



Uzbekistan Cotton Farming Project

Livelihood Restoration Plan

16 December 2020

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Contents

List of Abbreviations	10
Glossary of Terms	11
Executive summary	13
1. Introduction	7
1.1. Overview	7
1.2. Objectives and principles of this LRP	7
1.3. Structure of this LRP document	8
2. Project Description	9
2.1. Overview	9
2.2. Project location and footprint	11
2.3. Project land acquisition process prior to February 2020	16
3. Socioeconomic Baseline	24
3.1. Overview of data collection for the baseline	24
3.2. Demographics	25
3.3. Ethnic identity	25
3.4. Education and skills	26
3.5. Health	26
3.6. Land ownership and tenure	27
3.7. Gender relations	27
3.8. Labour relations and labour rights	28
3.9. Livelihoods and income	29
3.10. Deprivation and vulnerable groups	33
4. Economic Displacement Impacts	35
4.1. Overview	35
4.2. Impacts of land acquired	35
4.1. Impacts on employment	39
4.2. FE “Indorama Agro” LLC Impacts on incomes	42
4.3. Temporary impacts	44
5. Regulatory Framework	46
5.1. Overview	46
5.2. Uzbekistan legal framework for leasing land	46
5.3. International standards	47
5.4. Gap analysis between national and international standards	47

6. Eligibility and Entitlements	50
6.1. Overview	50
6.2. Eligibility criteria	50
6.3. Entitlements matrix	50
7. Livelihood Restoration Activities	53
7.1. Overview	53
7.2. Training	53
7.3. Community Engagement Project (CEP) and Community Asset Programmes (CAP)	56
7.4. Partnerships and disclosure about other employment related activities	59
8. Stakeholder Engagement	61
8.1. Overview	61
8.2. Objectives of stakeholder engagement on livelihood restoration	61
8.3. Consultations during land acquisition	61
8.4. Community Asset Programme (CAP) consultation	61
8.5. Consultation undertaken to inform this LRP	62
8.6. Ongoing stakeholder engagement	62
8.7. LRP disclosure	63
8.8. LRP grievance mechanism	63
9. Implementation	67
9.1. Timeframes for implementation	67
9.2. Organisational capacity for land acquisition and livelihood restoration	67
9.3. Livelihood restoration implementation going forward	68
10. Monitoring, Evaluation and Reporting	70
10.1. Overview	70
10.2. Internal monitoring	70
10.3. External monitoring	70
10.4. External evaluation	71
10.5. Database management	71
10.6. Reporting requirements	72
11. Budget and Finance Resources	73
Appendix A: Overview of National Legislation	76
Appendix B: Summary of FGD Consultation Results	79
Table 2.1: Project parties	11

Table 2.2: Summary of direct farming land allocated for the Project in 2018	12
Table 2.3: Contract farming in Kasbi district	15
Table 2.4: Expansion of the contract farming footprint	16
Table 2.5: Land acquisition milestones	16
Table 2.6: Land selection criteria by district	18
Table 2.7: Consultation process by district	19
Table 2.8: Grievance management by district for	20
Table 2.9: Compensation and mitigation by district	22
Table 3.1: Focus group discussions	24
Table 3.2: Meetings with stakeholders	24
Table 3.3: Resident population in the local Aol, people (%)	25
Table 3.4: Ethnic identity of survey respondents	26
Table 3.5: General education institutions in the local Aol, 2018	26
Table 3.6: Mortality rates in the local Aol, per 1,000 capita	26
Table 3.7: Total number of farms in the local Aol before the Project, 2018	27
Table 3.8: People working out of country, as of 2019	29
Table 3.9: Types of weeding and labour intensity	31
Table 3.10: Type and proportion of seasonal workers involved in weeding, 2018	32
Table 3.11: Incomes and employment duration of seasonal workers	32
Table 3.12: Income for women from cotton farming prior to the Project (UZS)	33
Table 3.13: Disadvantaged families in the Project wider Aol, 2019	34
Table 4.1: Land acquisition by region, district and sub-district	35
Table 4.2: Farms affected by the land acquisition process	36
Table 4.3: Affected assets	37
Table 4.4: Summary of cash payments by the Company in Syrdarya region	38
Table 4.5: Land acquisition and displacements impacts	39
Table 4.6: Estimated employment losses as a result of the Project land acquisition	41
Table 4.7: Estimated permanent and seasonal jobs in the contracted farms by 2021	42
Table 4.8: Change in income since start of Project	42
Table 4.9: Annual gross income of cotton farmers after the project impacts	43
Table 4.10: Average annual gross income before the Project	44
Table 5.1: Comparison of Uzbekistani Legislation and IFC/EBRD requirements	48
Table 6.1: Entitlements Matrix for Displacement	51
Table 7.1: Training and workshops for contracted farmers in Kasbi, 2019	54
Table 7.2: Mulberry plant beneficiaries	57
Table 7.3: Demographic data and current household involvement in silk farming across four districts	57
Table 7.4: Population involved in silk production and number of egg boxes distributed	57
Table 7.5: Number of households involved in CAP planting and harvesting	58
Table 8.1: Grievance classification criteria	64
Table 8.2: Project Community Liaison Officers	66
Table 9.1: CEP implementation schedule	67
Table 11.1: Investment funds	74

Table 11.2: Indicative LRP budget	75
Table 11.3: National legislation with relevant deals related to land leasing and land acquisition	76
Figure 1: Project location	12
Figure 2: Project's direct farming footprint in the Kashkadarya region of Uzbekistan	13
Figure 3: Project's direct farming footprint in Syrdarya region of Uzbekistan	14
Figure 2.4: Producer Unit monitoring scheme	15
Figure 7.1: BCI Principles training sessions and contracted farmers trained, 2019	55
Figure 7.2: Planting mulberry trees	56
Figure 7.3: Leaf harvesting	56
Figure 8.1: Flowchart for Processing Grievances	65
Figure 11.1: Plantation costs	73
Figure 11.2: Mulberry plantation running costs	74

List of Abbreviations

Abbreviation	Description
ACs	- Affected communities
Aol	- Area of Influence
BCI	- Better Cotton Initiative
CAP	- Community Asset Programmes (CAP)
CEP	- Community Engagement Project (CEP)
Company	- FE "Indorama Agro" LLC
GDP	- Gross Domestic Product
GII	- Gender Inequality Index
GoU	- Government of Uzbekistan
E&S	- Environment and social
EBRD	- European Bank for Reconstruction and Development
EHS	- Environmental, health and safety
ESIA	- Environmental and social impact assessment
ESMP	- Environmental and Social Management Plan
ESP	- EBRD's Environmental and Social Policy
EU	- European Union
FGDs	- Focus Group Discussions
Ha	- Hectare
IFC	- International Financial Corporation
IFIs	- International Financial Organisations
ILO	- International Labour Organization
International Lenders	- EBRD and IFC
LLA	- Land Lease Agreement
LRP	- Livelihood Restoration Plan
M&E	- Monitoring and evaluation
MML	- Mott MacDonald Limited (UK)
NGOs	- Non-governmental organisations
Project	- Cotton Farming Project in Uzbekistan
PR	- Performance Requirement (EBRD)
PS	- Performance Standards (IFC)
PTL	- Power transmission line
PU	- Producer Unit
RPF	- Resettlement Policy Framework
SEP	- Stakeholder Engagement Plan
SIA	- Social impact assessment
Sponsor	- Indorama Corporation Ltd.

Glossary of Terms

Term	Definition
Census	A complete count of the population affected by a project activity including collation of demographic and property information. This will identify and determine the number of displaced persons (DP) and the help to identify the nature and levels of impact.
Community	Usually defined as a group of individuals broader than the household, who identify themselves as a common unit due to recognised social, religious, economic or traditional government ties, often through a shared locality.
Compensation	Payment in cash or in kind for an asset or resource acquired or affected by the project.
Contract farming	A scheme when FE “Indorama Agro” LLC engages local cotton farms to grow and deliver harvested cotton to the Company via supply contracts for processing.
Contract farmers	Managers (heads) of cotton farms contracted by FE “Indorama Agro” LLC to grow and supply harvested cotton to gin plants.
Contracted farms	Cotton farms contracted by FE “Indorama Agro” LLC to grow and supply harvested cotton to gin plants operated by FE Indorama Agro LLC.
Cotton cluster	A transaction whereby the government allocates a defined area to a private investor who in return commits to growing cotton (either by direct farming and/or by contracts with existing farmers) and to establishing processing and/or manufacturing facilities in the local area.
Dekhkan farm	A private small-scale family-based farm in lifetime inheritable possession of former workers of agricultural enterprises or rural families based on household plot operation mainly by family members with option to hire seasonal workers to farm mainly wheat, vegetables, fruits and livestock.
Direct farmers	Local farmers who are engaged in cotton farming as employees of FE Indorama Agro LLC.
Economic displacement	Loss of assets or access to assets that leads to loss of income sources or other means of livelihood (see ‘livelihood’ below).
Entitlements	Compensation due to displaced persons to mitigate losses in cash or in-kind. Entitlements may also include livelihood restoration measures such as training or provision of crop insurance.
Farm	A business organised as a legal entity for the production of agricultural products and other agricultural activities and operating leased land.
Farm workers	Permanent staff of a cotton farms, including contracted farms, helping the farm manager (head) to operate the farm.
Ginning facility	A plant for processing raw cotton to produce cotton fibre.
Grievance Mechanism	The process by which DPs can raise their concerns and grievances to project staff.
Government-managed resettlement	Situations where land acquisition and resettlement are the responsibility of the government and affected people have legal entitlements to be met by the government.
Hokimiyat	Local government in the districts and cities of Uzbekistan.
Household	A group of persons living together, who share the same cooking and eating facilities, and form a basic socio-economic and decision-making unit. One or more households may occupy a house.
Host community	People living in or around areas to where physically displaced people will be resettled.
Involuntary resettlement	Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation or temporary or permanent

	restrictions on land use and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.
Land	Agricultural and/or non-agricultural land which may be required for the project.
Land acquisition	Includes both outright purchases of property and acquisition of access rights, such as easements or rights of way.
Lease	A contractual arrangement whereby one party provides land (or services) to another for a specified time in return for a periodic payment. Land, property, buildings and vehicles are assets that are often leased.
Livelihood	Refers to the full range of means that individuals, families, and communities utilise to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.
Livelihood restoration	The measures required to ensure that displaced people have resources to at least restore, if not improve, their livelihoods.
Livelihood restoration plan (LRP)	A document designed to mitigate the negative impacts of economic displacement. It establishes the entitlements of affected persons and/or communities are provided in a transparent, consistent and equitable manner.
Mahalla	Community self-government units in the Project area.
Reallocation	The process of transferring the land tenure from the farms (legal entities with Land Lease Agreements) to the Government who then transferred the land in an LLA in the name of the Project Company.
Replacement cost	Equal market value of the asset plus transaction costs. For agricultural land, replacement cost is the market value of land of equal productive use or potential located near the affected land, plus the cost of preparation to levels similar to or better than those of the affected land, plus cost of any registration and transfer taxes. In determining replacement cost, depreciation of the asset and value of salvage materials are not considered nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset.
Resettlement	Resettlement refers to both physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) because of acquisition of land or restrictions on land use or on access to legally designated parks and protected areas. These losses and restrictions are covered whether they are full or partial, permanent or temporary.
Resettlement Action Plan (RAP)	A document designed to mitigate the negative impacts of physical displacement, identify development opportunities, develop a resettlement budget and schedule, and establish the entitlements of all categories of affected persons (including host communities).
Resettlement Policy Framework (RPF)	An instrument to be used throughout project implementation when resettlement takes place at different sites and at different times. The RPF sets out the resettlement objectives and principles, organisational arrangements and funding mechanisms for any resettlement, that may be necessary during project implementation. The RPF guides the preparation of the RAP or LRP to meet the needs of the people who may be affected by the project.
Stakeholders	All individuals, groups, organisations, and institutions interested in and potentially affected by a project or having the ability to influence a project.
Vulnerable People	Distinct groups of people who might suffer disproportionately from resettlement effects. They may be households below poverty line or will become below poverty line as result of loss to assets and/or livelihoods, women headed households, the elderly or disabled.

Executive summary

Introduction

The Government of Uzbekistan (GoU) has recently launched a programme for creation of cotton farming clusters and optimisation of land use for contracted farming. Based on last recorded data, the government has approved 66 clusters covering a total land area of 660,000 ha. To respond to the GoU initiative, Indorama Corporation Pte. Ltd. (the Sponsor) established a Project Company (FE “Indorama Agro” LLC or Company) to develop and implement the cotton farming scheme (henceforth referred to as the Project). Indorama also started growing its own cotton with rotation crops for captive consumption at the existing spinning facility in Kokand operated by FE “Indorama Kokand Textile” JSC (an indirect subsidiary of the Sponsor).

The European Bank for Reconstruction and Development (EBRD) and International Financial Corporation (IFC) are considering co-financing the Project’s investments in agricultural machinery, buildings, ginning facilities, land redevelopment and irrigation. Apart from these investments both the EBRD and IFC will provide long-term financing to help FE “Indorama Agro” LLC establish modern cotton production to supply non-contaminated raw materials to the IFC-invested spinning facility in Kokand operated by FE “Indorama Kokand Textile” JSC. The EBRD will also finance the working capital of the Company.

Mott MacDonald Limited (“Mott MacDonald”) has been commissioned as the environmental and social consultant (ES consultant) to undertake an environmental and social impact assessment (ESIA) for the Project with support provided by the local environmental consultancy, Ecostandart Expert. One of the key ESIA documents is this livelihood restoration plan (LRP) which addresses how to manage the economic displacement impacts caused by the Project. As well, a Resettlement Policy Framework (RPF) was produced to guide the management of any potential future land acquisition, resettlement or livelihood impacts.

The Project triggers lenders’ social safeguard policies related to land acquisition and involuntary resettlement because the local representatives of the GoU can use the legal system to expropriate land for the Company. The main requirement this LRP is responding to in the safeguard policies is for ‘private sector responsibilities under government-managed resettlement’. This LRP has been produced, along with its objectives and principles, to be aligned with GoU laws and regulations and international standards.

Project description

The Project is located in the Kashkadarya and Syrdarya regions and in the future will expand to the Fergana and Jizzakh regions. The Project established 22 cotton farming sub-districts to facilitate and manage farming operations across a total area of 54,196 ha in the Nishon, Kasbi, Oqoltyn and Sardoba districts

The Project involves two farming schemes:

- Direct farming: a scheme whereby the Company has the land rights through land lease agreements (LLA) with the local GoU and pays its own staff to farms. This LRP refers to this as land acquisition for direct farming.
- Contract farming: is a scheme whereby the Company engages local cotton farms to grow and deliver harvested cotton to the Company via supply contracts for processing. This document refers to supply-chain land for contract farming.

The Project will establish:

- Cotton farming schemes to farm cotton with rotation crops
- Ginning facilities to process raw cotton and produce cotton fibre and cotton seeds

- Depots and warehouses for cotton, grain and machinery parking including all required administrative infrastructure
- Transportation of cotton from the fields to the gin plants for processing
- Delivery of cotton fibre to the railway to transport it to the spinning facility in Kokand
- Residential complexes in the cities of Karshi (Kashkadarya region) and Gulistan (Syrdarya region) to accommodate staff and their families

The Project investments will involve the following key components:

- Cultivation of the leased land for direct farming, involving land redevelopment, planting, cultivating, harvesting
- Procurement of machinery and equipment for field works
- Procurement of equipment for gin plants, depots and warehouses
- Construction of gin plants, seeds delinting, cotton seed chemical treatment facilities, farm depots, residential complexes and other related infrastructure required from time to time for operations of the Project
- Rehabilitation and construction of cotton and grain storages, storage for crop inputs, mechanical workshop, equipment parking yards
- Restructuring and laser levelling of land plots
- Rehabilitation of irrigation and drainage systems including construction of drainage water collection and recycling facilities, pumps, etc.
- Reclamation of abandoned fields, including desalinization
- Direct contracting of farmers (contract farming) to supply cotton
- Transportation of cotton from cotton fields to the gin plants
- Operation of gin plants and other facilities.

The Project facilities will be connected to electricity, water, sewerage and other utilities as required from main supply lines to the battery limit of all the facilities of the Project. Connection of the new ginning facility to the power grid will require construction of a 5km transmission line by Uzbeknegro. No additional land will be acquired for it as the route will traverse land that has been allocated to the Project and is currently leased by the Company.

Project approach to land allocation and acquisition

In August 2018 the GoU established a decree to allocate land to the Project. After the Decree, District Hokimiyats made their decisions whether to a. use legal channels to expropriate or b. negotiate settlement with farmers willing to terminate their land lease. They selected the latter approach in accordance with the Company's principle of avoiding involuntary displacement. The court system has not been used to legally acquire any land through expropriation processes, even though this was and is an option. In all Project districts Hokimiyats negotiated with the affected farms with LLAs asking them to terminate their rights to lease land plots. All land for direct farming has been acquired through negotiated settlement, with no disputes requiring legal intervention. Farmers who willingly terminated their LLAs were not eligible for any land compensation by the Hokimiyats for losses or damages (including loss of profit). By December 2018, the Project had acquired 54,196 ha of land using land lease agreements (LLA) between the Company and respective districts Hokimiyats for 49 years.

Economic displacement impacts

The land allocated to the Project has always been used for farming operations and does not accommodate any houses or small businesses. Land parcels allocated for the Project were brownfield sites with a long track

record of cotton and wheat cropping, although a number of parcels were not farmed in the recent past due to the degradation of farming infrastructure and soil quality. In total 1,155 cotton farms (including 65 female-headed farms) were approached by the Government in the land acquisition process and 1,068 farms (including 12 female-headed farms) agreed to terminate their LLAs, 87 farms decided to continue their own operations, and four households asked and received replacement land. All farmers who agreed to terminate their respective LLAs were offered to join FE “Indorama Agro” LLC and work full time based on long-term labour contracts. Approximately 481 (45%) of the farmers who terminated their LLAs are now working in the Company. There are 500 farmers who terminated their farming businesses who are not employed by the Project and for which Hokimiyats and the Company have no information.

Based on information for two districts (Nishon and Sardoba) from Hokimiyats and from estimations for the other two districts (Kasbi and Oqoltyn), the termination of LLAs has resulted in a loss of approximately 4,337 full-time farm positions, affecting approximately 2,000 household members. The Company has hired 2,720 staff to date who are assumed by the Company to be former farm owners or workers because of the general stability of the community populations and lack of in-migration. These numbers suggest a gap of at least 1,500 farm workers whose livelihoods may not have been directly addressed by the Project. However, some of the former farm workers will have moved to other locations based on ESIA baseline about work migration and some will have moved to other sectors, for instance construction. The lack of data on the impacted farm workers creates limitations for this LRP.

Based on the amount of land acquired, an estimated 9,000 seasonal jobs will be lost. Indorama has not yet introduced full mechanisation so in the immediate future the number of required seasonal workers is higher than what it will be in the future (job numbers do not equal workers because one worker may have had several seasonal jobs). The Project assumes it will hire around 2,000 (give or take 30%) seasonal workers for direct farming on an ongoing basis.

As well as for farming, a small amount of land was allocated for related infrastructure, namely residential complexes and gin factors. Table 1 summarises the land acquisition and displacement impacts.

Table 1: Land acquisition and displacements impacts

Land needs	Number	Total parcels	Acquired or supply land	Estimation of displaced people	Mitigation
Direct farming	1,068 farms acquired	3,709	54,196ha	<ul style="list-style-type: none"> Owners of farms with LLAs: 481 who have been hired by Company; 500 for which there is no data on current status Permanent workers of acquired farms with LLAs: estimated 4,437 workers from the 1,068 farms Seasonal farm workers: uncertain, but an estimated 9,070 seasonal jobs (job numbers do not equal workers because one worker may have had several seasonal jobs) 	<p>Owners of farms with LLAs and permanent workers of acquired farms with LLAs were offered for a member of their household to work on the Project</p> <p>Company to hire 2,000 (give or take 30%) seasonal workers on an annual basis for direct farming</p> <p>All three groups of displaced people have the opportunity to be involved in livelihood restoration activities identified in the community asset programme</p>
Residential complexes	2, one each in Karshi and Gulistan		4.5ha	None	NA
Gins	2		24ha	None	NA
Farm depots	7 across the four districts of Nishon, Kasbi, Sardoba and Oqoltyn		Part of direct farming land		
Maintenance structures, sheds and buildings	60	51	NA	None (they would be reflected in the direct farming numbers)	Compensation to be determined at replacement cost
Total	1462	NA	54,224.5ha		

Source: FE Indorama Agro LLC

A summary of compensation and land acquisition to date is provided in Table 2.

Table2: Compensation and mitigation by district

Measure	Kashkadarya region		Syrdarya region		Total
	Kasbi	Nishon	Sardoba	Oqoltyn	
By District Hokimiyats					
Land negotiated for willing termination of LLAs	No monetary compensation of losses or damages provided (no eligibility due to willing termination)				None
Farmers whose land was replaced	3	1	0	0	4
Loss of harvest	All farms harvested crops (cotton harvested by November 2018 and winter wheat in spring 2019)				None
By FE "Indorama Agro" LLC					
Monetary payments of costs and works	0	0	82 land rehabilitation works		82 work for USD80,000
New permanent jobs in the Company known to have been taken up by former LLA holders in 2019	117	60	194	110	481
Total permanent jobs in the Company assumed to have been taken up by economically displaced people in 2019 (to be confirmed during monitoring)					2,720 (including the 481 listed above)
Estimated annual seasonal jobs					2,000 (give or take 30%)
Farms receiving cotton supply contracts, potentially requiring more labourers (to be confirmed during monitoring)	394	0	0	0	394

Source: ESIA consultations with District Hokimiyats, December 2019

In terms of employment, the Project has required 2,720 new skilled jobs in the agricultural sector (direct farmers mainly) in Kasbi, Nishon, Sardoba and Oqoltyn districts, as well as ten administrative jobs in the city of Tashkent. Women occupy 7% of all jobs, however their representation varies significantly between the Project districts (4-9%) and the headquarters in Tashkent (27%). With the commissioning of related infrastructure, by the end of 2020, the Company estimates it will directly employ about 3,150 people. Contract farming agreements have been signed with 394 farms in Kasbi with approximately 1,300 permanent workers. However, it is unknown how many of the permanent workers who may have lost jobs as a result of the land acquired for the Project have been the recipients of the contracted farming job opportunities. The Company estimates that up to 2,500 permanent jobs will be required for contract farming.

The number of new jobs created will be less than estimated job losses, and the Company does not have the full complement of information about how affected farm workers have been restoring their livelihoods. The ESIA estimates that 4,337¹ permanent jobs from the termination of LLAs for direct farming may have occurred (and be equivalent to potential farm workers who may not have opted for a job opportunity with the Project). and possibly 9,070 seasonal jobs. Job numbers do not equal workers because one worker may have had several seasonal jobs.

¹ Hokimiyats of two locations (Nishon and Sardoba) were able to provide numbers of affected farm workers but for the other two locations (Kasbi and Oqoltyn), estimates have been used.

The Company estimates that approximately 2,500 permanent jobs (full-time farm workers) and 2,500 seasonal jobs during weeding and harvesting will be required via contracted farms after expansion of contract farming to Nishon district. However, many of these existing jobs (about 1,300) were available in the farms before they were contracted by the Project. Further to this, half of these seasonal jobs in contract farms may potentially be lost if the Project decides to mechanise cotton harvesting at contracted farms in the future beyond 2020 since harvesting is estimated to account for approximately half of seasonal jobs in the farms. The Company indicates that they will still need about an estimated 2,000 seasonal workers (give or take 30%) for chipping of weeds every year in contract farms.

Harvesting will be mechanized in direct farming, but it is not foreseen at present in contract farming. However, there is a possibility that mechanized harvesters could be loaned or leased to contract farmers in the future. The Company expects that some of the workers affected by mechanization will be employed as pickers on contract farms. Women are disproportionately affected by loss of seasonal work and mechanization because they tend to be contracted for seasonal work and have less access to permanent jobs. The ESIA consultation focus group discussions (FGDs) identified that women's generally low levels of education and limited experience make it difficult for them to secure positions requiring higher levels of education, and sometimes they face restrictions from their husbands preventing them from taking up administrative positions. Seasonal manual tasks such as cotton weeding, topping, trimming, and picking have typically been undertaken by women and these are the tasks most likely to be mechanised by the Project.

The ESIA estimates and assesses potential impacts on incomes. However, more detailed monitoring of income or salary changes will be undertaken by the company to better understand the impacts as they unfold and, where necessary, identify and implement mitigation measures. No data was collected at the time of the termination of the LLAs to inform in a robust manner the pre-Project household incomes so the Project will gather readily available data about past conditions from alternative readily available sources, such as government data collection and other socio-economic studies. Of the 114 people that responded to the surveys during the FGDs, 81 commented on the impact that the Project has had on their incomes. Half of the respondents (50%) stated that their income had improved, 14% stated that it had not changed and 35% stated that their income has decreased since the start of the Project.

Land acquisition has been managed by the GoU under the leadership of local Hokimiyats. As such, there have been limitations on the Company's ability to control and influence procedures and some decision-making. For instance, baseline data collection about those directly impacted is not as comprehensive as might have been required if the Company had overall management of the process. Because of the nature of the impacts, their scale and geographical scope and because of the GoU leadership role, a community-based entitlement approach to livelihood restoration is considered most suitable.

For the Project, those eligible for compensation and assistance include:

- Landowners or users with a land title or LLA for the land to be acquired
- Persons who do not currently possess legal rights or LLAs but have a claim that is recognisable under customary or national law
- Persons who do not have any title or recognisable claim to the land lost but are affected, such as farm workers and seasonal workers.

Table 3 presents the entitlements matrix for the Project. A key mitigation measure already implemented by the Company to restore livelihoods has been provision of job opportunities. In 2019, landowners and farm workers affected by the termination of LLAs were given the option of identifying at least one household member to work for FE "Indorama Agro" LLC. The workforce needs of the Company in direct farming have been filled as of March 2020, and the Company does not foresee additional farming jobs at this time. However, there will be an estimated 430 jobs created upon commissioning of residential complexes in Gulistan and Karshi and the two gin plants and cotton depots in Kasbi and Sardoba districts later in 2020. These jobs will be advertised in the

Project Aol enabling economically displaced people to apply to them. Some temporary construction jobs related to Project infrastructure is also being created.

Table 3: Entitlements Matrix

Type of Loss	Category of Project Affected People	Entitlements
Income loss from permanent reallocation of agricultural land	Landowner (individuals or companies or groups) who have a formal title or recognisable claim to the land such as an LLA Farm workers working on farms where an LLA was willingly terminated	Employment of a household member at the Company if landowner willingly agreed to terminate land lease ² Access to training and livelihood restoration programme, described in the LRP
	Seasonal workers on farms where an LLA was willingly terminated	Access to training and livelihood restoration programme, described in the LRP
Commercial or non-residential building loss	Owner (individuals or companies) who have a formal title or recognisable claim to the building	Replacement in-kind or cash compensation at replacement cost Partial impacts will entail compensation of the affected portion of the building and repairs ³
Crop losses	Owner of crop (with or without legal right to land)	At least 15 days' notice to harvest crop to avoid loss If lost, cash compensation to replace cost of standing crops plus cost of replacement seed
Tree losses	Owner of tree (with or without legal right to land)	At least 15 days' notice to harvest tree products and salvage tree material free of cost Cash compensation to replace cost of tree conceding value of its productivity and number of fruit bearing years for fruit and nut trees and the value of the timber/fuel for wood trees Cost of replacement seed
Damage to physical assets and to livelihood sources (agricultural resources) by construction contractors	Owner of damaged asset (regardless of ownership title status) living adjacent to areas where construction will take place	Compensation paid by construction contractors according to replacement cost for damage to property, crops, trees as described in rows above
Unforeseen impacts		Will be documented and mitigated or compensated based on the principles of this LRP

Source: ESIA consultations

Livelihood restoration

A key mitigation measure to the land acquisition impacts was to offer employment with the Company to farm staff (owners and farm workers). Each household had the option to have at least one family member work on the Project. Recognising that many of these directly affected households did not take the job option, this LRP presents a multi-pronged approach in addition to the creation of permanent and seasonal jobs through community-based entitlements focused livelihood restoration activities related to the agriculture sector. In the longer term, it is anticipated that local economic development will be stimulated by the presence of the Project and other newly created cotton clusters in the two Project areas, which will contribute to the creation of employment opportunities in related sectors (e.g. textile manufacturing) and beyond.

The sections below describe measures for those displaced farmers who opted to accept job opportunities with the Company, those who are benefitting from contract farming opportunities, and the community investment programme that has been designed to provide alternative livelihood restoration support.

- Direct employment:

² As mentioned in the introduction to this matrix, in 2019, landowners and farm workers affected by the termination of LLAs were given the option of identifying at least one household member to work for FE "Indorama Agro" LLC. The workforce needs of the Company in direct farming have been filled as of March 2020, and the Company does not foresee additional farming jobs at this time.

³ Unless the partial loss renders the rest of the building's use unviable in which case the whole building will be acquired and compensated accordingly

Community members who become staff are provided training. Capacity building programmes for local staff in FE “Indorama Agro” LLC are undertaken with the support of foreign specialists. The Project intends to develop training programmes for operational staff across various functions, including for them to be able to carry out new functions such as operating new machinery, plant and equipment.

The Project will specifically train local women from the ACs to work as scouts and carry out agronomic processes and breeding. There are currently 60 scouts permanently working for FE “Indorama Agro” LLC and there is a plan to hire a further 10, making 70 permanent positions in total. The Project will enhance training, skills and knowledge transfer for the Company’s direct staff through adopting a corporate Training and Mentoring Policy, adopting a corporate system for personal development review, and establishing training centres. There will be training centres in farm depots in all regions for classroom trainings of employees. Construction will start in the second half of 2020. Currently training is being provided using rental space.

- Contract farming:

Training is provided to contracted farmers. In 2019 Seven training sessions were delivered on agronomic management practices (soil preparation, cotton varieties and seed quality, nutrient management, integrated pest management, irrigation, defoliation and harvesting, and decent work for cotton pickers) and eight field workshops held for PU agronomists⁴ and 394 farmers. Trainings and workshops to contracted farmers on key Better Cotton Initiative (BCI) principles were also provided by the Company in collaboration with IFC Advisory team.

Similar training activities are anticipated in the future. All training, skills transfer, and knowledge development activities provided by the Project will be summarised into a Capacity Building Strategy with implementation plans covering direct staff (farmers, gin staff and others), contracted farmers, training to the general community (for example related to sericulture). The plans will be reviewed and updated annually.

- Community investment:

The Project is currently engaging with local communities to create community assets aligned with community interests and develop income generating activities in order to mitigate income losses associated with the Project. A Community Engagement Programme (CEP) has been designed with the support of IFC Agri Advisory. The Community Asset Programme (CAP) is the first initiative under the CEP. FE “Indorama Agro” LLC has identified mulberry tree plantations to be the key element of the CAP because there is existing local capacity, culture and tradition around silk farming.

The CAP commenced in 2019 and is currently designed to continue until 2026. Some of the mulberry trees have now been planted and the first harvest is expected three years from first planting, in 2021. The mulberry plantation will include 13,888 trees per one hectare with the leaf harvest expected to produce 97,000kg per ha. The CAP’s mulberry plantations will cover an area of 450ha in total and is expected to engage the two Project regions and four affected districts, including 30 villages, 21,874 households and over 80,000 people by 2024.

The Company will provide agronomist support and take care of the mulberry plantations during the first three years after planting to make sure that trees are growing successfully and that leaves are of good quality. Currently approximately 910 households in the four subdistricts are engaged in silk farming with support from the Project. Going forward, monitoring be used to determine the relationship between the households involved in mulberry plantation and silk farming activities and the provision of land for direct farming, for instance whether the households are former farm managers or farm workers.

⁴ The contract farming area is divided into producer units (PU), each responsible for two to four cotton farming sub-districts managed by one PU Manager who reports directly to the Sub-district Manager. PU Managers are supported by local agronomist to collaborate and assist local farmers on a day-to-day basis.

Table 4 shows the planned planting, estimated harvest and corresponding number of silkworm egg boxes to be distributed under the various phases of the CAP:

Table 4: Number of households involved in CAP planting and harvesting

Year	2019	2020	2021	2022	2023	2024	2025	2026
Planting phase 1 (ha)	150							
Planting phase 2 (ha)		150						
Planting phase 3 (ha)			150					
Leave harvest phase 1, tons			2,083	14,582	14,582	14,582	14,582	14,582
Leave harvest phase 2, tons				2,083	14,582	14,582	14,582	14,582
Leave harvest phase 3, tons					2,083	14,582	14,582	14,582
Total leave harvest, tons			2,083	16,666	31,248	43,747	43,747	43,747
Nr. of boxes to be distributed			2,083	16,666	31,248	43,747	43,747	43,747
Estimated nr of households to be included			1,042	8,333	15,624	21,874	21,874	21,874

Source: Community Engagement Project (CEP), FE "Indorama Agro" LLC, October 2019⁵

The household revenue generated from 450ha of mulberry plantations is projected to be under US\$5.2 million. Once costs and expenses such as purchase of the egg boxes, transportation, wrapping materials, thermometer and electricity have been accounted for, the average profit per household is expected to be US\$126 over two months during each year. This is approximately 1.5 or twice as much as a seasonal weeding salary. In Kasbi and Nishon, the ESIA found that a weeding salary is about \$63 USD and in Syrdarya it increases to about \$105 USD, probably because of more scarcity of seasonal workers.

Stakeholder engagement and grievance mechanism

Stakeholder engagement has been undertaken during the land allocation process, as part of the development of the CEP programme, and for the ESIA process during which this LRP was produced. The Project has a Stakeholder Engagement Plan (SEP) which has been designed to guide public consultation and disclosure activities. The SEP is underpinned by the principles that community engagement should be free of external manipulation, interference, coercion and intimidation and conducted on the basis of timely, relevant, understandable and accessible information. Ongoing stakeholder engagement include communications as necessary with village representatives, information disclosure to local communities at key Project milestones such as the beginning and end of construction, regular updating of the Project website and social media, updating the SEP and annual Project reporting.

This LRP requires ongoing information disclosure, consultation and reporting on the livelihood restoration activities. To improve the Project's knowledge of whose livelihoods have been impacted, more information will be collected from its staff and from participants in the restoration activities. Additionally, a new activity in this LRP is to seek out partnerships and disclose information about other economic development related initiatives being organised by other role players like the government. For such information to be useful, the Company will engage with community members.

International lenders require appropriate disclosure of the LRP. Once this LRP receives lender approval, it must be publicly disclosed in Uzbekistan by FE "Indorama Agro" LLC and via the lenders' information portals.

⁵ Projections are based on the following assumptions: two boxes per household (2 seasons); 1,000 kg of leaves needed for each box; leaf harvest: 97,000 kg per ha; mulberry plantation: 13,888 trees per ha

The mahallas will be keeping copies of Project documentation including this LRP. During the government-managed land acquisition, there were existing government-organised channels for farmers and farm workers to use to raise grievances. These channels will remain available. In addition, a grievance mechanism is currently being established by FE “Indorama Agro” LLC in line with international requirements, which will also address any complaints related to economic displacement and livelihood restoration.

Livelihood restoration implementation going forward

Key next steps for the Company to address livelihood restoration requirements are:

- All training, skills transfer, and knowledge development activities provided by the Project will be summarised into a Capacity Building Strategy with annual implementation plans produced which cover direct staff (farmers, gin staff and others), contracted farmers, training to the general community (for example related to sericulture).
- FE “Indorama Agro” LLC will design and implement monitoring and evaluation mechanisms for the CEP and CAP in order to track and measure the impact of the programme on the local communities. This design and start of monitoring and evaluation should commence immediately in the first half for 2020.
- Ongoing internal and external monitoring of the livelihood restoration activities at a community level is essential. Monitoring will collect data on the effectiveness of the activities used to restoring livelihoods. More detailed monitoring of the evolution of incomes and salaries and changes to socio-economic conditions will be required to track performance and inform improvements to mitigation measures as necessary. An interim (for instance end of 2022) and final (end of 2026) close out LRP report evaluating livelihood restoration measures set out in this LRP will be produced.
- The relationship between the households involved in the livelihood restoration activities, and the provision of land for direct farming, for instance whether the households are former farm managers or farm workers or seasonal workers, is unknown and should be explored further through monitoring.
- Any new land acquisition will be better documented, for instance by having Company staff act as observers and recorders in the meetings between the Hokimiyats and farmers providing their land for direct farming.
- More complete details on farmers’ households and workers will be collected by the Company for its database for any new land acquisition.
- The Company will register landowners and users in stakeholder database and making the grievance mechanism accessible to them.
- There has been a lack of information on vulnerable households among those affected by land acquisition, and efforts will be made to address this in data collection going forward. This LRP describes who is considered vulnerable.
- More and better tracking and monitoring of how the livelihoods of directly impacted farmers and their workers (both permanent and seasonal) have been coping will be undertaken.

Monitoring, evaluation and reporting

The LRP activities will be monitored, evaluated and reported on periodically. The objectives of monitoring and evaluation (M&E) are to assess the effectiveness of the mitigation measures, identify any problems or improvements needed in the LRP implementation, and to identify any groups or persons that are disproportionately affected or unable to access new sources of income. Monitoring should involve the participation of key stakeholders such as affected communities, interested non-governmental organisations (NGOs)/civil society organisations (CSOs) and local human rights activists. The goal is to ensure that local affected farmers and farm workers are able to access the benefits and opportunities afforded by the Project and its Community Asset Programme and that they are generally able to improve or, at a minimum, restore their livelihoods to pre-Project levels. Internal monitoring will be monthly and external monitoring will be six-monthly. A close out evaluation of the overall LRP implementation will be required for instance at the end of

2022 (interim close out) and end of 2026 (final close), to determine whether planned activities have achieved their intended objectives and outcomes.

FE “Indorama Agro” LLC has some records about land acquisition, direct farming and contract farming which is reflected in this LRP. The Company also has some details of individual farmers and some information on their households and workers. Land acquisition was GoU managed and there are limitations to the existing data regarding the process, in particular who was impacted and how they might have coped with the changes regarding livelihood restoration. The Project will further develop and improve its information system containing the database of affected farmers and document their livelihoods to the extent possible. More complete details on farmers’ households and workers will be collected for any new land acquisition.

LRP budget

The overall financial resources for the LRP based on current Company commitments are estimated in Table 5. The training expenditure is currently not known and should be added to the overall budget.

Table 5: Indicative LRP budget

Item	Cost (USD) and/or comment
Compensation paid in cash to date	0
Amount paid for improvement works	80,000
Compensation to be paid for structures	Currently unknown, estimated at USD250/item for 60 items 15,000
Skills training implementation	200,000 for seven years 1,400,000
Committed CEP activities (mulberry plantations and silk farming)	2,645,000
Partnerships and disclosure about other employment related activities	Estimated at 25,000 per year for seven years plus inflation 200,000
Internal monitoring	Estimated at 500 per month for seven years plus inflation 45,000
Resettlement close out reporting	Based on an interim and final close out report at 75,000 each 150,000
Subtotal	4,535,000
Contingency (10%)	453,500
Total	4,988,500

Source: Mott MacDonald



Part A
Project Description and
Livelihood Impact
Assessment

1. Introduction

1.1. Overview

The Government of Uzbekistan (GoU) has recently launched a programme for creation of cotton farming clusters and optimisation of land use for contracted farming. Based on last recorded data, the government has approved 66 clusters covering a total land area of 660,000 ha. To respond to the GoU initiative, Indorama Corporation Pte. Ltd. (the Sponsor) established a Project Company (FE “Indorama Agro” LLC or Company) to develop and implement the cotton farming scheme (henceforth referred to as the Project). FE “Indorama Agro” LLC also started growing its own cotton with rotation crops for captive consumption at the existing spinning facility in Kokand operated by FE “Indorama Kokand Textile” JSC (an indirect subsidiary of the Sponsor).

The European Bank for Reconstruction and Development (EBRD) and International Financial Corporation (IFC) are considering co-financing the Project’s investments in agricultural machinery, buildings, ginning facilities, land redevelopment and irrigation. Apart from these investments both the EBRD and IFC will provide long-term financing to help FE “Indorama Agro” LLC establish modern cotton production to supply non-contaminated raw materials to the IFC-invested spinning facility in Kokand operated by FE “Indorama Kokand Textile” JSC. The EBRD will also finance the working capital of the Company.

Mott MacDonald Limited (“Mott MacDonald”) has been commissioned as the environmental and social consultant (ES consultant) to undertake an environmental and social impact assessment (ESIA) for the Project with support provided by the local environmental consultancy, Ecostandart Expert. One of the key ESIA documents is this livelihood restoration plan (LRP) which addresses how to manage the economic displacement impacts caused by the Project. As well, a Resettlement Policy Framework (RPF) was produced that has been developed to guide the management of any potential future land acquisition, resettlement or livelihood impacts that may occur for different projects.

The Project triggers lenders’ social safeguard policies related to land acquisition and involuntary resettlement because the local representatives of the GoU can use the legal system to expropriate land for the Company.

1.2. Objectives and principles of this LRP

This LRP has been developed as part of the suite of ESIA documentation and is based on the following guiding livelihood restoration and resettlement principles taken from the Company’s RPF.

- Livelihood restoration activities will be designed with the involvement of local communities to restore the livelihoods of economically displaced people in a long-term and sustainable way.
- Land acquisition and involuntary displacement will be minimised or avoided where possible. Where acquisition of land use rights is unavoidable, management measures will be identified to minimise adverse impacts.
- Negotiated settlements (willing buyer/willing seller or willing leaser/willing lessee) is the preferred Project approach.
- Displaced persons (DPs), including untitled land users, will be meaningfully consulted.
- Lack of title will not hinder eligibility for livelihood restoration and resettlement., DPs without clear land titles can have access to entitlements for assistance and compensation for the loss of non-land assets and land.
- Livelihood restoration measures will be managed as sustainable development activities.
- Displacement or restriction to access should not occur before necessary support measures are in place, such as assistance required for relocation or livelihood restoration.

- Monitoring of adherence to land agreements, leases and this LRP will be undertaken. An LRP evaluation close out report will be produced.

1.3. Structure of this LRP document

The LRP has been split into three main parts.

Part A, Project Description Livelihood Impact Assessment includes:

- Chapter 1 – Introduction (this chapter)
- Chapter 2 - Project Description
- Chapter 3 - Socioeconomic Baseline
- Chapter 4 - Economic displacement impacts

Part B, Regulatory Framework and Entitlements, includes:

- Chapter 5 - Regulatory Framework
- Chapter 6 - Eligibility and Entitlements

Part C, Livelihood Restoration Implementation, includes:

- Chapter 7 - Livelihood restoration activities
- Chapter 8 - Stakeholder engagement
- Chapter 9 - Implementation
- Chapter 10 - Monitoring, Evaluation and Reporting
- Chapter 11 – Budget and Finance Resources

Appendices:

- Appendix A – National legislation
- Appendix B – Findings of the Focus Group Discussions

2. Project Description

2.1. Overview

Cotton farming plays a crucial role in the economy of Uzbekistan. Currently the Government of Uzbekistan (GoU) is committing resources to restructuring the cotton sector and improving cotton fibre production and processing with the target to abandon the export of cotton fibre that will eventually be replaced with finished products. Cotton farming clusters are being established across the country to enable the cotton sector investors and manufacturers to get access to high-quality cotton raw materials.

One of the governmental priorities is to extensively involve the private sector in cotton farming to reduce the role of the State in the agricultural production, stimulate direct investment, introduce effective methods of cotton farming, promote deep processing technologies and increase productivity and wages in the agricultural sector. The key driver for making this happen is the privatisation of the cotton sector of Uzbekistan, which promotes international business becoming the key player in the cotton market. The Project forms a significant component of this country-wide privatisation process. It is designed in part to support the GoU in undressing issues of child and forced labour in the cotton supply chain, specifically during harvesting in labour-scarce regions like Syrdarya with high risk of forced labour.

The Sponsor and the Project Company, working closely for three years with the IFC's agribusiness advisory team, has developed a structured approach towards cotton farming to:

- Decrease the risk of forced and child labour in cotton farming
- Increase production efficiency
- Enhance sustainability of the cotton sector in Uzbekistan
- Share knowledge and expertise in modern cotton farming techniques

The farming model proposed by FE "Indorama Agro" LLC is based on scientific studies and modern international knowledge of farming from Australia, the United States, and Brazil, where cotton farming is well developed. The Company hired experienced staff (farm managers, agronomists, seed breeders, technical experts, redevelopment specialists for soil and irrigation improvements and other related specialisations) for the Project from Australia and India, to be on the ground implementing, supervising and monitoring the progress and implementation of best practices. The approach includes use of rotation crops, mungbeans and wheat, to increase the organic content of soil and to better manage pest and weed conditions.

The Project involves two farming schemes:

- Direct farming: a scheme whereby FE "Indorama Agro" LLC has the land rights through land lease agreements (LLA) with the local GoU and pays its own staff to farm. This LRP refers to this as land acquisition for direct farming.
- Contract farming: is a scheme whereby the Company engages local cotton farms to grow and deliver harvested cotton to the Company via supply contracts for processing. This document refers to supply-chain land for contract farming.

In Uzbekistan, a farm is a legal entity for the production of agricultural products and other agricultural activities and operating leased land⁶. To date, the GoU has allocated 54,000 ha of cotton land in Kashkadarya and Syrdarya regions to the Company under a lease agreement for 49 years. The land plots received by the

⁶ RoU Law on Lease No.427-XII of 19.11.1991.

Companies are located in 22 cotton farming sub-districts in the Nishon, Kasbi, Oqoltyn and Sardoba districts, in cooperation with local government and farmers to facilitate operation and management.

Two gin plants will be constructed by the Project to produce cotton fibre and supply it to the existing spinning facility in Kokand operated by FE "Indorama Kokand Textile" JSC. The Company purchased this land in addition to the direct farming land. There will also be a transmission line which requires land. The old gin and cotton storage area has a substation, as does the neighbouring community, so no land has to be acquired for the substations.

2.1.1. Project components

The Project will establish:

- Cotton farming schemes to farm cotton with rotation crops
- Ginning facilities to process raw cotton and produce cotton fibre and cotton seeds
- Depots and warehouses for cotton, grain and machinery parking including all required administrative infrastructure
- Transportation of cotton from the fields to the gin plants for processing
- Delivery of cotton fibre to the railway to transport it to the spinning facility in Kokand
- Residential complexes in the cities of Karshi (Kashkadarya region) and Gulistan (Syrdarya region) to accommodate staff and their families.

The Project investments will involve the following key components:

- Cultivation of the leased land for direct farming, involving land redevelopment, planting, cultivating, harvesting
- Procurement of machinery and equipment for field works
- Procurement of equipment for gin plants, depots and warehouses
- Construction of gin plants, seeds delinting, cotton seed chemical treatment facilities, farm depots, residential complexes and other related infrastructure required from time to time for operations of the Project
- Rehabilitation and construction of cotton and grain storages, storage for crop inputs, mechanical workshop, equipment parking yards
- Restructuring and laser levelling of land plots
- Rehabilitation of irrigation and drainage systems including construction of drainage water collection and recycling facilities, pumps, etc.
- Reclamation of abandoned fields, including desalinization
- Direct contracting of farmers (contract farming) to supply cotton
- Transportation of cotton from cotton fields to the gin plants
- Operation of gin plants and other facilities.

The Project facilities will be connected to electricity, water, sewerage and other utilities as required from main supply lines to the battery limit of all the facilities of the Project. Connection of the new ginning facility in Oqoltyn district to the power grid will require construction of a 5km transmission line and this facility is categorised as an associated project. The 35KV, 5,000 KVA transmission line will be constructed by Uzbeknergo. No additional land will be acquired for the power transmission line (PTL) during construction and operation as the route will traverse land that has been allocated to the Project and is currently leased by the Company.

2.1.2. Project parties

The key Project parties involved in the Project development include organisations and entities who sponsor, finance, operate and support the proposed cotton farming scheme and these are described in Table 2.1.

Table 2.1: Project parties

Project Party	Role
Indorama Corporation Pte. Ltd.	Project Sponsor – Singapore headquartered, leading global manufacturer that owns direct stakes in nine companies across the globe that produce synthetic and cotton yarn, rubber gloves, plastic polymers, fertilizers, and petrochemicals.
FE “Indorama Kokand Textile” JSC	Indirect subsidiary of the Project Sponsor who operates a new spinning facility in Kokand, Uzbekistan
FE “Indorama Agro” LLC	Project Company set up by the Project Sponsor and its indirect subsidiary to establish modern production of cotton and rotation crops (wheat and mungbean) in Kashkadarya and Syrdarya regions of Uzbekistan. The Company will be responsible for the cotton farming scheme and will borrow money from international financial organisations (IFIs) to finance the Project.
European Bank for Reconstruction and Development (EBRD)	The EBRD is an international financial organisation who intends to provide co-financing of the cotton farming project and the portion of the working capital of FE “Indorama Agro” LLC
International Financial Corporation (IFC)	IFC is an international financial organisation who intends to co-finance the cotton farming project investment.
Mott MacDonald Limited (MML)	MML is acting as the Independent Consultant and is undertaking an Environmental and Social Impact Assessment for the Project with support provided by the local environmental consultancy, Ecostandart Expert (jointly referred to as the Consultant).
Ecostandart Expert	Ecostandart Expert is local consultancy commissioned by MML to support collection of the E&S baseline, including water and soil sampling and testing, complete necessary environmental surveys, advise on national compliance and facilitate stakeholder consultation and information disclosure as part of the ESIA process.

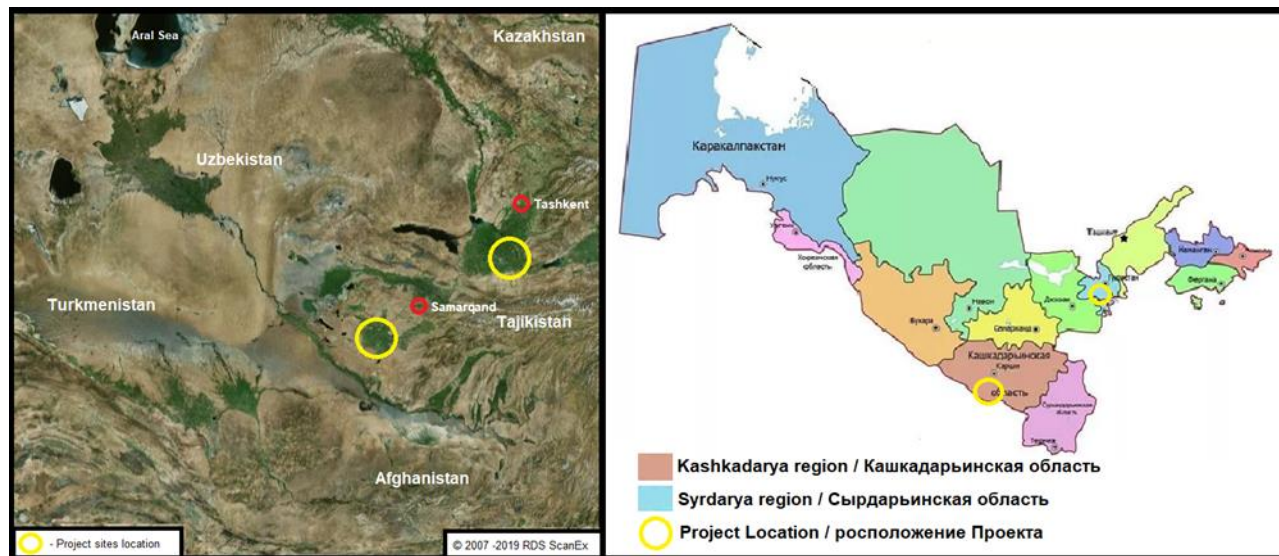
Source: Mott MacDonald

Other parties will be selected and involved in the Project preparation during the design and land development/construction phases of the Project.

2.2. Project location and footprint

The Project is located in the Kashkadarya and Syrdarya regions of Uzbekistan by the basins of Kashkadarya and Syrdarya rivers respectively which are fed by fresh water from Pamir Mountain glaciers. These two regions have developed agricultural sectors and extensive irrigation systems for the cropping areas. Figure 1 demonstrates the location of the Project areas.

Figure 1: Project location



Source: <http://kosmosnimki.ru/?permalink=4ZIRD>

2.2.1. Direct farming footprint

Land allocation by the Government of Uzbekistan (GoU) for the Company to use has been planned for two phases. Current land acquisition (addressed in this LRP) covers land in Syrdarya and Kashkadarya regions, including both land acquired (the Company through an LLA) as well as access to land through contract farming. Going forward, future additional land will be acquired in Fergana and Jizzakh regions for 2023 and those requirements will be the focus a separate livelihood restoration plan

The direct farming footprint extends to four administrative districts in Kashkadarya and Syrdarya regions. The Project established 22 cotton farming sub-districts to facilitate and manage farming operations across a total area of 54,196 ha in the Nishon, Kasbi, Oqoltyn and Sardoba districts as detailed in Table 2.2.

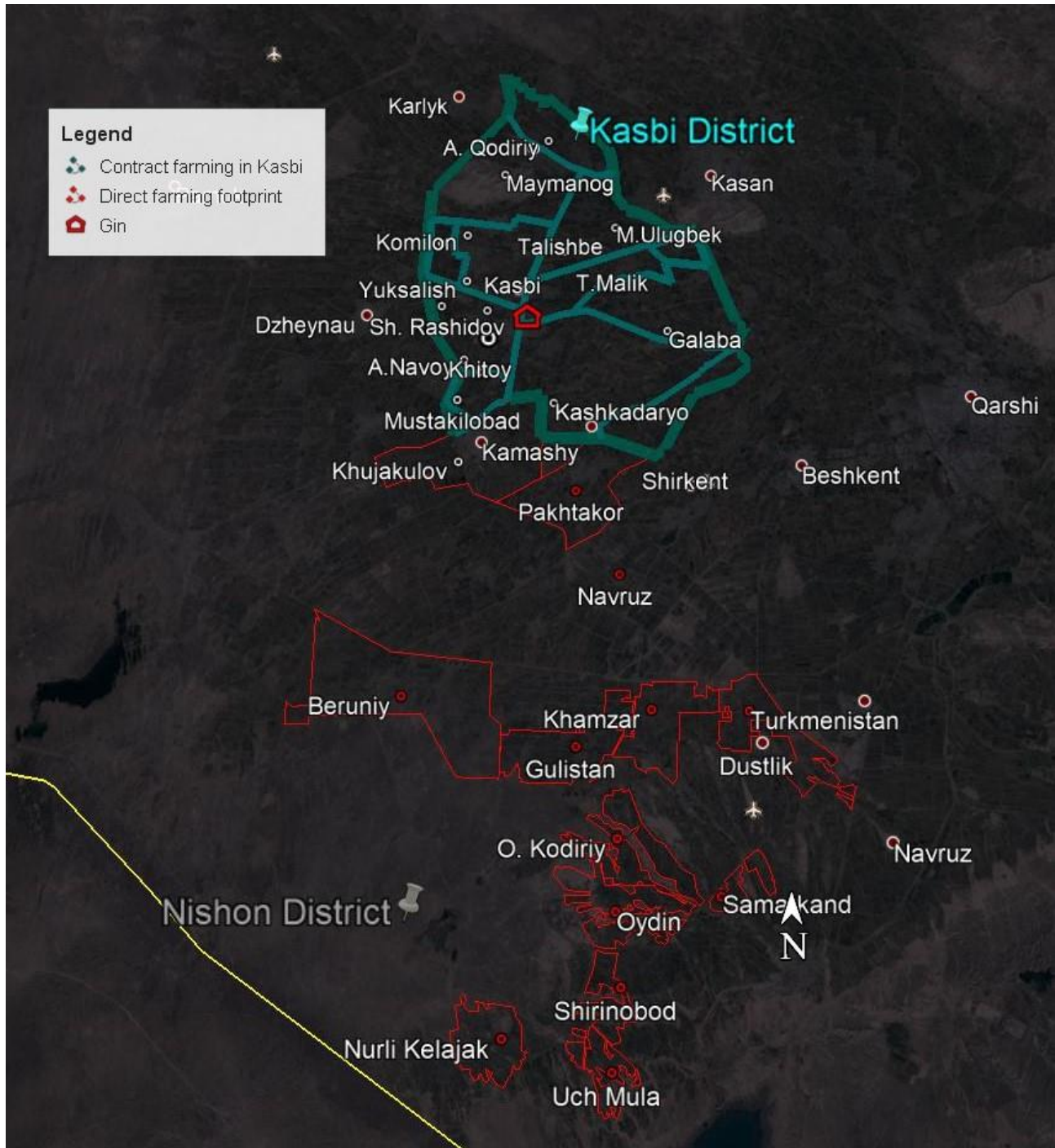
Table 2.2: Summary of direct farming land allocated for the Project in 2018

Region	District	Sub-districts	Allocated land, ha
Kashkadarya	Kasbi	4	13,088
	Nishon	9	14,549
Syrdarya	Oqoltyn	5	12,770
	Sardoba	4	13,789
Total:		22	54,196

Source: FE “Indorama Agro” LLC

The Project’s direct farming in the Kashkadarya region covers a total area of 27,637ha in Kasbi and Nishon districts (see Figure 2 below). Most of the land allocated to the Company from these districts had been previously used to farm cotton and wheat. The remaining land that was acquired was in poor condition and required reconstruction.

Figure 2: Project's direct farming footprint in the Kashkadarya region of Uzbekistan

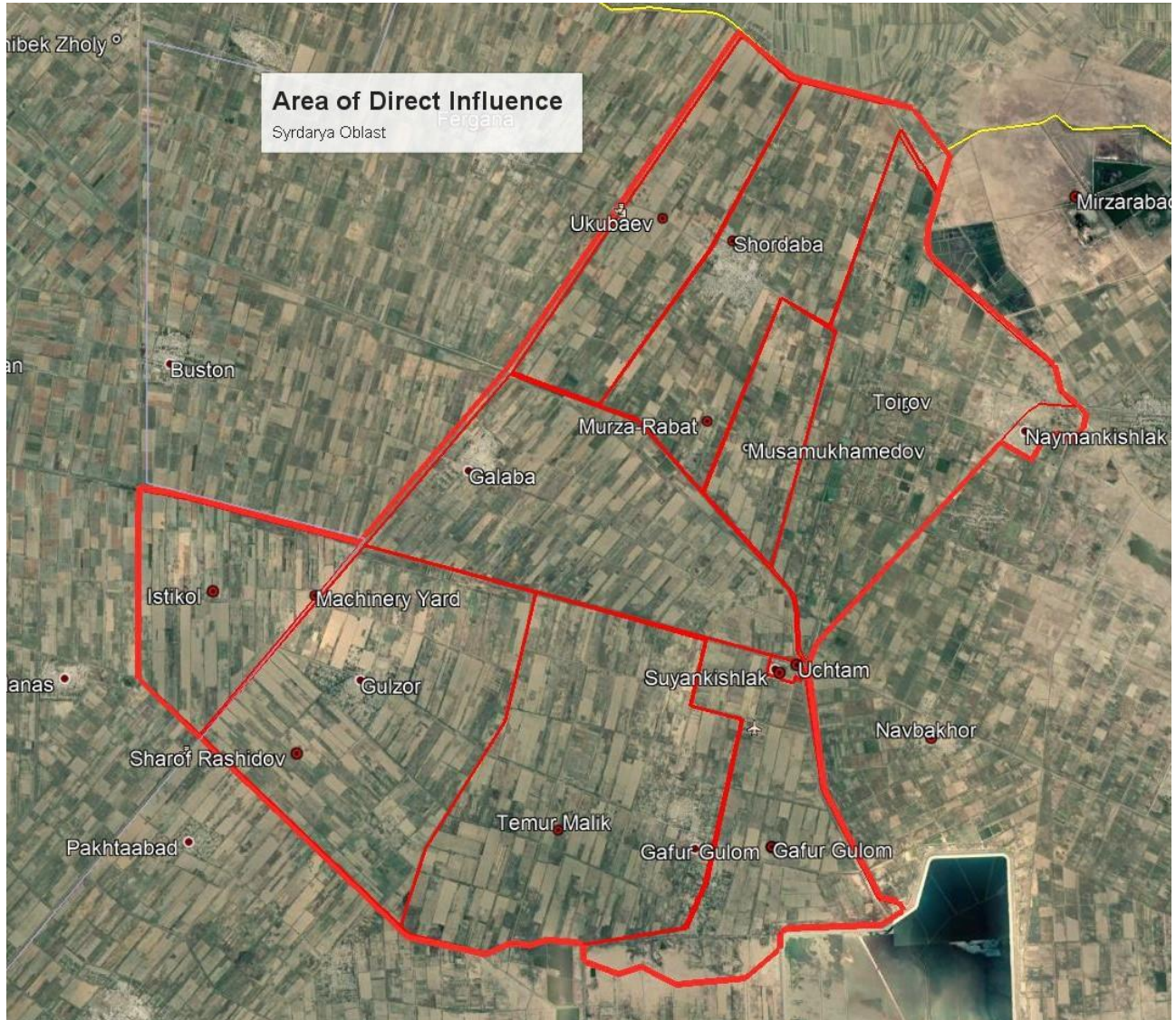


Source: FE "Indorama Agro" LLC

FE "Indorama Agro" LLC is a registered company in the Kashkadarya region. The local economy is receiving 10% out of 13% income tax payable by the Company from the staff salaries and 0.95% of the quality score attributed to the land (as a total of the land evaluation).

The footprint of the Project’s direct farming schemes in Syrdarya region extends 26,559 ha in Oqoltyn and Sardoba districts (see Figure 3).

Figure 3: Project’s direct farming footprint in Syrdarya region of Uzbekistan



Source: FE Indorama Agro. LLC

2.2.2. Supply chain land for contract farming

In addition to direct farming which uses Company employees, contract farming was initiated by the Company to support local farmers. Contract farmers are contracted by the Company on a one-year contract which is extended each year (the contracts are revisited each December). Income earned by contract farmers is dependent on production, it is not a set salary. The Project pays for cotton at a rate that is the same as or higher than the government provided rates. This approach was launched in Kasbi district. For supply chain land, engagement with local farmers resulted in 394 supply contracts signed with existing cotton farms in Kasbi. In 2019, the contract farming in Kasbi covered a total area of 12,536 ha as summarised in Table 2.3 below. In 2020, contract farming will be extended to Nishon district.

Table 2.3: Contract farming in Kasbi district

No.	Sub-districts	Contracted Farms	Producer Units (PUs)	Cotton Area, ha
1.	Kashkadaryo	58	PU-1 (82 farmers / 2,662 ha)	2,053
2.	Pakhtakor	24		609
3.	Galaba	52	PU-2 (118 farmers / 3,893 ha)	1,829
4.	T. Malik	35		1,004
5.	M. Ulugbek	18		672
6.	Talishbe	13		388
7.	Maymanoq	40	PU-3 (84 farmers / 2,574 ha)	1,373
8.	Komilon	44		1,201
9.	A Navoi	58	PU-4 (110 farmers / 3,408 ha)	1,435
10.	Sh. Rashidov	44		1,973
TOTAL		394	4 Producer Units	12,536

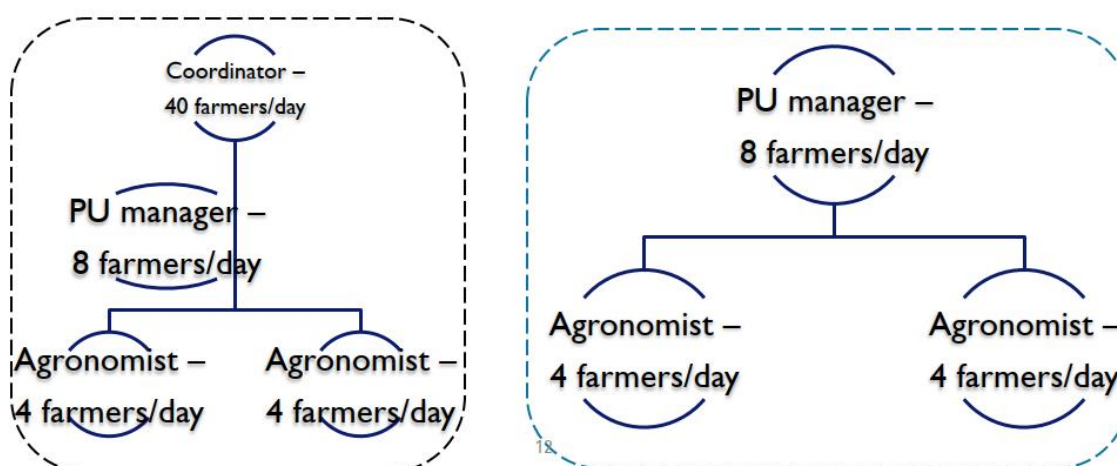
Source: FE Indorama Agro LLC

Company-contracted farms are receiving financial support (pre-financing, seeds, fertilizers, defoliant and chemicals) that covers contracted farm costs, continuous agronomic support and training, and in return will deliver cotton to the Company at a price no less than the price set by governmental gins and/or based on a market mechanism established from time to time. FE “Indorama Agro” LLC also provides financing for farmers without interest. Farmers are provided an advance payment of 60% of the expected harvest price. They are required to pay 50% prepayment before harvesting start and 50% at completion of harvesting.

Each contracted farm is owned and managed by the head of the farm (hereinafter jointly referred to as the contract farmers).

The contract farming area is divided into producer units (PU), each responsible for two to four cotton farming sub-districts managed by one PU Manager who reports directly to the Sub-district Manager. PU Managers are supported by local agronomist to collaborate and assist local farmers on a day-to-day basis. Figure 2.4 depicts the PU monitoring scheme.

Figure 2.4: Producer Unit monitoring scheme



Source: FE “Indorama Agro” LLC

While contract farming currently engages 394 farms in Kasbi, in the future expansion of supply chain land may reach approximately 900 farms covering a total land area of 23,000 ha in 2020 (refer to Table 2.4 for details).

Table 2.4: Expansion of the contract farming footprint

Period	Contracted Farms	Cotton Area, ha	Engaged Farm Workers
2019	394	12,536	1,299
2020	900	23,000	2,500*

Source: FE "Indorama Agro" LLC *Estimated. Actual area under contract farming may vary from year to year depending upon voluntary participation by the independent farmers.

2.3. Project land acquisition process prior to February 2020

In August 2018 the GoU made a decision⁷ to allocate land to the Project:

- Land acquisition covered in this LRP (completed and amounts detailed in the section above) – Land in Syrdarya and Kashkadarya regions
- Future land acquisition (to be completed before 2023) – Land in Fergana and Jizzakh regions.

As there is no individual law addressing land allocation process to cotton clusters in Uzbekistan, the land acquisition was governed by a new decree created for the project, the Decree of the RoU Cabinet of Ministers No.632 of 08.08.2018 "On Measures to Establish a Modern Cotton and Textile Production by Indorama (Singapore) in the Republic of Uzbekistan". The Decree states that the land would be transferred to FE "Indorama Agro" LLC, a private company, for the purpose of socio-economic development, land acquisition. The land re-allocation process was started in August 2018 after the decree⁸. By December 2018, the Project had acquired 54,196ha of cotton land in Kashkadarya and Syrdarya regions (27,637ha and 26,559ha respectively) using land lease agreements (LLA) between the Company and respective districts Hokimiyats for 49 years. The five-month process for the land acquisition is summarised in the Table 2.5.

Table 2.5: Land acquisition milestones

Milestone	Period	Lead Party
Decision on re-allocation of land to the Project	08 August 2018	The RoU Cabinet of Ministers (Decree No.632)
Establishment of working groups	August-September 2018	District Hokimiyats
Land preselection and planning	September-October 2018	District Hokimiyats in collaboration with the Company and IFC Agri Advisory
Consultation and negotiation	October-November 2018	District Hokimiyats
Signing termination agreements with the affected farms and registration of lease termination	November 2018	District Hokimiyats and the affected farms District Departments for Land Resources and State Cadastre
Signing the Project LLAs and lease registration	November-December 2018	District Hokimiyats and the Company District Departments for Land Resources and State Cadastre

Source: FE "Indorama Agro" LLC and District Hokimiyats, December 2019

⁷ Decree of the Cabinet of Ministers of Uzbekistan No.632 of 08.08.2018 "On Measures to Establish a Modern Cotton and Textile Production by Indorama (Singapore) in the Republic of Uzbekistan".

⁸ Decree of the Cabinet of Ministers of Uzbekistan No.632 of 08.08.2018 "On Measures to Establish a Modern Cotton and Textile Production by Indorama (Singapore) in the Republic of Uzbekistan".

2.3.1. Land allocation and acquisition approaches

Table 2.5 above shows that the land reallocation and acquisition processes to date have been managed by the District Hokimiyats in compliance with the national land laws and regulations⁹ and based on the Decree (refer to Chapter 5 for details on the national legislative framework). Land acquired through a legal process of expropriation obliges the relevant party (the District Hokimiyats) to compensate the losses of the affected leaseholders (Articles 41 and 86 of the Land Code).

After the Decree, District Hokimiyats made their decisions whether to use legal channels to expropriate or negotiate settlement with farmers willing to terminate their land lease. They selected the latter approach in accordance with the Company's principle of avoiding involuntary displacement. The court system has not been used to legally acquire any land through expropriation processes, even though this was and is an option. In all Project districts Hokimiyats negotiated with the affected farms with LLAs asking them to terminate their rights to lease land plots. The LLAs had clearly stipulated termination provisions, including:

- The option of a willing decision by the leaseholder (the farm) to terminate its right to lease the land plot with a three-month written notice describing the reasons of termination
- Expropriation of the land plot (or part of the land plot) by the landlord (namely the District Hokimiyat) for state or public needs.

All land for direct farming has been acquired through negotiated settlement, with no disputes requiring legal intervention.

Farmers who willingly agreed to the termination during the negotiations, often ignored or did not require the three-month written notice before termination¹⁰. The process is legitimate but does create a potential risk for District Hokimiyats of a legal argument by former LLA Farm Manager about not the notification procedure. The possibility of this risk is only valid during the three-year period which is allowed by law (period of limitations¹¹). However, all of the LLAs were signed in late 2018 so one year has passed, and to date there have no court cases. The risk is to the District Hokimiyats, not to the Company.

Willing termination of the LLA (considered 'voluntary' and allowed in Article 32 of the RoU Law on Farms) does not envisage any compensation of losses or damages (including lost profit) to the affected farms. If farms do not willingly terminate LLAs and they require court intervention through a land expropriation process, then there is an obligation to pay compensation to tenants for their losses or damages, including lost profit (Articles 41 and 86 of the RoU Land Code). To date, Hokimiyats have not paid any cash compensation for land reallocated to the Company.

In the process of land reallocation, the District Hokimiyats had to provide a reason for the transfer from farms to the Company. All four districts indicated willingness to terminate LLAs as a reason. Of the four districts, Kasbi was unique in that it put forth an additional argument of optimisation of the of the size of the farm's land¹². Optimisation generally includes some reduction or expansion to the size of the land plot. The Kasbi Hokimiyat issued a decree that cotton farms need to be at least 100ha each farm. Traditionally farms used to be small from 20-30ha (inefficient productivity, competition etc). Many farms merged in 2019 so the number of farms changed drastically. Some joined their cotton efforts, some changed speciality (for instance to livestock). There is a small possibility that farmers could go to court to regain their land by stating the reason of land

⁹ RoU Land Code (Articles 5, 36, 37, 38). RoU Civil Code (Articles 382 and 384), RoU Law "On Farms", RoU Law "On Lease" (Article 13), Regulation on Farms Land Optimisation and Liquidation Procedure (adopted by Decree of the Cabinet of Ministers of the Republic of Uzbekistan No.22 of 31.01.13), Regulation on Land Allocation Procedure for Long-Term Land Lease by Farms (approved by Decree of the Cabinet of Ministers of the Republic of Uzbekistan No.476 of 30.10.2003).

¹⁰ As set out in Clause 20 of the LLAs

¹¹ Article 150 of the Civil Code

¹² Clauses 4 and 9 of the Regulation on the Farm and Optimisation and Liquidation Procedure annexed to Decree of the RoU Cabinet of Ministers No.22 of 31.01.2013 "On Approval of the Regulation on the Farm and Optimisation and Liquidation Procedure"

optimisation was not correct. The risk of being taken to court lies with the District Hokimiyats and not the Company, and again since late 2018 not court cases have yet been launched.

In summary, all land acquired by the Company for direct farming was obtained through negotiated settlements undertaken by GoU representatives.

2.3.2. Guiding principles and selection criteria for land

At the start of the reallocation and acquisition process, preliminary land selection in the Project districts was completed by the Company in close collaboration with the District Hokimiyats using the following general principles, which are aligned to lenders' requirements and the Project's RPF principles (see Section 1.2):

- Prevent or avoid any displacement
- Protect the farmers' rights
- Consult and negotiate
- Compensate
- Manage grievances

Table 2.6 presents the main criteria applied by each of the four districts Hokimiyats for selecting land.

Table 2.6: Land selection criteria by district

Kashkadarya Region		Syrdarya Region	
Kasbi	Nishon	Sardoba	Oqoltyn
<ul style="list-style-type: none"> • 4 sub-districts selected • Not to affect well-performing farms and productive land • Possibility to arrange an independently operating irrigation system. • Underperforming sub-districts with low fertility land and poor irrigation infrastructure • Avoid loss of crops 	<ul style="list-style-type: none"> • 9 sub-districts selected • Availability of the irrigation system to allow autonomous operation of the cluster • Only part of land to be acquired from a farmer, not all land plots, where possible • Successful farms were not affected by the land acquisition • Land acquisition process approached only those farmers who leased or used low-productivity land • Land plots selected are remote from communities 	<ul style="list-style-type: none"> • 4 sub-districts selected • Avoid loss of crops 	<ul style="list-style-type: none"> • 5 sub-districts selected • No specific criteria

Source: ESIA consultations with District Hokimiyats, December 2019

The land acquisition process tried to avoid farm maintenance buildings, structures and facilities. During the land selection process, the Company jointly with IFC Agri Advisory team visited each parcel to review the conditions and assets of the land that was to be acquired by the Project. When the presence of structures or facilities was identified, the Company held consultation with the District Hokimiyats to replace such land parcels or carve them out of the footprint. Because of the latter activity, some buildings and structures have been left alone with little utility among larger pieces of land used by the Company so there has been a recent decision to look at purchasing them with appropriate compensation (see Sub-section 4.2.2 for further details).

Following the pre-selection of land parcels, the District Hokimiyats held general meetings with the farmers followed by individual consultations and negotiations with the affected farmers.

2.3.3. Working groups on land reallocation

After the Decree, working groups were set up by the District Hokimiyats to address, manage and monitor the land reallocation process. The groups were comprised of the District/Deputy Hokims, heads of the Hokimiyats' land resource departments, Chairmen of the Farmers Associations and other responsible staff members of local governments and the Company (in few instances). These working groups discussed *inter alia* the issues of compensation to the affected farms of potential losses associated with the land acquisition process, including losses of agricultural production.

2.3.4. Engagement, consultation and negotiation

Consultations, led by the District Hokimiyats on behalf of the GoU, with the affected farms started after the working groups were set up. All four districts were informed about the Project in October 2018, followed by general meetings with farmers in November 2018 as well as negotiations with individual farmers and advertising of Project work opportunities. Grievance mechanisms with the local government existed that farmers and farm workers could use. Table 2.7 provides a summary of arrangements and actions of the government-led consultation and engagement with the affected farms.

Table 2.7: Consultation process by district

Action	Kashkadarya region		Syrdarya region	
	Kasbi	Nishon	Sardoba	Oqoltyn
Notification about the Project	End of October 2018. Initially verbal notifications via Water Users Associations (former Machine and Tractor Depots known as MTPs) followed up by written notification by the Deputy Hokim for Investments.	October 2018. Verbal notifications (via phone) to each farmer. In total, 335 farms were approached,	October 2018. Verbal notifications.	October 2018. Verbal notifications.
Initial meeting	Initial general meeting with the farmers on November 5-6, 2018 in the Information Technologies College in Khujakulov sub-district. About 87 farms were invited and 78 farms participated	General meetings with the affected farmers in October and early November 2018.	After the land was identified, negotiations with the farmers started. In total 243 farmers were affected by the land expropriation, of which 51 farmers retained their farms and started to work with the Company on the contractual basis, and 194 farmers were employed by the Company.	Two general meetings were held with the affected farms in November and December 2018 to describe the essence of the Government decree and implications. Farms who had not implemented their plans were identified.
Engagement	The Company held meetings with the farmers in the mahalas in four sub-districts in December 2018 to provide clarifications and advertise the new jobs in the cluster. The Company held two general meetings with cotton farms in the District Hokimiyat in February and March 2019 followed up by 2-3 additional meetings to provide clarifications on contract farming and address questions from	The Company held 3 or 4 general meetings with the local farmers in the District Hokimiyat and additional 5 or 6 meetings held locally in 8 mahalla. The Company provided clarifications and advertised jobs to the farmers.	In December 2018 the Company held few meetings with the local farmers in mahalla to advertise new jobs in the Company and to provide any clarifications in this respect.	In December 2018 the Company held few meetings with the local farmers in mahalla to advertise new jobs in the Company and to provide any clarifications in this respect.

Action	Kashkadarya region		Syrdarya region	
	Kasbi	Nishon	Sardoba	Oqoltyn
	the farmers. In overall 400 farms were engaged.			
Issues raised and grievances	No grievances	Possibility to use cotton plant remnants Will the livestock of farmers be allowed on the Company's fields?	No grievances	No grievances
Records of Meetings	Very general records of meetings were maintained by the District Hokimiyat with no information of issues raised, concerns of the farms and grievances considered in the meetings.	No records of meetings were maintained.	Records of meetings were maintained.	Records of meetings were held

Source: Stakeholder engagement in December 2019, with information from FE “Indorama Agro” LLC, District Hokimiyats and Farmers Associations in Kasbi, Nishon, Oqoltyn and Sardoba

The table above shows that there was poor record keeping of engagement about the Project and land requirements, which presents some limitations for this LRP.

2.3.5.Land acquisition grievances

Table 2.7 above, identifies that in three of the four districts there were no grievances raised during the land reallocation process. In Nishon District, issues were raised to the Hokimiyat about the possibility to use cotton plant leftovers¹³ and the allowance of livestock in the Company’s lands. Previously women used the leftovers for cooking but now the Company is using the leftovers for improving soil organic content and thus preventing gradual soil degradation for better water retention and water use efficiency. This has a cost implication to the families to buy alternative fuel sources.

The District Hokimiyats have their grievance mechanisms established in compliance with national law ¹⁴ and their description is summarised in Table 2.8 below.

Table 2.8: Grievance management by district for

Description	Kashkadarya region		Syrdarya region	
	Kasbi	Nishon	Sardoba	Oqoltyn
Verbal grievances	Verbal grievances are recorded during meetings with communities’ representatives or individuals and recorded in the Meeting Minutes and addressed by officers who are appointed to be responsible for a particular grievance.	Verbal grievances are received during formal meetings or other events, are recorded in Meeting Minutes and are registered in “control records”. Control records are maintained by the General Affairs Department of the District Hokimiyat:	Any verbal grievances during meetings are recorded in Meeting Minutes.	The Hokimiyat has open hours during Saturdays from 9 to 12 am and receives verbal complaints or grievances from the communities. The Hokimiyat is also visiting (every third day) local mahallas to discuss and address any grievances or concerns of the local communities. These grievances may be verbal and will be addressed immediately.

¹³ Uzbek women like to use parts of the cotton plant for cooking. They use to collect the wooden parts to dry them.

¹⁴ RoU Law No.ZRU-378 of 03.12.2014 “On Grievances from Entities and Individuals”.

Description	Kashkadarya region		Syrdarya region	
	Kasbi	Nishon	Sardoba	Oqoltyn
Written grievances	The District Hokimiyat operates a Public Reception Desk that registers any verbal complaints from communities and businesses. Any complaints received via the Public Reception Desk are registered and are addressed within 15 days with written notification to the complainant on how the grievance was addressed.	All written grievances are registered in a grievance log and monitored. The Hokimiyat has 7 Deputy Hokimiyat and one of them is appointed to be responsible for a respective grievance.	The Hokimiyat receives and addresses written grievances.	The Hokimiyat receives and addresses written grievances.
Grievance log	Written grievances are registered in the Grievance Log maintained in the Hokimiyat Secretariat.	The Grievance Log is maintained by the General Affairs Department and records only written grievances.	All written grievances and complaints are registered in the Grievance Log.	All written grievances and complaints are registered in the Grievance Log
Responses	Each grievance is to be addressed within 15 days according to law. A written notification is sent to the complainant with the details on how the grievance was addressed.	A responsible Deputy Hokimiyat visits the location, addresses the complaint and obtains written confirmation from the complainer that he/she is satisfied with how the grievance was addressed. The grievance is addressed within 15 days and closed with a respective entry in the Grievance Log	Grievances are addressed within 15 days and closed with a respective entry in the Grievance Log.	Grievances are addressed within 15 days and closed with a respective entry in the Grievance Log.
Monitoring	The Grievance Log and grievances status are monitored by the Hokimiyat.	The Grievance Log and grievances status are monitored by the General Affairs Department.	No information	No information

Source: ESIA consultations with District Hokimiyats, December 2019

According to the District Hokimiyats and Farmers Associations, no grievances have been received from the farmers and no court suits were filed in respect of the land acquisition process. Consultation and engagement were targeted inter alia at addressing any questions and concerns raised by the farmers during the meetings.

2.3.6. Mitigation measures and compensation for I land

Extensive collaboration of the Company and IFC Agri Advisory Team with the district governments resulted in mitigation related to land acquisition by the District Hokimiyats, namely:

- Protecting plants (crops and trees), buildings and structures of the farmers and allowing them to remain on the affected farms.
- In some cases (four to date), providing equivalent land as replacement for the acquired land.
- Taking steps to restructure loan liabilities (extending the maturity) or terminate the loan agreements of the affected farms by transferring the debt to other persons or arranging repayment of the loans by insurance

companies (via the insurance companies' credit risk policies). The repayment of loans was planned from incomes to be earned as a result of growing/selling agricultural products of the expropriated land.

Farmers who willingly terminated their LLAs were not eligible for any land compensation by the Hokimiyats for losses or damages (including loss of profit). Farms did not request compensation, probably because of the ongoing cotton sector restructuring and move to larger farms. Four farmers in total (in Kasbi and Nishon) who asked for land for land replacement were granted it by the District Hokimiyats and were given an LLA for the replacement land.

The Company also did not pay any compensation to acquire land. However, the Company provided details of employment opportunities and contract farming opportunities were made available in the clusters. In total 481 farm staff affected by land acquisition accepted employment with FE "Indorama Agro" LLC,. There were no staff selection criteria set up by the Company so anyone who wanted to be part of the Company was hired.

The Company did pay cash to 82 farmers for the cost of improvement works such as excavations and drainage improvements undertaken by the farmers on parcels reallocated to the Company (refer to Section 4.2.3 for details on payments.)

No privately-owned trees were acquired or compensated. Some mulberry trees were taken down which had been planted decades ago as a communal effort to stop erosion. The trees that were taken down were aimed at helping to better define land plot boundaries. FE "Indorama Agro" LLC has initiated a new mulberry tree programme which will result in many more trees being planted than were taken down. Refer to Section 8.4 for more details on the mulberry tree planting.

A summary of compensation and land acquisition from is provided in Table 2.9.

Table 2.9: Compensation and mitigation by district

Measure	Kashkadarya region		Syrdarya region		Total
	Kasbi	Nishon	Sardoba	Oqoltyn	
By District Hokimiyats					
Land negotiated for willing termination of LLAs	No monetary compensation of losses or damages provided (no eligibility due to willing termination)				None
Farmers whose land was replaced	3	1	-	-	4
Loss of harvest	All farms harvested crops (cotton harvested by November 2018 and winter wheat in spring 2019)				None
By FE "Indorama Agro" LLC					
Monetary payment for costs and works	-	-	82 Land rehabilitation works		82 work for USD80,000
New permanent jobs in the Company known to be taken by former LLA holders in 2019	117	60	194	110	481
Total permanent jobs in the Company assumed to have been taken up by economically displaced people in 2019 (to be confirmed during monitoring)					2,720 (including the 481 listed above)
Estimated annual seasonal jobs					2,000 (give or take 30%)

Measure	Kashkadarya region		Syrdarya region		Total
	Kasbi	Nishon	Sardoba	Oqoltyn	
Farms receiving cotton supply contracts, potentially requiring more labourers (to be confirmed during monitoring)	394	-	-	-	394

Source: ESIA consultations with District Hokimiyats, December 2019

Following the general meeting and few rounds of individual consultations the farmers filed their respective application letters to the Hokimiyats for the termination of the LLAs.

3. Socioeconomic Baseline

3.1. Overview of data collection for the baseline

Detailed baseline information was not originally collected for all sub-districts during the initial land allocation process. In order to supplement the information available a desk top review of readily available information from websites and reports was completed and a site visit was undertaken from 14 to 20 July 2019 and 2 to 6 December 2019 which included meetings with the Company, representatives of the Hokimiyats and focus group discussions (FGDs) with direct farmers, contract farmers and community members in communities close to the Project. Table 3.1 provides a list of FGD meetings undertaken to inform the social baseline. Short social surveys were undertaken at each focus group. A total of 114 surveys were completed with community members, including direct and contract farmers, and 46 women.

Table 3.1: Focus group discussions

No.	Date	Region	District	Attendees	Type of attendees
1	2 December 19	Syrdarya	Oqoltyn	7	Women from local communities
2	2 December 19	Syrdarya	Oqoltyn	9	Men from local communities
3	2 December 19	Syrdarya	Oqoltyn	13	Direct farmers (13 men)
4	3 December 19	Syrdarya	Sardoba	10	Women from local communities
5	3 December 19	Syrdarya	Sardoba	11	Direct farmers (3 women and 8 men)
6	4 December 19	Kashkadarya	Kasbi	14	Direct farmers (1 woman and 13 men)
7	4 December 19	Kashkadarya	Kasbi	13	Contract farmers (3 women and 10 men)
8	5 December 19	Kashkadarya	Kasbi	14	Women from local communities
9	5 December 19	Kashkadarya	Kasbi	11	Men from local communities
10	6 December 19	Kashkadarya	Nishon	13	Women from local communities
11	6 December 19	Kashkadarya	Nishon	10	Direct farmers (10 men)
Total				125	

Source: Mott MacDonald December 2019

In addition, refer to Table 3.2 for meetings with other stakeholders were undertaken to inform this LRP.

Table 3.2: Meetings with stakeholders

Date	Region	District	Attendees	Type of attendees
3 December 2019	Syrdarya	Oqoltyn	6	Meeting with Oqoltyn District Hokimiyat and the Company
3 December 2019	Syrdarya	Sardoba	2	Meeting with Sardoba District Hokimiyat and the Company
5 December 2019	Kashkadarya	Kasbi	6	Meeting with Kasbi Hokimiyat, the Company and Kasbi Farmers Association
6 December 2019	Kashkadarya	Nishon	6	Meeting with Nishon District Hokimiyat, the Company and Farmers Association

Source: Mott MacDonald December 2019

The sections below provide baseline descriptions for demographics, education and skills, health profile, land ownership and tenure, livelihoods and income, gender relations, labour rights, and vulnerable groups.

3.2. Demographics

Generally, the population of Uzbekistan is very young: 34% of people are aged under 14. The median age of population in Uzbekistan is 26.5 years in 2019 (to compare, the median age in 1991 was 23.3 years). According to international criteria, the population is considered old if the proportion of people aged 65 and older exceeds 7% of the total population. As of the start of 2019, the population aged 65 years and older in Uzbekistan makes up 4,6% of the total population in the country.

Most of the rural population in the local Aol (Table 3.3) have higher percentage of pensioners (up to 6%) than the average for the country (except for Sardoba district where population aged 65 and older accounts for 4.3% of the total population in the district). In rural areas people live longer and the percentage of population aged 75+ is higher than in urban areas of Uzbekistan. Additionally, the minimum qualifying employment period for pensions in Uzbekistan is now seven years (in Russia, Kyrgyzstan and Tajikistan it is ten years, in Baltic states 15 years, and in Belarus 17 years) making it easier for people to qualify for pension allowances.

Table 3.3: Resident population in the local Aol, people (%)

Location	Population	Under working age		Working age		Over working age	
		Total	female	Total	female	Total	female
Syrdarya region	829,905	254,144	122,634 (15%)	505,786	244,308 (29%)	69,975	46,223 (6%)
Oqoltyn district	50,940	16,406	7,907 (16%)	30,795	14,804 (29%)	3,739	2,569 (5%)
Sardoba district	64,690	20,580	9,862 (15%)	39,780	19,235 (30%)	4,330	2,776 (4%)
Kashkadarya region	3,213,090	1,040,762	502,762 (16%)	1,897,717	912,401 (28%)	27,4611	173,996 (5%)
Nishon district	180,089	48,935	29,028 (16%)	115,329	54,561 (30%)	15,825	10,344 (6%)
Kasbi district	160,317	60,616	23,638 (15%)	87,425	43,124 (27%)	12,276	7,470 (5%)

Source: <https://stat.uz/en/open-data>

Based on the demographic analysis of the local Aol we may expect similar trends in the affected communities (ACs) with the elderly making up 4% to 6% of total population in their respective communities.

The number of farms affected is 1,068 suggesting a similar number of households. It is known that family workers were part of the affected people, possibly around 2,000 (which would be about two household members) per farm. The estimated number of farm workers impacted is 4,337, so about half could be household family members working the farms that terminated LLAs.

The largest households in the three districts that reported household size, Kasbi, Oqoltyn and Sardoba were five household members. There were three, three and two households of this size respectively.

The age of household heads (described as the 'farmer' in surveys undertaken) was not reported in the farmers matrices prepared by the Company, additionally, the gender disaggregation of the households was also not reported.

Of the 46 women who participated in the FGDs, the majority of the women (30%) are between the ages of 41 and 50 years. Of the 68 men that participated in the FGDs, the majority of the men (34%) are between the age of 31 and 40 years. Within both groups, there is a fairly even spread of ages, for women 96% are between 20 and 60 years and for men 88% are between 31 and 60 years.

3.3. Ethnic identity

Of the 114 respondents of the FGD survey, 108 responded regarding their ethnic identity. A total of 95% of the survey respondents identify as Uzbek, with the remainder of the respondents Tajiks, Kyrgyz or Tatars. See Table 3.4 for further details.

Table 3.4: Ethnic identity of survey respondents

Region	District	Number of Respondents	Uzbeks	Tajiks	Kyrgyz	Tatars
Syrdarya	Oqoltyn	29	28	0	1	0
	Sardoba	24	20	1	0	0
	Total	53	48	1	1	0
Kashkadarya	Kasbi	50	42	4	0	1
	Nishon	24	24	0	0	0
	Total	61	53	4	0	1
Total Surveyed		114	101	5	1	1

Source: December 2019 FGD Survey Responses.

3.4. Education and skills

There is an established network of pre-schools and schools in the local Aol with few colleges operating in the administrative centres of the districts (Table 3.5). However, no modern schools are there in the affected communities. FGDs with local communities identified that in general, the number of nurseries and schools is insufficient, and all facilities require rehabilitation.

Getting higher education is not easy for local communities due to their remote location and economic difficulties in the families. It is also difficult for young people to obtain profession due to very limited number of vocational colleges available locally, especially those focusing on agriculture and farming.

Table 3.5: General education institutions in the local Aol, 2018

Location	Nurseries	Children	Schools	Students	Colleges	Students	Total
Kashkadarya region							
Kasbi	33	2,791	61	34,205	8	3,220	40,216
Nishon	22	3,044	38	28,700	6	3,169	34,913
Syrdarya region							
Oqoltyn	8	1,072	18	8,768	4	839	10,679
Sardoba	11	1,627	20	10,047	5	869	12,903

Source: RoU Ministry of Pre-School Education, RoU Ministry of Public Education

3.5. Health

In the wider Aol, Kashkadarya region is ranked 6 among 13 regions of Uzbekistan with life expectancy of 74.2 years for both genders while Syrdarya region ranks the last out of 13 with average life expectancy of 70.6 years. In both regions, women are expected to live four years longer (76.3 in Kashkadarya and 72.6 in Syrdarya). Within the local Aol a high mortality rate (as of 2018) is in Kasbi district (14) and the lowest is in Oqoltyn district (5.8) with a strong trend to drop further.

Table 3.6: Mortality rates in the local Aol, per 1,000 capita

Territory	2016	2017	2018	6 months 2019
Kashkadarya region				
Kasbi district	9.3	14.3	14.0	11.1
Nishon district	14.1	13.9	11.8	6.1
Syrdarya region				
Oqoltyn district	12.0	13.9	5.8	3.9

Territory	2016	2017	2018	6 months 2019
Sardoba district	11.8	13.7	10.8	8.8

Source: <https://stat.uz/en/open-data>

The health condition of the population in the local Aol is associated with the environmental situation. Among the most common diseases in the Aol are those associated with polluted drinking water: typhoid, hepatitis, dysentery, cholera, and various types of cancer. High cancer rates, high infant mortality and hepatitis have been linked by various experts directly or indirectly to the use of toxic chemical in the cotton industry. Although it is difficult to establish a direct cause and effect between environmental problems and their apparent consequences, the cumulative effect of environmental problems associated with water pollution and poor quality of drinking water will be significant, especially in cotton farming areas with no water treatment and lack of centralised portable water supply facilities.

3.6. Land ownership and tenure

Acquired land parcels I were previously leased by individual farms over a lease period of 49 years. Individual farms in Uzbekistan are treated as legal entities. The farm is required to be formally registered and have a long-term land lease agreement (LLA) on record with the respective District Hokimiyat. As a legal entity, a farm can open and maintain bank accounts and have an administrative seal with the name of the farm. The farm typically operates based on its charter which describes specialisation and key operations. The farm may recruit workers and is responsible for paying their salaries and taxes. The founder of the farm acts as the Farm Manager. Any citizen over 18 years old can become a farmer if he/she has a qualification or experience in agricultural sector.

Before the Project a total of 2,897 cotton farms operated in the local Aol (see Table 3.7 for details). An average cotton farm in Kashkadarya region used to be 30-40 ha with three to four workers (about one worker per 10 ha). In Syrdarya region, the average farms were smaller with 20-30 ha and two to three workers.

Table 3.7: Total number of farms in the local Aol before the Project, 2018

Region	District	Total Farms	Cotton Farms	Other Farms
Kashkadarya	Kasbi district	1,358	1,019*	339*
	Nishon district	1,278	904	374
Syrdarya	Sardoba district	833	578	255
	Oqoltyn district	772	396	376
Total		4,241	2,897	1,344

Source: Kasbi District Hokimiyat, Nishon District Hokimiyat, Sardoba District Hokimiyat, Oqoltyn District Hokimiyat, December 2019

* Estimated

Private farms, known as dekhkan farms, also operate in the Project Aol. Dekhkan farms are generally small-scale (0.35-0.5 ha), family-based farms involving household plot operation. Dekhkan farms are a lifetime inheritable possession of former workers of agricultural enterprises or rural families. Dekhkan farms are not involved in cotton production: they specialise mainly in wheat, vegetables, fruits and livestock farming and gardening. No information is available on the exact number of dekhkan farms in the Project Aol prior to FE “Indorama Agro” LLC, starting its operations.

3.7. Gender relations

Agriculture is a primary source of livelihood for rural communities. Although women play a major role in agricultural production, they are underrepresented in groups responsible for decision-making in agriculture. Female entrepreneurs operating small and micro businesses in agriculture face distinct constraints due to limited land ownership and lease rights. The needs and priorities of female farmers should be taken into account ensuring they participate in planning and implementation of each agricultural project in the country.

Out of 455,800 resident population in four project districts 225,300 (or 49.4%) are women. In all four Project districts more than 90% of the key decision-making positions in the local government are found to be dominated by men. All traditional headship positions in the District Hokimiyats are occupied by men. At the Company level, only 3% of positions in FE “Indorama Agro” LLC, are occupied by women. This gender rate is true for all branches of the Company and considered to be disproportionately low against the overall 44% of women engaged in the agricultural sector in the country.

FGDs with women from the affected communities held in December 2019 in four Project districts, revealed the following key findings about their socio-economic status and conditions:

- Low levels of education and limited experience among local women make it difficult for them to compete for key positions that require higher levels of education.
- There are difficulties for educated women to get a permission from their husbands to occupy administrative positions in the Company due to it predominantly male staff.
- The average household size in the AoI is seven (a family with five children) and childcare is generally regarded as a woman’s domain, which makes women a vulnerable group in respect of reliance on their husband’s income and lack of freedom to find and keep a full-time job.
- With the Company’s technological developments in the cotton farming process and mechanization of farming tasks, the seasonal manual field works, such as cotton weeding, topping, trimming, picking are no longer available in the Project footprint – this primarily affects women.
- There are high unemployment rates among women in the Project footprint.
- Cultural, traditional and religious attitudes do not allow for equal consideration of issues affecting women.
- All respondents in FGD survey spend most of their time performing household responsibilities such as rearing of livestock (milking, watering, feeding), household activities (childcare, preparing food, cooking, cleaning and gardening).

Key areas of concern for women in the ACs are linked to employment, community assets, access to utilities, health, education and personal incomes. The following expectations of female respondents were identified in respect of the Project during the FGDs:

- Employment: getting a job at cotton or silk spinning factories in the future.
- Community assets: social investments in rehabilitation of old kindergartens, community roads, construction of a social centre for single unemployed women with children.
- Access to utilities: rehabilitation of water supply networks, connect households to the gas supply network (as communities still use gas cylinders).
- Health: construction of a new hospital.
- Education: general development of education, help in getting higher education, support in obtaining a profession and establishing a Russian-language school.
- Incomes for women: arrange for a distributor(s) to sell finished products manufactured by women.

3.8. Labour relations and labour rights

According to information provided by the Employment Centres of Kasbi and Nishon Districts, the unemployment rates in the local AoI compare to the national and regional trend of 9%. Despite recent improvements in the statistics methodology that deals with the unemployed, the actual rate in rural areas is still unclear as not all local people register with the employment agencies. In rural communities there are many people who are underemployed doing odd or seasonal work in the farms or dekhkan farms. So actual rates are most likely significantly higher than the rates of the national statistics service.

Approximately 12% of the available workforce are working outside Uzbekistan, mostly in Kazakhstan and Russia. See Table 3.8 for details of people working outside of the country.

Table 3.8: People. working out of country, as of 2019

Total in the ACs of:	Kasbi	Nishon	Oqoltyn	Sardoba
Working out of Country	3,148	3,531	14,177	10,566

Source: District Employment Centres

The majority of affected people are occupied in the agricultural sector, including those working informally. Available data¹⁵ indicate that approximately 60-70% of the active workforce in the ACs are working informally without formal labour agreements being engaged in seasonal rural works or odd jobs, i.e. are being underemployed. The Project also has the potential to benefit people working under these conditions.

Forced labour, especially in the agricultural and construction industries, is a recognised problem in Uzbekistan. Although there is a strong political commitment by the Government and efforts by human rights organisations to address the issue, including international third-party monitoring missions led by the ILO during the harvesting season, and internationally funded technical assistance projects in Uzbekistan’s agricultural sector, forced labour in Uzbekistan’s cotton sector in 2018¹⁶ remained an issue. According to Human Rights Watch, various authorities continued to mobilize some public sector workers, students and employees of private businesses to pick cotton on threat of punishment or loss of employment. In Khorezm, according to Yusuf Ruzimuradov, a human rights activist from Uzbekistan, public sector workers were forced to sign forms that they would pick a minimum amount of cotton.

The ILO continues monitoring the country’s cotton fields during the harvesting season. ILO missions have been conducted since 2015 to assist the GoU in eradicating child and forced labour in the annual cotton harvest and providing the IFIs with a reliable dataset and analysis to inform decisions on investment risks and opportunities in the country. Key achievements over this period include efforts in building fair recruitment capacity, facilitation of dialogue between the government and human rights activists, third-party monitoring of the cotton harvest involving interviews, focus groups, and telephone polls, training of labour inspectors, public prosecutors and human rights activists, strengthening feedback mechanisms operated by the Ministry of Employment and Labour Relations and the Federation of Trade Unions, promoting mass media coverage and training of journalists, exchange of best practices at the international level and assessment of social impacts. Much progress has been made in reducing forced labour, however the 2018 monitoring concluded that a minority (6.8%¹⁷) of pickers were still forced to participate in the harvest.

3.9. Livelihoods and income

3.9.1. Overview

The aggregated income of the population when estimated in national statistics includes cash incomes and income in kind as well as other income, which tends to be recurrent and is received by a household or its individual members on a regular basis, annually or at shorter intervals. The average monthly income in Uzbekistan in 2017 was USD 285¹⁸.

The sub-sections below detail the baseline livelihoods and income profiles of direct farmers, contract farmers, farm workers and seasonal workers and women’s income.

¹⁵ Kasbi District Employment Centre, Passport of Nishon District, Passport of Sardoba District, Passport of Oqoltyn District

¹⁶ Human Rights Watch, Uzbekistan via <https://www.hrw.org/world-report/2019/country-chapters/uzbekistan>

¹⁷ ILO, https://www.ilo.org/moscow/news/WCMS_681780/lang--en/index.htm

¹⁸ Sourced from the RoU State Committee on Statistics via <http://nsdq.stat.uz/goal/4>

3.9.2. Direct farmers

Incomes of the population in the wider Aol increased by 41% in Kashkadarya region and by 50% in Syrdarya region over five years between 2014 and 2018 but remain lower than the country average by 9% in Kashkadarya region and 9% in Syrdarya region.

FGD respondents for direct farmers and community members did not provide information on their salaries prior to the start of the Project. The majority of contract farmers from Kasbi district provided their previous annual incomes as being between 50-80 million soms (USD5,300 and USD8,400 or USD440 – USD700 per month). This may not be indicative of all sub-districts as incomes vary.

All of the respondents in the FGDs from Kasbi, Nishon and Sardoba sub-districts stated that cotton farming was their household's major source of income. Four respondents from Oqoltyn sub-district of Syrdarya region were the only respondents for which cotton was not the main source of income.

While cotton is the major source of income, the respondents from the FGDs identified that they had varied other means of income in addition to cotton. The following were identified as alternative sources of livelihood in the Project area:

- Rearing livestock (cattle breeding, ostrich, rabbit and poultry farming)
- Milk processing (kaimak, sour milk, kurt etc.)
- Vegetable and melon growing
- Sericulture (silk cocoon production)
- Wheat production
- Entrepreneurship or office work
- Beekeeping
- Carpet making
- Bakery
- Construction
- Pharmacy
- Fishing or fish farming
- Renting agricultural machinery
- Tutoring
- Translation services
- Government pension

3.9.3. Contract farmers

All 13 of the FGD respondents in Kasbi district stated that cotton farming was their main source of income. However, it is not their sole source of income. Contract farmers interviewed stated that they were also involved in the following activities:

- Rearing livestock (cattle breeding and poultry farming)
- Vegetable and melon growing
- Sericulture (silk cocoon production)
- Entrepreneurship or trading
- Bakery
- Pharmacy

FGD respondents stated that they primarily grew wheat in rotation with cotton. Now they are able to grow carrot, beans, beetroot, corn, melons, sunflowers, fodder crops planting them in the rows between wheat in the fields as rotation crops.

3.9.4. Farm workers and seasonal workers

No data has been kept regarding how many farm workers and seasonal workers who worked on the land acquired by the Project for direct farming. However, the numbers of workers is thought to be proportionate to contract farming i.e. one worker per 10 ha.

Contract farmers in the FGDs stated that they typically employed approximately 60-70 seasonal workers (about one worker per 10 ha) as well as permanent workers on their farms. The number of permanent jobs depends on the size of the farm as generally one worker is needed per 10 ha.

Employment of seasonal workers is undertaken through mahallas¹⁹ through the following process:

- The mahalla announces it needs “volunteers”
- If the number of “volunteers” is not sufficient the mahalla contacts local employment centres
- Seasonal workers form brigades.
- Each brigade appoints a Brigade Leader to negotiate the terms of payment and scope of work.

Seasonal workers’ incomes in cotton farming are associated with weeding and cotton picking. Cotton weeding is done in five to six stages from April to September. A typical weeding calendar is described in the Table 3.9.

Table 3.9: Types of weeding and labour intensity

Stage	Timing*	Task	Labour Intensity
First weeding (“Yagona”)	Late April	Removal of excess cotton shoots and grass. Time-consuming and labour-intensive. Requires skilled workers who know how many cotton shoots to leave.	One person covers 0.2 ha in 5 days.
Second weeding	Early May	Removal of grass	One person covers 1 ha in 2–3 days
Third weeding	Mid May	Removal of grass	One person covers 1 ha in 2–3 days
Fourth weeding	June	Removal of grass	One person covers 1 ha in 2–3 days
Fifth weeding (“Chekanka”)	Late July / Early August	Removal of the top of the cotton bush. This task requires skilled labourers.	One person covers 1 ha in 3–4 days
Sixth weeding (Final weeding)	End August / September	Removal of grass so it does not get in the way of people picking cotton.	One person covers 1 ha in 2–3 days

Source: Third party monitoring of child labour and forced labour during the 2018 cotton harvest in Uzbekistan. ILO, April 2019

* Note: The actual weeding dates depend on seeding date, cotton variety, and weather conditions.

In 2018, before the Project, cotton weeding involved three groups of seasonal workers in Syrdarya and Kashkadarya regions: ‘*podrachi*²⁰’, daily wage labourers and public-funded employees (refer to Table 3.10). The *podrachi* group consisted of local households that enjoyed long standing arrangements with a local farmer to weed cotton. Agreements were usually verbal and covered the whole weeding season. This group represented 20–70% of all workers involved in weeding on the farm. In most cases, the farmer did not pay in cash but rather provided the households with a small area of land (e.g. 0.5–2 ha) for them to grow their own secondary crops after the main harvest. Some farmers also provided in-kind payments (such as wheat, cooking

¹⁹ Local people’s gatherings

²⁰ An Uzbek word for local households with long standing arrangements with local farmers to weed cotton

oil, and cotton stalks) and/or small sums of money (e.g. UZS 200,000–300,000 per season). Some farmers also provided *podrachi* workers with irrigation water and access to machinery for agricultural production.

Table 3.10: Type and proportion of seasonal workers involved in weeding, 2018

Region	Podrachi	Daily Wage Labourers	Public-funded employees
Kashkadarya	50-70%	30-50%	0%
Syrdarya	20-30%	70-80%	1-5%

Source: Third party monitoring of child labour and forced labour during the 2018 cotton harvest in Uzbekistan. ILO, April 2019

Previously, weeding was mostly done by the women of *podrachi* households, and in many cases the men were employed as full-time workers on the farm. Some farmers provided *podrachi* households with a certificate of employment and salary statements, which the households could use to apply for social support. *Podrachi* households preferred farms in close proximity to their homes and were reluctant to work for poorer and more remote farmers who therefore had to recruit labour from other groups. To attract *podrachi* workers the farm manager usually addressed people in the community directly or local households came directly to the farm and asked to be engaged.

The daily wage labourers group included individuals and brigades that were hired for a single day or for a defined period of time. Farmers paid the workers on a daily basis. The proportion of daily wage labourers varied in the Project regions from 30% to 80% of the total workforce. There was a new and growing trend of women increasingly forming brigades of daily wage labourers in order to negotiate collectively to achieve better conditions. Many farms saw this as a benefit as they could save time by negotiating directly with the Brigade Leader instead of individually with workers. According to the ILO Third-party Monitoring Mission, 70% to 90% of daily wage labourers involved in weeding were women.

Public-funded workers are registered unemployed who receive a monthly payment of UZS 500,000 from a special fund established by the GoU to assist unemployed people. Farmers in Syrdarya region used public-funded workers for weeding in 2018. This group of workers were involved in cotton weeding for remote farmers and for farmers that had difficulties recruiting local labourers. Farmers hired such labourers for weeding by approaching the Hokimiyat or mahalla.

Table 3.11 below summarises employment arrangements incomes and typical duration of work by each group of seasonal workers.

Table 3.11: Incomes and employment duration of seasonal workers

Category	Podrachi workers	Daily Wage Labourers	Public-funded Workers
Employment arrangements	Verbal agreement (renewed yearly)	Directly with workers or via Brigade Leaders	Hokimiyat or mahalla
Typical duration of work	20-40 days per season	60-100 days per season	
Income	Seasonal income UZS 1-1.75 mln or in-kind payment	Seasonal income UZS 0.8-3.5 mln cash payment	Fixed monthly payment or UZS 0.5 mln

Source: Third party monitoring of child labour and forced labour during the 2018 cotton harvest in Uzbekistan. ILO, April 2019

Cotton weeding represented an important opportunity for families and individuals to earn an additional income. The weeding income was particularly important for women due to the lack of full-time job opportunities available to them in rural areas and the scarcity of daily wage jobs for women in late spring and early summer.

According to the ILO Third Party Monitoring Mission Report, 54% of pickers were women in 2018. On average each cotton picker participated in the harvest for 21 days and picking represented 40% of cotton picker's personal annual income. A cotton picker could earn UZS 40,000–150,000 (USD 5-18²¹) per day in 2018, while

²¹ 1 USD = 8,350 UZS as of December 2018

the average daily wage for other kinds of agricultural work was UZS 15,000–30,000 (USD 18-36). Working during the harvest, cotton pickers can earn at least two to three times more than in any other agricultural activity.

3.9.5. Women’s income

The sources of women’s income, in the Project area, is varied. Women are the primary workers in weeding, topping, chopping and harvesting and are using income streams generated by these operations to have their own earnings. and Outside of cotton farming, income generating activities such as silkworm farming are predominantly undertaken by women. Women were also involved in a number of the seasonal cotton farming activities. Table 3.12 presents income earned from cotton farming in three of the Project districts.

Table 3.12: Income for women from cotton farming prior to the Project (UZS)

District	Weeding	Topping	Ploughing/ bursting	Cotton Picking	Chasing/ Trimming
Oqoltyn District	120,000 per 1 ha or daily 20,000	No information	No information	800,000 – 900,000 per 1 kg	50,000 per 1 ha
Kasbi District	25,000 per day	25,000 per day	25,000 per day (several times per season after irrigation)	700 by the farm + 300 co-financed by the Government per 1 kg of cotton	25,000 per day
Nishon District	15,000-20,000 per day	15,000-20,000 per day	No information	800 per 1 kilo	No information

Source: December 2019 ESIA FGD survey responses.

Recruitment for seasonal weeding occurs as a result of volunteering to the mahalla. The brigade leader signs a contract with the farm or company. Verbal arrangements are made with the brigade workers. Typically, female brigades appoint a female brigade leader, who to date has been responsible for liaising and negotiating with the Company on the scope of work and fees such that female workers in the brigade do not communicate personally with FE “Indorama Agro” LLC. Payments are made per hectare of land. The Brigade Leader decides how many people will work per hectare. Payments are made after completion of work on the land plot, usually in 2-3 days.

3.10. Deprivation and vulnerable groups

For this Project, the most deprived and vulnerable groups within the ACs are considered to be:

- Women: particularly those who were previously involved in seasonal work who have lost employment opportunities as a result of the project and the increased mechanization of production that is expected in the near future.
- Unskilled seasonal or farm workers: these are landless low-income and sometime migrant workers, with job and income insecurity and can therefore fall victim to forced labour by organised criminal enterprises.
- Children in the local communities: who typically work seasonally and are at risk of exploitation and dangerous working conditions.
- Families who have lost their main income provider.

The ESIA study estimates that female population in the ACs makes up about 67,239 people, including 37,733 working age women. Approximately 8,315 labour migrants and their families are highly vulnerable to the loss of seasonal incomes and emerging employment opportunities for local communities.

In total, there are 21,946 families in the ACs. Living conditions tend to be worse in the villages than in urban areas specifically taking into account that not all households may benefit from access to water and wastewater utilities and gas supply. There are 1,045 families in Fazli and Cultuvar communities who do not have access to drinking water supply system.

Families, who lost their main income provider are considered as disadvantaged households experiencing difficulties in sustaining their incomes due to the loss of household members involved in economic activity. Available data indicate a large variance in the number of such families between the Project districts: see Table 3.13.

Table 3.13: Disadvantaged families in the Project wider Aol, 2019

Location	Low-income Families	Lost Breadwinner Families	Period
Kashkadarya region			
Kasbi	517	813	As of 01.04.2019
Nishon	n/d	n/d	-
Syrdarya region			
Sardoba	444	n/d	As of 01.01.2019
Oqoltyn	511	280	As of 01.04.2019

Source: Kasbi District Passport, Sardoba District Passport and Oqoltyn District Hokimiyat

The workforce population in the affected communities ranges between 56% and 59% with the remaining 34% to 41% comprised of the elderly and children (an estimated total of approximately 44,229 to 54,541 people). According to the available national statistics, people with disabilities who rely on pensions and social support allowances make up about 2% of the total population in Uzbekistan. About 35% of people receiving pensions and social support allowances are those with disability. The elderly, children and disabled family members often do not have income which puts more pressure on the main income provider, creating increased vulnerability for families without a main income provider.

4. Economic Displacement Impacts

4.1. Overview

This section presents a description and summary of land related impacts followed by employment and income impacts.

4.2. Impacts of land acquired

4.2.1. Overview

This section describes and summarises land requirements and then looks at specific economic displacement impacts. The land allocated to the Project has always been used for farming operations and does not accommodate any houses or small businesses (stores, etc.). Risks related to illegal land use, for instance by squatters, have not been identified. However, there is economic displacement, defined as loss of assets or access to assets that leads to loss of income sources or means of livelihood. No physical displacement (relocation of residential households or business buildings) impacts are anticipated.

All land parcels allocated for the Project were brownfield sites with a long track record of cotton and wheat cropping, although a number of parcels were not farmed in recent past due to degradation of various farming infrastructure and soil from neglect as well as poor repair and maintenance. They were previously leased as individual cotton farms and as such treated as legal entities in Uzbekistan. Before the Project, 2,897 cotton farms operated in the Project footprint. The lands acquired via LLAs were consolidated in 22 cotton farming sub-districts in Nishon, Kasbi, Oqoltyn and Sardoba districts based on the existing farming sub-district arrangements. Refer to Table 4.1 for details. . The Project acquired 3,709 land parcels covering 54,196ha, including 50,037ha of irrigated land and 4,194ha in poor condition.

Table 4.1: Land acquisition by region, district and sub-district

Region	District	Sub-districts	Total Parcels	Allocated Land, ha	Irrigated Land, ha	Poor Condition Land, ha
	Kasbi	Beruniy	191	4,267	4,089	191
		Navrus	186	3,846	3,711	-
		Pakhtakor	56	1,054	1,027	-
		Khujakulov	195	3,921	3,783	-
		<i>Sub-total</i>	<i>628</i>	<i>13,088</i>	<i>12,610</i>	<i>191</i>
Kashkadarya		Nurli Kelajak	145	1,748	1,467	75
		Uch Mula	80	871	871	93
		Shirinobod	75	471	431	41
	Nishon	Oydin	190	1,878	1,623	647
		A. Qodiriy	205	2,122	1,919	314
		Hamza	145	1,983	1,864	593
		Gulistan	290	2,373	2,085	281
		Turkmenistan	228	2,421	2,166	228
		Samarqand	57	683	608	74
		<i>Sub-total</i>	<i>1,415</i>	<i>14,549</i>	<i>13,001</i>	<i>2,347</i>
Total in Kashkadarya region:			2,043	27,637	25,611	2,538

Region	District	Sub-districts	Total Parcels	Allocated Land, ha	Irrigated Land, ha	Poor Condition Land, ha
Syrdarya	Oqoltyn	Sardoba	207	2,805	2,329	273
		Musamukhammedov	125	1,005	810	55
		Q. Ukuboev	123	2,592	2,476	51
		A. Toirov	201	2,978	2,841	289
		Z.M. Bobur	173	3,390	3,144	279
		<i>Sub-total</i>	829	12,770	11,601	947
	Sardoba	Istiqloq	112	2,147	2,060	99
		Sh. Rashidov	301	4,440	4,206	-
		T. Malik	301	5,439	4,910	527
		G. Gulom	123	1,762	1,650	82
		<i>Sub-total</i>	837	13,789	12,825	709
		Total in Syrdarya region:			1,666	26,559
Grand Total		Project	3,709	54,196	50,037	4,194

Source: FE "Indorama Agro" LLC

In total 1,155 cotton farms (including 65 female-headed farms) were approached by the Government in the land acquisition process and 1,068 farms (including 12 female-headed farms) agreed to terminate their LLAs while 87 farms decided to continue their own operations. Table 4.2 shows the decisions made by the farms.

Table 4.2: Farms affected by the land acquisition process

Location	Farms approached (including female-headed farms)	Farms agreed to terminate the LLA	Farms who continued operation with pre-existing LLAs	Farmers employed by the company	Total land allocated, ha	Including reserve land ²² area, ha
Kashkadarya region						
Kasbi	353 (13)	340	13	117 (34%)	13,789	-
Nishon	335 (30)	326	9	60 (18%)	12,770	-
<i>Sub-total</i>	<i>688 (43)</i>	<i>666</i>	<i>22</i>	<i>177 (27%)</i>	<i>26,559</i>	<i>-</i>
Syrdarya region						
Sardoba	243 (11)	207	36	194 (94%)	13,088	-
Oqoltyn	224 (11)	195	29	110 (56%)	14,549	1,380.7
<i>Sub-total</i>	<i>467 (22)</i>	<i>402</i>	<i>65</i>	<i>304 (76%)</i>	<i>27,637</i>	
Total	1,155 (65)	1,068	87	481 (45%)	54,196	1,380.7

Source: FE "Indorama Agro" LLC

All farmers who agreed to terminate their respective LLAs (1,068 farmers in total) were offered, along with their permanent farm workers, to join FE "Indorama Agro" LLC and work full time based on long-term labour contracts. Approximately 481 (45%) of the farmers who terminated their LLAs are now working in the Company as agronomists, field workers on their former land plots, lead brigades, or operate tractors and other machinery. Those who opted to work for the Company were given employment. Eighty-seven farmers continued operation

²² Reserve land is unzoned and undistributed land of the local government in districts that may be allocated for lease to agricultural land users. A respective district government takes a decision regarding distribution of the reserve land.

on their own farms without terminating their LLAs or were compensated by other more productive land of similar size or more.

There are 500 farms with terminated LLAs for whom it is assumed that no workers are employed by the Project and for which Hokimiyats and the Company have no information. There is an estimated 4,337²³ farm workers who may have lost employment and suffered adverse livelihood impacts. Farm workers were offered employment, and many did not opt for a job opportunity with the Project.

An additional 4.5ha of municipal land has been allocated for two residential complexes in the cities of Karshi and Gulistan (2.25 ha for each complex). The land acquisition process did not affect any land users or owners as these land plots were previously owned by the municipality, free of buildings or operations, and are located in well-developed urban areas. Construction camps, laydown and storage areas, and contractors' facilities during the construction phase will be accommodated within the boundaries of the construction sites on the Project land. Following completion of the construction phase, the land will be reinstated and will be part of the residential areas of the Project.

Land allocation for the 5km 350 kV transmission line to connect the new gin plant in Oqoltyn to the grid will be the responsibility of Uzbekenergo. No additional land will be acquired for the PTL during construction and operation as the route will traverse land that has been allocated to the Project and is currently leased by the Company. The old gin and cotton storage area had a substation as does the neighbour community, so no land has to be acquired for the substations.

4.2.2. Summary of affected assets on the land

A few maintenance structures, sheds and buildings in Syrdarya region are unlikely to be used any more by the local farmers as they are now surrounded by or immediately adjacent to the Project land. Previously these structures had been carved out of footprints as an effort to minimise impacts. However, farm managers are finding little utility from the structures, so the Company has agreed to negotiate compensation. Replacement value is the normal method for deciding on compensation. The process of compensating for the structures is under discussion and will soon start. Details on these structures are summarised in Table 4.3.

Table 4.3: Affected assets

Location	# of land parcels with structures for compensation	Affected crops	Affected Land Parcels	Remaining Structures / Buildings	Type of Building (area/material)
Istiqlof	6	1 garden	Not available (NA)	7 sheds	3 of clay brick, 3 of concrete, 1 of baked brick
Sh. Rashidov	8	NA	3.65ha	8 sheds	All of clay bricks
T. Malik	23	4 gardens	NA	28 sheds, yards, cowsheds	5 of clay bricks, no information for others
G. Gulom	6	NA	NA	3 field houses (two with rooms), 6 sheds	2 sheds with clay bricks, the others with no information
Sardoba	5	NA	NA	One warehouse, three field sheds, 1 shed	Warehouse from concrete, one shed from clay bricks the others no information
Q. Ukuboev	1	NA	NA	1 field shed	NA

²³ Hokimiyats of two locations were able to provide numbers of affected farm workers but for the other two locations, estimates have been used.

Location	# of land parcels with structures for compensation	Affected crops	Affected Land Parcels	Remaining Structures / Buildings	Type of Building (area/material)
A. Toirov	2	NA	NA	2 field sheds	NA
Total:	51			60	

Source: Mott MacDonald summarised from information from FE “Indorama Agro” LLC

The Project will negotiate compensation with the affected farmers for these structures. Compensation will be calculated for the lost assets at full replacement cost. Replacement cost is a combination of market value and transaction costs. Typically, market value is established for structures by measuring the size of the structure and investigating how much it costs to make a structure of the same size. For losses that cannot easily be valued or compensated for in monetary terms, in-kind compensation may be offered by the Project, for example, compensation in goods or resources that are of equivalent or greater value.

4.2.3. Summary of cash paid to farmers for improvement works

The Company provided cash totalling about USD80,000 to 82 farms in Syrdarya region for land cultivation works completed on land parcels that were signed over to the Project. The payments were estimated based on the market price of cultivating 1ha of land and market price of diesel fuel. There is no information on such payments or works being undertaken in Kashkadarya region.

Table 4.4: Summary of cash payments by the Company in Syrdarya region

No. of Farms	District/ Sub-district	Plowing Area			Fuel			Total Paid
		Ha	UZS/ha	Amount, UZS	Litre	Price	Amount, UZS	UZS
Sardoba district								
8	T. Malik	223.8	250,000	55,950,000	6,714.0	4,800	32,227,200	88,177,200
11	G. Gulom	330.5	250,000	82,625,000	9,915.0	4,800	47,592,000	130,217,000
14	Sh.Rashidov	512.4	250,000	128,105,000	15,372.6	4,800	73,788,480	201,893,480
2	Istiklol	63.4	250,000	15,850,000	1,902.0	4,800	9,129,600	24,979,600
35	<i>Total Sardoba</i>	<i>1,130.1</i>		<i>282,530,000</i>	<i>33,903.6</i>		<i>162,737,280</i>	<i>445,267,280</i>
Oqoltyn district								
12	Sardoba	187.8	250,000	46,950,000	5,634	4,800	27,043,200	73,993,200
7	Musamuhamedov	141.6	250,000	35,400,000	4,248	4,800	20,390,400	55,790,400
8	K. Ukubaev	144.9	250,000	36,225,000	4,347	4,800	20,865,600	57,090,600
3	Z.M. Bobur t	32.0	250,000	8,000,000	960	4,800	4,608,000	12,608,000
17	A. Toirov	289.0	250,000	72,250,000	8,670	4,800	41,616,000	113,866,000
47	<i>Total Oqoltyn</i>	<i>795.3</i>		<i>198,825,000</i>	<i>23,859</i>		<i>114,523,200</i>	<i>313,348,200</i>
82	Total Syrdarya	1,925.4		481,355,000	57,762.6		277,260,480	758,615,480

Source: FE “Indorama Agro” LLC

4.2.4. Summary of land acquisition and displacement impacts

Table 4.5 summarises the land acquisition and displacement information discussed in the previous sections.

Table 4.5: Land acquisition and displacements impacts

Land needs	Number	Total parcels	Acquired or supply land	Displaced people	Mitigation
Direct farming	1,068 farms acquired	3,709	54,196ha	<p>A. Owners of farms with LLAs 481 who have been hired by Company; 500 for which there is no data on their status</p> <p>B. Permanent workers of acquired farms with LLAs Estimated 4,437 workers from 500 farms where no one accepted employment opportunities</p> <p>C. Seasonal farm workers Uncertain, but an estimated 9,070 seasonal jobs (job numbers do not equal workers because one worker may have had several seasonal jobs)</p>	<p>Owners of farms with LLAs and permanent workers of acquired farms with LLAs were offered for a member of their household to work on the Project</p> <p>Company to hire 2,000 (give or take 30%) on an annual basis</p> <p>All three groups of displaced people have the opportunity to be involved in livelihood restoration activities identified in the community asset programme</p>
Residential complexes	2, one each in Karshi and Gulistan		4.5ha	None	
Gins	2		24ha	None	
Farm depots	7 across all the four districts of Nishon, Kasbi, Sardoba and Oqoltyn		Part of direct farming land		
Maintenance structures, sheds and buildings	60	51	NA	None (they would be reflected in the direct farming numbers)	Compensation to be determined at replacement cost
Total			54,224.5ha	As above	

Source: FE "Indorama Agro" LLC

4.1. Impacts on employment

There are some constraints to planning to address the employment impacts because the land acquisition and reallocation process was government led. The Project has little information on farms where the affected people might be identified as vulnerable. As well, there is a lack of details on farmers and their workers who terminated LLAs but did not accept work on the Project. The sections below details on the information that is known and identifies how estimates have been derived.

4.1.1. Losses of employment to permanent staff of farms with terminated LLAs

The number of new jobs created for farm owners and permanent workers will be less than estimated job losses. The ESIA estimated that 4,337²⁴ permanent jobs from the termination of LLAs for direct farming may have occurred. This is based on information for two districts (Nishon and Sardoba) from Hokimiyats and from estimations for the other two districts (Kasbi and Oqoltyn). It is possible based on some data collection by the Company that, of that total, 2,000 may have been household members. The Company has hired 2,720 staff to date who are assumed by the Company to be former farm owners or workers because of the general stability of the community populations and lack of in-migration. This assumption will be reviewed and confirmed through monitoring data collection. These numbers suggest a gap of at least 1,500 farm workers whose livelihoods may not have been directly addressed by the Project. However, some of the former farm workers will have moved to other locations based on ESIA baseline about work migration and some will have moved to other sectors, for instance construction. The lack of data on the impacted farm workers creates limitations for this LRP.

The Project has required 2,720 new skilled jobs in the agricultural sector (direct farmers mainly) in Kasbi, Nishon, Sardoba and Oqoltyn districts, as well as ten administrative jobs in the city of Tashkent. The average monthly wage for operational staff in the Project districts varies between UZS950,000 (Nishon district) to UZS 2,250,000 (Sardoba district). About 98% of all staff originates from Uzbekistan. Women occupy 7% of all jobs, however their representation varies significant between the Project districts (4-9%) and the headquarters in Tashkent (27%).

In 2020 the Project will offer additional 430 jobs upon commissioning of residential complexes in Gulistan and Karshi and two gin plants and cotton depots in Kasbi and Sardoba districts. By the end of 2020, the Company estimates it will directly employ about 3,150 people. The total employment number will be reviewed from time to time as the Project implementation progresses. All regular staff is currently employed using one-year fixed term contracts. The labour law of Uzbekistan has provisions for such arrangements with the regular staff when one-year fixed term contract is renewed annually although fixed-term contracts do not provide any long-term employment security for the staff.

FE "Indorama Agro" LLC does not have the full complement of information about how affected farm workers have been restoring their livelihoods. In Nishon District, farm workers that lost their jobs due to the implementation of the Project were assisted to get new jobs in other farms through the local employment centre. But this information is not available for other districts. The employment centres generally keep demographic information related to employment without names of people so there is project affected people, so they cannot be identified. In the consultations in December 2019, the Company and Hokimiyats informed that some took jobs in other sectors and in other places.

Based on the amount of land acquired, an estimated 9,070 seasonal jobs have been lost through the termination of the LLAs. Seasonal job numbers do not equal workers because one worker may have had several seasonal jobs. Seasonal jobs available in the cotton farms are associated with the need to attract additional workers during weeding and harvesting. The average labour demand of a farm is one worker per ha, thus it is estimated that an average farm in Kashkadarya region (of 30-40 ha) engaged in average three to four seasonal labourers during weeding and for cotton picking, thus during one season, an additional six to eight seasonal jobs were generated by each farm. A similar approach is used to estimate seasonal jobs in Syrdarya region where an average farm of 20-30 ha generated four to six seasonal jobs during the cotton farming season.

Table 4.6 summarised the estimated employment losses

²⁴ Hokimiyats of two locations were able to provide numbers of affected farm workers but for the other two locations, estimates have been used.

Table 4.6: Estimated employment losses as a result of the Project land acquisition

Location	Farms terminated LLAs	Average farm size, ha	Average permanent jobs per farm	Total permanent jobs cut	Total seasonal jobs cut
Kashkadarya region					
– Kasbi	340	30-40	3-4	1,412*	2,720
– Nishon	326	30-40	3-4	1,304	2,608
Syrdarya region					
– Sardoba	207	20-30	2-3	621	1,242
– Oqoltyn	195	20-30	2-3	1,000*	2,500*
Total	1,068			4,337	9,070

Source: District Hokiyimats *Estimated by Mott MacDonald

4.1.2. Seasonal job losses

Table 4.6 estimates the loss of about 9,000 seasonal jobs based on the typical number of seasonal workers for the land amount. FE “Indorama Agro” LLC has not yet introduced full mechanisation so in the immediate future the number of required seasonal workers is higher than what it will be in the future. FE “Indorama Agro” LLC expects that some of the workers affected by mechanization will be employed as pickers on contract farms. The Company indicates that after mechanisation they will still need about an estimated 2,000 seasonal workers (give or take 30%) for chipping of weeds every year in the direct farming area.

For seasonal work before the Project, brigade leaders were recruited by contracted farms directly and payments with seasonal workers were transacted in cash via the Brigade Leader. Now permanent and seasonal workers recruited by Project contract farmers need to have worker contracts. The Brigade Leaders are now appointed by FE “Indorama Agro” LLC. The Brigade Leader controls the working conditions of seasonal workers. According to the FGDs, the Company monitors availability of workers’ contracts with permanent and seasonal workers (via the PU Manager and Agronomist), provides decent work and safety training, and supports contracted farms with stationeries such as logs and farmer’s workbooks (at the expense of the Company).

The ESIA has identified other impacts including women having fewer employment opportunities since they are less interested in joining the Company, and because work that they used to be involved, especially seasonal work, is more likely to be mechanised.

4.1.3. Temporary employment

In terms of temporary employment opportunities for the directly and indirectly affected communities, the ESIA identifies opportunities associated with the construction of:

- Two residential complexes in the cities of Gulistan and Karshi
- Two gin plants in Karshi and Oqoltyn districts
- 5 km PTL in Oqoltyn (the associated Project to be implemented by Uzbekenergo)
- Seven farm depots across all the four districts of Nishon, Kasbi, Sardoba and Oqoltyn

Two low-rise residential complexes are being constructed in the cities of Karshi and Gulistan. The construction started in September 2019 and will last approximately seven months. The construction of ginning facilities in Kasbi and Oqoltyn districts started in September 2019 and the construction period will take approximately five months. The contractors contract includes a provision to comply with national laws of Uzbekistan. The construction of residential complexes and ginning facilities is likely to generate employment for 400 workers on average (both skilled and unskilled;) for all sites. In addition to the skilled construction labour, approximately

100 temporary jobs for unskilled workforce from the directly affected communities are made available during construction for a period of less than one year.

4.1.4. Contracting farming employment opportunities

Some unknown percentage of affected farm staff from the farms with terminated LLAs will be absorbed in the contracting farming scheme. It is estimated that approximately 2,500 permanent jobs (farm workers) and 2,500 seasonal jobs during weeding and harvesting will be available via contracted farms after expansion of contract farming to Nishon district. However, many of these existing jobs (about 1,300) were available in the farms before they were contracted by the Project. See Table 4.7 for details about jobs on contracted farms.

Table 4.7: Estimated permanent and seasonal jobs in the contracted farms by 2021

Period	Contracted Farms	Cotton Area, ha	Permanent Farm Workers	Seasonal Jobs*	Potential Reduction
2019	394	12,536	1,299	1,254	(0)
2020	900	23,000	2,500*	2,500	(0)
Total	900	23,000	2,500	2,500	(-1,250)

Source: FE “Indorama Agro” LLC *Estimated

FGDs with contracted farms identified that seasonal workers are now partly engaged in weeding due to changes in the cotton farming techniques and harvesting. Less labour is now required for weeding operations as chopping reduced almost by three times (from three to one or two passes), manual topping is no longer required as replaced by application of herbicides while first weeding is combined with harrowing and seeding and is no more required as a manual operation. Also, before the Project cotton was picked manually in five passes, now harvesting can be completed in one pass with mechanisation. While mechanised harvesting is not foreseen at present in contract farming, there is a possibility that mechanized harvesters could be loaned or leased to contract farmers in the future which would affect seasonal job availability.

4.2. FE “Indorama Agro” LLC Impacts on incomes

Of the 114 people that responded to the surveys during the FGDs, 81 responded in regard to income impacts. Half (50%) stated that their income had improved, 14% stated that it had not changed and 35% stated that their income has decreased since the start of the Project. See Table 4.8 for details.

Table 4.8: Change in income since start of Project

District	Sub-district	No. Respondents	Income increased	Income remained the same	Income decreased
Syrdarya	Oqoltyn	29	10	3	6
	Sardoba	24	0	7	21
	Total	53	10	10	27
Kashkadarya	Kasbi	50	31	1	0
	Nishon	24	13	1	1
	Total	61	31	2	1
Total surveyed		114	41	12	28

Source: December 2019 FGD survey responses.

Respondents from two FGDs with community women (Sardoba and Oqoltyn) stated that their household incomes worsen with the Project while women from all four FGDs mentioned that they are not aware of what types of work are available in the Company the women can do. Respondents from the FGD with women in Nishon stated that the salary provided by FE “Indorama Agro” LLC to their husbands is sufficient if you have a

small family (considered to be less than four children). However, the average family size in the Aol is five children.

4.2.1. Impacts on income of direct farmers

FGDs with the male (44) and female (4) direct farmers of FE “Indorama Agro” LLC were held in December 2019 in all Project districts to understand incomes of the direct farmers. Direct farmers employed by the Company are former owners of the affected cotton farms and their incomes were mainly generated through their cotton farm operations.

Forty-eight direct farmers responded to the surveys during the FGDs about the impact that the Project has had on their incomes. The majority (67%) stated that their income had improved and 33% stated that their income has decreased since the start of the Project.

On average, the gross annual income of direct farmers in Kashkadarya region increased with the Project by 20-50% in Kasbi and by two to three times in Nishon district. Only one farmer in Nishon district earns less (by 28%) than the average annual gross income before the Project while two other farmers are earning six to seven times more than their farms used to earn before the Project. See Table 4.9 for details

Table 4.9: Annual gross income of cotton farmers after the project impacts

Location	Average Annual Gross Income (2018), UZS ‘000	Average Annual Gross Income (2019), UZS ‘000	Place of Residence, km from work
Kashkadarya region			
– Kasbi district	1,300-1,500 (2 farmers) 11,000-20,000 (11 farmers)	23,000-25,000 (13 farmers)	1-9 km
– Nishon district	0 -3,000 (3 farmers) 7,400 – 10.000 (6 farmers) 29,000 (1 farmer)	13,600-21,000 (5 farmers) 30,000-37,000 (5 farmers)	1-10 km
Syrdarya region			
– Sardoba district	1,000-80,000 (3 farmers) 100,000-160,000 (8 farmers)	18,000-27,000 (5 farmers) 36,000 (6 farmers)	1.5-7
– Oqoltyn district	12,000-22,000 (8 farmers) 60,000-100,000 (5 farmers)	17,500-24,000 (8 farmers) 30,500-37,000 (5 farmers)	2-13

Source: FE “Indorama Agro” LLC

The direct farmer FGD respondents from Sardoba district were the least satisfied with the salaries paid by FE “Indorama Agro” LLC. Respondents stated that the salary is insufficient, and their income was better before the Project. They suggested that the premium on cotton income of 8% they had been promised was not being paid. Previous income for picking cotton in Sardoba district was as follows:

- For manual picking they paid 1,200 soms (0.1 USD) for 1 kg of cotton or 10 USD a day at a rate of 100 kg.
- For the month of picking (22 workers) got 220 dollars. For cutting-back, weeding and pinching, the earnings were 100 - 150k soms (12-16 USD per ha).

For one month of cotton picking, a family of three to four people earned 10 million soms (2,500 USD).

More detailed monitoring of salary changes will be required to better understand the situations and, if necessary, identify mitigation measures.

4.2.2. Impacts on incomes of contracted farmers

Ten of the 13 contract farmers involved in the FGDs responded to questions about their average annual incomes prior to the start of the Project. The majority of the farmers stated that their incomes were up to 80 million som. See Table 4.10 for more detail. All respondents stated that their income improved with the Project.

Table 4.10: Average annual gross income before the Project

District	Sub-district	up to 50 million	up to 80 million	up to 100 million	up to 150 million	more
Kashkadarya	Kasbi	3	7	1	0	2

Source: December 2019 FGD Survey Responses

Prior to the commencement of the Project prices for cotton were set by the Government, which varied as a result of inflation, leaving contract farmers vulnerable to market fluctuations. The farmers would sell their cotton to depots. The contract farmer FGD participants believe that the income that FE “Indorama Agro” LLC provides is much more stable than it was previously.

Contract farmers are positive about the implementation of the Project. The FGD respondents stated that their income and their personal business are growing. This is a result of:

- Income increased for cotton
- Decreased costs of growing cotton (fertilizer, payments to seasonal workers, fuel, seeds etc)
- Decreased harvesting periods

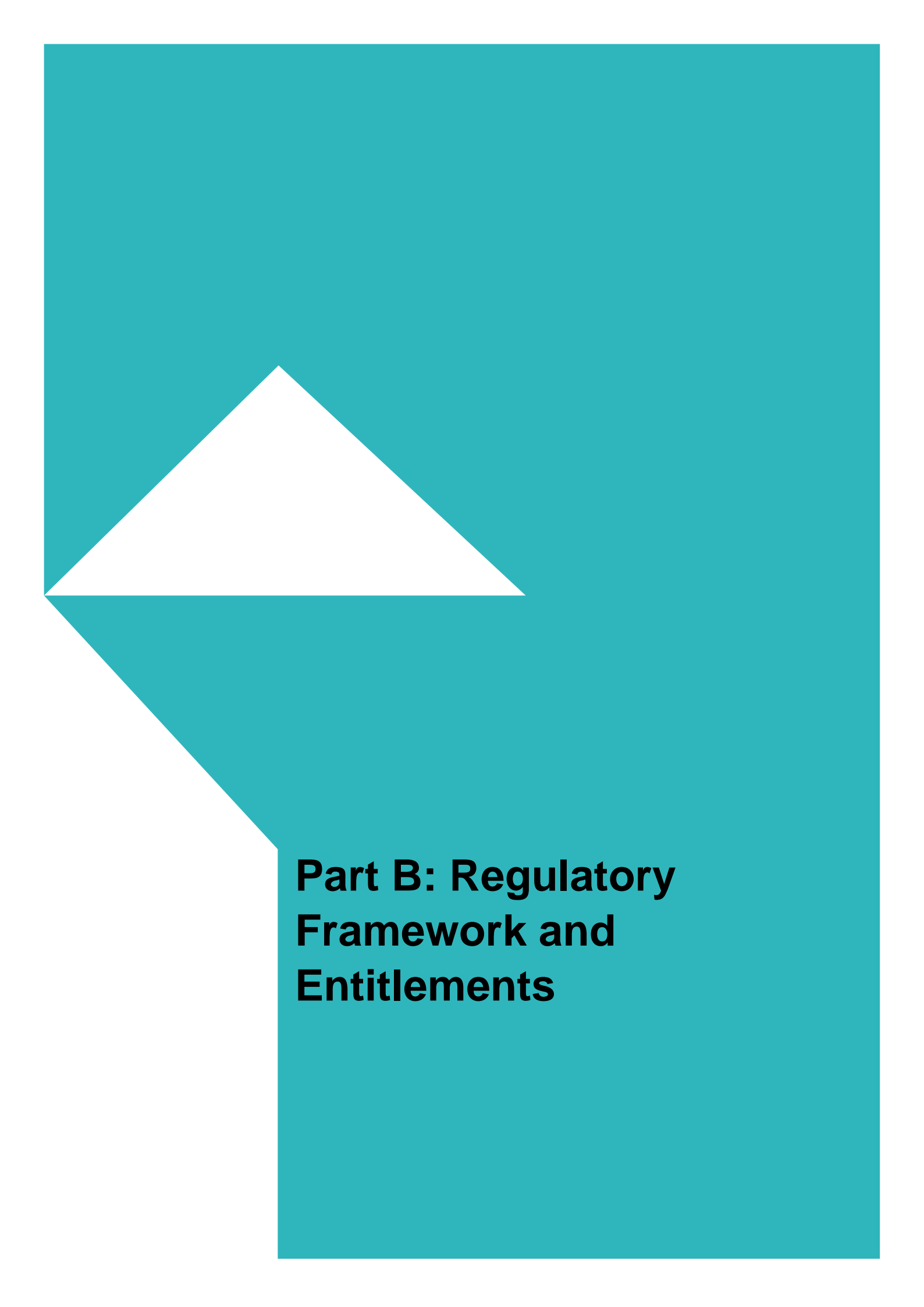
FE “Indorama Agro” LLC provides loans to contract farmers free of any interest payable as an advance payment at 60% of the future harvest. Before the Project, the Government provided similar loans, but with an annual interest of 3%. Easier access to loans for contract farmers is considered a benefit.

All contract farmers operate their own equipment and machinery but have been and are continuing to be trained by the Company to apply new techniques. Fertilizers are to be supplied by FE “Indorama Agro” LLC directly to sites.

FGD7 with the ten male and three female contract farmers who operated cotton farms before the Project discussed annual expenditures of a cotton farm before the Project. The discussion identified that on average annual farming expenditures included UZS 111.504 million (30-ha farm) or UZS 148.672 million (40-ha farm) in 2018 leaving small profits for well-performing farms or generating debts for the farms that were performing less effectively. It means that with the Project direct farmers are likely to increase earnings and improve financial situation in their households by increasing spending in food, domestic appliances, consumer goods, education, etc.

4.3. Temporary impacts

Currently there are no known temporary land acquisition impacts.



Part B: Regulatory Framework and Entitlements

5. Regulatory Framework

5.1. Overview

This Chapter provides an overview of the Uzbekistan legal framework for the land and the international lenders standards that must be complied with which together comprise the regulatory reference framework for the project. It concludes with a gap analysis between national and international requirements that has been used to inform the eligibility and entitlements that will be provided as presented in the following chapter.

5.2. Uzbekistan legal framework for leasing land

The following land laws of Uzbekistan are listed in Appendix A with descriptions of the key clauses and requirements:

- Constitution of the Republic of Uzbekistan (8 December 1992)
- Civil Code of the Republic of Uzbekistan of 29.08.1996 (as amended on 18.04.2018)
- Land Code of the Republic of Uzbekistan (30 April 1998)
- Law on Farms of the Republic of Uzbekistan No.602-I of 30.04.1998(as amended on 26.08.2004)
- Law on Lease No.427-XII of 19.11.1991 (as amended on 26.05.2000)
- Decree of the Cabinet of Ministers of the Republic of Uzbekistan "On Measures to Establish Modern Cotton and Textile Production by Indorama (Singapore) in the Republic of Uzbekistan" No.632 of 08.08.2018;
- Resolution of Cabinet of Ministers № 97 (29 May 2006)
- Resolution of Cabinet of Ministers № 146 (25 May 2011)
- Resolution of Cabinet of Ministers № 44 (15 February 2013)
- Presidential resolution № 3857
- Presidential Decree № 5495
- Presidential Decree № 5490

The right to lease land as fixed-term tenure for the use of the land is regulated under the terms of a LLA in accordance with Annex 7 of Decree of the RoU Cabinet of Ministers No.476 of 30.10.2003 "On Measures to Implement the Farms Development Concept for 2004-2006" (as amended of 10.12.2018). The land is leased to the head of the farm by the Hokims of districts and cities for the purpose of agricultural production, and other activities, for a period of 30 to 50 years. Should there be legal grounds, the land lease can be terminated for the following reasons:

- Initiative of the tenant (the farmer) or landlord (Hokimiyat)
- Decision of the court
- Liquidation of the farm
- Expiry of lease
- Expropriation of land for state needs (the end user will be the state) and public needs (land is transferred to a private legal entity or individual via the state).

When the land lease is terminated, the land rights return to the Hokimiyats. The farm needs to go to court if it wishes to restore the lost rights.

A Governmental Decree (No.632) was passed relating to the Project. Clause 3 of the decree states that local authorities will provide FE "Indorama Agro" LLC with land in two phases as the Project progresses:

- Phase I (addressed by this LRP) - the Hokimiyats of Kashkadarya and Syrdarya regions, upon the Company's requests will allocate the following land in Kasbi, Nishon, Sardoba and Oqoltyn districts before 1 November 2018:
 - 40,000ha of irrigated land to be operated by FE "Indorama Agro" LLC for cultivation of raw cotton and other crops;
 - 10,000ha of land for cotton farming by farms to be contracted by FE "Indorama Agro" LLC for cultivation and supply of raw cotton;
- Phase II (to be addressed in a different planning document) - taking into account the Company's performance at Phase I, the Hokimiyats of Fergana and Jizzakh regions to consider the provision of land plots for production of raw cotton and other crops.

The termination of existing LLAs was undertaken as 'expropriation for the public need' (Article 36 of the Land Code, Regulation, Articles 12 and 17 of the LLA – see Appendix A). Governmental Decree No.632 states that the land will be transferred to a private company for the purpose of socio-economic development.

5.3. International standards

EBRD's Performance Requirement 5 (PR5) and IFC's Performance Standard 5 (PS5) address land acquisition and involuntary resettlement and set the basis for the international standards applicable to this Project. These standards are considered applicable when involuntary physical or economic displacement occurs due to Project land acquisition. Involuntary resettlement refers to both physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood). Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition or restrictions on land use. This Project can resort to expropriation or impose legal restrictions on land use through the Government of Uzbekistan if negotiations fail. Hence, this Project triggers IFC PS5 and EBRD PR5.

In circumstances where land acquisition is the responsibility of the government like this project, the main clauses of PR5 and PS5 that are relevant are related to the requirement of 'private sector responsibilities under government-managed resettlement'. Developers such as FE "Indorama Agro" LLC must identify and describe government resettlement measures. Where these measures do not meet relevant requirements, the project must prepare a supplemental resettlement plan that together with the document prepared by the responsible government agency, will address the general requirements of IFC PS5, EBRD PR5 and the specific requirements for physical and economic displacement. This LRP is acting as a supplementary plan to address the gaps between the national and international entitlements and process, as described below.

EBRD PR5 and IFC PS5 recognise that project-related land acquisition and restrictions on land use can have adverse impacts on communities and people. IFC PS5 and EBRD PR5 emphasise that efforts should be made to avoid involuntary resettlement by negotiating settlements that encourage willing buyer/willing seller or willing lessor/willing leasee. Negotiated settlements have been the main way land has been acquired by the GoU for the Project. EBRD PR5 and IFC PS5 require that management measures for land acquisition is carefully planned and implemented.

5.4. Gap analysis between national and international standards

There are relevant gaps between the laws of the Republic of Uzbekistan relating to land tenure, and IFC PS5 and EBRD PR5. The principles and procedures stipulated in IFC/EBRD requirements will prevail and supplement the gaps, which is the main purpose of this document. The gaps and how they are being addressed is summarised in Table 5.1 below.

Table 5.1: Comparison of Uzbekistani Legislation and IFC/EBRD requirements

Item	IFC / EBRD requirements	Uzbekistani legislation	LRP Mitigation measures to address gaps
Project design	Consider feasible alternative project designs to avoid or minimise physical and/or economic displacement	The legislation does not reference this issue.	Make the avoidance of physical displacement a key objective for future land acquisition. Describe alternative designs in update of the LRP
Compensation	In-kind compensation (land for land and house for house) recommended. Compensation is based on full replacement cost (current market value plus any transaction fees), with no deduction for depreciation or salvaged material. Replacement cost surveys undertaken by the executing agency and shared with assessors when determining compensation. All compensation and allowances to be paid prior to physical or economic displacement.	A. Permanent loss of land. Replacement land for legal affected persons. B. Replacement of leased land. Based on lease replacement and compensation in cash all losses including lost profit. C. Loss of structures/buildings. Cash compensation at market cost for lost item free of depreciation, transaction costs, and other deductions. D. Loss of indirectly affected assets. Law requires that all losses including lost profits are to be compensated to all legally recognised affected persons. E. Loss of business. Cash compensation at market value for all damages/opportunity costs incurred. The burden of proving opportunity costs rest on the affected persons based on recognized documented evidence but no clear methodology. F. Loss of trees. Unproductive as well as productive trees affected by a public project are to be compensated. G. Loss of crops. There are two forms of compensation for loss of crops: i) compensation of incomplete agriculture production and ii) compensation of lost profit by multiplying four years average income for the last three years.	A. Same in principle/application for legally recognised affected persons. Reconciliation needed both for principle and application to allow the compensation of all non-land losses of legalizable and nonlegal affected persons. B. Same in principle. Application to be further improved. No reconciliation needed. C. No reconciliation of principles and application needed. However, it is required the establishment of a protocol allowing the compensation of structures/ building at replacement cost, when the salvaged materials remain with the developer or landowner provides full reimbursement to the owner. D. No reconciliation of principles and application needed. E. Same in principle. Application reconciliation needed to define a clear methodology and distinguish short- and long-term losses. F. Same in principle, different in application. G. No reconciliation for policy is needed but the reconciliation of policy application is necessary to ensure that crops are compensated at the moment close as much as possible to the date of calculation lost profit.
Community engagement	Consult potentially displaced persons about likely impacts, options and alternatives where applicable, and payment of compensation. Disclose resettlement planning documents and their updates.	Matters of local importance to be publicly discussed with local authorities. But no requirement to consult directly with the affected communities.	Proactively engage with landowners and users with relevant information. Share regular updates on project status and project impacts. For future land needs, conduct consultations with affected landowners and users and give them the choice of technical and economic feasible resettlement options. Disclose this RPF. Any RAP or LRP produced for the Project in the future will also be disclosed.
Grievance mechanism	Provide a resettlement grievance mechanism that is accessible locally and available throughout resettlement plan implementation.	The legislation does not reference this issue.	A resettlement grievance mechanism has been developed and implemented in accordance with IFC PS5 and EBRD PR5. Register landowners and users in stakeholder database and make the grievance mechanism accessible to them.

Item	IFC / EBRD requirements	Uzbekistani legislation	LRP Mitigation measures to address gaps
Resettlement and livelihood restoration planning	Prepare and disclose a RAP or LRP. Rehabilitate livelihoods and provide support during the relocation process. Cover transitional period costs. Pay particular attention to the poor and vulnerable groups, including women. Displaced people to regain the same or an improved livelihood standard. Untitled displaced people are entitled to relocation support.	There are no special laws or regulations for livelihood restoration due to land acquisition and involuntary resettlement impact. However, there are a number of legislative documents related to social support and livelihood improvement measures considered by the government of Uzbekistan. For instance, to consider social allowances and needy families there are two Cabinet of Ministers resolutions (#350, 12 December 2012 and #44, 15 December 2013) and to consider disabled people there is the Law on social protection of disabled people (#422-XII, 18 November 1991). Thus, support of vulnerable segments of the population is provided by the Government on central and local levels and does not require additional payments in connection with the project implementation	This LRP has been developed in accordance with national and international standards and meets this requirement for the Project and it has been approved and disclosed by the EBRD and IFC.
Displacement (Physical and Economic)	Do not let lack of title be a bar to compensation, resettlement and rehabilitation support. Provide equal treatment for the loss of non-land assets to those without clear land titles, for example, in terms of their entitlements for resettlement assistance and compensation. Compensate assets for lost assets other than land including crops, trees, irrigation infrastructure, other improvements. Prepare and disclose monitoring reports.	Land users must comply with requirements and follow a legal process to obtain full rights. The legislation does not anticipate additional assistance for displaced people.	Whatever the legal recognition of their occupancy, land users have been given entitlements to the livelihood restoration measures in this LRP in accordance with the entitlements matrix presented in the next chapter so that they may maintain or raise their levels of well-being and income.

Source: Mott MacDonald

6. Eligibility and Entitlements

6.1. Overview

This section provides information on the eligibility criteria used for establishing entitlements. Land acquisition has been managed by the GoU under the leadership of local Hokimiyats. As such, there have been limitations on the Company's ability to control and influence procedures and some decision-making. For instance, baseline data collection about those directly impacted is not as comprehensive as might have been required if the Company had overall management of the process. Because of the nature of the impacts, their scale and geographical scope and because of the GoU leadership role, a communal approach to livelihood restoration is considered most suitable.

6.2. Eligibility criteria

For the Project, those eligible for compensation and assistance include:

- Landowners or users with a land title or LLA for the land to be acquired
- Persons who do not currently possess legal rights or LLAs but have a claim that is recognisable under customary or national law
- Persons who do not have any title or recognisable claim to the land lost but are affected, such as farm workers and seasonal workers.

With regards to not having legal rights, the 2019 interviews with Hokimiyats informed that there was a previous country wide programme not associated with the Project that gave a general amnesty for illegal land use and illegal structures. Through the programme, any farmer could register their land and structures with the required information to get them legalised. Because of this programme, there is little illegal land use in the Project Aol.

All four District Hokimiyats adhered to the following selection criteria for land to be leased by the Project for direct farming. Land was selected based on its:

- Remoteness from settlements
- Inefficiency and lower than normal yields based on cadastral estimates
- Lack of residential buildings or structures
- Availability of irrigation systems (namely human made water canals)
- Potential to support an autonomous irrigation system.

6.3. Entitlements matrix

Table 6.1 presents the entitlements matrix for the Project. Residential land is not so it is not discussed. Similarly, there is no socio-cultural loss, public facilities, common property structures and facilities so they are not discussed. A provision for unforeseen impacts is included.

A key response by the Company to restore livelihoods has been provision of job opportunities. In 2019, landowners and farm workers affected by the termination of LLAs were given the option of identifying at least one household member to work for FE "Indorama Agro" LLC. Those employment opportunities direct farming have now been filled and the Company does not foresee any other new farming jobs. However, there will be an estimated 430 jobs upon commissioning of residential complexes in Gulistan and Karshi and two gin plants and cotton depots in Kasbi and Sardoba districts later in 2020. These jobs will be advertised in the Project Aol for economically displaced people to apply to. Some temporary construction jobs related to Project infrastructure are also being created.

Table 6.1: Entitlements Matrix for Displacement

Type of Loss	Category of Project Affected People	Entitlements
Income loss from permanent reallocation of agricultural land	Landowner (individuals or companies or groups) who have a formal title or recognisable claim to the land such as an LLA Farm workers working on farms where an LLA was willingly terminated	Option of employment of at least one household member at the Company if landowner willingly agreed to terminate land lease Access to training and livelihood restoration programme (CEP), described in Chapter 7
	Seasonal workers on farms where an LLA was willingly terminated	Access to training and livelihood restoration programme (CEP), described in Chapter 7
Commercial or non-residential building loss	Owner (individuals or companies) who have a formal title or recognisable claim to the building	Replacement in-kind or cash compensation at replacement cost Partial impacts will entail compensation of the affected portion of the building and repair
Crop losses	Owner of crop (with or without legal right to land)	At least 15 days' notice to harvest crop to avoid loss If lost, cash compensation to replace cost of standing crops plus cost of replacement seed
Tree losses	Owner of tree (with or without legal right to land)	At least 15 days' notice to harvest tree products and salvage tree material free of cost Cash compensation to replace cost of tree conceding value of its productivity and number of fruit bearing years for fruit and nut trees and the value of the timber/fuel for wood trees Cost of replacement seed
Damage to physical assets and to livelihood sources (agricultural resources) by construction contractors	Owner of damaged asset (regardless of ownership title status) living adjacent to areas where construction will take place	Compensation paid by construction contractors according to replacement cost for damage to property, crops, trees as described in rows above
Unforeseen impacts		Will be documented and mitigated or compensated based on the principles of this LRP

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**Part C: Livelihood
Restoration
Implementation**

7. Livelihood Restoration Activities

7.1. Overview

This section presents the livelihood restoration activities that have and will be implemented to mitigate adverse impacts, namely the training that is provided to direct and contracted farmers, the community engagement programme, and future activities that will contribute to livelihood restoration.

7.2. Training

7.2.1. Direct staff training

A key mitigation measure to the land acquisition impacts was to offer employment with the Company for farmers and members of their households. Community members who become staff are provided training. Capacity building programmes for local staff of FE “Indorama Agro” LLC are undertaken with the support of foreign specialists from Australia and India, thus enabling local people to acquire necessary skills and follow career trajectories. The Project intends to develop training programmes for operational staff across various functions, including for them to be able to carry out new functions such as operating new machinery, plant and equipment.

The Project will specifically train local women from the ACs to work as scouts and carry out agronomic processes and breeding. There are currently 60 scouts permanently working for FE “Indorama Agro” LLC and there is a plan to hire a further 10, making 70 permanent positions in total.

About 162 staff will be employed at the new gins being constructed as part of the project. Training of gin staff, especially equipment operators, will be provided during the installation and commissioning by the plant supplier at the Project sites to build skills.

The Project will enhance training, skills and knowledge transfer for the Company’s direct staff through:

- Adopting a corporate Training and Mentoring Policy to sustain skills and knowledge transfer for the Project and secure skilled human resources for the lifetime of the Project.
- Adopting a corporate system for personal development review, that will assess staff achievements and will allow career goals to be planned and supported by the management.
- Establishing a training centre for operators to secure a pool of skilled workers is available to operate Project facilities for the lifetime of the Project.

There will be training centres in farm depots in all regions for classroom trainings of employees. Construction will start in the second half of 2020. Currently training is being provided using rental space.

7.2.2. Contracted farmers training

The Project in conjunction with the IFC Advisory is also arranging workshops and training for contracted farmers. Seven training sessions were delivered on agronomic management practices (soil preparation, cotton varieties and seed quality, nutrient management, integrated pest management, irrigation, defoliation and harvesting, and decent work for cotton pickers) and eight field workshops held for PU agronomists²⁵ and 394 farmers (refer to Table 7.1).

²⁵ The contract farming area is divided into producer units (PU), each responsible for two to four cotton farming sub-districts managed by one PU Manager who reports directly to the Sub-district Manager. PU Managers are supported by local agronomist to collaborate and assist local farmers on a day-to-day basis.

Table 7.1: Training and workshops for contracted farmers in Kasbi, 2019

Topics	Period
Training Sessions	
Training 1: Soil tillage for cotton growing. Cotton varieties, seed quality and precision planting	March 2019
Training 2: Project contract farming working framework (PU structure, inputs and finance provision training, agronomic advice service and other assistance), Farmer Field Book, Continuous Improvement Plan	May 2019
Training 3: Nutrients management	May 2019
Training 4: Integrated pest management	May 2019
Training 5: Cotton irrigation	May-June 2019
Training 6: Harvest management (defoliation, harvesting)	August 2019
Training 7: Decent work principle in cotton harvesting (labour and civil contracts for farm employees and cotton pickers) (16 sessions: 4 in each PU)	July-September 2019
Workshops	
Workshop 1: Land preparation, soil tillage and soil fertility (8 sessions: 2 in each PU)	December 2018
Workshop 2: Planting	April-May, 2019
Workshop 3: Monitoring cropemergence, plant stand and pest control	May 2019
Workshop 4: Integrated pest management (16 sessions: 4 in each PU)	May-August 2019
Workshop 5: Nutrients management (monitoring and supervision of the correct and timely application of nutrients)	May-July 2019
Workshop 6: Cotton Irrigation (agronomic advice on irrigation management)	May-July 2019
Workshop 7: Evaluating cotton maturity and develop plan for defoliation and harvesting	August 2019
Workshop 8: Supervision of defoliation and harvest management	August-September 2019

Source: FE "Indorama Agro" LLC

Trainings and workshops to contracted farmers on key Better Cotton Initiative (BCI) principles²⁶ provided by the Company in collaboration with IFC Advisory team are depicted in Figure 7.1 below

²⁶ The Better Cotton Initiative (BCI) is a global not-for-profit organisation which aims to make global cotton production better for the people who produce it, better for the environment and better for the sector's future.

Figure 7.1: BCI Principles training sessions and contracted farmers trained, 2019

	Principle	Products Developed	Workshops Conducted	Farmers Trained
Principle 7	SCSS Management System	<ol style="list-style-type: none"> 1. BCSS Brochure for farmer; 2. Farmer Field Book; 3. Self-Assessment Questioner; 4. Continuous Improvement Plan; 	<ol style="list-style-type: none"> 1. Introduction to BCSS (7) 2. Farmer Field Book (5) 3. Self-Assessment (16) 	400 participants
Principle 1	Plant Protection & Planting	<ol style="list-style-type: none"> 1. IPM Brochure; 2. Pest Monitoring Field Book; 3. Additional seed treatment before planting; 	<ol style="list-style-type: none"> 1. Cotton varieties, seed quality and precision planting (7) 2. IPM (5) 	308 participants
Principle 2	Water Management	<ol style="list-style-type: none"> 1. Sensor based irrigation guidelines; 	<ol style="list-style-type: none"> 1. Cotton irrigation (4) 	95 participants
Principle 3	Soil Tillage & Nutrients Management	<ol style="list-style-type: none"> 1. Soil Tests in US lab (9); 2. Soil Nutrients Plan (9); 	<ol style="list-style-type: none"> 1. Soil tillage for cotton growing (5) 2. Nutrients management (5) 	268 participants
Principle 4	Biodiversity	<ol style="list-style-type: none"> 1. Under development 		
Principle 5	Harvest Management		<ol style="list-style-type: none"> 1. Cotton defoliation and cotton harvesting (4) 	85 participants
Principle 6	Decent Work	<ol style="list-style-type: none"> 1. Decent Work Products (14); 	<ol style="list-style-type: none"> 1. Introduction to legal documents in farming (5); 2. Labor legislation in farming (4); 3. Role of Trade Unions for Farmers (5) 	347 participants

Source: FE "Indorama Agro" LLC

7.2.3. Overarching capacity building strategy

Similar training activities are anticipated in the future. All training, skills transfer, and knowledge development activities provided by the Project will be summarised into a Capacity Building Strategy with implementation plans covering direct staff (farmers, gin staff and others), contracted farmers, training to the general community (for example related to sericulture). The plans will be reviewed and updated annually. The Capacity Building Strategy will identify the objectives, capacity needs, target roles and number of people to be reached. The implementation plans will identify the inputs and outcomes anticipated for the year, including resources needed, training methods to be used, locations and training participants, any implementation partners, schedules and budgets.

A skills training budget will be an annual commitment and the training implementation plans will require a review of internal and external training needs. As appropriate, the budget can also be used for additional training on alternative livelihoods for instance related to supply chain activities or other local interests. The monitoring of this LRP should help provide useful data on training interests and needs for different groups of economically displaced people.

7.3. Community Engagement Project (CEP) and Community Asset Programmes (CAP)

7.3.1. Overview

The Project is currently engaging with local communities to create a community asset programme aligned with community interests and develop income generating activities in order to mitigate income losses associated with the project. A Community Engagement Programme (CEP) has been designed with the support of IFC Agri Advisory. The Community Asset Programme (CAP) is the first initiative under the CEP and the Company intends to broaden its CEP initiatives going forward.

7.3.2. Mulberry plantations

Through consultation, FE “Indorama Agro” LLC has identified mulberry tree plantations to be the key element of the CAP because there is existing local capacity, culture and tradition around silk farming. The leaves of mulberry trees are ideal as food for silkworms. Silk cocoon production (or sericulture) is a traditional form of livelihood, mainly undertaken by women in Uzbekistan. The CAP therefore targets a community asset which the local community is familiar with and can benefit the most from. The plantations will be developed near villages that have land that is now part of the Company’s cotton farming clusters. Trees are traditionally scattered and planted on land that is close to, or part of, cotton farms. Developing plantations will mitigate losses of trees that may otherwise have been or will be removed to improve land for use by FE “Indorama Agro” LLC. It will also improve production because:

- Healthier/better species of mulberry trees will provide more/larger leaves
- The location will reduce the risk of trees being exposed to harmful chemicals used in the cotton growing process
- Silk cocoon producers will not need to travel as far to procure leaves to use in silk cocoon production
- The Company will improve local knowledge on improved breeding practices.

The CAP also creates linkages with other resources in the silk processing sector, such as potential off takers of the cocoons, trainers, and other breeders. Figure 7.2 and Figure 7.3 show mulberry tree planting and leaf harvesting under the CAP.

Figure 7.2: Planting mulberry trees



Source: FE “Indorama Agro” LLC

Figure 7.3: Leaf harvesting



Source: FE “Indorama Agro” LLC

The CAP commenced in 2019 and is currently designed to continue until 2026. Some of the mulberry trees have now been planted and the first harvest is expected three years from first planting, in 2021. expansion will be steep - refer to Table 7.2 The mulberry plantation will include 13,888 trees per one hectare with the leaf harvest expected to produce 97,000kg per ha. The CAP’s mulberry plantations will cover an area of 450ha in total and is expected to engage two Project regions, four districts, 30 villages, 21,874 households and over

80,000 people by 2024. The Company will provide agronomist support and take care of the mulberry plantations during the first three years after planting to make sure that trees are growing successfully and that leaves are of good quality. Each household will get two boxes (two seasons) and approximately 1,000kg of leaves is needed for each box.

Table 7.2: Mulberry plant beneficiaries

Year	2021	2022	2023	2024 - 2026
Number of beneficiary families	1,042	8,333	15,624	21,874

Source: Community Engagement Project (CEP), FE “Indorama Agro” LLC, September 2019

The relationship between the beneficiaries and those who have been impacted by land, job and income losses will be captured through monitoring activities.

7.3.3.Silk Farming

Table 7.3 shows that currently approximately 910 households in the four Project subdistricts are engaged in silk farming with support from the Project. The relationship between the households involved in silk farming and the provision of land for direct farming, for instance whether the households are former farm managers or farm workers, is unknown. This is approximately 4.2% of the households in the Project area. The CAP aims to raise household engagement in silk cocoon production by up to 10% of households.

Table 7.3: Demographic data and current household involvement in silk farming across four districts

District	No. of silkworm egg boxes distributed (as of May 10th)	Estimated population involved in silk farming	% of working age population involved in silk farming	No. of households involved in silk farming *	% of households involved in silk farming *
Kasbi	600	3,000	13.8%	360	6.0%
Nishon	454	2,270	8.8%	400	5.1%
Oqoltyn	62	310	2.2%	50	1.0%
Sardoba	109	545	4.8%	100	3.4%
TOTAL	1,225	6,125	8.3%	910	4.2%

Source: Community Engagement Project (CEP), FE “Indorama Agro” LLC, September 2019. **Note:** Population and the number of households involved in silk farming is approximate since the local khakimiyats, mahallas or silk administration offices do not keep track of the number of individuals/households involved in silk farming.

Table 7.4 provides a further breakdown of the population involved in silk production and the number of egg boxes distributed at the sub-district level.

Table 7.4: Population involved in silk production and number of egg boxes distributed

District	Subdistrict	No. of households	Population	Working age population	No. of silkworm egg boxes distributed	Population involved in silk farming (appr.)
Kasbi district	Hujaqulov	2,908	15,307	8,452	750	750
	Navruz	966	5,621	3,830	70	350
	Pakhtakor	1,637	12,869	7,792	350	1,750
	Beruniy	512	2,812	1,687	30	150

District	Subdistrict	No. of households	Population	Working age population	No. of silkworm egg boxes distributed	Population involved in silk farming (appr.)
District total		6,023	36,609	21,761	600	3,000
Nishon district	Nurli Kelajak	649	4,840	2,725	25	125
	Uch Mula	671	4,150	2,337	24	120
	Shirinobod	1,008	6,245	3,516	44	220
	Oydin	964	6,829	3,845	34	170
	A.Qodiriy	1,114	6,403	3,605	46	230
	Khamza	523	2,147	1,209	45	225
	Guliston	1,124	6,324	3,572	79	395
	Turkmenistan	1,048	4,941	2,782	51	255
	Samarqand	680	4,097	2,307	106	530
District total		7,781	45,996	25,898	454	2,270
Oqoltin district	Sardoba	1,467	5,868		8	40
	R. Musamu-khammedov	634	3,469		-	-
	K.Uqubayev	858	4,060		3	15
	Z.M.Bobur	1,001	5,501		40	200
	A.Toirov	840	5,091		11	55
District total		4,800	23,989		62	310
Sardoba district	T.Malik	1,335	7,997		35	175
	G.Gulom	530	3,806		21	105
	Sh.Rashidov	1,097	7,053		44	220
	Istiqlol				9	45
District total		2,962	18,856		109	545
Project Total		21,566	125,450		1,225	6,125

Source: Community Engagement Project (CEP), FE "Indorama Agro" LLC, September 2019

Table 7.5 shows the planned planting, estimated harvest and corresponding number of silkworm egg boxes to be distributed under the various phases of the CAP:

Table 7.5: Number of households involved in CAP planting and harvesting

Year	2019	2020	2021	2022	2023	2024	2025	2026
Planting phase 1 (ha)	150							
Planting phase 2 (ha)		150						
Planting phase 3 (ha)			150					
Leave harvest phase 1, tons			2,083	14,582	14,582	14,582	14,582	14,582
Leave harvest phase 2, tons				2,083	14,582	14,582	14,582	14,582
Leave harvest phase 3, tons					2,083	14,582	14,582	14,582
Total leave harvest, tons			2,083	16,666	31,248	43,747	43,747	43,747
Nr. of boxes to be distributed			2,083	16,666	31,248	43,747	43,747	43,747

Year	2019	2020	2021	2022	2023	2024	2025	2026
Estimated nr of households to be included			1,042	8,333	15,624	21,874	21,874	21,874

Source: Community Engagement Project (CEP), FE "Indorama Agro" LLC, October 2019²⁷

The household revenue generated from 450ha of mulberry plantations is projected to be just under US\$5.2 million. Once costs and expenses such as purchase of the egg box, transportation, wrapping materials, thermometer and electricity have been accounted for, the average profit per household is expected to be US\$126 over two months during each year. This is about 1.5 or 2 times a seasonal weeding salary. In Kasbi and Nishon, the ESIA found that a weeding salary is about \$63 USD and in Syrdarya it increases to about \$105 USD, probably because of more scarcity of seasonal workers.

Results from FGDs carried out for the ESIA in Nishon district found that women who have been trained in how to make silk processing more productive have found the process beneficial. Respondents stated that they were satisfied with the new trees and that the leaves were bigger than the trees they had used previously.

FE "Indorama Agro" LLC and IFC have identified a timeline of consultations from October 2019 until March 2020, which will also involve workshops for local community members. Together with IFC, the Company will also design and implement monitoring and evaluation mechanisms in order to track and measure the impact of the programme on the local communities. It is planned that communities will be involved in carrying out monitoring. Monitoring will collect data on the effectiveness of the CAP and later the CEP at restoring livelihoods. The collection of monitoring data will be essential for the production of the LRP close out report. Planned or recommended activities

FE "Indorama Agro" LLC has several other ideas for livelihood restoration programmes, but they require further planning and development at this stage. Some ideas which are not yet formalised include:

- Distribution of sewing machines to women in families affected by loss of income
- Rehabilitation of local irrigation systems and provision of access to water to local people for irrigating their vegetable plots and gardens, which could also support dekhkan farmers
- Rehabilitation of childcare facilities to enable women's participation in the workforce

It is acknowledged by the Company that a textile factory in the project area may be an improvement option to provide jobs for those affected by the project. However, as this would require a very significant investment, it is more likely to be assessed as an option once the overall success of the project becomes apparent after the first five years of operations.

7.4. Partnerships and disclosure about other employment related activities

The GoU is undertaking a variety of activities to encourage economic development through the creation of clusters. A 2019 donor funded report²⁸ found that production of horticulture and livestock products has almost fully shifted to small dekhkan farms and that they are constrained in their access to fertilizers, fuel, machinery, credit, value chains, and export channels. The study recommends that major public programmes, for which the public expenditures need to be increased, include, among others: applied agricultural research and development, extension, education, soil fertility, food safety, animal disease control, veterinary services, phytosanitary services, support to smallholders (cooperatives, clusters, productive partnerships), market and statistical information, water-saving technologies, market infrastructure and logistics, environment protection, policy analysis, and sector coordination.

²⁷ Projections are based on the following assumptions: two boxes per household (2 seasons); 1,000 kg of leaves needed for each box; leaf harvest: 97,000 kg per ha; mulberry plantation: 13,888 trees per ha

²⁸ ASA "Support to Agricultural Modernization in Uzbekistan" Farm Restructuring in Uzbekistan: How Did It Go and What is Next? January 2019, by WB Group Agriculture, EU, Swiss Confederation, AMO, and USAID

The above recommendations and other programmes in the agriculture sector are opportunities to support livelihoods in the Project Aol. The Company will be more proactive about searching out opportunities and communicating not only activities they are directly involved in but other activities that will support households and communities in their Project Aol. Active exploration about Government, NGO and other IFI or donor led initiatives will be undertaken.

Staff, including senior managers, mid-level managers, and CLOs will actively put time aside to reach out to discover other programmes and explore partnerships that support livelihood restoration and local economic development. If there are constraints on their time, then other (new) staff will be identified.

Once more information is known about relevant and related initiatives that aim to increase job numbers and local incomes, the next step will be to communicate the opportunities in the Project Aol. Partnerships in communication may be appropriate. Adopting good branding will also be a key consideration. Outreach materials will be designed (either inhouse or through third party companies) and distributed. Internal monitoring of community interest and communication effectiveness will be ongoing.

8. Stakeholder Engagement

8.1. Overview

Stakeholder engagement has been undertaken during the land allocation process, as part of the development of the CEP programme, and for the ESIA process during which this LRP was produced. The Project has a Stakeholder Engagement Plan (SEP) which has been designed to guide public consultation and disclosure activities. The SEP is underpinned by the principles that community engagement should be free of external manipulation, interference, coercion and intimidation and conducted on the basis of timely, relevant, understandable and accessible information. Consultation activities should always be well planned and based on principles of respectful and meaningful dialogue.

This chapter provides a summary of stakeholder engagement that has already been undertaken for the Project and about livelihood restoration process. It also presents a Project grievance mechanism which is currently being established.

8.2. Objectives of stakeholder engagement on livelihood restoration

The objectives of the consultations with affected farmers regarding livelihood restoration have been to:

- Facilitate effective participation of affected farmers and enable their cooperation in activities required for livelihood restoration planning and implementation.
- Obtain information about the needs and priorities in relation to livelihood restoration for affected farmers.
- Inform affected farmers about the livelihood restoration process.
- Discuss opportunities for affected farmers to participate in the Project.
- Enable transparency in activities related to livelihood restoration activities.
- Establish transparent channels for affected farmers to raise grievances.

8.3. Consultations during land acquisition

Section 2.3.4 summarises the engagement, consultation and negotiations undertaken by the Hokimiyats during land acquisition, which began in August 2018 and was completed by December 2018. First working groups were set up to inform key stakeholders about the Project. Then consultations with the affected farms began, led by the District Hokimiyats. In November 2018, general meetings with farmers were held as well as negotiations with individual farmers and advertising of Project work opportunities. Grievance mechanisms with the local government existed that farmers and farm workers could use. There is limited documentation about the consultation processes.

8.4. Community Asset Programme (CAP) consultation

Stakeholder engagement for the CAP programme (see Section 7.3) was, and is, being undertaken by IFC Agri Advisory with the following schedule:

- September-October 2019 – Develop an advisory committee to provide expert guidance in CEP planning and decision making
- October-November 2019 – Engage the community in CAP implementation
- October 2019 – March 2020 – Hold public meetings and informational booths at community events
- October 2019 – March 2020 – Establish a two-way channel (dialogue) so that the communities can provide feedback, raise concerns, express their needs and interests, and the Company can continuously keep these communities informed and engaged.

The CAP programme will use the Project's grievance mechanism with various options allowing community members to raise concerns and to have them addressed in a timely manner. It also intends to involve the community in monitoring selected CEP aspects.

8.5. Consultation undertaken to inform this LRP

In order to inform this LRP a site visit was undertaken from 2-5 December 2019 and meetings were undertaken with FE "Indorama Agro" LLC management, local government in the affected districts (Hokimiyats), farmers' representatives, workers (both direct and contract farmers) and local community members. As described in further detail in Section 3.1, those consultations involved FGDs with Project affected people including community members, member, farmers, farmers employed by the Company, contract farmers, interviews with Hokimiyats, and Farmers Associations. The respondents to the FGDs were very positive about the Project. Direct and contract farmers in particular were positive about working conditions (a stable salary, an eight-hour workday, training, vacation days). An exception was respondents from Sardoba District, who said that there were no positive impacts from the Project. The main reason these respondents were not positive about the Project was that they understood that the Project would hire 630 farmers in the district, but to date it has only hired 20.

Community members involved in the FGDs were also, in general, positive about the Project. FGD respondents in Nishon district, who were community members, are planning and waiting to become FE "Indorama Agro" LLC employees or contract farmers in the future. Summaries of key FGC consultation findings can be found in Appendix B.

8.6. Ongoing stakeholder engagement

The Project SEP outlines ongoing stakeholder engagement throughout the Project's lifecycle including construction, operation and decommissioning phases. The activities include communications as necessary with village representatives, information disclosure to local communities at key project milestones such as the beginning and end of construction, regular updating of the Project website and social media, updating the SEP and annual Project reporting.

FE "Indorama Agro" LLC remains in contact with direct and contract farmers through their working relationship. The Company has satellite offices in each of the districts in which it works. Workers can contact the Company at any time via the staff agronomists, who are responsible for contract farmers.

Key stakeholders include:

- Local community representatives and community self-government units in the Project area, namely mahallas. Mahallas are chaired by elected 'aqsaqals' of citizens' assemblies and supported by advisers and consultants (advisers on elderly and veteran, youth and women affairs, adviser on religious education, community safety, sports, etc.).
- Women's Affair Committees - each mahalla operates a Women's Affair Committee that supports and represents interests of local women living in respective communities. District Hokimiyats also run Women's Affair Committees to protect interests of women, govern and promote participation of women in decision-making and civil society organisations. Local non- governmental organisations (NGOs) – to collaborate and coordinate activities, involve as partners, or to support with monitoring.

To date (February 2020), the Company has appointed two male CLOs; one each for Kashkadarya and Syrdarya regions. The Project will appoint two additional female CLOs, one for each region. In total, there will be four CLOs, one male and one female for each region. The CLOs will be responsible for community liaison and arranging communications with the Project-affected communities throughout the Project preparation and operation in their respective regions. The CLOs will document and record all stakeholder engagement as detailed within the SEP and will evaluate stakeholder engagement performance to inform respective SEP updates. They will be responsible for implementation of the SEP in their respective regions and receiving and

channelling comments and concerns during the ESIA phase. They will be attending and recording stakeholder engagement activities and maintain the grievance mechanism. The Project CLOs will report to the Company's Director.

This LRP requires ongoing information disclosure, consultation and reporting on the livelihood restoration activities. To improve the Project's knowledge of whose livelihoods have been impacted, more information will be collected from its staff and from participants in the restoration activities. Additionally, a new activity in this LRP implementation will be identifying partnerships and disclosing information about other economic development related initiatives being organised by other role players like the government (refer to Section 7.4 for more details). For such information to be useful, the Company will engage with community members.

8.7. LRP disclosure

International lenders require appropriate disclosure of the SEP, ESIA and this LRP as well as reporting on grievances. Once this LRP receives lender approval, it must be publicly disclosed in Uzbekistan and via the lenders' information portals. The mahallas will be keeping copies of the Project documentation including this LRP.

8.8. LRP grievance mechanism

During the government-managed land acquisition, there were existing government organised channels for farmers and farm workers to use to raise grievances. See Section 2.3.4 for details as well as Section 2.3.5 for details on the grievances received . This next section describes the Project's grievance mechanism that is currently being established to align with international requirements.

A grievance can be defined as an actual or perceived problem that might give grounds for a claim. Anyone will be able to submit a grievance to the Project if they believe their livelihood or quality of life have been detrimentally affected.

The grievance mechanism, detailed in the SEP, provides a formalised tool for receiving, acknowledging, investigating and addressing grievances, complaints and concerns from the Project-affected communities and individuals as well as interested stakeholders. This aims to offer predictable, transparent and credible processes for all the parties, producing relatively inexpensive, fair and effective results. It also aims to provide a gender-sensitive, inclusive and culturally acceptable process that will be available to all members of the community. The grievance mechanism can be used to address issues related to land acquisition and livelihood restoration.

The Project will aim to protect the person's confidentiality when requested and will guarantee anonymity in annual reporting. Individuals will be asked permission to disclose their identity if this helps the resolution of a particular grievance. Investigations will be undertaken in a manner that is respectful of the aggrieved party and the principle of confidentiality. The aggrieved party will need to recognise that there may be situations when disclosure of identity is required, and the Project will identify these situations to find out whether the aggrieved party wishes to continue with the investigation and resolution activities. The hiring of female CLOs, means that if female community members feel more comfortable talking to a woman about Project related issues they will be able to do so. The CLOs have good knowledge of the local culture and speak Uzbek which should help to make all complainants (female or male) comfortable.

The Project will receive and record, categorise, acknowledge, investigate, respond, allow for recourse/appeal and follow-up, and close out grievances.

Receive and record/acknowledge: grievances will be logged in a formal logging system for which the CLO will be responsible. People may register grievances using the form in Appendix A of the SEP or by contacting the CLO directly, reporting to their settlement representative or online using the Project website. Contact details

for the CLO will be included in appropriate Project communication materials such as the Non-Technical Summary.

Categorise: the CLO will classify grievances according to Table 8.1.

Table 8.1: Grievance classification criteria

Classification	Risk Level (to health, safety or environment)	Response
Low	No or low	The grievance may not be related to Project performance, it may be a comment, or a request. CLO will acknowledge complaint within 7 days and conduct an investigation if required. The CLO will document findings and provide a response within 15 days of receiving. Response is likely to have minimal cost in addition to time spent on addressing the issue.
Medium	Possible risk and likely a one-off event	CLO will acknowledge complaint within 7 days. The CLO and an appropriate investigation team will conduct investigation. The Site Manager or EHS Officer may decide to stop work during the investigation to allow the corrective preventive actions to be determined. The CLO will provide a response within 15 days of receiving complaint. The corrective action is likely to be straight forward involving changing a piece of equipment or procedure which does not take long or have substantial cost implications to implement.
High	Probable risk and could reoccur	CLO will acknowledge the complaint within 7 days and will get the Project Manager to organise a major investigation team for prompt investigation and resolution. Work may be stopped in the affected area. The CLO will provide a response within 15 days of receiving complaint. If more time is needed to complete the investigation this will be communicated to complainant within 15 days of receiving complaint. As necessary the response will include a press release. The corrective action may be complex or sensitive involving changing equipment or a procedure which requires training of staff and has substantial cost implications.

Source: Mott MacDonald Ltd

Investigate: where investigations are required, Project staff and outside authorities as appropriate, will assist with the process. The CLO will collaborate with the Company management to identify an appropriate investigation team with the correct skills to review land and livelihood issues. The investigation will also aim to identify whether the incident leading to the grievance is a singular occurrence or likely to reoccur. Identifying and implementing activities, procedures, equipment and training to address and prevent reoccurrence will be part of the investigation activities.

Respond/follow-up/close out: the CLO will explain in writing to the complainant (or where literacy is an issue orally) the review process, the results, any changes to activities that will be undertaken to address the grievance and how the issue is being managed to meet appropriate environmental and social management systems. In some cases, it will be appropriate for the CLO to follow up at a later date to see if the person or organisation is satisfied with the resolution or remedial actions.

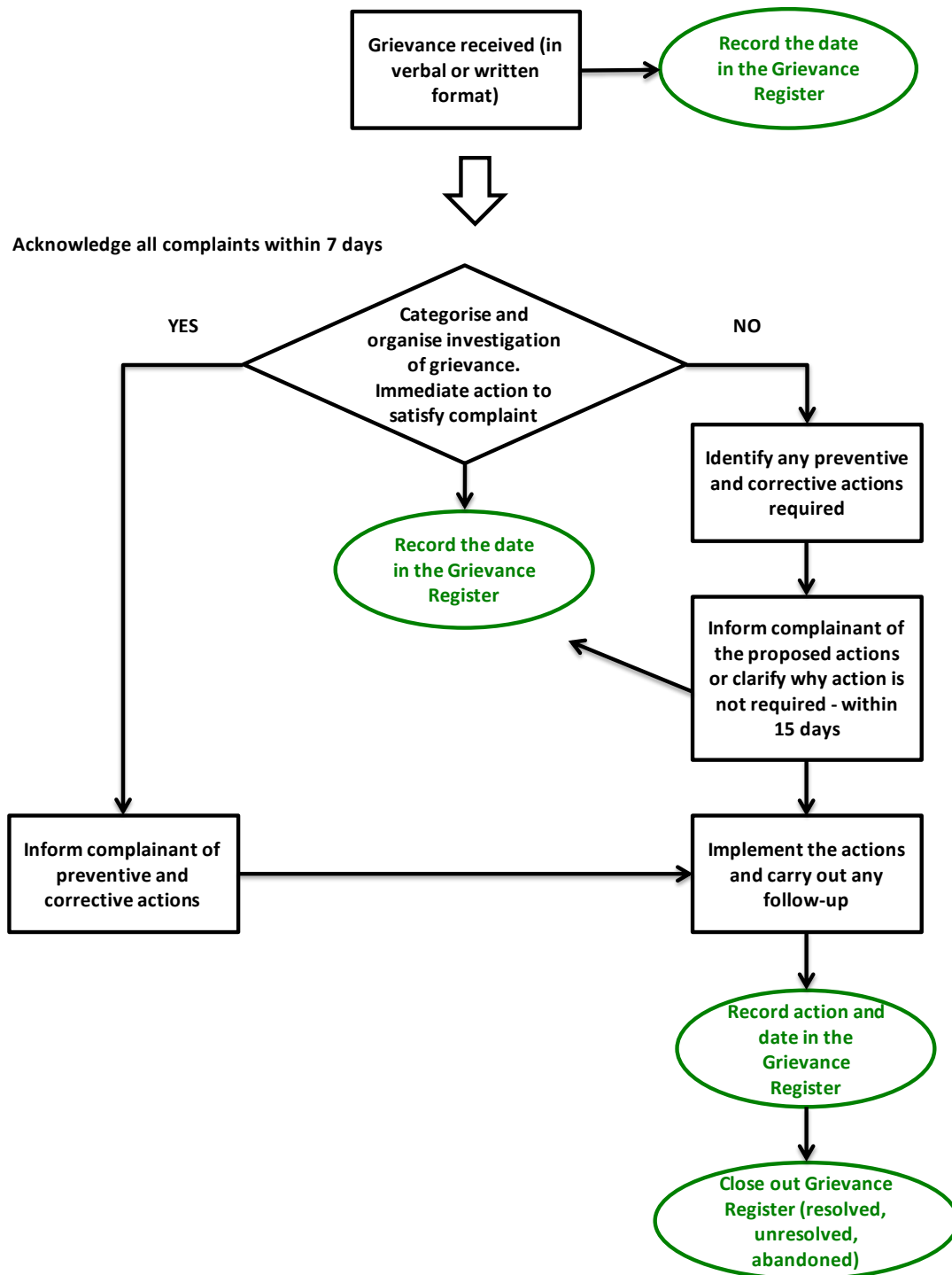
Grievance will be closed out in the register as:

- Resolved: The resolution has been communicated, agreed and/or implemented.
- Unresolved: The complainant did not accept the proposed resolution and has appealed to other entities for resolution.
- Abandoned: The complainant is no longer contactable and efforts to trace whereabouts have been unsuccessful.

The CLO will summarise grievances regularly, and at least bi-annually during operation, removing identification information to protect the confidentiality of the complainant and guaranteeing anonymity. The procedure will

be at no cost and without retribution to Project affected persons and stakeholders. The grievances processing procedure is depicted in Figure 8.1.

Figure 8.1: Flowchart for Processing Grievances



The Company has nominated Ravshan Tadjiev in Kashkadarya region and Jasur Khusankhodjaev in Syrdarya region, as the Project CLOs and point of contact for grievances and comments in their respective regions. Grievances and comments should be sent to the contacts below, where possible by using the form provided in Appendix A of the SEP.

Table 8.2: Project Community Liaison Officers

Contacts	Project CLO in Kashkadarya region	Project CLO in Syrdarya region
Company:	FE “Indorama Agro” LLC, Kashkadarya Branch	FE “Indorama Agro” LLC, Syrdarya Branch
Name:	Ravshan Tadjiev	Jasur Khusankhodjaev
Tel.:	+998905066863	+998998212000
Email:	rtadjiev@indorama.uz	jkhusankhodjaev@indorama.uz

Source: FE “Indorama Agro” LLC

9. Implementation

9.1. Timeframes for implementation

Land acquisition for has already taken place. See Section 2.3 for details on the land acquisition completed to date. Going forward, any new land acquisition should be better documented, for instance by having Company staff act as observers and recorders in the meetings between the Hokimiyats and farmers providing their land for direct farming.

Some livelihood restoration activities have also begun, refer to Chapter 7. Training and capacity building for employees and for contract farmers began in 2019 and will be ongoing. As well, the CEP was designed, and the CAP, its first initiative began implementation. Refer to Table 9.1 for details. Additional initiatives are expected under the CEP, but they have not been formalised, so their scheduling is not known.

Table 9.1: CEP implementation schedule

Activities	2019	2020	2021	2022	2023	2024	2025	2026
Mulberry plantation								
Planting phase 1	■							
Planting phase 2		■						
Planting phase 3			■					
Leave harvest phase 1			■	■	■	■	■	■
Leave harvest phase 2				■	■	■	■	■
Leave harvest phase 3					■	■	■	■

Source: Community Engagement Programme, FE “Indorama Agro” LLC, September 2019

9.2. Organisational capacity for land acquisition and livelihood restoration

9.2.1. Project Company

FE “Indorama Agro” LLC participated indirectly in the land acquisition process for which was led by Hokimiyats on behalf of the GoU. Going forward, the Company will need to monitor and record the land acquisition process and approach, bridging any gaps identified between the government-managed process and the international requirements. This LRP has been prepared to reflect those requirements.

The Company has district offices in all of the affected districts. FE “Indorama Agro” LLC will continue to be in contact with affected land users and will operate a grievance mechanism. The Company has identified two CLOs for Kashkadarya and Syrdarya regions who will be responsible for community liaison and arranging communications with the Project-affected communities throughout the Project preparation and operation. The Project has built a robust management and monitoring system of farms using PUs, PU coordinators, PU managers and agronomists. Refer to Section 2.2.2 for details.

9.2.2. Hokimiyats

District and regional Hokimiyats have been involved in the termination of LLAs and reallocation of the land to the Company. They have representatives that act as the local legal entities for transferring titles. Hokimiyats through the local governance role they have, continue to be in contact with farmers, their families and other community members from their districts who are directly and indirectly impacted by the Project.

As required and in special cases, working groups can be up by the District Hokimiyats, comprising the Deputy District Hokim, heads of the Hokimiyats’ Land Resources Departments, Chairmen of the Farmers Associations

and other responsible staff members of local governments. Working groups were set up at the time the Government was managing land acquisition and negotiated settlements to terminate LLAs were being discussed.

9.2.3. Other entities

One or more villages may be governed by a respective Community Council (Qishloq Fuqarolar Yig'ini or QFY) or Community Assembly (Mahalla Fuqarolar Yig'ini or MFY), jointly referred to as "mahallas". Mahallas are chaired by elected 'aqsaqls' of citizens' assemblies and supported by advisers and consultants (advisers on elderly and veteran, youth and women affairs, adviser on religious education, community safety, sports, etc.). Each mahalla operates a Women's Affairs Committee that supports and represents interests of local women living in respective communities. The Project will cooperate with these entities

There are farmer associations in some locations in the Project's Aol. The associations are useful entities for engagement and consultations with farmers.

IFC and EBRD will provide funding for the Project. As a result, the Project will follow the international requirements of these two entities and the LRP will be approved and disclosed by them. Both IFC and EBRD will assist the Project in reaching and maintain compliance with their requirements. Lenders are likely to request external monitoring of the Project, which would typically include monitoring of the implementation of this LRP.

9.3. Livelihood restoration implementation going forward

Land has been acquired. Key next steps for the Company to address livelihood restoration requirements are:

- All training, skills transfer, and knowledge development activities provided by the Project will be summarised into a Capacity Building Strategy with annual implementation plans produced which cover direct staff (farmers, gin staff and others), contracted farmers, training to the general community (for example related to sericulture).
- FE "Indorama Agro" LLC will be design and implement monitoring and evaluation mechanisms for the CEP and CAP in order to track and measure the impact of the programme on the local communities. This design and start of monitoring and evaluation should commence immediately in the first half for 2020.
- Ongoing internal and external monitoring of the livelihood restoration activities at a community level is essential (refer to Chapter 10 for details). Monitoring will collect data on the effectiveness of the activities used to restoring livelihoods. More detailed monitoring of the evolution of incomes and salaries and changes to socio-economic conditions will be required to track performance and inform improvements to mitigation measures as necessary. An interim and a final close out resettlement report evaluating livelihood restoration measures set out in this LRP will be produced.
- The relationship between the households involved in the livelihood restoration activities, and the provision of land for direct farming, for instance whether the households are former farm managers or farm workers, is unknown and should be explored further through monitoring.
- Any new land acquisition will be better documented, for instance by having FE "Indorama Agro" LLC staff act as observers and recorders in the meetings between the Hokimiyats and farmers providing their land for direct farming.
- More complete details on farmers' households and workers will be collected by the Company for its database for any new land acquisition.
- The Company will register landowners and users in stakeholder database and making the grievance mechanism accessible to them.
- There has been a lack of information on vulnerable households among those affected by land acquisition, and efforts will be made to address this in data collection going forward. Section 3.10 describes who is considered vulnerable.

- More and better tracking and monitoring of how the livelihoods of directly impacted farmers and their workers (both permanent and seasonal) have been coping is needed. The approach for doing this is discussed in the next chapter on monitoring and evaluation.

10. Monitoring, Evaluation and Reporting

10.1. Overview

The LRP activities will be monitored, evaluated and reported on periodically. The objectives of monitoring and evaluation (M&E) are to assess the effectiveness of the mitigation measures, identify any problems or improvements needed in the LRP implementation, and to identify any groups or persons that are disproportionately affected or unable to access new sources of income. Monitoring should involve the participation of key stakeholders such as affected communities, interested NGOs/CSOs and local human rights activists. The goal is to ensure that local affected farmers and farm workers are able to access the benefits and opportunities afforded by the Project and its CAP, and that they are generally able to improve or, at a minimum, restore their livelihoods to pre-Project levels.

10.2. Internal monitoring

The roles and responsibilities for internal monitoring involve Company staff reviewing the efficacy of the monitoring arrangements monthly and refine the arrangements accordingly. LRP beneficiary profiles will need to be developed. Past and present general income and salary data available from government and other easily obtained sources (NGO and academic studies, reports, media articles, project interviews, etc.) will be collected. Organisation of beneficiaries will be undertaken to collect more detailed monitoring information, both in the Project area and in neighbouring communities to allow comparison data. Socio-economic condition descriptions for the various beneficiary profiles will be developed based on prior and existing data.

Specific internal monitoring benchmarks will include the following:

- Number of consultation meetings and activities with affected farmers and stakeholders carried out
- Status of implementation of the livelihood restoration activities
- Problems encountered, and actions taken
- Number and type of livelihood restoration grievances received, how they are being addressed, and how long they take to be closed out
- Numbers and types of displacement impacts and type of work undertaken since the impacts occurred
- Number of direct and indirect jobs created
- Farming (direct farming employees, contract farmers, farm workers, seasonal workers, other farming related work for instance dekhkan) salary and income annual changes
- Expenses paid for livelihood restoration

Gender disaggregated M&E data will be provided for livelihood restoration activities for the specific activities where women will be participating.

10.3. External monitoring

The Project will hire the services of a company, NGO or a qualified and experienced resettlement expert, to undertake six-monthly E&S external monitoring which will include addressing LRP implementation performance. The expert will be selected in concurrence with IFC and EBRD. The objective of the external monitoring will be to determine the Project's achievement of livelihood restoration activities the objectives of this LRP and identify any longer-term changes in livelihoods and socio-economic conditions of affected farmers (both negative and positive) as well as any need for mitigation measures and lessons learned. Key external monitoring tasks will include to:

- Review and verify internal monitoring reports

- Review socio-economic baseline information of pre- and post- displaced persons
- Identify and select impact indicators
- Assess impact through formal and informal surveys with the affected farmers
- Consult with affected farmers, officials and community leaders (where appropriate)
- Assess the efficiency, effectiveness, impact and sustainability of resettlement, drawing out lessons learned for future livelihood restoration activities.
- Review and verify effectiveness of the LRP grievance mechanism and opine on the achievement of broad community support and relations with farmers.

10.4. External evaluation

Close out evaluations of the overall LRP implementation will be required, at a mid-term point and at completion in 2026, to determine whether planned activities have achieved their intended objectives and outcomes. A useful mid-term point could be the end of 2022, by which time slightly more than a third of the expected beneficiary households will be involved and following the first year of harvesting in 2021. The end of 2022 (interim) and end of 2026 (final) represent four-year intervals from when land acquisition was completed at the end of 2018. The evaluation will concentrate on following parameters:

- Efficacy of mechanisms and indicators for internal and external monitoring
- Robustness and completeness of data collection
- Mechanisms used for disclosure of information, consultation and participation of farmers and community members
- Effectiveness and efficiency of the Company and partners in LRP implementation
- Assessment of the livelihood restoration efficiency, effectiveness, impact and sustainability for improving or, at a minimum, restoring the livelihoods of those affected to pre-Project levels
- Budgetary expenditures planned and unplanned
- How additional key issues identified in this plan (Section 9.3) have been addressed differently after the approval of the LRP
- Evaluation and assessment of the adequacy and effectiveness of the consultative process with affected farmers, particularly those who would be considered vulnerable, including the adequacy and effectiveness of livelihood activities, grievance procedures and legal redress available to the affected parties, and dissemination of information about the LRP
- Level of satisfaction of affected farmers (those who had LLAs, those who were permanent or seasonal workers on the farms for which LLAs were terminated) following the implementation of the LRP.

10.5. Database management

FE “Indorama Agro” LLC has some records about land acquisition, direct farming and contract farming which is reflected in this LRP. The Company also has some details of individual farmers and some information on their households and workers. Land acquisition was GoU managed so there are limitations to the existing data regarding the process, in particular who was impacted and how they might have coped with the changes regarding livelihood restoration. The Project will maintain its information system containing the database of all affected farmers eligible for livelihood restoration. More complete details on farmers’ households and workers will be collected for any new land acquisition. Information collected during the internal and external monitoring will be used to update the database. There has been a lack of information on vulnerable households among those affected by land acquisition and efforts to address that in data collection going forward would be useful.

The database will be made available when required to the external monitors, IFC and EBRD. Every effort will be made to ensure that privacy and confidentiality of affected people is respected by Project staff. Only required

details regarding affected farmers will be shared. Project staff will be expected to use the livelihood database only for intended purposes and approved activities. Information regarding affected farmers will not be used for public purposes and will not be disclosed to unauthorised parties or entities.

10.6. Reporting requirements

FE “Indorama Agro” LLC with the support of the Hokimiyats will submit bi-annual reports to IFC and EBRD, covering the status of LRP implementation in terms of required mitigation measures and necessary remedial actions taken. FE “Indorama Agro” LLC with the support of the Hokimiyats will maintain current records of LRP implementation and will provide findings of monitoring activities in the bi-annual progress reports.

The Company will be required to engage external monitors to report to IFC and EBRD. Relevant information from any monitoring reports can be disclosed to the affected farmers, upon request, including information on progress on livelihood/income restoration, rehabilitation and grievances.

The external evaluator will present final findings to the Company, IFC and EBRD, and the external monitor.

All publicly disclosed data will be edited to ensure that the privacy and confidentiality of affected farmers is protected.

11. Budget and Finance Resources

To date no compensation has been paid for land acquisition. The Company did pay farmers for works undertaken to improve land, for instance excavations and drainage works. Refer to 4.2.3.

Training for direct farming and contract farming began in 2019. A Capacity Building Strategy will be developed, accompanied by annual implementation plans. The annual implementation plans will identify resources, including budgets, to monitor against. The training expenditure is currently not known and should be added to the overall budget.

The first CAP activities related to mulberry plantations began in 2019. As part of the planning for them, the Company estimated that the cost of new mulberry plantation establishment would be about \$USD 2,313 per hectare (refer to Figure 11.1). Plant management costs for the mulberry trees are estimated at \$USD 713 per hectare (refer to Figure 11.2).

Figure 11.1: Plantation costs

INDORAMA

New mulberry plantation establishment costs

Cost Item / Activity	Expenses
Sapling	13,888,000
Spray out existing weeds if necessary with Swip @ 3 L/ha	129,000
Swip product cost	105,000
Sprayer operating cost	24,000
Double working with G P Plow discs	44,444
Spread Potassium Chloride (KCl) 50 kg/ha and Single Superphosphate (SSP) 300 kg/ha before hilling up	464,444
KCl product cost	75,000
SSP product cost	345,000
Spreader operating cost	44,444
Hill to 90 cm ridges/hills with TTQ aim for high hills	160,000
Planting along the ridges (14 people, each paid 40,000 UZS daily, 1 ha per day = 13,888 trees)	560,000
Apply Ammonium nitrate @ 300 kg/ha using a cultivator	579,944
Ammonium nitrate product cost	535,500
Cultivator operating cost	44,444
Apply Ammonium nitrate @ 375 kg/ha using a cultivator	713,819
Ammonium nitrate product cost	669,375
Cultivator operating cost	44,444
Irrigate 2 times per month (10 irrigations)	45,000
Labor	5,160,960
Total (UZS) per 1 ha	21,745,611
Total (USD) per 1 ha	2,313

Source: Community Engagement Project (CEP), FE "Indorama Agro" LLC, September 2019

Figure 11.2: Mulberry plantation running costs

INDORAMA

Plantation Management Cost

Cost Item / Activity	Expenses
Spray out existing weeds if necessary with Swip @ 3 L/ha	129,000
Swip product cost	105,000
Sprayer operating cost	24,000
KCL product cost (50 kg/ha at UZS 1,500 /kg)	75,000
Apply Ammonium nitrate @ 300 kg/ha using a cultivator (UZS 1,785 /kg)	535,500
Spreader operating cost	44,444
Apply Ammonium nitrate @ 300 kg/ha using a cultivator	535,500
Cultivator operating cost	44,444
Irrigate 2 times per month (10 irrigations)	45,000
Labor	5,160,960
Total (UZS) per 1 ha	6,698,848
Total (USD) per 1 ha	713

Source: Community Engagement Project (CEP), FE “Indorama Agro” LLC, September 2019

Table 11.1 identifies the investment funds, which total about USD 2.645 million over a seven-year period that the Company has estimated is required to undertake the mulberry and silk farming initiatives. Value addition investments (not funded by Indorama) are expected to worth up to USD6.2 million, namely, to process the silk (about USD1.29 million for two regions) and another USD5 million for warehouses and plants in two regions. The Company has indicated it is open to further CAP investments in the future.

Table 11.1: Investment funds

Year	2019	2020	2021	2022	2023	2024	2025
Investment cost (USD)	347,004	453,901	560,797	320,690	320,690	320,690	320,690

Source: FE “Indorama Agro” LLC

Funds will be allocated staff to monitor the implementation of this LRP. In addition to staff time, budgets for travel to collect data and interview those affected by, or stakeholders to, land acquisition will be provided. Additionally, fund allocation related to external monitoring and the completion of the close out report will be undertaken.

The overall financial resources for the LRP based on current Company commitments are estimated in Table 11.2.

Table 11.2: Indicative LRP budget

Item	Cost (USD) and/or comment
Compensation paid in cash to date	0
Amount paid for improvement works	80,000
Compensation to be paid for structures	Currently unknown, estimated at USD250/item for 60 items 15,000
Skills training implementation	200,000 for seven years 1,400,000
Committed CEP activities (mulberry plantations and silk farming)	2,645,000
Partnerships and disclosure about other employment related activities	Estimated at 25,000 per year for seven years plus inflation 200,000
Internal monitoring	Estimated at 500 per month for seven years plus inflation 45,000
Resettlement close out reporting, interim and at end Phase 2	Based on 75,000 each 150,000
Subtotal	4,535,000
Contingency (10%)	453,500
Total	4,988,500

Appendix A: Overview of National Legislation

A summary of national legislation relevant to resettlement and land acquisition is presented in Table 11.3. Legal entities can have the following types of land rights: permanent tenure, permanent use, fixed-term (temporary) use, lease and ownership (Article 17 of the Land Code).

Table 11.3: National legislation with relevant deals related to land leasing and land acquisition

Law	Description
Constitution of the Republic of Uzbekistan (8 December 1992)	<ul style="list-style-type: none"> Article 36 - Everyone shall have the right to own property. Article 53 - The economy of Uzbekistan, evolving towards market relations, is based on various forms of ownership. The state shall guarantee freedom of economic activity, entrepreneurship and labour with due regard for the priority of consumers' rights, equality and legal protection of all forms of ownership. Article 54 - Owners, at their discretion, shall possess, use and dispose of property. The use of any property must not be harmful to the ecological environment nor shall it infringe on the rights and legally protected interests of citizens, juridical entities and the state. Article 55 - The land, its minerals, waters, fauna and flora, other natural resources shall constitute the national wealth and shall be rationally used and protected by the state.
Civil Code of the Republic of Uzbekistan of 29 August 1996 (as amended on 18.04.2018)	<ul style="list-style-type: none"> Article 165 classifies land under proprietary rights. Proprietary rights, along with the right of ownership, also include the right of inherited lifetime possession of land and the right of permanent possession and use of land. Article 150 sets the general period of limitations being three years for any disputes in court.
Land Code of the Republic of Uzbekistan (30 April 1998) as amended on 14.11.2019)	<ul style="list-style-type: none"> Withdrawal of land or part thereof for state and public needs is made by agreement with the land user and tenant by a decision with the respective Hokim of the district, city, region or by decision of the Cabinet of Ministers (Article 37, Clause 1). In case of a disagreement the land user or tenant of the land, with a decision of the district (city, region) Hokim or of the Cabinet of Ministers to withdraw the land, the decision may be appealed in court (Article 37, Clause 2). Losses caused by violation of the rights of land users, tenants and landowners (including lost profits), shall be reimbursed in full (Article 41, Clause 3). The withdrawal of the land for state or public needs may be produced after allocated to the land user or tenant with an equivalent land plot and the compensation of all losses including lost profits (Article 41, Clause 4). Article 36, Clause 1 specifies instances when the right to the land can be terminated. Termination of the right of possession and the right of permanent or temporary use of land is made by decisions of Hokims of districts, cities, regions or by the decision of the Cabinet of Ministers on the proposal of the bodies exercising state control over the use and protection of land, on the basis of supporting documents justifying the termination of the rights. In case of disagreement with the decisions of the Cabinet of Ministers and the officials of the termination of the right of possession, the right of permanent or temporary land use natural and legal persons may be appealed in court (Article 36, Clause 4). The land user, tenant and landowner have the right to reimbursement of losses (including lost profits), in case of withdrawal of land or compensation costs for voluntary renunciation of land (Article 39, Clause 1, sub-Clause 7). Losses of agricultural and forestry production, caused by the withdrawal of agricultural and forest land owned and used by individuals for purposes not related to agriculture and forestry, as well as restrictions on the rights of land users and tenants or deterioration land due to the impact caused by the activity of enterprises, institutions and organizations, shall be reimbursed (Article 87, Clause 1).
Law on Farms of the Republic of Uzbekistan No.602-I of 30 April 1998 (as	<ul style="list-style-type: none"> The purpose of this Law is to regulate relations in the field of creation, activities, reorganization and liquidation of farms. After the termination of the lease, the tenant is obliged to timely return to the landlord the property, land and other natural resources in the condition stipulated by the agreement.

Law	Description
amended on 26.08.2004)	<ul style="list-style-type: none"> ● If the tenant has admitted deterioration in the condition of the leased property or does not return it in a timely manner, tenant must compensate the landlord for the losses incurred as a result of this.
Law on Lease No.427-XII of 19 November 1991 (as amended on 26.05.2000)	<ul style="list-style-type: none"> ● Changes to the terms of the lease, its termination and termination are allowed by agreement of the parties. ● At the request of one of the parties, the lease may be terminated by decision of the relevant court in case of violation by the other party of the terms of the contract. ● In the event of a disability or recognition of a tenant as legally incompetent, the contract shall terminate in the manner and on the conditions established by the legislation of the Republic of Uzbekistan. In these cases, one of the members of his family has the pre-emptive right to conclude a lease. The lease agreement is also terminated in case of punishment of the tenant for a crime precluding the possibility of further performance of the contract. ● The enterprise acquires the status of a lease after signing the lease agreement, approving the charter by the general meeting (conference). The charter of a leased enterprise (except for leased enterprises based on state ownership) should provide for property liability of members of the lease collective for the debts of the enterprise. ● Organization, activity and liquidation of a leased enterprise are regulated by the Law "On Enterprises in the Republic of Uzbekistan" and other legislative acts of the Republic of Uzbekistan. ● A leased enterprise acquires the rights of a legal entity from the day of its state registration and acceptance of the property of the enterprise in the established manner. ● When a state enterprise is leased, it is reorganized in the manner prescribed by the legislation of the Republic of Uzbekistan. ● The economic activity of the leased enterprise is carried out by the lessee independently. Outside of the fulfillment of obligations under a lease, the tenant is completely free to manage his business. The intervention of the landlord in the activities of the leased enterprise, the requirements for the submission of plans, reports and other information not provided for by the legislation of the Republic of Uzbekistan and the contract, is not allowed. <p>Management of a leased enterprise is carried out in accordance with the Law of the Republic of Uzbekistan "On enterprises in the Republic of Uzbekistan" and the charter.</p>
Decree of the Cabinet of Ministers of the Republic of Uzbekistan "On Measures to Establish Modern Cotton and Textile Production by Indorama (Singapore) in the Republic of Uzbekistan" No.632 of 08 August 2018;	<ul style="list-style-type: none"> ● It agrees with the proposals of the Ministry of Agriculture, the Uztekstilprom Association, the khokimiyats of the Jizzakh, Syrdarya, Kashkadarya and Ferghana regions, as well as the Indorama company (Singapore) (hereinafter the investor) on the implementation of Indorama Kokand Textiles LLC based on the available capacities "and the legal entity created by the investor - the operating company (hereinafter referred to as the operating company) of the project for the organization of modern cotton and textile production (hereinafter referred to as the project) involving foreign direct investment in UZS in 2019-2023: USD 225.0 million for the cultivation of raw cotton, corn, or another crop based on crop rotation; 115.0 million USD for the organization of deep processing of raw cotton and the production of cotton yarn during the implementation of the second phase of the project. ● It approves the main target parameters of the project implemented by the investor in the period 2018-2023 according to the application. ● It takes into account that the provision of land to the operating company at the request of the investor is carried out by local authorities in two stages as the project is implemented:
Resolution of Cabinet of Ministers No.97 (29 May 2006)	<ul style="list-style-type: none"> ● The resolution "On approval of the procedure of damages to citizens and legal persons in connection with the withdrawal of land plots for state and public needs" regulates compensation for affected buildings, structures, and plants in settlements.
Resolution of Cabinet of Ministers No.146 (25 May 2011)	<ul style="list-style-type: none"> ● The resolution "On measures to improve the procedure for granting land plots for urban development activities and other non-agricultural purposes" regulates compensation for affected agricultural lands and trees and the promotes the use of land for land compensation principles.
Resolution of Cabinet of Ministers No.44 (15 February 2013)	<ul style="list-style-type: none"> ● The resolution "On approval of the order of the appointment and payment of social allowances and material (financial) assistance to low-income families" regulates the mechanism to determine vulnerable groups and their entitlements.
Presidential resolution No.3857	<ul style="list-style-type: none"> ● Presidential resolution "On measures to improve the effectiveness of training and realizing projects with participation of international financial institutions and foreign government financial organizations". confirms that resettlement costs are paid based on assessment documents prepared by international finance institutions in accordance with their own methodology.

Law	Description
Presidential Decree No.5495	<ul style="list-style-type: none">• Presidential Decree "On measures on major improvement of investment climate in the Republic of Uzbekistan" defines that land expropriation can be implemented only after meaningful consultation with project affected people.
Presidential Decree No.5490	<ul style="list-style-type: none">• Presidential Decree "On measures to improve the system of protection of rights and legal interests of subjects of entrepreneurship" defines the source of resettlement budget in investment projects.

Source: Collated by Mott MacDonald

Appendix B: Summary of FGD Consultation Results

Table: FGD respondents' opinions on positive and negative impacts of the Project

Date	District	No. of attendees	Type of attendees	How did you know about the Project?	Positive impacts of the Project	Negative impacts of the Project
2-Dec	Oqoltyn District	7	Women from local communities		<ul style="list-style-type: none"> Husbands have stable jobs with a fixed salary Potential work at the future factories Mulberry trees planting and silk cocoon farming 	<ul style="list-style-type: none"> Seasonal work has gone The salary is low and not enough Cannot collect dry cotton stalks for cooking
2-Dec	Oqoltyn District	9	Men from local communities	A general meeting in Hokimiyat, A general meeting in mahalla Consultations with Farmers Association	<ul style="list-style-type: none"> Improved water supply Mulberry programme There are jobs for family members 	<ul style="list-style-type: none"> Lost productive lands. One farmer was given a bad plot instead. Harvest declined due to poor drainage and soil quality. Not everyone was offered a job. No choosing the new plots instead – They could take either the proposed plot or none.
2-Dec	Oqoltyn District	13	Direct farmers (13 men)	Two weeks after the announcement there was a meeting where all the farmers or foremen attended. The transfer of land to the state was announced. Compensation was not offered. After this, the Company held personal consultations with farmers.	<ul style="list-style-type: none"> Work benefits - fixed salary, days off, vacation, working hours of 8 hours, do not work in the rain, but after a downtime they can work for 12 hours Training 	None
3-Dec	Sardoba District	11	Direct farmers (3 women and 8 men)	FE "Indorama Agro" LLC had a meeting. They promised to hire 630 farmers, but only hired 20.	None	<ul style="list-style-type: none"> Less work available and income is low. Revenues have decreased. There are fewer workers per 1 ha. The Company recruits workers from other regions and countries. 85% of the population is unemployed, Only 15% in FE "Indorama Agro" LLC.

Date	District	No. of attendees	Type of attendees	How did you know about the Project?	Positive impacts of the Project	Negative impacts of the Project
3-Dec	Sardoba District	10	Women from local communities		<ul style="list-style-type: none"> • Machinery and technology are better now. • The water supply is better • More fertilizers are provided and on time. 	<ul style="list-style-type: none"> • Lost field work. No money. Earlier, they earned money for the whole winter period on summer cotton picking. Now there is no money to buy winter clothes for children. • They have to go to other districts to pick cotton. Men go to Russia because of unemployment. • Foremen take only men. Few people were hired. • Cotton stalks used to be harvested for their own households for kindling now this resource is not available.
4-Dec	Kasbi District	13	Contract farmers (3 women, 10 men)	<p>From February to March 2019, 400 farms participated in consultations (2 general meetings were held) Then 2-3 additional meetings were held to provide clarifications and address questions from farmers. Between March and April 2019 FE "Indorama Agro" LLC signed contracts with the farmers. Then trainings started.</p>	<ul style="list-style-type: none"> • Training • Loans at no interest, advance payments and efficient financing system • Self-independence • Harvesting in one round and good quality cotton • Payments to cotton picker in time • Encouragement of labour (soap and oil) • Good quality fertilizers supplied on time • Reduction in rehabilitation costs associated with the irrigation and drainage • Modern machinery • Spraying equipment provided free of charge • Farmers books provided to help monitor progress. • Decent work • Access to the Project's experienced agronomists • Social support and trust • Grievance mechanism to address concerns and issues. Issues are address in a timely manner • No penalties for not meeting a plan or delays in delivering cotton 	<p>No textile factory is available in Kasbi</p>

Date	District	No. of attendees	Type of attendees	How did you know about the Project?	Positive impacts of the Project	Negative impacts of the Project
4-Dec	Kasbi District	14	Direct farmers 1 woman 13 men	In December 2018, FE "Indorama Agro" LLC held meetings with farmers in the mahalas and explained recruitment. Farmers made an agreement with the Hokim on termination of their contracts.	<ul style="list-style-type: none"> • Salary on time. • No manual work • Sufficient amounts of fertilizers. • There is always water available • Repair works undertaken of drainage systems. • 7-8 hours workdays and days off for overtime 	None
5-Dec	Kasbi District	11	men form Local Communities	There was a general meeting where they were showed the decision of the Hokimiyat to terminate the land lease agreements.	<ul style="list-style-type: none"> • All want to work as contracted farmers. • Arable lands were not affected and were left for livestock. 	<ul style="list-style-type: none"> • Seasonal earnings for women are gone. • Temporary earnings for women are being provided via the mahalla.
5-Dec	Kasbi District	14	Women from local communities	...	<ul style="list-style-type: none"> • Husbands have stable earnings from the Project • Office jobs are available (laboratory assistant, office manager, controller) • Relations in the family have improved • Less physical work (no need to sell meat and cattle to earn income) • Good salary, but women with many kids need more • Advance warnings of hazardous works on the field (a family lives in the vicinity to the Company's land plots) 	None
6-Dec	Nishon District	13	Women from local communities	...	<ul style="list-style-type: none"> • Training programmes • New technologies • Husband has a stable income in the Project • Office jobs available (laboratory assistant, office manager, translators) • Stability and improved life standard • Work encouragement schemes (cotton oil provided for good work) • Roads reconstruction • Drainage system reconstruction 	<ul style="list-style-type: none"> • Salary is not enough for large families • No credit programmes for FE "Indorama Agro" LLC employees

Date	District	No. of attendees	Type of attendees	How did you know about the Project?	Positive impacts of the Project	Negative impacts of the Project
6-Dec	Nishon District	10	Direct farmers (10 men)	In September 2018 they heard first rumours. On 27 October 2018 -Hokim (with Company representatives) announced in a general meeting (500 people) about land allocation. In November 2018 they wrote the termination agreements.	<ul style="list-style-type: none"> • No manual labour • Stable salary • New technologies • Professional growth • Work shift duration 7-8 hours • Vacation days given 	None

Source: December 2019 FGD Discussions

