the RP

| Name of AP | Entitlement | Compensation for loss of lease (in Som) | Vulnerability allowance (in Som) | Total compensation (in Som) |
|-----------------------|----------------------------------|--|---|------------------------------------|
| 1 Abdilya TEMIRBAEV | Lost harvest (wheat)for 3 years | 9,075 | 12,306 | 21,381 |
| 2 Sulaiman ASHIRALIEV | Lost harvest (fodder)for 3 years | 16,200 | 12,306 | 28,506 |
| 3 Myrza USONOV | Lost harvest (potato)for 3 years | 92,700 | 12,306 | 105,006 |
| TOTAL | | 117,975 | 36,918 | 154,893 |

H. Institutional Arrangements

12. The State Customs Service (SCS), through its regional branches, will be responsible for the timely implementation of the RP and preparation of the RP completion report. The Karamyk Customs Services Head Officer will provide the completion report to the construction supervision consultant for the Sary Tash-Karamyk road rehabilitation project (Grant Number: ADB 0084-KGZ/Loan Number: 2667-KGZ), which will validate and prepare a compliance

⁵ Since the lease agreements are signed until March 2016 and agricultural season for 2016 starts after March (after lease agreement expires), the entitlements are calculated for only 3 years.

⁶ The official MSL for Osh Province for the 3rd quarter of 2012 is 4,102 Som (Source: National Statistics Committee, 2012).

report.⁷ Both the RP completion and compliance reports will be submitted to ADB for review. Civil works will commence only after ADB review of these reports.

I. RP Implementation Action Plan

13. The implementation schedule for the RP is provided below:

| Activities | Date | Responsible Party |
|--|--------------------|------------------------------------|
| 1 Disclosure of the draft RP (endorsed by EA and ADB) on the website of the ADB and the EA | 23 Nov 2012 | MOE + ADB |
| 2 Endorsement of the final RP by the Office of Prime Minister (through Governmental Resolution) and ADB ⁸ | 10 Jan–8 Feb 2013 | MOE + Office of the Prime Minister |
| 3 Implementation of the RP | 11 Feb–22 Feb 2013 | MOE + SCS + LG |
| 4 Preparation of the RP Completion Report | 22–26 Feb 2013 | SCS + MOE |
| 5 Preparation of the RP Compliance Report | 26–28 Feb 2013 | CSC |
| 6 Review of the RP Completion/Compliance Report and ADB approval | 1–8 March 2013 | ADB |
| 7 Disclosure of Compliance Report on the website of the ADB & EA | 11 March 2013 | MOE + ADB |

ADB = Asian Development Bank; CSC = Construction Supervision Consultant; EA = Executing Agency; LG = Local Government; MOE = Ministry of Economy; RP = Resettlement Plan; SCS = State Customs Service.

J. Monitoring and Reporting

14. The construction supervision consultant (CSC) under Grant Number: ADB 0084-KGZ/Loan Number: 2667-KGZ and the ADB KGZ RM assigned to oversee this grant/loan will have staff visiting the site to ensure that all necessary steps are undertaken, implemented and certified as outlined under the Implementation Action Plan.

⁷ The construction supervision consultant, TERA International Group, Inc., under the grant/loan will have officers in the field during 2013, the defects liability period for the road rehabilitation project. This includes safeguards personnel responsible for social and resettlement issues.

⁸ After the Financial Agreement for the proposed RIBS Project is approved by the Office of Prime Minister and ratified by the National Parliament.

Annex 1: Pictures of the affected plots

Overall View of the Affected Site: Direction Northwest



View of AP Site and Road in Background: Direction West



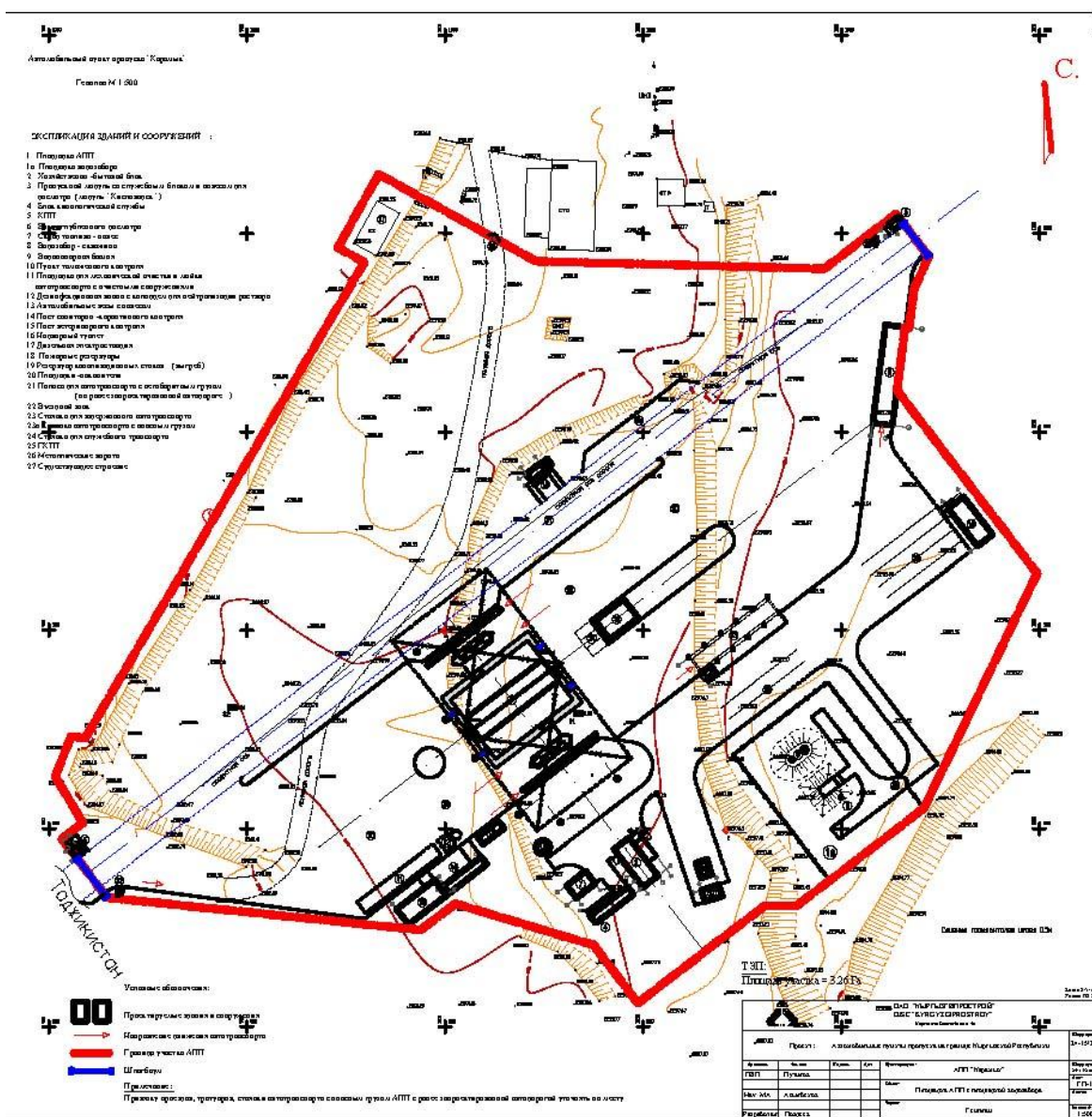
View from Road of AP Site: Direction East



View from Road of AP Site: Direction Northeast



Annex 2: Karamyk BCP Layout



Annex 3: Methodology for determining the entitlements for the APs

Table 6: Main variable for the calculation of the compensation value

| | Crop | Yield per 1 ha⁹ | Crop price for 2012¹⁰ | Crop-specific costs | Amount of land cropped | Net income per 1 year | No of ag seasons | Total value of compensation |
|---------------------|-------------|-----------------------------------|---|----------------------------|-------------------------------|------------------------------|-------------------------|------------------------------------|
| Abdilya TEMIRBAEV | Wheat | 3,500 kg | 15 Som | 22,250 Som | 0.1 ha | 3,025 Som | 3 | 9,075 Som |
| Sulaiman ASHIRALIEV | Fodder | 230 bales | 200 Som | 19,000 Som | 0.2 ha | 5,400 Som | 3 | 16,200 Som |
| Myrza USONOV | Potato | 22,500 kg | 15 Som | 131,500 Som | 0.15 ha | 30,900 Som | 3 | 92,700 Som |

Formula for calculation of the entitlements:

$$E_L = (Y_{\text{annual}} * P_{\text{crop}} - C_{\text{crop-specific}}) * L_{\text{leased land}} * Q_{\text{ag season}};$$

where,

E_L – entitlement for lost lease

Y_{annual} – annual yield per 1 ha

P_{crop} – price for crop

$C_{\text{crop-specific}}$ – costs for crop cultivation

$L_{\text{leased land}}$ – amount of land cropped

$Q_{\text{ag season}}$ – quantity of ag season

Table 7: Calculation of the crop-specific costs per 1 ha (2012)

| | Tilling | Sowing | Watering | Fertilizing¹¹ | Seeds | Harvesting | Picking | Transportation | TOTAL |
|-------------------|----------------|---------------|-----------------|---------------------------------|--------------|-------------------|----------------|-----------------------|----------------|
| Potato | 2,000 | 4,000 | 1,500 | 21,000 | 78,000 | 4,000 | 6,000 | 15,000 | 131,500 |
| Fodder (esparcet) | 2,000 | 1,500 | 1,500 | – | 5,000 | 4,000 | – | 2,000 | 19,000 |
| Wheat | 2,000 | 1,500 | 1,500 | 6,250 | 8,000 | 4,000 | – | 2,000 | 22,250 |

Source: Agriculture Unit, State Raion Administration for Chon Alai Raion, Osh Oblast (2012).

⁹ Average yield for 1 ha was taken as the basis for the calculation. The range of the annual yield per 1 ha in Chon Alai Raion for potato, fodder (esparcet) and wheat varies from 15 to 30 tons, 130 to 330 bales, and 2 to 5 tons, respectively. Source: Jekendi Local Government, 2012.

¹⁰ Crop prices for 2012 were provided by the Jekendi Local Government.

¹¹ Fertilizer needs for 1 ha of potato is 700 kg x 30 Som; for 1 ha of wheat the fertilizer need is 200 kg x 25 Som. For fodder (esparcet) no fertilizer is usually needed. Source: Agriculture Unit, State Raion Administration for Chon Alai Raion, Osh Oblast (2012).