

# Syrdarya CCGT Project Republic of Uzbekistan

Land Acquisition &  
Livelihood  
Restoration Plan  
**Executive Summary**



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# 1 INTRODUCTION

The government of the Republic of Uzbekistan continues to enhance its power generation infrastructure to improve the supply and efficiency of electrical generation, thereby boosting economic growth and social development. To this end, the Ministry of Energy has launched the development of the Syrdarya Combined Cycle Gas Turbine (CCGT) Project (the 'Project'), a new gas fired Independent Power Plant (IPP) with a power generation capacity of 1600 MW.

The Project is being developed jointly by Electricite de France (EDF), Nebras Power, Sojitz Corporation and Kyuden International Corporation, hereinafter referred to as 'the Consortium', with prospective project finance from lenders including the International Finance Corporation (IFC), Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI). The Consortium have established a special purpose vehicle 'ENERSOK Foreign Enterprise Limited Liability Company', hereinafter referred to as the 'Project Company', which is registered in the Republic of Uzbekistan with the commercial registration number 1095919. The Project Company has entered into a 25-year Power Purchase Agreement (PPA) with JSC 'National Electric Grid of Uzbekistan', who will be the off-taker of the generated electricity. Under the PPA, the Project will have a net dependable capacity of 1,600 MW at average site conditions and shall comprise two gas turbine generators and one steam turbine generator. The Project will operate solely on natural gas (without back-up fuel) and will contribute to the electrical base-load of the Uzbekistan grid.

The Consortium has commissioned 5 Capitals Environmental and Management Consulting (hereinafter referred to as 5 Capitals) to undertake the development of a Land Acquisition and Livelihoods Restoration Plan (LALRP). 5 Capitals has worked closely with locally based consultant, 'Juru Energy' (as a sub-consultant) to undertake certain elements of the scope, including the inventory, socioeconomic surveys and related consultations. The objectives of the LALRP include:

- Provide a framework that sets out how economic displacement potentially triggered by the Project and its associated facilities<sup>1</sup> will be addressed through resettlement and livelihood restoration and ensuring that the standards of living of the Project Affected Persons (PAPs) are not rendered poorer following Project implementation;
- Identify the gaps between national law and compliance obligations of the project lenders (IFC Performance Standards) and means to address these;

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<sup>1</sup> 500 KV overhead transmission line connecting to the existing Syrdarya Thermal Power Plant and the gas distribution pipeline stemming from Gas Supply Station located South West of the project site

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- Ensure the PAPs without legal lease agreements/contracts or any legally recognisable rights to land are eligible for compensation for loss of non-land assets and livelihood restoration;
  - Determine the existence of vulnerable groups among the PAPs in order to ensure they are provided with applicable additional support;
  - Improve living conditions among displaced PAPs through provision of adequate housing including identification of suitable replacement grazing, agricultural and commercial land;
  - To provide the PAPs eligibility criteria and entitlement matrix according to type of lost assets;
  - Present the Grievance Redress Mechanism (GRM) that will be followed in order to address any concerns and/or complaints from PAPs.
  - Set out the monitoring requirements of the resettlement and livelihood restoration outcomes, their impacts on the standard of living of the PAPs is carried out, and whether the objectives of the LALRP have been met; and
  - Establish organisational arrangements and processes to monitor the implementation of the LALRP and take corrective actions as necessary.

## 2 PROJECT OVERVIEW

The Project is located approximately 2 km northeast of the city of Shirin, which is a border town close to the Uzbekistan – Tajikistan border. The overall project footprint of the Project lies within the jurisdiction of two separate administrative entities, with the core footprint situated within Bayavut Municipality and the remainder<sup>2</sup> of the overall footprint located in Shirin Town Municipality. The Project facilities can be categorized as follows:

- Main (core) project facilities – Primary project facilities, including the construction and operational footprint for the power plant premises, including the power block, feed-water pre-treatment system, demineralisation plant, compressed air production facility, wastewater treatment plant, centralised control room, emergency diesel generator, and fire-fighting and water supply system.
- Ancillary project facilities – Secondary project facilities, including the project's access road and intake/outfall pipeline.
- Associated project facilities – Facilities that must be constructed as a result of the Project, which are not covered by the Project's funding. These facilities include the (i) re-routed overhead transmission line, (ii) gas distribution pipeline and (iii) relocated drainage ditch located alongside the Project's access road.

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<sup>2</sup> Access road, intake pipeline and outfall pipeline dedicated to the proposed power plant.

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## 2.1 Construction and Operational Requirements

The Project's construction facilities include the following:

- Working facilities – The construction footprint for the Project's development will include temporary establishments for direct construction activities, such as material laydown areas, waste management bays, chemical storage sheds, site offices, workshops and the batching plant, the exact locations of which will be defined in subsequent stages of detailed project design.
- Accommodation and construction labour – Worker's accommodation for the EPC Contractor's construction staff will be provided within the Project site boundary at the South-Eastern portion alongside and south of the proposed main internal access road. This will include construction camps offering amenities and welfare facilities such as sanitary facilities, canteen halls, sports pitches and other common areas.
- Construction resources and utilities – The Project's construction stage will require a bulk supply of resources including raw water, potable water, electricity and fuel supply. Water for construction purposes will be sourced directly from the YG Canal. Potable water for construction labour will be delivered to the site from a locally based supplier. The national grid (JSC National Electric Grid of Uzbekistan) is expected to power construction facilities. Fuel will be supplied by JSC Uztransgaz or an alternative fuel supplier.
- Construction waste management – The construction area will include areas designated for handling waste generated by construction activities. Sanitary drains will be installed to discharge wastewater from all lavatories, showers, sinks and similar facilities into an on-site sanitary wastewater treatment plant. Alternatively, domestic wastewater storage and pre-treatment facility will be established for sewage collection service by the local sewerage utility. The EPC Contractor will enter contractual agreements with licensed waste service providers to transport and dispose or treat different construction waste streams.

In addition, the Project's operational Requirements include the following:

- The day-to-day operation of the Plant (O&M) will be the responsibility of the Project Company, ENERSOK Foreign Enterprise Limited Liability Company as an owner-operator who has its registered office in Tashkent, Uzbekistan. The Project company will enter into a 25-year PPA with the off-taker.
- Each Power Unit will have a dedicated Generator Step Up Transformer (GSUT) and output delivery point. Power Units 1 and 2 are expected to be operational in simple cycle mode through a bypass stack during the early operational period after the Early Power Commercial Operation Date (COD) of both Power Units
- The operational workforce is expected to include approximately 67 people for the Project Company to undertake O&M activities. A breakdown of the expected O&M positions is shown below. There is an intent to utilise local talent wherever possible to fill some of these roles.

## 2.2 Implementation Timeline

Based on the details provided by the Consortium (Project Implementation Schedule), the following key timeline is currently in place for the Project.

**Table 1 Key Project Milestone/Timeline Dates**

MILESTONES	DATE
Notice to Proceed (NTP)	Dec 2022 (To be confirmed)
Early COD 1	01.01.2025
Early COD 2	01.04.2025
Commercial Operation Date (COD)	31.12.2025

The Project Company has entered into a 25-year Power Purchase Agreement (PPA) with the off-taker/purchaser (i.e. JSC National Electric Grid of Uzbekistan [NEGU]). In accordance with the PPA, following the expiry date (or other termination date – which may also be extended) the Project Company shall have 24-months to complete the decommissioning processes, if the option for the purchase is not exercised by the off-taker, which would otherwise lead to a transfer of project assets at that time.

## 2.3 Project Alternatives

In terms of project alternatives, The current proposed site was pre-selected by the Government of Uzbekistan for the construction of the CCGT plant. The CCGT plant will be located not far from the existing Syrdarya TPP and next to the ACWA Power CCGT project. In addition, there is existing infrastructure such as the gas pumping station and existing OHTL corridor as well as the YG canal as a source of water resource which will be crucial in the operation of the Project. In addition, the Project with its current proposed location will also benefit from utilising the adjacent electrical substation which is being constructed as part of the ACWA Power project as a shared facility for offloading power to the national grid. Using the current proposed site, also prevents the need to disturb any natural or critical habitats since the Project site comprises primarily modified habitat due to the extensive agricultural practices and activities. The no-project alternative has been considered as part of the Project's ESIA, however this scenario is not favourable in terms the overall economic development for Syrdarya Region.

# 3 LEGAL FRAMEWORK

The legal framework for the LALRP consists of national laws, decrees and resolutions as well as binding compliance obligations set forth by the Project lenders, notably the IFC Performance Standard 5. Further details on the legal context for the LALRP, and a gap analysis for the national legal framework and international standards for resettlement planning are presented in the full LALRP.

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## 4 CONTEXT OF LAND TENURE

### 4.1 Existing Land Use

The project footprint will be established within an expanse of land that was formerly designated for agricultural land-use. The majority of on-going agricultural activities are performed on a commercial scale, with a smaller proportion of subsistence agriculture. The expanse of land affected by the project was previously designated for agriculture and state reservation. However, the process for repurposing this land for development of the Syrdarya CCGT Power Plant and the adjacent ACWA CCGT Power Plant (in furtherance of Uzbekistan's 2030 Energy Strategy) was initiated in 2020, at which time Bayavut District Municipality issued LLA termination notices to the totality of formal land users within areas zoned for the projects' core footprint areas. While land acquisition for the ACWA CCGT Power Plant project has been completed in full, the acquisition process for the Syrdarya CCGT Power Plant project is underway.

As outlined above, most of the designated land is privately held for subsistence and commercial agriculture. The land acquisition process for the Project commenced with the full reclamation of privately owned land within the core project area. The reallocation of the remainder of the project area will be completed following the finalization of detailed design of the Project's ancillary and associated facilities, and the delineation of the wider project footprint. The issuance of a dedicated presidential decree for transfer of land ownership to the Ministry of Energy is scheduled for December of 2022. Subsequently, the Ministry will enter into a Land Lease Agreement (LLA) with the Project Company, which will mark the close of the land acquisition process.

### 4.2 Land Tenure

A total of seven farming landowners potentially displaced by the project have informal land tenure. Landholders named [REDACTED], [REDACTED] and [REDACTED] have entered into illegitimate sub-leasing agreements with the registered landowner [REDACTED]. Further, [REDACTED] and [REDACTED] have illegitimately established farms on land annexed into state reserves, and are therefore informal settlers.

### 4.3 Agricultural production and related quotas

The PAHs reside within farming communities engage in crop cultivation and livestock rearing. The agricultural department of the district Khomikiyats have effected crop and meat production quotas for some of the PAHs engaged in agriculture within the project area. Failure to meet the prescribed quotas often results in the imposition of underproduction penalties by

the district's agricultural department. The following table provides an overview of PAHs affected by the quota system.

**Table 2 PAHs Affected by the Quota System**

CODE	OBLIGATIONS IN 2021
■	33 quintals <sup>3</sup> of cotton per ha
■	70 quintals of wheat per ha and 50 quintals of cotton per ha.
■	150kg of meat per month
■	3,360kg of meat per year

## 5 SOCIOECONOMIC CONTEXT OF PROJECT-AFFECTED HOUSEHOLDS

Socioeconomic Survey (SS) with PAHs impacted by the main project facilities was conducted between 9th and 26th June 2022, while SS with PAHs impacted by ancillary and associated project facilities was conducted between 27th July and 10th August 2022. The resettlement-oriented socioeconomic survey was focused on the demography, household economies, general welfare and social services of PAHs.

Detailed baseline information generated through this survey is presented in the full LALRP. The survey covered a total of 44 households, which included a sum of 269 PAPs. Of these households, 19 were understood to be subject to physical and economic displacement, while an additional 25 households were subject to loss of on-farm employment. Subsequent consultations with the Bayavut District Irrigation Department and access road design updates established that only 18 households are subject to physical and economic displacement, based on the current project design.

## 6 PHYSICAL AND ECONOMIC DISPLACEMENT

A tract of land measuring 55 Ha has been earmarked for the construction of the main project facilities within the Project's core influence area. However, it is understood that the size of the core project area will be scaled down to the extent of the Project's permanent footprint, following construction. The design of the Project's access road and intake-outfall pipeline, and that of the project-associated gas pipeline and OHTL were not finalized at the time of this assessment. As such, the footprint of the Project's ancillary and associated facilities has not been definitively established.

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<sup>3</sup> 1 quintal is equal to 100kg.

The majority of on-going agricultural activities are performed on a commercial scale, with a smaller proportion of subsistence agriculture. The asset inventory and socioeconomic surveys undertaken for this assessment demonstrate the potential for economic displacement, noting the presence of farm-based livelihoods and economic assets such as standing crops, trees, storage sheds and animal shelters within potentially impacted land plots. Nevertheless, the surveys registered one land plot that is utilized not only for agricultural but also residential purposes. This PAH is subject to physical displacement, on account of its disproportionate sensitivity to construction-phase impacts from proximate construction activities, rather than direct impact from the Project's construction and operations-phase footprints.

A total of 17 farming landowners and one commercial land-owner are potentially impacted by total and partial economic displacement from the land-take elements factored into this assessment. Of these entities, 11 will lose ownership of more than 50% of their total allotted areas on a permanent basis. The remainder of the entities stand to lose ca. 7 to 37 percent of their respective land areas. These landowners have indicated that non-impacted (residual) portions of their farmland will remain economically viable. The project will also affect a total of 25 additional households that are employed in permanent farm labour within the project-affected land plots.

With regards to compensation modalities, cash compensation will be provided to households affected by economic displacement, considering the temporary nature of impacts on some of these PAHs, and the absence of replacement land within an economically viable distance for PAHs subject to permanent economic displacement. In-kind compensation is the priority alternative for the single PAH subject to both physical and economic displacement, considering the PAH's existing vulnerability and the demonstrated challenges in access to formal land rights that have arisen following formal land administration reforms, which have established a competitive auction system for the acquisition of private agricultural land.

Physical and economic displacement potentially entails the following specific impacts on PAHs resident within the areas earmarked for the Project's main (core), ancillary and associated facilities:

- Impact on land
- Impact on built-up structures
- Impact on crops and trees
- Impact on farming equipment
- Impact on grazing land
- Impact on farm workers' employment
- Impact on public infrastructure

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## 6.1 Vulnerability Analysis

A vulnerability analysis has been performed for the totality of these entities, with the following objectives:

- To identify all resettlement-affected land-owners and farm workers with a socioeconomically vulnerable status, based on predefined qualification criteria;
- To identify and assess potential resettlement impacts to which the vulnerable entities would be disproportionately susceptible;
- To set the basis for the formulation of responsive livelihood development and transitional assistance measures to prevent the adverse impacts of resettlement on socioeconomically vulnerable PAPs. These initiatives will facilitate access to replacement property that offers ameliorated livelihoods and living standards for vulnerable PAPs.

The identification of vulnerable PAPs was based on a number qualification criteria, in line with the IFC Performance Standard 5 and national social security regulations. Resettlement-impacted land-owners and farm workers were designated as vulnerable by virtue of one or more of the following attributes:

- Households anticipated to lose more than 50%<sup>4</sup> of their land;
- Households with informal land tenure;
- Destitute households living below the national poverty line (UZS 498,000);
- Households with outstanding loan settlements;
- Disability of the household head and/ or household member(s);
- Chronic illness of the household head and/ or household member(s);
- Households led by elderly household heads (age 60 or older);
- Woman-headed households;
- Child-headed households;

Based on the analysis, a total of 17 land-owners and 14 farm workers are accounted vulnerable. Vulnerable land-owners and farm workers subject to loss of land tenure and associated livelihood assets face a compounded risk of impoverishment, reduced living conditions and morbidity, which can ensue from the following potentially direct resettlement outcomes:

- Lack of access to replacement land due to reforms that have introduced a new competitive bidding system for land acquisition. Vulnerable PAPs are at risk of being

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<sup>4</sup> 50% land loss taken as the default threshold; However, potential consideration was set for smaller land-take with demonstrable potential for drastically reducing the economic viability of remnant land parcels.

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marginalized and failing to meet income-tied criteria for award of lease agreements for new land parcels.

- Loss of stable livelihoods. Vulnerable PAPs are at risk of failing to re-establish their land-based livelihoods due to complete loss of land and restricted access to new arable land, economic shocks from the loss of land and land-based assets and failure to establish alternative livelihoods, and productivity declines from reduction of original farmland.
- Constrained access to social services and food provisioning due to protracted decrease in household income and loss of livelihood assets for continued subsistence agriculture.
- Social disarticulation following relocation to host communities.

PAPs and PAHs afflicted by an inter-sectionality of multiple vulnerability attributes are the most susceptible to destitution potentiated by resettlement. As indicated in the matrices above, these entities principally include (but are not limited) FL-07, FL-13, FL-16 and FW-27.

These impacts require the development of tailored and adequate compensation and livelihood restoration commitments based on a participatory and precautionary approach, to ensure that living conditions and livelihoods of resettlement-affected PAHs are reinstated by means that offer enhancement opportunities.

## 7 ELIGIBILITY AND ENTITLEMENTS

### 7.1 Resettlement Surveys

Phased household census, socioeconomic and asset inventory surveys were carried out within the totality of the project area to collect baseline information on eligible PAHs, in order for the preparation of a resettlement and livelihood restoration budget covering both compensation and supplementary assistance. Specifically, the surveys were conducted with a view to:

- Enumerating all landowners and workers attached to land within the Project's total footprint;
- Developing a resettlement-oriented socioeconomic baseline for each of the PAHs<sup>5</sup> subject to physical and economic resettlement for the monitoring and evaluation of LALRP implementation;
- Inventorying and valuating privately held assets located within the footprint;

While the first round of the surveys spanned the core project footprint, the subsequent round of surveys was focused on the tentative footprints delimited for the Project's ancillary and

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<sup>5</sup> Affected workers regarded as PAPs rather than PAHs considering the complexities of their living arrangements

associated facilities. The cut-off dates for the rounds of asset inventory were set in close coordination with Bayavut District Municipality, Shirin Town Municipality and PAHs to ensure that household heads (or other appointed household representatives) would be available on-site at the time of the surveys. The table below provides a summary of the survey coverage and timings.

**Table 3 Details on resettlement surveys conducted within the project area**

PROJECT COMPONENT	SURVEY COMPONENTS	CUT-OFF DATE ISSUED <sup>6</sup>	TARGETED PAP	MODE(S) OF CONSULTATION
Core project footprint	<ul style="list-style-type: none"> <li>Asset inventory survey</li> <li>Socioeconomic survey</li> </ul>	15 June 2022	All farming landowners	Survey questionnaires
		15 June 2022	All farm workers employed on affected land	Survey questionnaires
Access road, intake/outfall pipeline, OHTL and gas pipeline corridors	<ul style="list-style-type: none"> <li>Asset inventory survey</li> <li>Socioeconomic survey</li> </ul>	31 July 2022	All farming landowners	Survey questionnaires
			One commercial landowner	Survey questionnaires
			All farm workers employed on affected land	Survey questionnaires

Data gleaned through the surveys was cleaned, collated and analysed in order to meet the following ultimate objectives, in accord with applicable legal and lender requirements:

- Establishing the scope and value of individual compensation packages for direct loss of private assets; and
- Developing supplementary assistance strategies to mitigate against the loss of livelihoods and common property resources.

<sup>6</sup>The cut-off date for the Project footprint and OHTL refers to the date by which inventory was completed and any assets installed after these dates will not be compensated. This was advised to the PAPs during the process.

## 7.2 Entitlements for Resettlement Benefits

The table below provides an overview of compensation and supplementary assistance to which potentially displaced PAHs are eligible. An entitlements matrix with details on specific entitlements for which various PAH categories are eligible, and the methodology for valuation are outlined below with further details in the main LALRP.

**Table 4 Compensation and supplementary assistance categories under the LALRP**

SN	LALRP COMPONENT	DESCRIPTION
1.	Resettlement compensation	<p>Resettlement compensation refers to funding to cover direct loss of assets resulting from physical and economic displacement, at full replacement cost. The delivery of compensation packages is aimed at providing for the replacement of fixed assets (e.g., crops, built-up structures etc.). Compensation will also cover all applicable taxes and potential government-imposed penalties associated with land-use restrictions.</p> <p>Compensation modalities include cash payments and in-kind payments, depending on the preferences of PAHs, the nature of their livelihoods, economic viability of residual land (if any) and availability of suitable replacement land.</p>
2.	Supplementary assistance – Transitional support	<p>Transitional support can be defined as monetary and non-monetary assistance aimed at mitigating against short-term economic shocks from immediate, latent costs associated with physical and economic resettlement.</p> <p>Forms of transitional support include the provision of moving allowances, subsistence allowances (to cover losses from housing tenancy and livelihoods stoppages in the absence of replacement assets), financial literacy trainings and facilitated access to supporting services (e.g., banking, legal advisory, land sale platforms etc.).</p>
3.	Supplementary assistance – Livelihoods Restoration Programs	<p>Livelihood restoration programs are initiatives aimed at mitigating against long-term economic shocks brought on by economic displacement and targeting opportunities for the betterment of PAHs' livelihoods and living standards beyond pre-project levels.</p> <p>Livelihood restoration initiatives proposed include:            Extension of project employment to men and women within PAHs.</p> <ul style="list-style-type: none"> <li>- Recruitment of seasoned local rural SME for the development and implementation of an effective and socially inclusive alternative livelihoods development program. This will include specialist trainings to suit the individual needs of each household and networking support to establish linkages to supply chains, markets, credit facilities extension service providers within local khokimiyats and locally active NGOs. These program will be</li> </ul>

SN	LALRP COMPONENT	DESCRIPTION
		<p>gender-responsive, and include differentiated livelihoods development opportunities for women.</p> <ul style="list-style-type: none"> <li>- The program will begin with introductory sensitization to alternative and potentially profitable livelihood opportunities. Further household-level consultations will then be held with the PAHs to guide the households' informed livelihoods development choices.</li> <li>- Funding of capital costs and operating expenses associated with alternative livelihood start-ups, through the disbursement of additional compensation.</li> <li>- Provision of in-kind (material) assistance to the extent possible at the Project's construction stage (e.g., donation of construction materials for construction of shop buildings, animal shelters, etc).</li> </ul>
4	Supplementary assistance – Vulnerability relief	<p>Vulnerability relief refers to additional monetary and material support measures to alleviate the disproportionate, resettlement-induced economic shocks on vulnerable households, in efforts to ensure that they can leverage compensation and other forms of assistance and attain an improvement in livelihoods performance and welfare relative to pre-project levels.</p> <p>In the project context, vulnerability relief measures include the extension of financial aid that can lead to sustainable economic benefits within demonstrable areas of critical need (e.g., financially demanding social services, household, domestic purchases etc.).</p>

### 7.3 Resettlement and Livelihoods Restoration Strategy

The presidential decree 'Measures to Ensure Equality and Transparency in Land Relations, Reliable Protection of Rights to Land and their Transformation into Market Assets' (in June 2021) revoked a mandate that formerly enabled district governors to allocate land for private ownership. Following this reform in Uzbekistan's land administration framework, an online auction system was introduced for sale of ownership and leasehold rights for land parcels. As such, district governors are no longer vested with direct power to allocate land for ownership by private entities, and the auction system is the sole means of the acquisition of land for private tenure.

Further consultations with SAMA uncovered the following key challenges with regards to the acquisition of replacement land for economically displaced PAHs:

- There is no fixed schedule for land auctions. The annual frequency of auction openings is subject to the availability of land.
- The auctions are highly competitive and held on a national scale. Depending on land offerings at the time of the auction, the number of bidders may

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exceed 1000, whereas the indicative maximum number of land parcels is about 500.

- No fixed distribution by size (rations) exists for auctioned land. This means, an indefinite series of auction rounds may offer land parcels with areas that are substantially small or large in comparison with individual land parcels lost. It also means bidders may fail to afford the bidding fees and upfront payments for extensive land parcels (as detailed in the point below).
- With each land acquisition attempt, bidders are required to pay a bid fee which equates to 15% of the total price of a given land parcel. Further, successful bidders are oftentimes required to settle the bulk (up to 100%) of the total price of their respective land parcels upfront. These financial hurdles amplify the risk of landlessness for PAHs identified as vulnerable.
- Land allotment by way of the auction system hinges on the best price, taking into account several other income-tied qualification criteria. This adds to the disproportionate competitive disadvantage borne by vulnerable PAHs.
- Consulted SAMA officials were of the opinion that exclusive concessions for the PAHs are potentially challenging in the context of the existing land acquisition framework.

From a broader resettlement planning perspective, the following pitfalls further undermine a compensation strategy centred on the pursuit of replacement land for PAHs subject to economic displacement:

- Irrespective of potential land acquisition mechanisms, replacement land close to the PAHs' agricultural (affected) and residential (unaffected) property is not readily available. The more probable reinstatement of livelihoods on distant resettlement sites is potentially undercut by:
  - Definite locational disadvantages (e.g., commuting time and expenses);
  - Latent setbacks associated with resettlement site locations (e.g., inadequate irrigation systems and soil fertility, challenged access to saturated markets, costly agricultural inputs and consequently lower profitability);
  - Loss of social capital from the disintegration of economically significant social networks and informal leadership structures.
- The regulatory method for the calculation of compensation for loss of income derived from agricultural assets considers the product of farmers' (PAHs') annual income and four (4) years' transitional time required to bring replacement land to the level of productivity of the agricultural land lost. This methodology is premised on the assumption that replacement land is available on an immediate basis, and therefore discounts the intervening period between the onset of displacement and availability of replacement land.
- The reduction of the PAHs' land and non-land assets potentially impinges on critical access to credit facilities, due to related collateral shortages.

Some of the key tenets articulated in the IFC PS5 are (i) assurance of security of land tenure on resettlement sites, (ii) developmental impact resulting in a net gain in terms of livelihoods and living standards for project-affected communities, and (iii) sustainability of positive socioeconomic impacts. To this end, the compensation strategy for the PAHs comprises the following measures to avoid and abate resettlement-driven impacts on the PAHs, in the absence of readily available replacement land within an economically viable distance from the affected households:

- The compensation strategy is largely oriented towards the development of alternative livelihoods in and around the households' current residential locations, as opposed to a principal focus on the restoration of the households' original livelihoods on (unavailable) resettlement sites.
- The strategy seeks to augment the legally prescribed basic compensation entitlements for loss of agricultural income, with an added financial scope for the establishment of alternative livelihoods in or around the PAHs' existing residential locations, in default of guaranteed access to suitable replacement land.

Pertinent regulations require that entities subjected to the loss of agricultural land are compensated with four years' worth of their latest net annual income, with the assumption that replacement land is available for continued agriculture. In this case, however, the project-affected agricultural activities will be replaced with alternative livelihoods requiring less land, given the unavailability of nearby replacement land. According to the publication *Small Businesses, Job Creation and Growth: Facts, Obstacles and Best Practices* by the Centre for Entrepreneurship, SMEs, Regions and Cities of the Organization for Economic Co-operation and Development (OECD), the first 4-5 years of small to medium rural enterprises are the most critical, given about 50% of such start-ups fail within this duration. In the absence of official national benchmarks, compensation top-ups to allow for the establishment of new livelihoods will be computed as a product of the households' annual income and the 4 years' international benchmark. This added compensation will be provided to PAHs, in efforts to secure their transition to alternative income-generating ventures that can be established without the acquisition of additional land.

- Whereas the basic compensation for loss of pre-project agricultural income will be fully discharged in advance of displacement, the added compensation will be staggered over a period of eight years. The phased disbursement of additional compensation has been planned with a view to ensuring that the funds are utilized as intended whilst minimizing the risk of economic shocks from entry into new ventures. Whilst a total disbursement period of 20 years was adopted for this compensation component on the adjacent power plant project led by ACWA Power, a total disbursement period of eight years is proposed for this Project, taking into account the financial urgency for investment into alternative livelihoods and relevant feedback from the PAHs. The proposed payment schedule for compensation totals and instalments is presented below, under the working assumption that construction will commence in December 2022.

**Table 5 Phased Disbursement of Compensation Payments**

No.	RESETTLEMENT BENEFITS COMPONENT	PERCENTAGE OF TOTAL MONETARY BENEFITS PAYABLE				
		DECEMBER 2022	DECEMBER 2024	DECEMBER 2026	DECEMBER 2028	DECEMBER 2030
<b>Advance resettlement benefits for loss of assets and associated income</b>						
1	Compensation for loss of physical assets (e.g. land plots, built-up structures, trees etc.)	100%	-	-	-	-
2	Basic (regulatory) compensation for loss of agricultural income	100%	-	-	-	-
3	Added compensation for loss of agricultural income	N/A	50%	25%	15%	10%
<b>Staggered resettlement benefits for loss of assets and associated income</b>						
1	Transitional support (supplementary monetary assistance)	100%	-	-	-	-
2	Vulnerability relief (supplementary monetary assistance)	100%	-	-	-	-
3	Livelihood development measures (supplementary monetary assistance)	N/A	N/A	N/A	N/A	N/A

- Additional, phased compensation for the loss of income from pre-project agricultural activities, in conjunction with other lines of compensation and supplementary assistance (i.e., transitional support, livelihood development measures and vulnerability relief), are altogether aimed at strengthening the PAHs' transition to alternative livelihoods. Livelihood development measures proposed under this Plan have been adapted to the needs and preferences of PAHs. In the event that the establishment of new livelihoods yields little to no success, and suitable agricultural land becomes available within the

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households' communities (in the long run), the phased compensation disbursement will provide leeway for the PAHs' return to pre-project agricultural activities, should they opt out of failed ventures. In case PAPs remain committed to alternative livelihoods with poor returns on investment, remedial adjustments will be made to the livelihoods development measures proposed in this Plan.

- Nevertheless, special land replacement efforts will be made for [REDACTED], provided physical resettlement is necessarily triggered for this PAH. It is recommended that the Project Company seek to call for direct dialogue between the Ministry of Energy and SAMA, to facilitate access to an appropriate resettlement site for this household. It is also recommended that monthly, negotiated resettlement allowances are paid out to this household in the interim.

In addition, displaced farmworkers will receive compensation equal to six months of their current monthly earnings from labour on the project-affected farms.

## 7.4 Resettlement and Livelihood Restoration Preferences

Initial consultations made during the LALRP socioeconomic survey indicated that the majority of affected landowners held a preference for in-kind compensation for loss of land access. In response to feedback noting that replacement land is not available within communities nearby the impacted area, the PAHs subject to economic displacement stated that cash-based compensation paired with other forms of livelihoods development support would be satisfactory, provided they would be sufficient for the households' transition into new alternative livelihoods in and around their current residential locations (please refer to the full LALRP for further details). While some of the PAHs were not able to specify what alternative livelihoods they would favour, a number of the PAHs indicated that they would be interested in pursuing petty business ventures (e.g., kiosk/ pharmacy business) and livestock rearing.

Further, the PAH subject to both physical and economic displacement indicated that while in-kind compensation to provide land of equivalent productive potential and readymade housing would be most preferable (with subsistence support in the intervening period), adequate cash compensation alongside supplementary resettlement assistance would be an acceptable means to supporting the household's resettlement.

## 7.5 Valuation Disclosure and Verification

The asset inventory surveys and valuation assessments for private property located within the Project's provisional footprint have been carried out by a consulting firm licensed by the Republic State Committee for Privatization and Development of Competition, namely Diskont – Invest LLC.

Subsequently, valuation records, workings and compensation entitlements will be disclosed to all impacted landowners and farm workers. The PAPs will reserve the right to contest their

respective valuation reports. Any instances involving an objection to the valuation results will warrant validation of the inventory, through a follow-up round of valuation survey. Such validation will be implemented at no cost to the PAPs involved.

## 7.6 LALRP Budget

The table below provides an overview of the total budget for the implementation of the LALRP.

**Table 6 Summary of total costs associated with LALRP implementation**

LALRP IMPLEMENTATION COMPONENT	COST (UZS)
Compensation for loss of rights to land	
Compensation for built-up structures	
Compensation for loss of standing trees	
Compensation for loss of income from trees (fruit production)	
Compensation for loss of income from crops and fodder production	
Compensation for government liabilities of PAHs post cut-off date	
Compensation for farm workers (for loss of income from jobs)	
Transitional support	
Livelihood restoration programs	
Support to vulnerable PAHs	
LALRP implementation – human resources	
LALRP close out audit costs	
<b>Total</b>	

Compensation entitlements based on the asset inventory survey conducted as part of this LALRP study present the following limitations:

- At the time of the survey, detailed designs of the Project's ancillary<sup>23</sup> and associated<sup>24</sup> facilities were not complete, thus information on the spatial extent and of these facilities was tentative and preliminary.
- The total cost of compensation for project-associated loss of assets is exclusive of potential compensation for incidental (i) damage to private and public assets, and (ii) interruption of productive activities on private property during the Project's construction phase.

In consideration of the above uncertainties and anticipated adjustments to the design and construction timeline of the Project's components, the resettlement impacts and mitigation costs should be accounted as provisional. The actual cost of compensation and supplementary assistance for potential resettlement may exceed the budget derived from the LALRP costings completed to date.

In the event that the detailed design and construction of the Project's ancillary and associated facilities is not completed within six months of the issue of the valuation reports for estimated impact (i.e. by end of February 2023), the valuation survey to account for this land-take must

be reiterated and the preparation of related compensation and supplementary assistance must follow the framework presented in this Report.

The Project Company will establish a contingency sum of [REDACTED] to pre-empt any additional resettlement impacts that may arise in the subsequent phases of project implementation.

## 7.7 Disbursement of compensation packages

Upon the finalization of compensation packages, additional consultations will be held with eligible PAHs to disclose the valuation methods, compensation entitlements, additional livelihoods restoration measures and associated implementation timelines. Any emergent disputes concerning the asset inventory records, valuation workings and compensation entitlements will be addressed through the Project's Grievance Redress Mechanism (GRM). In the event that a grievance cannot be resolved by the GRM and other extrajudicial means (e.g. mediation by local leadership), the grievance will be forwarded to court.

Provided PAHs are satisfied by the outcome of valuation and related compensation arrangements, agreements (provided in Uzbek) stipulating these provisions will be established between the Project Company and all of the PAHs. The Project Company's implementation team will be responsible for regular communication with PAHs with regards to compensation procedures (e.g., submission of legal identification details, bank accounts etc.) and progress. Upon completion of compensation pay outs, the LALRP implementation team will prepare an LALRP Compliance Report, which will be submitted to project lenders for review, in advance of the start of the Project's mobilization and construction phase. The full LALRP includes further details on procedural requirements to be fulfilled in the implementation of the LALRP schedule.

# 8 STAKEHOLDER ENGAGEMENT

## 8.1 Stakeholder consultations

Dedicated stakeholder engagement was launched at the commencement of the Project's ESIA study. The stakeholder engagement process employed differential modes of information disclosure and consultation. These methods include:

- Official consultative letters;
- Semi-Structured Interviews (SSIs) (in-person, and phone-based);
- Focus Group Discussions (FGDs);
- Public meetings; and
- Issuance of brochures.

Building on rounds of stakeholder consultation performed as part of the ESIA study, stakeholder engagement dedicated to resettlement planning involved more elaborate consultation with PAHs subject to involuntary resettlement by means of the following consultation platforms:

- An initiatory Current Situation Assessment (CSA) survey that was aimed to gather preliminary information on formal and informal land tenure within the Project's footprint. This survey involved site walkovers, ground truthing and brief consultation with landowners and farm workers encountered on the ground.
- Full-scale household census, socioeconomic survey and valuation survey feeding into the Project's LALRP. These surveys were carried out in parallel, and all potentially impacted landowners and farm workers were consulted using questionnaire-guided face-to-face interviews, and phone-based interviews, in a few instances where farm workers were not able to physically attend the site-based interviews.
- Following resettlement surveys and preliminary impact analysis, additional consultations were held with PAHs, with a view to formulating a compensation strategy that is responsive to the differential needs and preferences of the PAHs. This set of consultations was focused on preferences relating to vulnerability relief, livelihoods restoration plans, compensation modalities for impacted assets and household income streams, as well as the timeframe of compensation disbursement.
- Follow-up consultations related to resettlement planning were held with relevant Local Government Authorities (LGAs) and the State Assets Management Administration (SAMA), by means of consultative letters and Semi-Structured Interviews (SSIs). This round of consultations was focused on the availability of replacement land for PAHs subject to economic and physical displacement. It was also aimed at elucidating the framework for the administration and allotment of state-owned land for time-bound private tenure, using the auction system that was rolled out following the reforms enacted in June 2021.

Further details on stakeholder mapping and inputs are presented in the full LALRP. A crucial component of the LALRP-oriented stakeholder engagement was progressive consultation with PAHs to determine their preferences in regard to the approach for resettlement and livelihood restoration. Following the resettlement surveys, additional one-on-one consultations were held with PAHs subject to permanent economic displacement, to garner preferences of the modality of compensation and supplementary resettlement assistance, considering the unavailability of replacement land within the Makhallas within which the PAHs reside. Responses received from affected landowners and farmworkers with respect to the resettlement planning elements are included in the full LALRP.

Consulted PAHs indicated that cash compensation would be beneficial, considering the absence of suitable replacement land for the re-establishment of the existing agricultural livelihoods within an economically viable distance from their current residential locations. Noting that monetary and non-monetary assistance is being considered to support the development of alternative livelihoods (in the absence of agricultural land), the majority of permanently impacted households have expressed interest in transitioning to livestock rearing and petty trade. In addition, affected farmworkers have requested for access to the Project's

skilled and semi-skilled labour, to alleviate potential economic shocks from the loss of agricultural employment.

## 8.2 Grievance Redress Mechanism

The established grievance mechanism for the Project allows for the following:

- PAPs to submit their complaints/concerns in written or verbal form.
- 5 Capitals as well as the local consultant (Juru Energy) to review and, within their authority be responsible for resolving submitted grievances (in coordination with Project Company).

The following details have been provided to the PAPs in order to submit their grievances or comments regarding the on-going valuation and compensation process.

**Table 7 LALRP Stage Grievance Mechanism Contact Details**

COMPANY	CONTACT DETAILS
ENERSOK (Project Company) To be specified by Project Company	Email: To be specified by Project Company Work: To be specified by Project Company Mob: To be specified by Project Company
Juru Energy Umida Rozumbetova – Acting Head of E&S Practice Group	Email: <a href="mailto:u.rozumbetova@juruenergy.com">u.rozumbetova@juruenergy.com</a> Mob: +998 903487523 Work: +998 712020440
Juru Energy Gulchekhra Nematullayeva – Social Specialist	Email: <a href="mailto:g.nematullaeva@juruenergy.com">g.nematullaeva@juruenergy.com</a> Mob: +998 974459505 Work: +998 712020440

The Project specific GRM as provided in the Project specific SEP uses an understandable and transparent process that is culturally appropriate and readily accessible at no cost; so, all affected parties will have the opportunity to raise a complaint. Under the Project specific GRM, the PAPs are allowed to seek redress/resolution mechanisms outside of the established Project GRM such as the courts.

The process flow and timeline below is being followed as part of the GRM. Where complex grievances, or other factors are extending the investigation time, the Grievant is informed of this delay and advised of an updated expected timeline for response.

**Table 8 Grievance Process and Timeline**

STAGE	TIMELINE
Grievance Received/Submitted	-
Grievance logged and acknowledged	Within 7 working days of grievance being submitted
Grievance investigated	Within 14 working days of grievance being submitted

STAGE	TIMELINE
Proposed resolution conveyed to grievant	Within 14 working days of grievance being submitted
<b>If applicable in the event of dissatisfaction of resolution by Grievant</b>	
Actions to re-assess grievance/propose new solution/inform Grievant of final decision	Within 14 working days of notification of dissatisfaction by Grievant
In the event that a grievance cannot be resolved between the two parties a mediator will be involved i.e. local leaders who understand the culture and practices within the Project site.	Within 14 working days of notification of dissatisfaction by the Grievant.
Grievances that are not resolved at the project level - a grievance committee involving senior management from the Project Company, municipalities and any other relevant authorities (if required).	Within 30 working days of notification of dissatisfaction by the Grievant.

**Note:** Where complex grievances, or other factors are extending the investigation time, the Grievant will be informed of this delay and advised of an updated expected timeline for response.

The following details will be provided to the PAPs during the implementation of the LALRP in order to be able to submit their grievances or comments regarding the compensation and livelihood restoration processes.

**Table 9 LALRP Implementation Stage - Grievance Mechanism Contact Details**

COMPANY	CONTACT DETAILS
Project Company ENERSOK	Address: To be specified by Project Company Telephone number: To be specified by Project Company Email: To be specified by Project Company
EPC Contractor	To be confirmed (before the start of the construction phase)
O&M Company	To be confirmed (before the start of the operational phase)

The GRM at the LALRP implementation stage will be in line with the grievance process flow and timeline provided in the table above.

The Project Company will provide the details of the grievance mechanism to the government agencies that will play a role in the implementation of the LALRP. Follow ups with these agencies will be undertaken by the E&S Manager (and social experts) in order to ensure grievances relating to the Project are resolved in line with the principles established herein.

The E&S Manager will ensure on-going consultations with these agencies in order to be able to establish and monitor on-going government led resettlement processes as far as practicable and ensure that they fulfil their roles and responsibilities under this LALRP.

All the PAPs identified in this LALRP will be fully informed of their rights to the GRM and of the procedures for lodging a grievance, addressing it whether verbally or in writing in accordance with the Project specific SEP. Information about the availability and accessibility of the GRM will be communicated to the PAPs during on-going consultations and during the LALRP implementation stage.

## 9 INSTITUTIONAL ARRANGEMENTS AND IMPLEMENTATION SCHEDULE

The institutional framework for the implementation of the LALRP includes the Project Company, EPC Contractor, local and central government authorities as well as well as independent consultants. For further details on the LALRP implementing parties and their respective roles, please refer to the full LALRP.

The LALRP implementation schedule presented in the main document is subject to changes in the overarching project development timeline, as it is understood that dates specified for the issue of the presidential decree (for land reallocation), financial close and commencement of construction works for the Project's associated facilities are tentative.

Given the incomplete status of the plan (design and construction timeline) for the establishment of the Project's ancillary and associated facilities, valuation will be reiterated for PAHs within the footprint of the associated facilities, and potentially obsolete compensation sums for this set of impacts will be recalculated (updated), using the principles highlighted in the approved LALRP report. In the event of unforeseeable construction delays for one or more set of project facilities, re-valuation and compensation updates will be necessary provided construction begins more than six months following the issue of the current valuation reports (Version 1.1 issued in September 2022). Any delays in the compensation program will be immediately communicated to PAPs, with clarification on underlying issues and remedial action to fast-track payments.

## 10 MONITORING AND EVALUATION

Monitoring and Evaluation (M&E), and associated reporting, constitute an integral aspect of the LALRP implementation. An M&E system dedicated to the LALRP must serve to track and assess the progress and effectiveness of mitigation commitments developed to address the adverse impacts of project-induced physical and economic displacement. The overall goal of LALRP initiatives is to ensure that the livelihoods and living conditions of PAPs are restored, and improved beyond pre-project levels to the extent possible. The performance of the LALRP will thus be assessed on this basis, through continual monitoring as well as interim and ex-post evaluation. For further details on the M&E framework please refer to the full LALRP report.