

Resettlement Plan

Project Number: 46124-001
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Kyrgyz Republic: Regional Improvement of Border Services

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

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DECREE

270-p of July 17, 2014

To implement the terms and conditions of the Agreement signed between the Kyrgyz Republic and Asian Development Bank on May 22, 2013 in Bishkek city on financing the "Regional Improvement of Border Services" Project and ratified by Law of Kyrgyz Republic № 136 of July 12, 2013:

1. Acknowledge the attached Resettlement Plan within the ADB funded project "Regional Improvement of Border Services".
2. The State Customs Service under the Government of the Kyrgyz Republic:
 - Ensure payments of monetary compensation to people working on the leased plots in Jekendi settlement in Osh oblast of the Kyrgyz Republic in accordance with the Resettlement Plan and within allocations from the republican budget approved for the relevant year;
 - Jointly with the Ministry of Economy of the KR take other measures related to the Resettlement Plan.

D.K. Otorbaev,

Prime- Minister

RESETTLEMENT PLAN
ASIAN DEVELOPMENT BANK PROJECT
REGIONAL IMPROVEMENT OF BORDER SERVICES

ABBREVIATIONS

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

1. This Resettlement Plan (RP) is prepared to meet the requirements of the Asian Development Bank (ADB) Safeguard Policy Statement (SPS) 2009 for the Karamyk (Kyrgyz Republic) Border Crossing Point (BCP) Improvement Subproject (the Subproject) under the Regional Improvement of Border Services (RIBS) Project. The RP has been translated into Russian and Kyrgyz languages, designed by Ministry of Economy (MOE) – executing agency of the Subproject.

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

A. Resettlement impact

3. Under the proposed Subproject, 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 lands needed for the project are state owned pasturelands, which are used for grazing purposes, according to its designated use. Out of 3.30 ha, 0.45 ha are leased by 3 households from Jekendi Local Government to cultivate crops such as potato, wheat and fodder (esparcet) both for sale and home consumption. Because of the Subproject, the leases for 0.45 ha will be cancelled before the start of the next agricultural season, which will result in the loss of income from the leased land by 3 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.

4. Executive organ of 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 3 agricultural seasons (2011, 2012 and 2013) and paid lease fee and land tax for the past 2 years. According to the lease agreements, they all have 2 remaining agricultural seasons in their current lease. The summary of the anticipated land acquisition impact is shown in the Table 1 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 2 years
AP 1	0.10 ha	Wheat	350 kg	2	700 kg
AP 2	0.20 ha	Esparcet (fodder)	46 bales	2	92 bales
AP 3	0.15 ha	Potato	3 375 kg	3	6750 kg

B. Legal status of the land uses

5. Given that the pasturelands cannot be leased (nor cultivated) according to the national legislation¹, 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 and, therefore, do not have a binding force as such². 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 APs with legitimate rights.

C. 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, Karamyk³ is home to 550 households (or 2761 people), of which 61 % qualify as the poor and very poor⁴. 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. 1 AP also (Information intentionally removed). 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
AP 1	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
AP 2	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
AP 3	Married, has 3 male & 4 female children	Information intentionally removed	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

¹ Pasture Law (January 2009) and Constitution of the Kyrgyz Republic (June 2010)

² Law on Registration of Property Rights for Real Estate and Transactions Associated with them (December 2003)

³ 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.

⁴ Social Passport of the Jekendi Local Government, 2012

D. RP Policy Principles and Entitlements

7. This RP fits the requirements ADB Safeguard Policy Statement 2009, which allows the preparation and implementation of the RP as a condition for the issuance of the No Objection by the ADB to the start of the civil works. The policy principles that underlie 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 RP. Moreover, RP implementation will be monitored and reported to ADB; and,
- Civil works for the subproject will only commence after the RP 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 subproject. The Table 3 below provides an entitlement and compensation matrix for various categories of APs under the subproject.

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 (VH)		Officially defined vulnerable households (VH 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;

E. 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 (2 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 State Fund of Agricultural Lands 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 and 6:

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	2	6 050 Som
Esparcet (fodder)	0.20 ha	46 bales	200 Som	2	10 800 Som
Potato	0.15 ha	3375 kg	15 Som	2	61 800 Som
TOTAL:					78 650 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 (4,543 Som x 3 months).

F. Budget and Financing

11. The State Customs Service under the Government of Kyrgyz Republic, as the key project implementing partner, will pay all necessary funds to implement the RP. The overall budget for the implementation of the RP is provided in table 5 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)
AP 1	Lost harvest (wheat)for 2 years	6 050	13 629	19 679
AP 2	Lost harvest (fodder)for 2 years	10 800	13 629	24 429
AP 3	Lost harvest (potato)for 2 years	61 800	13 629	75 429
TOTAL:		78 650	40 887	119 537

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 2 years

⁶ The official MSL for Osh Province for the 3rd quarter of 2013 is 4,543 Som (Source: National Statistics Committee, 2013)

G. Grievance Redress Mechanism

12. The Subproject will put in place a grievance redress mechanism (GRM) to identify and resolve timely APs' grievance related to the Subproject's activities. The GRM represents itself as a mechanism through which the APs can voice their concerns, request clarification for their queries or seek redress for grievances related to subproject's performance. To ensure that the grievance review process is legitimate and acceptable to the APs, the GRM will be designed and run along the following principles: i) efficient, ii) understandable to APs, iii) transparent, iv) sensitive to gender and other vulnerable groups, v) culturally appropriate, vi) readily accessible to the APs in terms of procedures and costs, associated with the filling the grievance.

13. The EA and construction supervision consultant (CSC) will monitor the implementation the GRM and report monitoring results in the project implementation progress reports.

H. Institutional Arrangements

14. The State Customs Service (SCS) under the Government of Kyrgyz Republic, through its regional branches, will be responsible for the timely implementation of the RP and preparation of the RP completion report. The State Customs Services under the Government of Kyrgyz Republic will provide the completion report to the construction supervision consultant which will validate and prepare a compliance report. 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

	Activities	Responsible Party
1	Implementation of the RP and Disclosure on the website of ADB and IA	MOE, SCS, LG
2	Preparation of the RP Implementation Report	MOE,SCS
3	Preparation of the RP Compliance Report	SCS
4	Review of the Implementation/Compliance Report and Issuance of NOL for civil works	ADB
5	Disclosure of the Compliance Report on the website of the ADB & IA	MOE, ADB

J. Monitoring and Reporting

15. The construction supervision consultant and the ADB KYRM, through its national resettlement specialist under RETA 7433, will monitor the process and ensure that all necessary steps are undertaken, implemented and certified as outlined under the Implementation Action Plan.

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



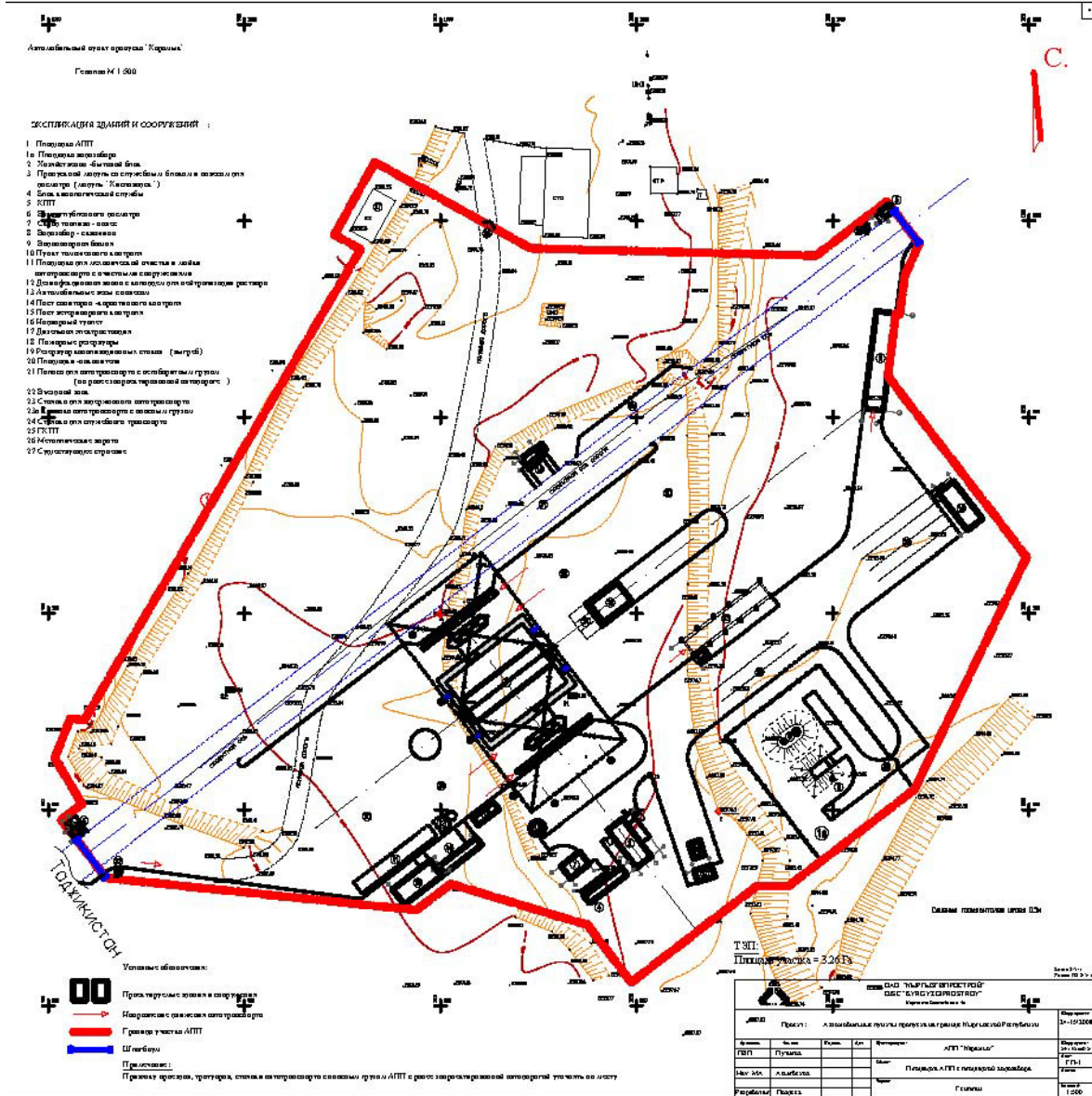
View from Road of AP Site: Direction East



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 variables for the calculation of the compensation value

	Crop	Yield per 1 ha ⁷	Crop price for 2012 ⁸	Crop-specific costs	Amount of land cropped	Net income per 1 year	No of ag seasons	Total value of compensation
AP 1	Wheat	3 500 kg	15 Som	22 250 Som	0.1 ha	3 025 Som	2	6 050 Som
AP 2	Fodder	230 bales	200 Som	19 000 Som	0.2 ha	5 400 Som	2	10 800 Som
AP 3	Potato	22 500 kg	15 Som	131 500 Som	0.15 ha	30 900 Som	2	61 800 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

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

	Tilling	Sowing	Watering	Fertilizing ⁹	Seeds	Harvesting	Picking	Transportation	TOTAL
Potato	2000	4000	1500	21 000	78 000	4000	6000	15000	131 500
Fodder (esparcet)	2000	1500	1500	-	5000	4000	-	2000	19 000
Wheat	2000	1500	1500	6250	8000	4000	-	2000	22 250

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

⁷ 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

⁸ Crop prices for 2012 were provided by the Jekendi Local Government

⁹ 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)