Section 6.2 of LRF Updated

Three main types of measures will be implemented to address (i) loss of homes, (ii) loss of assets and (iii) loss of sources of income and/or means of livelihoods. The Project will avoid to the extent possible all physical displacement. If it is not possible to avoid, physical displacement will be minimised by adjusting the technical design where feasible. In case physical displacement cannot be avoided, the principles of the IFC PS 5 will be applied.

The valuation methods for cash compensation will be detailed in the Livelihood Restoration Plan that will be prepared. They will be based on existing Indonesian procedures and will comply with IFC PS 5. If the Indonesian valuation procedures do not meet the requirements of the IFC PS 5, the IFC requirements will prevail. In particular, all lost assets will be compensated at a minimum to replacement cost. Replacement cost is defined as the market value of the assets plus transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account. Market value is defined as the value required allowing the affected persons to replace lost assets with assets of similar value.

Some possible livelihood restoration measures are proposed in Table below. These measures will be implemented apart from the community development activities or CSR initiatives that project will undertake as part of ESMP implementation. These measures will be discussed with the affected people and will be defined with more details in the Livelihood Restoration Plan. It is expected that certain new impacts may be identified and number of PAFs with informal access rights may increase. The survey for LRP preparation will include all the impacts associated with the project and will refine this entitlement matrix, both in case either the impacts are already not covered in the proposed entitlement matrix or in case any other entitlement categories remain to be addressed in the matrix.

Table xx. Proposed Entitlement Matrix for Riau 275 MW Combined Cycle Gas Power Plant IPP (Medco Ratch Power Riau)

Overview of Loss or Impact	**Eligible entities and conditions**	**Overview of Entitlements**				**Observation/ Comments**
		Compensation	**Rehabilitation Benefits**	**Livelihood Restoration**	**Community Compensation**	
Land						
Agricultural Land	• Titleholders • Non-dependent households (6 Land owners identified in the power plant location, 1 land owner in the transmission line route, while number of land owners to be confirmed along the gas pipeline route) The number of PAFs may be more than the land owners.	Cash compensation at replacement cost for the land in accordance to the land category (if any) and equal to or higher than the price suggested by independent appraisers (as mandated by local laws); The price proposed by the Project will cover at least the replacement cost to buy land of similar quality and productivity. OR Replacement agricultural land of similar category/ productivity potential and equivalent title; Reimbursement of stamp duty (and all other transactional costs) for alternative agricultural land purchased within a two-year period.	Not applicable	Livelihood restoration option will be based on assessment of loss of income. Whatever income loss is estimated for each impacted (physical and/or economic displacement) household, • Where alternate equivalent land is provided, livelihood restoration may be cost of establishing an oil palm plantation to production age. Equivalent alternate land may be an option for those losing 50% or more of their land. • alternate land based or alternate livelihood skill training plus financial support/in kind support (such as land preparation cost and assistance to upgrade other plots of land should be provided to start alternate livelihood activity). Skills trainings (options to be explored during LRP survey) • each person should get cash or in-kind goods equal to income loss estimated till livelihood is restored. • Transitional support (monthly allowance during the time needed to restore their livelihoods – will be defined in the Livelihood Restoration Plan): • Individual preference given for employment at the Project's construction site; Other supplementary support will be provided such as: • Eligibility to micro-credit schemes backed by the Project • Provision of agricultural equipment	Not applicable	Losing only a part of a land plot. Orphaned land, i.e. land that is severed or bisected such that a non-acquired portion of the land plot is made uneconomic and/or unviable, will be acquired or compensated. Additional support for permits, transaction costs, approvals for replacement land etc. will be facilitated by MRPR. The impacted person, if required will be trained in administering funds (financial literacy) and receive assistance in opening bank accounts. **Note:** in case of informal dwellers, the claims over the land will need verification so as to ensure that these are not opportunistic. Similar entitlements for livelihood restoration will be applicable as in the case of formal land owners. For land loss, the company will provide replacement land **OR** provide cash compensation at replacement cost for certain minimum land (based on average land holding size in Riau for small scale farmers) with security of tenure.

<table>
<tr><th rowspan="2">Overview of Loss or Impact</th><th rowspan="2">Eligible entities and conditions</th><th colspan="4">Overview of Entitlements</th><th>Observation/ Comments</th></tr>
<tr><th>Compensation</th><th>Rehabilitation Benefits</th><th>Livelihood Restoration</th><th>Community Compensation</th><th></th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Assets</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Impact on commercial or residential structure which are mobile and only need to be shifted</td><td>• Owner of structure & business owner.

Note: Loss will be just temporary business loss because of shifting.</td><td></td><td>Cost of the shifting or moving allowance or support in shifting the mobile structure.</td><td>Transition allowance as cash compensation for net loss of income during the transition period (period of 10 days equivalent) along with a 10% additional amount as compensation for disruption;</td><td></td><td></td></tr>
<tr><td>Impact on commercial or residential structure <u>which will suffer partial loss</u></td><td>• Owner of structure & business owner.

Note: Loss will be partially to the structure and partially to the business.</td><td>Cash compensation at replacement cost for the partial structure loss.</td><td>Cost of repairing the structure;</td><td>Transition allowance as cash compensation for net loss of income during the transition period (period of 10 days equivalent) along with a 10% additional amount as compensation for disruption;</td><td></td><td></td></tr>
<tr><td>Impact on commercial structures (permanent shifting)</td><td>Owner of structure compelled to shift structure;

Gas Pipeline:
Potentially 15 warungs (small stalls and business) constructed of light wooden frames)
Water pipeline:
1-10 warungs (small light wooden structures)</td><td>In kind: Replacement commercial structures to be provided in-kind to be designed with input from PAPs;
Replacement commercial land parcel with equivalent Title/security of tenure
Or
Preference for self-relocation: Cash compensation at replacement cost for the structure and the plot of land occupied.</td><td>Moving allowance;</td><td>Transition allowance for a period of 6-month equivalent to annual income of the commercial unit along with a 50% additional amount as compensation for disruption;</td><td>Not applicable</td><td>• No deduction for recovering any salvageable material;
• MRPR will also require to facilitate support for permits, local approvals for the resettlement locations, title transfer etc.
• Applicable irrespective of formal or informal rights over land</td></tr>
<tr><td>Impact on commercial structures (Temporary shifting)</td><td>Owner of structure compelled to shift structure;

Gas Pipeline:
Potentially 15 warungs</td><td>Cash compensation for the structure at replacement value without depreciation cost.</td><td>Moving allowance;</td><td>Transition allowance for a period of 6-month equivalent to annual income of the commercial unit along with a 50% additional amount as compensation for disruption;</td><td>Not applicable</td><td>• No deduction for recovering any salvageable material;
• MRPR will also require to facilitate support for permits, local approvals for the</td></tr>
</table>

Overview of Loss or Impact	Eligible entities and conditions	Overview of Entitlements				Observation/ Comments
		Compensation	Rehabilitation Benefits	Livelihood Restoration	Community Compensation	
	(small stalls and business) constructed of light wooden frames) **Water pipeline:** moving 1-10 warungs (small light wooden structures)					resettlement locations, title transfer etc. • Moving allowance will be paid twice if the shifting is required to be done twice- before the laying of pipeline and after the laying of pipeline; • Applicable irrespective of formal or informal rights over land
Impact on Business (**Temporary shifting/ Permanent shifting**)	Business owners along gas pipeline and water pipeline Right of Ways **Gas Pipeline:** 15 warungs **water pipeline** 10 warung/small shop/kiosks	Cash compensation covering the cost of re-establishing their business in an alternative suitable location.	Cost of the transfer and reinstallation of the business	Transition allowance as cash compensation for net loss of income during the transition period (period of 6-month equivalent) along with a 50% additional amount as compensation for disruption;		• Moving allowance will be paid twice if the shifting is required to be done twice- before the laying of pipeline and after the laying of pipeline;
Impact on residential structure (**Permanent shifting**) (Along the gas pipeline and water pipeline, etc.)	• Physically displaced households at the time of the census; • Definition of family as per common practice in Indonesia **Note:** Structure owner as well as residing in the house **Gas Pipeline:** 7-10 HHs	**In kind**: Replacement residential structures to be provided in-kind to be designed with input from PAPs; Replacement residential land parcel with equivalent Title/security of tenure Or **Preference for self-relocation**: Cash compensation at replacement cost for the structure and the plot of land occupied	Moving allowance regardless of the relocation option selected; Temporary residential housing allowance (rental allowance) will be offered between the loss of access to residential houses and the finalization of the construction of replacement house if required. The preference is for the replacement housing to be available at the time of relocation from the impacted structure	Eligibility of the household for livelihood restoration assistance. **Note:** if the structure was used for renting and therefore as a source of income, transition allowance as cash compensation for net loss of income during the transition period (period of 6-month equivalent) along with a 50% additional amount as compensation for disruption.	Not applicable	• No deduction for recovering any salvageable material; • Moving allowance will be paid twice if a household needs to move into temporary rental housing and subsequently into permanent housing; • Should the project undertake to provide replacement housing, consultation will be made with the affected household before detailed design of replacement houses are identified. • Applicable irrespective of formal or informal rights over land

Overview of Loss or Impact	Eligible entities and conditions	Overview of Entitlements				Observation/ Comments
		Compensation	Rehabilitation Benefits	Livelihood Restoration	Community Compensation	
Impact on residential structure (**Temporary shifting/ permanent**)	• Physically displaced households at the time of the census; • Definition of family as per common practice in Indonesia **Note:** Tenant in the residential structure **Gas Pipeline:** 7-10 HHs	Cash compensation for the structure at replacement value without cost depreciation.	Six months of rent paid in cash, to allow finding an alternative accommodation, transitional allowance and relocation assistance	Not applicable	Not applicable	• Applicable irrespective of formal or informal rights over land
Secondary Structures and other assets (**Temporary shifting/ permanent**)	Titleholders and/or owners of the structure (who may be distinct from the actual land owner)	Cash compensation at replacement value without cost depreciation.	Not applicable	Not applicable **Note:** If the structure was used for renting and therefore as a source of income, transition allowance as cash compensation for net loss of income during the transition period (period of 6-month equivalent) along with a 50% additional amount as compensation for disruption.	Not applicable	• No deduction for recovering any salvageable material; • The compensation will reflect the cost of construction to build a similar structure or replace a similar asset. • Applicable irrespective of formal or informal rights over land
Employment loss						
Loss of employment	Business employees (at the warungas/ kiosk etc.) Security guard and plantation workers, if any losing employment at power plant site. **Note:** Exact number of plantation workers, if any to be confirmed			• If they temporarily lose their job ○ Transitional support (monthly allowance during the time needed to restore their livelihoods – will be defined in the Livelihood Restoration Plan) ○ Skills trainings ○ Eligibility to micro-credit schemes backed by the Project • If they do not lose their job · ○ Transitional support during the time of reestablishment of the business in an alternate location by the business owner, equivalent to their average wage.		
Crops/ trees						
Crops and Trees	• Displaced persons surveyed as tenants and users of lands;	• Cash compensation for crops and trees. Cash compensation, rate to	Not applicable	• Eligibility for income generation activity under the LRP;	Not applicable	Compensation will be paid in one lot or as installments depending

Overview of Loss or Impact	Eligible entities and conditions	Overview of Entitlements				Observation/ Comments
		Compensation	Rehabilitation Benefits	Livelihood Restoration	Community Compensation	
	• Titleholders that also used the land and assets thereon	be applied is the highest market price attained during the year.		• Transition allowance for a period of one year for all users of land with rights on crops and trees.		upon the consultation with the affected person. **Note:** Government rate for compensation of the agricultural loss, Fruit bearing tress loss and timber loss will be paid at minimum and will be also be based on values provided by independent assessor. The rates will be collected during the LRP preparation. • Applicable irrespective of formal or informal rights over land
CPR loss						
Access to fishing areas during the temporary jetty construction period	Fishing community of Okura village Individual families to be confirmed	• Compensation package for categories of fishermen on the basis of a cut-off date (to be established based on LRP studies) that is to be paid prior to commencement of construction	Not applicable	Eligibility for livelihood restoration assistance specific for impacts on fishing activities; • Transitional support (monthly allowance during the time needed to restore their livelihoods – will be defined in the Livelihood Restoration Plan) • Skills trainings (to be explored during LRP survey) • Eligibility to micro-credit schemes backed by the Project • If possible, individual preference given for employment at the Project's construction site • Provision of fishing equipment	In-kind Community Compensation and infrastructure development support	While the impact assessment has indicated the potential of impacts on fishing due to temporary jetty construction, the LRP survey presently underway will further help establish the extent of dependence on fishing and actual number of families that will be adversely impacted. The entitlements and compensation will be delineated accordingly.
Affected Villages	Villages where government land will be used for the gas pipeline and water pipeline for the project. Loss of access to any natural resources suffered by the nearby villages	Not applicable	Not applicable	Not applicable	Creation of a community development fund to enhance infrastructure creation at a village level after the completion of LRP studies. Infrastructure creation may include activities such as improvement of health infrastructures or sanitation systems	MRPR is expected to apply avoidance measures under the policy and explore an offset of provision of alternate assets/ replacement prior to compensation. Loss of access to natural resources will be compensated by collective mitigation measures at a Villages level. These mitigation measures will be defined in the LRP based on stakeholder consultations.

Overview of Loss or Impact	Eligible entities and conditions	Overview of Entitlements				Observation/ Comments
		Compensation	**Rehabilitation Benefits**	**Livelihood Restoration**	**Community Compensation**	
Other community assets, infrastructure, cultural sites etc.	Unit of entitlement will be the immediate village and settlement that depended or used the community asset	Not applicable	Not applicable	Not applicable	Development project for that community/settlement if avoidance, offset and replacement are not feasible.	MRPR is expected to apply avoidance measures under the policy and explore an offset of provision of alternate assets/replacement prior to compensation
Vulnerable HHs						
Vulnerable Groups	Eligibility conditions are based on the following criteria: • Women headed households; • Landless households; • Physically displaced households; • Displaced persons with disabilities and/or above 60 years of age; etc	All applicable compensation and other entitlements as per the category of impact or loss of asset	Not applicable	• Eligibility for specific vulnerable group packages under the LRP; • Pension and other allowance options; • Preference for skill development, employment, local procurement as feasible.	Not applicable	Special assistance with access to compensation related processes; Specific measures to be defined in the LRP, based on the nature of the vulnerabilities identified. However, the assistance itself will be provided at a household level. **Note:** Any other project area specific vulnerability may be identified. Community level assistance may be considered, if required.
Host community						
Host community	To be determined, if at all applicable. Not envisaged presently.	Not applicable	Not applicable	Not applicable	In-kind compensation either through the provision of alternate land or access to community development fund.	May not be applicable and to be confirmed during LRP especially with respect to shifting of structures along the gas and water pipeline. This will be done to recognise the impact on the host community based on the support provided to displaced persons.
Unforeseen Impacts						
Any unforeseen impacts	To be identified during LRP survey	To be confirmed post LRP survey	To be confirmed post LRP survey	To be confirmed post LRP survey	To be confirmed post LRP survey	To be defined in the Livelihood Restoration Plan, if the situation arises.