



REPUBLIC OF NORTH MACEDONIA -
PUBLIC ENTERPRISE FOR STATE ROADS

A2 MOTORWAY: BUKOJCHANI – KICHEVO SECTION

Land Acquisition Framework



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This report has been prepared by WSP on behalf of the Public Enterprise for State Roads. GEING Krebs und Kiefer International have assisted in the completion of this report through the provision of project information and site support

1 INTRODUCTION

- 1.1.1. The European Bank for Reconstruction and Development (EBRD or the Bank) is considering providing finance to Public Enterprise for State Roads (PESR) for the construction of motorway section A2 Bukojchani - Kichevo.
- 1.1.2. The Loan will be used to finance the construction of the 10.7 km long sub-section Bukojchani - Kichevo of A2 motorway (the Project). The project includes: underpasses, drainage, box and pipe culverts, 3 bridges, 3 viaducts and a tunnel at Kolibari. The project will include temporary works, including the construction of access roads and construction camps.

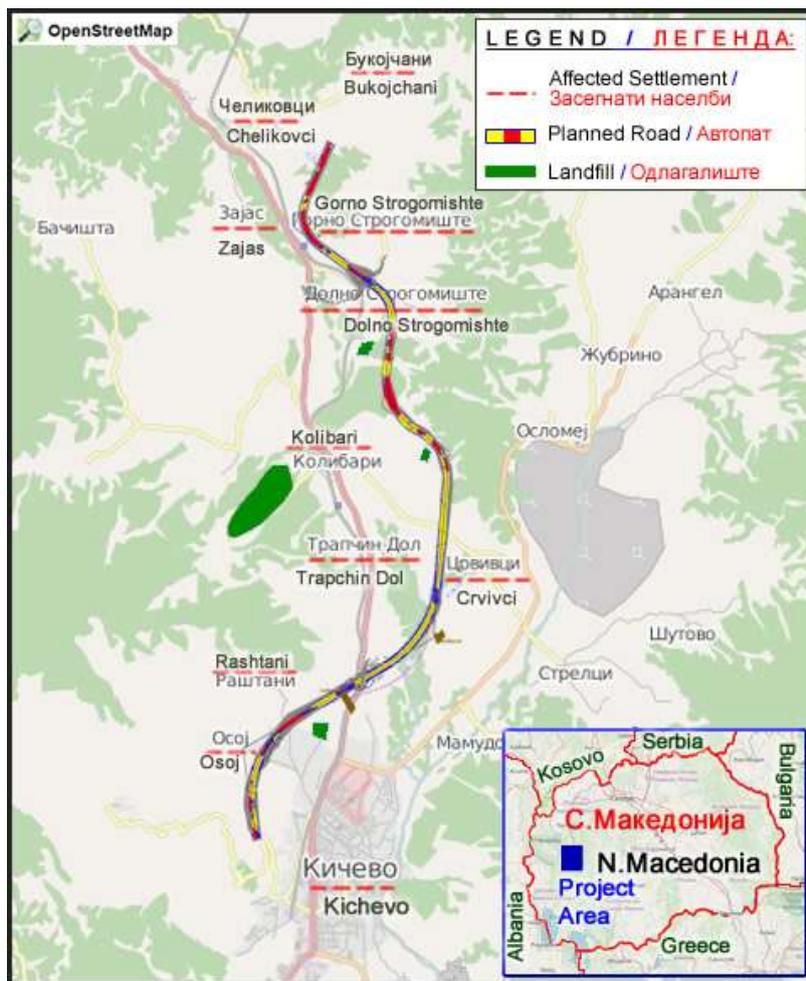


Figure 1-1 - Proposed Project Alignment

- 1.1.3. This document is the Land Acquisition Framework (LAF) for the 10.7 km Bukojchani – Kichevo A2 Motorway section. It describes the objectives, principles, and planned approach to land acquisition, and compensation for economic and physical displacement, and livelihood restoration.
- 1.1.4. This LAF presents the displacement impacts associated with the Project and the compensation and resettlement principles and responsibilities to ensure that no one is left worse off as result of the

Project. The LAF also includes a grievance mechanism for project affected people and general public to raise their concerns.

- 1.1.5. This document has been developed in accordance with the Macedonian legal framework and in compliance with EBRD's Environmental & Social Policy 2014 (ESP 2014), specifically Performance Requirement 5 (PR5) – Land Acquisition, Involuntary Resettlement & Economic Displacement. A detailed Land Acquisition Plan (LAP) covering both economic and physical displacement will be subsequently developed based on the principles defined in this LAF.
- 1.1.6. A LAF is different from a LAP, where a LAF sets out the Project's planned approach to land acquisition and compensation, rather than providing the full details of actual land ownership. The exact number of affected parties, which will be provided in the LAP. A census and asset inventory survey will be undertaken during the next phase of Project development to fully understand the scale and magnitude of the economic and physical displacement and relevant impacts on the Project Affected Persons (PAPs).
- 1.1.7. A census and asset inventory and socio-economic surveys will inform the future LAP which will be developed for the Project once the detailed design/route alignment is fixed and the results of the census and asset inventory are available.
- 1.1.8. This LAF is structured as follows:
 - Section 2: Project Description – describes the Projects and summarises the potential impacts related to land acquisition
 - Section 3: Legal and Regulatory Framework – describes national legislative frameworks and EBRD requirements and identifies the gaps and how they will be addressed
 - Section 4: Land Acquisition and Compensation Objectives, Principles and Process
 - Section 5: Special Cases
 - Section 6: Eligibility and Entitlements
 - Section 7: Implementation of the Land Acquisition Activities and Monitoring
 - Section 8: Disclosure of Information and Consultations
 - Section 9: Grievance Mechanism
 - Section 10: Institutional Responsibilities

2 PROJECT DESCRIPTION

2.1 PROJECT AREA, LAND USE AND SOCIO-ECONOMIC SUMMARY

- 2.1.1. The A2 Motorway Bukojcani – Kichevo, is part of Corridor VIII. 305km of Corridor VIII is located in the Republic of North Macedonia, and it connects the border with Bulgaria to the border with Albania. The highway will be developed to improve the road connections within the country, as well as with the neighbouring countries and to improve the economic and social exchange between them.
- 2.1.2. The existing terrain along the proposed route is characterised by mountains and flat terrain, crossed with permanent and temporary watercourses which flow into the Zajaska River. The mountainous part of the route consists of solid rock materials, while the plain terrain is mainly arable soil with vegetation. The existing national road to Ohrid is parallel to the adopted route, as well as the railway line Kichevo – Gostivar which crosses the proposed route at several locations.
- 2.1.3. The primary forms of transport in the project area are car, van and bus. The local communities located along the proposed route have a declining population, as a result of young people out-migrating to the capital or other countries. The residential houses in the area are predominantly one or two storey buildings in moderate to good condition.
- 2.1.4. The main heritage features along the Project alignment include cemeteries and monuments. The Project will run in very close proximity to three cemeteries and one war memorial.
- 2.1.5. The Project includes a viaduct over the cemetery in Dolno Strogomishte, which may require a temporary work area within the cemetery to construct two viaduct piers, and may require the relocation of graves that may be present within that area. Three design options have been developed for this viaduct, one with piers that extend into the cemetery, and two with piers located outside the cemetery. The option / variant will be selected in consultation with the local community. If the relocation of graves is required, a Grave Relocation Plan will be prepared, in consultation with the local community and relevant authorities, as specified in the Environmental and Social Action Plan for the Project.



Figure 2-1 - Local Cemetery



Figure 2-2 – Albanian Mother - Memorial dedicated to Albanians from the region, who were killed during the Second Balkan War (1913)

- 2.1.6. The Project has been designed to provide the best alignment to meet the design parameters, taking in consideration constraints, such as the topography and the railway line.
- 2.1.7. There are a few houses are in close proximity to the proposed route (which is constrained by the need to achieve the necessary elevation to overpass the railway line), near the proposed Strogomishte interchange, where the proposed route goes through the village of Gorno Strogomishte. The houses closest to the alignment should be given the option of being included in the expropriation process, if they do not wish to live adjacent to the interchange.
- 2.1.8. The area is characterised by individual small holdings, typically located around the house or in its vicinity, which usually consist of a land plot with a house, as well as a small structure (e.g. storage/shed) and an area for growing produce. Beehives are also present closer to Kichevo section of the proposed alignment.
- 2.1.9. Within the area of the Kichevo interchange, parallel to the existing national road lies the Kichevo-Gostivar railway line. For the construction of the interchange, the highway, as the main line, needs to go over the existing national road and the railway line with a free height in accordance with the relevant standards.
- 2.1.10. The proposed route also includes 14 road crossings, where two of the road crossings pass over the proposed alignment (overpasses), and the other 12 pass under the proposed alignment (underpasses).
- 2.1.11. The project detailed design is currently being finalised and the design is expected to be fixed in Q1 2021. It is then estimated that the construction period will last 3 years.

2.2 LOCAL COMMUNITIES IN THE PROJECT AREA

- 2.2.1. Based on the information provided in the ESIA report, the people of Macedonian origin are predominantly concentrated in urban areas, as a result of industrialisation and population migration patterns in 1960s and 1970s. The residents of Albanian ethnic origin are mainly located in the rural areas within the municipality north of the city, and closer to the city of Kichevo.
- 2.2.2. The data below shows the ethnic composition of population in four project-related areas: the wider area of the Municipality of Kichevo, project area itself, specifically rural areas in the Project area and

the city of Kichevo. Few years after the 2002 Census, Kichevo Municipality was merged with other local municipalities and the most up-to-date and official data will be confirmed after the next national Census.

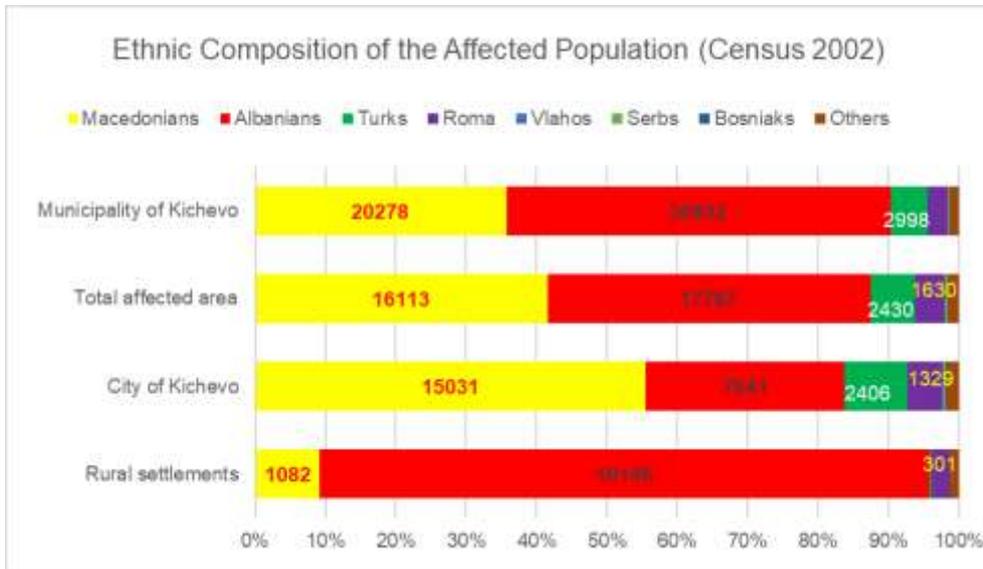


Figure 2-3 - Ethnic Composition of the Population in the Project Area, Census 2002 data, (Source: ESIA, 2019)

- 2.2.3. The ESIA report states that the latest census data was planned to be collected in 2011, and the 2011 Census was started but the process has since been stopped and delayed indefinitely, so the 2002 is the most up to date census data available.
- 2.2.4. The demographic situation in the project area is presented below, where the data shows the predominance of older women in the 70+ age category, they are likely to live on their own and so would so benefit from a separately organised focus group discussion during the public consultations.
- 2.2.5. Based on site observations during the site reconnaissance visit, it was noted that the people residing in the project area are predominantly Albanians. Some of the households located along the alignment appear to be relatively conservative, and therefore during public consultations specific arrangements (i.e. focus groups) will need to be organised to capture women’s and elderly views and opinions on the Project.
- 2.2.6. In Pevci area, which was visited by the PESR and WSP teams in July 2019, the PESR confirmed that the suggested road alignment is likely to affect the area populated by local Roma families. After checking the suggested route on the map with the road designers, the team counted up to eight (8) local Roma households that could be affected by the project if the road alignment in Pevci area is not changed.
- 2.2.7. Additionally, it was noted that some fields running along the proposed alignment, are cultivated by local residents who grow cabbages, corn and other annual crops.

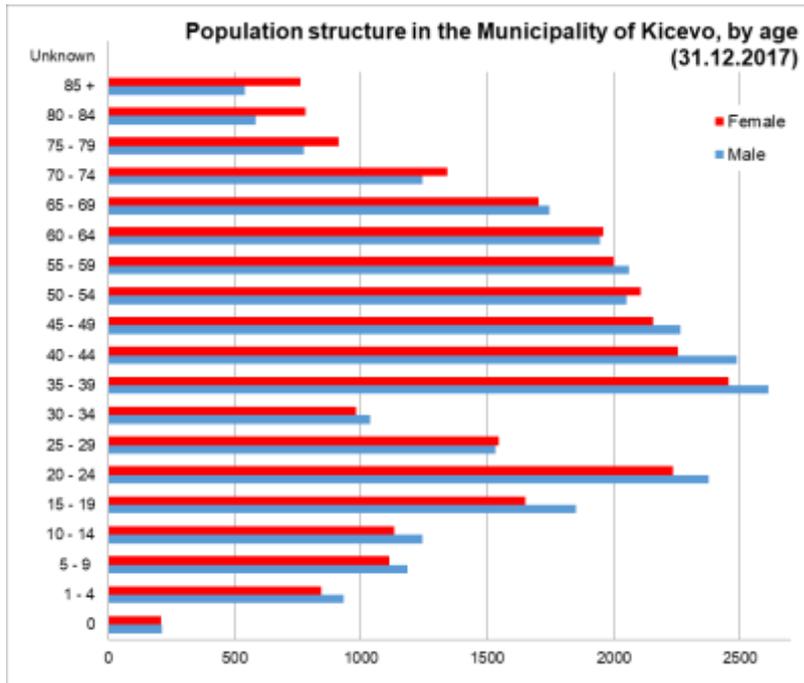


Figure 2-4 - Population Structure in Municipality of Kichevo by 5 year age Cohorts and Gender (Source: Website of State Statistical Office, MAKStat Database)

2.2.8. Further details on socio-economic characteristics of the local population can be found in the ESIA for the Project.

2.3 SUMMARY OF PROJECT RELATED LAND ACQUISITION IMPACTS

PROJECT LAND REQUIREMENTS

- 2.3.1. Permanent land take is likely be required for the construction of the Project, including junctions, associated structures and access/local road modifications and construction (which fall within the remit of the Project scope), etc. The permanent land area to be acquired will need to be confirmed once the detailed design is finalised and the route is fixed. PESR and their designers are seeking to minimise physical resettlement.
- 2.3.2. An area for the disposal of spoil (i.e. excess excavated fill material) along the route will be identified during the detailed design and will be located on State land.
- 2.3.3. In accordance with the Law on Public Roads, a 40m safety buffer zone on each side of the road will be established which will be subject to some restrictions during the operational phase of the Project. Owners of land within this safety zone will have to request permission from PESR for the construction of new structures, and for existing structures to remain within the 40m safety buffer zone.
- 2.3.4. The Project will also require some temporary land take for: haulage/construction routes; construction laydown areas and camps; temporary storage of materials and soil; cut trees etc. However, no information on temporary land take is available at the time of developing this Framework. Once the final design and the route are fixed, this information will be confirmed and included in the LAP.

SUMMARY OF ECONOMIC AND PHYSICAL DISPLACEMENT IMPACTS

2.3.5. The economic and physical displacement impacts are likely to be as follows:

- Currently 8 houses in Dolno Strogomishte will be in the close proximity to the road alignment (also within the 40m safety buffer zone), and will therefore be subject to severance of a small parts of their private land parcels (on which their houses are located), as well as exposure to higher than current levels of dust, noise, and emissions, both during construction, and during the operation of the road. After reviewing the road alignment, PESR and their designers will confirm if the impacts are limited to severance of these parcels.
- Additionally, the road designers are currently considering how to reduce impacts on up to 8 households in the Roma community in Pevci (Figure 2-5 overleaf) some of whom may need to be potentially relocated, thus potentially triggering physical displacement.
- The project is also likely to cause economic displacement, where certain fields currently cultivated by local communities (with corn, cabbages and other annual crops) may need to be acquired to allow the development of the Project.

2.3.6. Further impacts are likely to include:

- Based on the observations carried out during the July 2019 site visit, the existing internal roads used by the villages are narrow, some have a width of less than two cars. During the consultations in Dolno Strogomishte, undertaken as part of the site visit, local residents also mentioned that the nearby railway underpass, which is used to access the village, is so narrow that Accident and Emergency vehicles often struggle to get through it. This information indicates that the narrow roads could be problematic and could be temporarily and significantly impacted during the construction phase.
- In total, there are three cemeteries close to the road alignment (within the 40m of the alignment), these include: Kichevo City's Cemetery; cemetery in Dolno Strogomishte; and cemetery in Crvivci.

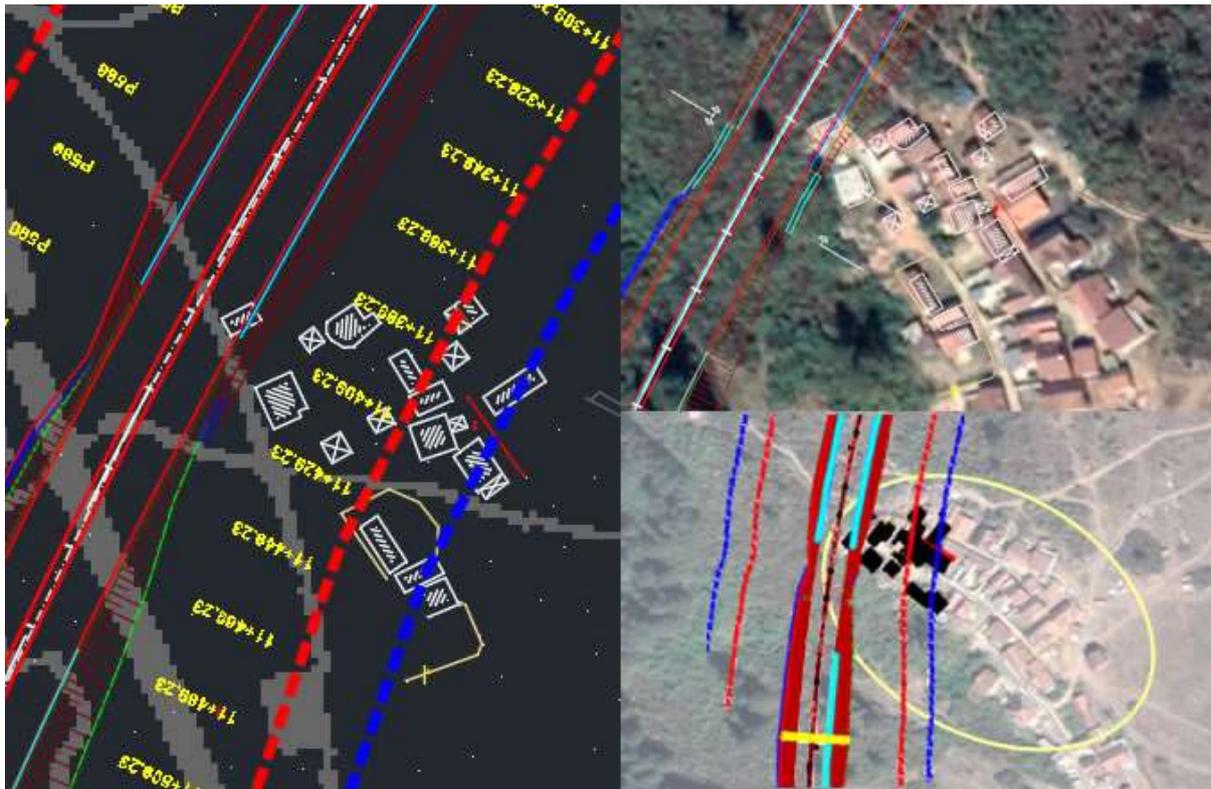


Figure 2-5 - Potential Physical Displacement of Roma Community Households in Pevci (Source: ESIA, 2019)

- 2.3.7. Further details on impacts can be found in Section 5 of this document.
- 2.3.8. PESR is currently working with the road designers to make sure that the final alignment will minimise the land acquisition impacts wherever possible.

3 LEGAL AND REGULATORY FRAMEWORK

3.1.1. The Project is required to meet national and EBRD requirements, legislation and standards, notably EBRD's PR 5 on Land Acquisition, Involuntary Resettlement and Economic Displacement.

3.2 NATIONAL LEGISLATIVE FRAMEWORK

3.2.1. The Law on expropriation ("Official Gazette of Republic of Macedonia" No. 95/12, 131/12, 24/13, 27/14 and 104/15) <http://www.finance.gov.mk/mk/node/3102>, regulates the procedure for the expropriation of property for projects that are of public interest and the associated rights for immovable properties.

3.2.2. Construction of the state road falls under the project of national / public interest category, and in this case PESR as a developer will submit to the relevant offices for legal and property affairs, all necessary project design documentation, together with the request for land expropriation.

3.2.3. The following laws govern land tenure, property rights and land acquisition in the Republic of North Macedonia:

- Law on Real Estate Cadastre ("Official Gazette" of R. Macedonia 55/13) regulates on amendments and changes to the national cadastre (Official Gazette of RM' No. 115/14).
- Law on national spatial data infrastructure ("Official Gazette" of R. Macedonia 38/14).
- Law on Obligations ("Official Gazette" of R. Macedonia 18/01, 78/01, 04/02, 59/02, 05/03, 84/08, 81/09, 161/09).
- The Expropriation Law (Official Gazette of RM No. 95/12, 131/12, 24/13, 27/14 and 104/15) regulates the process of expropriating property, including land, structures and other assets for the purpose of construction and activities deemed to be in the public interest.

3.2.4. According to the Republic of North Macedonia Law on expropriation, compensation cannot be lower than the market value of the affected properties and is estimated based on recent market transactions in neighbouring areas. The market value of the expropriated immovable property is determined by an authorised property valuator / surveyor in accordance with the Law on Appraisal. According to the law, compensation can be provided in the form of either a replacement property or in cash. Where another immovable property is offered as compensation for the expropriated asset, it should be close to the value to the expropriated asset. National law allows compensation for the loss of profit/income through affected businesses activities, where such scenario was caused by the expropriation process. The owner of the asset that is being expropriated has the right to compensation for all plants/crops, sown fields, forests on the land and the orchards, provided that they are not included in the market value of the land.

3.2.5. This Law also recognises temporarily land take, including:

- Temporary occupation of the land for the purpose of undertaking detailed geological research for raw mineral resources, in accordance with the Law on Raw Mineral Resources - temporary occupation can last for up to six years after the day the land is transferred into possession, that is, until the expiry of the period for which the right to make detailed geological research is granted, and
- Temporary occupation of the neighbouring land for the purpose of constructing and performing works of public interest - the temporary occupation of the neighbouring land may last for a period of up to two years.

- 3.2.6. The compensation for the restrictions on the land ownership rights are determined according to the market lease rate for the similar asset and duration of lease. If any damage is caused to the owner of the asset through restriction of his/her land ownership right, the owner has the right to be compensated. The damage compensation in such cases is determined on a case-by-case basis by a certified expert, in accordance with the Law on Expertise.
- 3.2.7. If, as a result of temporary land occupation, the damage to land plot capacity and agricultural potential cannot be reversed, and it cannot be used in the manner and for the purpose it has been used prior to this impact, the landowner can request full expropriation of the land plot within a period of one year as of the day of ending the temporary occupation by the developer and their contractor.
- 3.2.8. If, during the expropriation process, the remaining part of the affected land plot makes it significantly smaller (thus creating so-called “Orphan Land”) which may affect the economic interest of the owner, (s)he can request for the entire plot to be expropriated and compensated in full.
- 3.2.9. The owner of the expropriated asset is not entitled to compensation for any investments made after the proposal for expropriation was submitted to the authorities (cut - off date).
- 3.2.10. Compensation for all expropriated assets and the costs of the procedure are borne by the party initiating the expropriation process.
- 3.2.11. National law does not stipulate special measures related to vulnerable groups. Municipal Centres for Social Welfare can provide some assistance, under the Law on Social Welfare. This law enables provision of social welfare payments and services to vulnerable residents, as defined by the law. One of the important aspects of social welfare payments under the law stipulates a person’s right to be rewarded a one-off financial payment where such person find themselves in a situation of sudden and temporary need, i.e. where for example their resident property is expropriated.
- 3.2.12. Further assistance from social welfare authorities can be used to address the needs of persons with disabilities, single headed households, households with low incomes, etc. The Republic of North Macedonia also has a set of laws under which affected people can be assisted to improve their living standards (e.g. access to health care, education, personal documentation, social housing etc.) and these laws can be used as a basis for developing future resettlement/livelihood restoration actions, particularly for vulnerable groups.
- 3.2.13. Legal assistance can be provided to vulnerable people under the Law on Free Legal Assistance by lawyers from the Ministry for Justice and selected citizens’ associations.
- 3.2.14. Key aspects of the Expropriation Law are as follows:
- Compensation – Compensation shall be determined based on Article 18: “For the expropriated property a fair compensation should be provided that cannot be lower than the market value of the property. The market value of the property shall be established under conditions determined by this law, according to the methodology, rules and standards pursuant to the Law on Assessment”. Article 18 also states that “the right to seek compensation for expropriated property cannot be violated”;
 - Article 37 states that the market value of expropriated property and property that is given as compensation shall be determined by a qualified valuator/surveyor, pursuant to the Law on Assessment;

- Compensation for the expropriated property shall be determined in monetary terms, unless the developer and the affected asset owner agree on in-kind compensation or provision of replacement assets;
- The owner of expropriated property could also be entitled to compensation for crops, plants and trees on his/her land. The value of crops, plants, trees (and their produce) are usually calculated as a separate item under damages;
- The owner of the property shall not be entitled to compensation for investments made after the date of submission of the proposal for expropriation (date of calculation) Article 40.

3.3 DESCRIPTION OF THE EXPROPRIATION PROCEDURE

3.3.1. The expropriation procedure includes the following steps:

3.3.2. PESR initiates the process for expropriation by submitting the proposal to the State Attorney. The proposal for expropriation contains data on:

- PESR – as the entity proposing the expropriation;
- All properties and assets for which expropriation is proposed;
- A list of owners of such assets and properties (names, permanent residence, temporary residence, etc);
- Details on all applicable rights related to the immovable property suggested for expropriation (owner, tenant, etc); and
- The type of the project/work for which this expropriation is proposed.

3.3.3. According to the Law on Expropriation, proposal for expropriation also require the following additional documents:

- An extract from the document on master-planning or an approved infrastructure project;
- A land survey report on the immovable property for which expropriation is proposed;
- The amount of compensation for the immovable property for which expropriation is proposed based on market value of the immovable property established by an authorised valuator in accordance with the Law on Appraisal, as well as a schedule for compensation payment;
- A copy of the property certificate for the immovable property for which expropriation is proposed;
- Evidence of provided compensation funds.

3.4 FURTHER STEPS TAKEN BY RELEVANT AUTHORITIES

3.4.1. The State Attorney, based on the received proposal checks all documents and submits his decision to Ministry of Finance, Legal and Property Affairs Office (expropriating body) confirms the proposal for expropriation. Upon the receipt of his decision, the expropriating body (in this case, the PESR):

- submits the proposal for expropriation with all relevant documents to the owner (and where applicable, to users) of the property for which expropriation is proposed within a period of five days as of the day of receipt of the State Attorney's decision;
- submits the proposal for expropriation and the land survey report to the Agency of Immovable Property Cadastre so that they can provide comments, within a period of five days as of the day of receipt of the State Attorney's decision;

3.4.2. The expropriating body then schedules a hearing/meeting on the proposal for expropriation inviting the owner of the property and (where applicable) its users to discuss the expropriation process. If

the owner could not be found, a temporary representative of the rightful owner is appointed, to ensure that the process is not delayed.

- 3.4.3. The hearing/meeting could provide three different outcomes:
- An Agreement on compensation
- 3.4.4. The agreement determines the amount of compensation, whether it is provided in cash or through replacement assets (of similar market value), and the deadline for all agreed payments. The reached agreement is documented and signed by the asset owners and (where applicable), users of the asset.
- 3.4.5. The signed agreement provides the legal validity for expropriation and the compensation method agreed. The signed agreement also constitutes the grounds for changing the asset ownership rights once the compensation amount was paid.
- Enforced Decision on Expropriation
- 3.4.6. When the agreement could not be reached, the expropriating body prepares and submits a subsequent set of documents to the expropriating authorities (State Attorney office) with the evidence of the engagement/meeting with the owners, compensation offered and the reasons for the owner to refuse the offer. The State Attorney's office is obliged to make their final decision within a period of 20 days as of the receipt of the proposal for expropriation and further set of documentation.
- Further Referral to Court
- 3.4.7. An appeal against the State Attorney's decision on expropriation could be filed with the Administrative Court within a period of 15 days as of the day of submission of the expropriation decision. If no appeal is filed against the decision, the property could be used by PESR (i.e. PESR has access to the affected property), while the compensation negotiation process is ongoing until an agreement has been reached by both parties.
- Compensation Process
- 3.4.8. The proposer of expropriation (in this case, PESR) is obliged, within the period of 30 days as of the day the court decision on compensation becomes legally valid, to pay full compensation for the expropriated property.
- 3.4.9. If the PESR, does not provide the full compensation amount within these 30 days, it is obliged to pay a damage compensation, that is, daily interest according to the reference rate of the National Bank of the Republic of North Macedonia.
- 3.4.10. For temporary land take, issues related to provision of compensation for damaged land and assets can also be addressed through the implementation of the Law on Obligations. In principle, this law requires provision of compensation in cash to formal legal owners of land and assets (or those whose rights are recognisable under national laws) for damages or losses incurred as a result of contractors' activities Compensation in such cases is provided after the damages and/or losses have already occurred. Cases, where the party which caused the damage/losses and the affected person cannot agree on the amount of compensation, are typically referred to the Courts to make their decision.

3.5 SUMMARY OF EBRD REQUIREMENTS

3.5.1. The EBRD Project Requirement 5 principles pertaining to economic and physical displacement can be summarised as follows:

- To avoid or, at least minimise project induced economic and physical displacement whenever feasible by exploring alternative project designs; where displacement is unavoidable, an appropriate livelihood restoration or resettlement framework or plan should be developed;
- To mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to land, physical assets or natural resources by ensuring that livelihood restoration activities are planned and implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- Improve living conditions among physically displaced persons through the provision of adequate housing;
- For people who have no legal claim to the land they occupy, the Developer will offer them a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction;
- Based on consultation with such displaced persons, the client will provide relocation assistance sufficient for them to restore, and where possible improve, their standards of living at an adequate alternative site;
- To improve or, at a minimum, restore the livelihoods, income earning capacity and standards of living of displaced persons, including those who have no legally recognisable rights or claims to the land (present in the project affected area at the time of the cut-off date), to pre-project levels and support them during the transition period;
- To make special provisions for assisting disadvantaged or vulnerable individuals or groups (present in the project affected area at the time of the cut-off date) that may be more adversely affected by displacement than others and who may be limited in their ability to claim or take advantage of livelihood assistance and related development benefits;
- To establish a grievance mechanism to receive and address in a timely fashion specific concerns about displacement and livelihood restoration that are raised by displaced persons.

3.5.2. The above list is only a summary of the EBRD PR 5 requirements and is qualified by reference to the full text of the applicable policy:

<http://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>.

3.6 KEY DIFFERENCES BETWEEN NATIONAL LEGISLATION AND EBRD REQUIREMENTS AND PROPOSED ACTIONS

3.6.1. The key gaps between the Republic of North Macedonia Law and EBRD's PR5 relevant for this Project are summarised in Table 3-1. Resettlement and compensation of affected persons shall be carried out in accordance with the applicable National legal framework and EBRD's Environmental and Social Policy Performance Requirement 5 (2014). Where inconsistencies occur between national legislation and EBRD requirements, the more stringent standards will be adopted. This document (including the subsequent entitlements matrix and eligibility criteria) contains measures to bridge these gaps.

Table 3-1 – Key Differences Between National Legislation and EBRD Requirements

Key Aspects	National Legislation	EBRD PR5 Requirements	Actions to close the gap
Avoidance and minimisation of involuntary displacement	The Law on Spatial and Urban Planning states that the aim of such planning, among other things, is to ensure organised and rational use of space, as well as improved living and working conditions for citizens (Article 4).	To avoid or minimize involuntary displacement by exploring project design alternatives. The Borrower will consider feasible alternative project designs to avoid or at least minimise displacement	PESR will seek to minimise physical and economic displacement. All alternatives and measures explored to avoid or minimise negative impact will be recorded in the internal periodical communications with the Bank.
Land Acquisition, Compensation, Resettlement & Livelihood Restoration Planning	Macedonian law does not require the preparation of resettlement or livelihood restoration frameworks/plans.	Where a project can cause economic or physical displacement, a framework will outline the general principles, procedures and entitlement framework consistent with the EBRD PR 5 requirements. Once the individual project components are defined and the required information becomes available, the framework will serve as a basis for the development of a detailed Resettlement Action Plan (RAP) or Livelihood Restoration Plan (LRP).	PESR will prepare a Land Acquisition Plan (LAP)
Participation and Consultation	No specific requirements but includes engagement with property owners and users within the legal framework under the law on expropriation.	EBRD requires, following disclosure of all relevant information, that a developer will consult with affected persons and communities, and facilitate their early and informed participation in decision-making processes related to potential displacement, in accordance with PR 10: <ul style="list-style-type: none"> ▪ Affected persons shall be given the opportunity to participate in the negotiation of the compensation packages, eligibility requirements, resettlement assistance, suitability of 	PESR has consulted local religious leaders in the project area but is yet to start their consultation programme. As such, no wider consultations with local residents or Roma households have been conducted to date. Affected persons and communities (including vulnerable groups and individuals) will be consulted by PESR to facilitate their early and informed participation in decision-making processes to ensure that acquisition and compensation activities are implemented with appropriate disclosure of information and

Key Aspects	National Legislation	EBRD PR5 Requirements	Actions to close the gap
		<p>proposed resettlement sites and the proposed timing.</p> <ul style="list-style-type: none"> ■ Special provisions shall apply to consultations which involve as individuals belonging to vulnerable groups. ■ Consultation will continue during the implementation, monitoring, and evaluation of compensation payment and resettlement so as to achieve outcomes that are consistent with the objectives of PR 05 and 10. 	<p>consultation. This segment is carried out in line with the provisions contained within the SEP and allow for targeted consultation with vulnerable and potentially marginalised groups.</p>
<p>Eligibility to compensation</p>	<p>The Expropriation Law recognises the eligibility of persons who have formal legal rights on land and structures, as registered by the Real Estate Cadastre and those whose rights are recognisable (or could be legalised) under national laws (factual ownership).</p> <p>An important feature of the Macedonian Expropriation Law is that it allows for compensation of structures built informally (i.e. without a valid permit).</p> <p>Compensation for structures without a valid permit is set in the amount that corresponds to their construction value, i.e. the market value of the materials and costs of labour.</p>	<p>EBRD PR5 recognises those who have no legal right or claim to the land they are occupying on Cut-off-Date. Such people are eligible for rehabilitation assistance and compensation for loss of non-land assets at replacement value, and also need to be involved in the consultation process.</p>	<p>Compensation and assistance to PAPs without legal right or claims will be provided based on principles and entitlements provided in the entitlement matrix of this document, if they are present in the project affected area at the time of the cut-off date. Asset inventory and valuations of their affected properties will be conducted, and all measures will be recorded as part of a census and asset inventory survey.</p>

Key Aspects	National Legislation	EBRD PR5 Requirements	Actions to close the gap
Valuation methodology for compensation	Compensation for affected properties and assets should be at least equal to the market price. Depreciation are typically deducted from compensation (or included by decreasing the market price value appraisal). The Expropriation Law does not specifically mention compensation for the costs of any registration fees and transfer taxes.	Compensation should be equal to full replacement cost without depreciation.	PESR will ensure that compensation and will be at least equal to replacement value as provided in the entitlement matrix of this document.
Livelihood Restoration	Macedonian law does not require assistance during any type of displacement or livelihood assistance measures such as development of alternative income skills or provision of favourable loans or employment opportunities.	EBRD PR5 includes requirements for livelihood restoration to restore incomes and standards of living of displaced persons to pre-project levels (both for persons with formal and informal land title). Provision of compensation for affected crops or damages to users of affected land who may not be the owners, including informal users which would not be entitled to it according to national legislation	PESR will implement the following livelihood restoration measures as part of the LAP implementation: <ul style="list-style-type: none"> ■ Assistance to identify access to other income/livelihood generation activities in continuous collaboration with the Employment Agency in the project area ■ For those whose livelihood significantly depends on land, the PESR will organise and provide advice on: bee-keeping, small-holding and / or efficient farming methods to facilitate alternative streams of income. ■ Access to employment opportunities created by the Project (e.g. during construction).
Cut Off Date	There is no specific cut-off date provision for determining eligibility for compensation.	EBRD requires a cut-off date to discourage opportunistic claims.	The date of completion of the census and assets inventory survey will represent the cut-off date for eligibility.

Key Aspects	National Legislation	EBRD PR5 Requirements	Actions to close the gap
		<p>The census will identify the persons who will be affected by the project, determine who will be eligible for compensation and assistance and, by setting a cut-off date, discourage inflow of people who are ineligible for these benefits (such as opportunistic squatters).</p>	<p>Information regarding the cut-off date will be well documented and disseminated throughout the project area.</p>
<p>Vulnerable Individuals and Groups</p>	<p>Macedonian law does not stipulate special measures related to vulnerable groups. Municipal Centres for Social Welfare can provide some assistance, under the Law on Social Welfare. This law enables provision of social welfare payments and services to vulnerable residents, as defined by the law. One of the available social welfare payments under the law is a one-off financial payment for those who find themselves in a situation of sudden and temporary need, including the need for accommodation.</p> <p>Assistance from social workers can be used to address the needs of persons with disabilities, single headed households, households with low incomes, etc. The Republic of North Macedonia also has a set of laws under which affected people can be assisted to improve their living standards (e.g. access to health care, education, personal documentation, social housing etc.) and these laws can be used by</p>	<p>Some PAPs could be considered more vulnerable than the majority of the affected population and, if affected by the Project, will require the implementation of special livelihood restoration and/or assistance measures. Such groups might include:</p> <ul style="list-style-type: none"> ■ informal users of affected land who have no sources of income or assets of their own; ■ owners of informal residential structures (built without construction permits), with no other property or place of residence; ■ persons who depend on the affected land which is the only land they own or use; ■ elderly single headed households, single parent households, etc, ■ persons who will be affected by physical and/or economic displacement, who live below the national poverty threshold; ■ illiterate persons who may have difficulties accessing information about the Project and land acquisition 	<p>During a census and socio-economic survey, PESR will identify vulnerable PAPs, including elderly women and engaged with them and other vulnerable groups through focus group discussions.</p> <p>There may be cases where individuals are in fact owners, however, they do not have appropriate ownership documentation to prove their ownership status and consequently sign compensation agreements. This may be as a result of issues such as unprocessed inheritance procedures or unregistered sale / purchase agreements, etc. PESR will provide support to address these issues.</p> <p>Resettlement assistance will be determined in relation to the specific needs of the affected persons. The assistance will be provided in cooperation with the Municipal Service of Social Care. This assistance is very often provided to vulnerable households which are physically or economically displaced by a project and will include the following:</p> <ul style="list-style-type: none"> ■ Legal aid

Key Aspects	National Legislation	EBRD PR5 Requirements	Actions to close the gap
	<p>PESR as a basis for further developing livelihood restoration programmes, particularly for vulnerable groups.</p> <p>Legal assistance can be provided to vulnerable people under the Law on Free Legal Assistance by lawyers from the Ministry for Justice and selected citizens' associations.</p>	<p>or understanding contracts and other important documents, etc.</p>	<ul style="list-style-type: none"> ▪ Where necessary, assistance to obtain personal documents, to help with accessing services available under national legislation ▪ Assistance to access social welfare ▪ Assistance to enrol children in into school and assistance to access health care, etc.
<p>Grievance Mechanism</p>	<p>National law establishes rights of affected citizens (those with formal land rights) to appeal to Courts during the expropriation process, however it does not require development of specific grievance mechanism.</p>	<p>EBRD PR5 provisions require a grievance mechanism to be set up as early as possible in the process, to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons, including a recourse mechanism designed to resolve disputes in an impartial manner. A summary of complaints and the measures taken to resolve them should be made public on a regular basis.</p>	<p>A grievance mechanism is established for the Project by PESR, however not many grievances were received to-date as the land clearance and construction activities have not started yet.</p> <p>It is assumed that PESR and their Contractor(s) will work together to ensure that PESR's CLO and the Contractor's Community Liaison person will work together to address all land acquisition and resettlement related grievances.</p>
<p>Access to Property /Land prior to compensation</p>	<p>Under the Expropriation Law and the Construction Law access to the land can be allowed to the Contractor prior payment of compensation.</p>	<p>EBRD requires access to site to be allowed after payment of compensation.</p>	<p>PESR will commit that no property shall be entered or accessed where a compensation agreement is not reached yet.</p> <ul style="list-style-type: none"> ▪ The following process is suggested where a property is to be accessed by the Contractor after a compensation agreement has been reached but before compensation has been paid: <ul style="list-style-type: none"> • The amount intended as compensation will be placed in an escrow account and a copy of such

Key Aspects	National Legislation	EBRD PR5 Requirements	Actions to close the gap
			<p>transfer is being provided to the property owner;</p> <ul style="list-style-type: none"> • In the event that the land /part thereof is damaged, additional compensation will be agreed and provided to cover this damage. • PESR will follow national law where they are penalised for delaying payment of compensation, as per the National Bank of North Macedonia, this penalty amount will be paid to the property owner in addition to the compensation amount due to him/her; • Other assistance will be provided and to be determined on a case by case basis. <ul style="list-style-type: none"> ■ PESR will closely work together with relevant institutions responsible for expropriation process to make sure that all due compensation is paid within the 30 day period, as prescribed by the Law.

Key Aspects	National Legislation	EBRD PR5 Requirements	Actions to close the gap
<p>Monitoring and Evaluation</p>	<p>There are no requirements for monitoring and evaluation of the resettlement and the livelihood restoration process and outcomes.</p>	<p>Monitoring of the resettlement and livelihood restoration process will be carried out in accordance with PR 1 and should involve the participation of key stakeholders such as affected communities. The completion report should be undertaken after all inputs in the process, including any developmental initiatives, have been completed. The report may identify further actions to be completed by the client.</p>	<p>PESR will establish a monitoring procedure to assess and evaluate their implementation of the LAF and the LAP. All transactions to acquire land rights, as well as compensation measures, relocation activities and resettlement assistance will be documented in the LAP.</p> <p>PESR will work together with the Project Implementation Unit (PIU) which will be established to assist in implementing the project and as part of their responsibilities, to support the preparation of the LAP and monitor implementation of relevant provisions of the LAF.</p> <p>Following completion of the land acquisition process, a completion audit will be carried out by an independent consultant to verify the process has been carried out in line with the LAP and the requirements of EBRD PR 5.</p>

4 PRINCIPLES, OBJECTIVES AND PROCEDURES

4.1 OBJECTIVES

4.1.1. The objectives of this Framework are as follows:

- To avoid or minimise involuntary displacement (including physical and economic).
- To consider feasible alternative in project designs to avoid or at least minimise displacement, while balancing environmental, social and financial costs and benefits.
- If it is confirmed that physical displacement of the Roma families is unavoidable, PESR will assist in arranging their social housing and other benefits they are entitled to, as per the national Laws described above, and also to improve their livelihoods and standards of living.
- To mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of, and access to land.
- To provide compensation for loss of affected assets at replacement cost (including seasonal produce cultivated for personal consumption).

4.2 PRINCIPLES

4.2.1. The **principles** which underpin this Framework are as follows, and shall be adhered to during Project implementation:

- Land acquisition will be carried out in compliance with the **applicable legislation in North Macedonia** (as described above), the **EBRD Environmental and Social Policy 2014 and its Performance Requirement 5** (Land Acquisition, Involuntary Resettlement and Economic Displacement), this Framework (**LAF**) and good international practice, and any gaps will be addressed accordingly, to achieve this principle;
- **All affected persons (including vulnerable groups and individuals, including Roma families) will be informed and consulted** during Project preparation and implementation to facilitate their early and informed participation in decision-making processes related to their potential physical displacement. Equally, local land owners and local residents will be consulted to ensure that they understand the land acquisition process and their entitlements, as applicable. Both types of consultations will be carried out in line with the provisions specified in the SEP and allow for targeted consultation with vulnerable and potentially marginalised groups;
- **A Detailed Land Acquisition Plan (LAP) in compliance with PR 5 will be developed by PESR** for the Project that will cover land acquisition, physical displacement (where unavoidable), and economic displacement due to changes in land use or access to resources. The information and requirements contained within the future Plan shall be subject to public disclosure and consultation. Such Plan will be based on reliable up-to-date information and data (collected during a census and asset inventory survey) and will include basic information about the Project, Project impacts, affected people and assets, entitlements for all categories of affected people as well as any legal issues relating to land acquisition and displacement or any gaps between the domestic law and PR 5. The Plan shall also include a detailed budget and timetable;
- A **census and asset inventory survey** for the LAP will identify both formal and informal land owners and land users, including vulnerable persons/households, such as Roma and other ethnic minorities, single mothers, widows and widowers, disabled people, elderly people living on their

own or those living in extreme poverty. The survey will help to identify all potentially affected persons, including those who have no recognisable legal right or claim to the land they occupy;

- **The cut-off date for the establishment of eligibility** (for both formal and informal land owners/users) will be the date when a census and asset inventory survey is completed and such date will be communicated in all national languages through posters in the local area (in municipality buildings, municipal boards, and local community offices etc), as well as further disclosed and disseminated publicly, including at consultation meetings in the concerned affected communities. Persons who have settled in the Project area after the cut-off date will not be eligible for any compensation;
- **All owners, occupants/tenants and users** of affected structures and land at the time of the cut-off date, whether with or without fully recognised legal rights or claim, **are eligible for compensation and/or assistance**, as outlined in the Entitlements Matrix below;
- **Construction related activities** will be organised in a way to avoid and minimise economic displacement, i.e. by ensuring access roads are not blocked and villagers and other services (i.e. A&E services) can have unrestricted access, and (where applicable) agricultural lands and activities during harvest periods are not restricted;
- **Standards of living and/or livelihoods of affected persons** will be restored, in as short a period as possible;
- **Based on national Law and best practice, official valuation** of land plots/affected assets/improvements to land will be carried out by a certified expert who will ensure that depreciation is not included;
- Compensation will be provided before displacement or imposition of access restrictions. Issues related to **payment of cash compensation (at full replacement cost) will be discussed and agreed with owners and all affected members** of households. **All compensation and livelihood restoration assistance will be provided equally to men and women**;
- **PESR will commit that no property shall be entered or accessed where a compensation agreement is not reached yet.** The following process is suggested where a property is to be accessed by the Contractor after a compensation agreement has been reached but before compensation has been paid;
- The amount intended as compensation will be placed in an escrow account and a copy of such transfer is being provided to the property owner;
- In the event that the land /part thereof is damaged, additional compensation will be agreed and provided to cover this damage;
- PESR will follow national law where they are penalised for delaying payment of compensation, as per the National Bank of North Macedonia, this penalty amount will be paid to the property owner in addition to the compensation amount due to him/her;
- Other assistance will be provided and to be determined on a case by case basis;
- PESR will closely work together with relevant institutions responsible for expropriation process to make sure that all due compensation is paid within the 30 day period, as prescribed by the Law;
- **Moving allowance shall be provided to those who could be subject to physical displacement. Equal amounts of moving allowance payment will be separately provided to affected men and women.** The LAP will determine and disclose the specific moving allowances and support for such group (based on the socio-economic data that will be collected during a census survey);
- **Project Affected People and communities will be provided with information and consulted** in order to facilitate their early and informed participation in the decision-making process related

to land acquisition and livelihood restoration. Access to information and assistance to vulnerable persons/households will be facilitated by PESR on the case-by-case basis where PAPs are screened to identify whether they are eligible for relevant social welfare;

- **The existing grievance mechanism will be strengthened and fit for receiving and addressing** in a timely fashion all general and specific concerns about compensation and livelihood restoration raised by PAPs;
- PESR will **monitor the implementation of the land acquisition, all types of displacement and livelihood restoration processes** through internal institutional arrangements as well as through an independent, external monitor. Corrective actions will be taken as necessary. All transactions and activities related to land acquisition, as well as compensation measures, relocation activities and resettlement assistance will be documented.

4.3 LAND ACQUISITION, RESETTLEMENT AND LIVELIHOOD RESTORATION PROCESS

4.3.1. The land acquisition and compensation planning and implementation process has been designed to follow National Legislation and fulfil EBRD requirements. The key steps of the process are summarised below:

Table 4-1 – List of Activities to be Undertaken

Key Steps	Activities to be undertaken by the Project	Current Status
Census and Asset Inventory Survey and Socio-Economic Survey.	<p>To meet EBRD PR 5 requirements, PESR will arrange surveys in the project area to identify all potentially affected parties.</p> <p>Physically Displaced Persons: Data collection on this group of people through direct engagement. The data will also be used by PESR to tailor the proposed livelihood restoration measures contained in this document and to support monitoring of the land acquisition and livelihood restoration process.</p> <p>Economically Displaced PAPs/Households: PAPs whose land is being acquired - will be invited to consultation meetings with PESR and Municipal authorities, during which PESR will undertake a survey to gather key socio-economic data. The purpose of undertaking these surveys is to collect key socio-economic data on the PAPs in order to: identify specific needs of individual PAPs and any vulnerabilities for which they may need additional support to re-establish their livelihoods due to the loss of their land; the data will also be used to assist PESR in further detailing the proposed assistance and livelihood restoration measures contained in this document and be used to support monitoring of the land acquisition and livelihood restoration programme.</p>	Surveys are to be carried out after the LAF is disclosed
Establish a cut-off date for eligibility	For the purposes of this project, the cut-off date to define eligibility will be the date when all surveys (see above) are completed. The cut-off-date will be disclosed and disseminated publicly in advance (in all national languages), during consultation meetings in the concerned affected communities	To be carried out during consultations with PAPs. PESR will ensure that the cut-off date for

Key Steps	Activities to be undertaken by the Project	Current Status
		eligibility is explained to PAPs and publicly disclosed.
Identification of Vulnerable People/Households.	During the surveys (as above), PESR will pre-identify vulnerable PAPs in order to determine additional support which might need to be offered to them and documented in the LAP which will be prepared by PESR. Where required, PESR will liaise with the Social Welfare authorities on this matter when determining compensation and livelihood restoration measures and seeking their involvement in the process (as per these authorities' responsibilities in relation to all categories of vulnerable PAPs). This step will enable PESR to identify specific needs and vulnerabilities to inform additional resettlement and livelihood restoration support that might need to be required.	To be carried out during the surveys
Establish a robust Grievance Mechanism to address all project-related enquiries and concerns	PESR already has a Grievance Mechanism (GM) and for this step, will review it to ensure that sufficient resources are available to address incoming enquiries and comments, register them and report to EBRD to satisfy the EBRD Grievance Mechanism requirements (Grievance Mechanism Guidelines, Section 3.1 and 3.2, https://www.ebrd.com/downloads/about/sustainability/grievance-mechanism.pdf)	PESR to check sufficient resource are available to support the existing GM process
Consultations with Identified PAPs to discuss issues identified during census and asset inventory survey and through GM	PESR will lead stakeholder engagement with PAPs, as defined within this LAF and the Project SEP.	To be carried out on an ongoing basis and at key Project milestones
Preparation of a detailed Land Acquisition Plan (LAP) and its disclosure	On the basis of this Framework and prior to any construction works and after completion of the surveys, PESR will prepare and disclose the LAP for the Project.	To be carried out prior to construction, and following completion of Detailed Design

5 SPECIAL CASES

- 5.1.1. During the site visits it was noted that some of potentially affected people would be in the vulnerable people category. Additionally, it was note that a number of properties (residential and non-residential) could be located within the 40m safety buffer zone. Based on site observations, the measures set out below are suggested.

5.2 PROPERTIES LOCATED WITHIN THE 40M SAFETY BUFFER ZONE

- 5.2.1. PESR understands the importance of the safety buffer zone and during the finalisation of the route/alignment, will carefully consider the footprint required for road construction, as well as the footprint of the access roads, cabling or pipes (that may be needed). The width of the safety buffer zone will play a crucial part in determining the exact number of houses that will be located within such zone, and thus a number of PAPs. PESR will ensure that by carefully considering the design, the road alignment/route and the project footprint, they will avoid or minimise economic or physical displacement of local residents.
- 5.2.2. It must be noted that the majority (if not all) of these houses are likely to be legal, i.e. were built based on the legal construction permits which are usually granted to individuals as soon as they purchase the land plot(s) in question.
- 5.2.3. With regards to any future construction of properties within the buffer zone, PESR will enforce the applicable legislation that prevents further construction of properties in the project area and within the 40m buffer zone. PESR will also clearly communicate to local communities that those who after the cut-off date continue to build new properties within the 40m buffer zone, will not be entitled to any compensation.

5.3 VULNERABLE GROUPS

- 5.3.1. Some individuals or groups are more vulnerable than the majority of the affected population and, if affected by the Project, will thus require the implementation of special livelihood restoration and/or assistance measures. Such groups might include:
- Roma households who could be subject to physical displacement;
 - Owners of structures (built without necessary permits), with no other property or place of residence;
 - Persons who depend on the affected land for incomes/livelihoods and it is the only land they own or use;
 - Elderly single headed households, single parent households, households with multiple members, or those living below the poverty line;
 - Persons who will be affected by physical and/or economic displacement, whose socio-economic status is low, for example beneficiaries of social welfare;
 - Illiterate persons who may have difficulties accessing information about the Project and land acquisition or understanding contracts and other important documents, etc.
- 5.3.2. Vulnerability will be assessed and confirmed based on the results of a census and asset inventory survey in the project area and also a socio-economic survey that can be carried out by PESR during consultations with land owners and defined more precisely in the future LAP.

6 ELIGIBILITY AND ENTITLEMENTS

6.1 ELIGIBILITY FOR LIVELIHOOD RESTORATION ASSISTANCE

- 6.1.1. This section contains an Entitlements Matrix that identifies the categories of affected people and the compensation measures they are entitled to. The Matrix is provisional because it identifies all possible scenarios and groups of affected people, while the future detailed LAP will contain a refined and tailored Entitlements Matrix reflecting the categories of affected people identified during a census and asset inventory survey. The Matrix presented below contains entitlements in line with EBRD's PR 5. The Entitlements Matrix also identifies economic losses and Project impacts on livelihoods. These losses include potential loss of agricultural land and any loss of income as a result of the Project.
- 6.1.2. The suggested compensation measures will cover relocation assistance (where physical displacement is unavoidable), transaction costs compensation and bee-keeping and small-holder advice to restore livelihoods as alternative streams of income. The eligibility for compensation will be established based on the census and asset inventory survey data. The date of the survey completion will serve as a cut-off date for eligibility, however, people with legally recognisable formal claims will have the chance to receive compensation after the cut-off date.
- 6.1.3. PESR will work with the authorities to assist the project affected people with accessing alternative sources of support before the construction works start. PESR will also provide access to project-related information and to employment opportunities on the project, as well as facilitate access to information from the Employment Agency.

6.2 ENTITLEMENTS MATRIX

Table 6-1 – Entitlement Matrix

Impact	Category of PAPs	Entitlements
PRE-CONSTRUCTION PHASE, PERMANENT LAND TAKE		
Loss of land (mainly forest or agricultural and/or pasture land, as well as an orchard or part of a residential plot.	Owners of land - formal owners with legal rights or claims over the land)	<ul style="list-style-type: none"> ▪ Cash compensation at full replacement cost or replacement land on a like-for-like basis. ▪ All transaction costs (including notary fees, registry fees and valuator's fees) will also be compensated at cost. ▪ The right to harvest any standing crops. ▪ Compensation for any damaged property at replacement cost. ▪ These people will also be compensated (cash) for any installation used for agricultural production that cannot be moved from the land and for the affected crops and trees ▪ All compensation is to be provided at full replacement cost, without deduction for depreciation (based on independent valuator's report and calculations).
	Formal land users (e.g. a tenant with formal legal right)	<ul style="list-style-type: none"> ▪ Consultations and provision of information about the acquisition of land at least two months in advance of land entry to enable tenant to find other land for lease. ▪ If during the survey it is established that the PAP is vulnerable, then PESR will seek additional support from the Municipality to find alternative land to lease formally and provide access to infrastructure services (water supply, etc).
	Informal users of land (with no formal legal rights or claims) - this may be applicable to State land which has	<ul style="list-style-type: none"> ▪ Consultations and provision of information about formal acquisition/expropriation of land and project details at least two months in advance of land entry to enable user to find other land.

Impact	Category of PAPs	Entitlements
	been used informally on a customary basis	<ul style="list-style-type: none"> ▪ PESR will provide assistance with obtaining document to detail land ownership status ▪ If during the survey it is established that the PAP is vulnerable, then PESR will seek additional support from the Municipality to find alternative land to lease formally and provide access to infrastructure services (water supply, etc). ▪ Security of tenure or formalisation of tenancy options etc. will be considered where possible within the legal framework.
Orphan Land: i.e. part of the affected land plot which is not economically viable after most part of it became subject to expropriation.	Owners of land (formal with legal rights or claims over the land)	<ul style="list-style-type: none"> ▪ If a request of the affected owner of land has been made in accordance with the Expropriation Law (Article 20) and has been declared as being justified based on the expert valuation report, the PAP will receive cash compensation at full replacement cost or replacement land on a like-for-like basis.
Loss of annual/perennial crops and trees, including within orchards.	Owners of crops and trees	<ul style="list-style-type: none"> ▪ PESR will allow PAPs, where possible, to harvest crops. Where they are lost, cash compensation for lost annual / perennial crops / plants at full replacement cost.
Loss of Non-Residential Structures (e.g. sheds, barns, fences, irrigation systems etc.)	Owner of non-residential structure and infrastructure (both formal and informal)	<ul style="list-style-type: none"> ▪ Cash compensation at full replacement cost and ▪ Moving allowance for movable assets or assistance to move them.
Loss of Residential Structures	Owners of residential structure/house	<ul style="list-style-type: none"> ▪ Cash compensation at full replacement cost or replacement of a house on a like-for-like basis. ▪ All transaction costs (including notary fees, registry fees and valuator's fees) will also be compensated at cost. ▪ Compensation for any damaged property at replacement cost. ▪ Resettlement assistance, including moving allowance or assistance to move

Impact	Category of PAPs	Entitlements
		<ul style="list-style-type: none"> ■ All compensation is to be provided at full replacement cost, without deduction for depreciation (based on independent valuator's report and calculations).
	Formal users (i.e. tenants) of residential structure/ house	<ul style="list-style-type: none"> ■ Provision of information about the acquisition of the house at least three months in advance of demolition, to enable the tenant to find other accommodation ■ Moving allowance or assistance to move
	Informal users of residential structure/ house	<ul style="list-style-type: none"> ■ Provision of information about the acquisition of the house/structure at least three months in advance of demolition. ■ Resettlement assistance, including moving allowance or assistance to move if the user has no other place of residence (or the survey identifies him/her as vulnerable) then the PAP will be provided with adequate housing with security of tenure (e.g. social housing) for which PESR will seek support from the Municipality and Social Welfare authorities.
Permanent loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods	Land Owner who has no other sources of income and solely depends on formal or informal agricultural activity	<ul style="list-style-type: none"> ■ Cash compensation for lost net income during the period of transition and for the next year to allow the PAP to find an alternative lot to resume his/her economic activities ■ Cost of seedlings for the next season ■ Livelihood restoration assistance (see below).
IMPACTS DURING CONSTRUCTION – TEMPORARY IMPACTS		
Temporary loss of land - required during the construction period i.e. land that is required for construction only such as	Owners of land (formal with legal rights or claims over the land)	<ul style="list-style-type: none"> ■ Cash compensation at full replacement cost for the right to use land under contract/agreement for an agreed period – based on independent certified valuator's compensation estimate ■ Reinstatement of land after use.

Impact	Category of PAPs	Entitlements
construction access/ storage areas/ compounds/ welfare facilities).	Formal users of land (e.g. a tenant with formal legal right over the land they occupy/use)	<ul style="list-style-type: none"> ■ Provision of information about the acquisition of land at least two months in advance of land entry to enable tenant to find other land for lease ■ If during the survey it is established that the PAP is vulnerable, then PESR will seek additional support from the Municipality or other entity/entities to find alternative land to lease formally and provide access to infrastructure services (water supply, etc).
	Informal users of land (with no formal legal rights or claims over the land they use – this may also refer to areas of State land that has been used on a customary basis)	<ul style="list-style-type: none"> ■ Consultations and provision of information about temporary impacts on land and project details at least two months in advance of land entry to enable user to find other land. ■ If during the survey it is established that the PAP is vulnerable, then PESR will seek additional support from the Municipality or other entity/entities to find alternative land to lease formally and provide access to infrastructure services (water supply, etc). ■ PESR will provide assistance with secure tenure
Loss of annual/perennial crops and trees, including within orchards.	Owners of crops and trees	<ul style="list-style-type: none"> ■ PESR will allow PAPs, where possible, to harvest crops. Where they are lost, cash compensation for lost annual / perennial crops / plants/trees at full replacement cost will be paid before the start of the construction process.
Temporary loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods	Land Owner (users who have no other sources of income and solely depends on formal or informal agricultural activity)	<ul style="list-style-type: none"> ■ Cash compensation for lost net income during the period of transition (until the reestablishment of business/economic activities in another location) ■ Livelihood restoration assistance (see below).
VULNERABLE PAPs		
Any other specific losses / impacts on vulnerable groups, associated with land	Vulnerable groups / individuals	<ul style="list-style-type: none"> ■ Special measures for effective participation, compensation, resettlement and livelihood restoration, will be defined in the LAP to cover all



Impact	Category of PAPs	Entitlements
acquisition for the Project, identified during the survey and development of the LAP		potentially affected vulnerable groups, including: elderly, women and Roma families.

6.3 RESETTLEMENT AND LIVELIHOOD RESTORATION ASSISTANCE

- 6.3.1. **Resettlement Assistance:** Resettlement assistance will be defined based on the outcome of a census and asset inventory, in accordance with the specific needs of affected people. This assistance is very often provided to vulnerable households which are physically or economically displaced by a project and can include the following:
- Assistance to move PAPs to an appropriate accommodation with security of tenure. For example, a vulnerable household that has no other place of residence, will be assisted to move to a municipal social apartment, with a long-term contract to ensure security of tenure.
 - Legal aid
 - Assistance to obtain personal documents/passports where necessary, to help to access services available under national legislation
 - Assistance to access social welfare
 - Assistance to enrol children into school
 - Assistance to access health care, etc.
- 6.3.2. Resettlement assistance also includes the provision of a moving allowance for household members and movable assets, or assistance to move them. Movable assets typically include furniture, equipment, personal belongings, etc. Resettlement assistance will be provided to those identified as needing it during a census and asset inventory survey. PESR will cooperate with institutions and organisations that can provide further assistance, such as the municipal centre for social welfare or local organisations which work with vulnerable groups to assist them in accessing appropriate services.

LIVELIHOOD RESTORATION ASSISTANCE

- 6.3.3. Where project implementation leads to permanent loss of income or means of livelihood (economic displacement), in addition to compensation for affected land and assets, PAPs will be compensated for the loss of income during the period of transition, PESR will implement livelihood restoration measures, as needed, which will be defined in greater detail in the LAP. Although not anticipated to be needed extensively based on the anticipated Project impacts, such measures could include:
- Access to employment opportunities created by the Project (e.g. during construction and operation – if the PAP has suitable skills);
 - Compensation to re-establish business activities elsewhere;
 - bee-keeping and small-holder advice provided to enable PAPs to access other income/livelihood generation activities in the future/skill development;
 - Creation of specific job opportunities for PAPs (security guards, cleaning services, etc)
 - Assistance to access credit facilities;
 - Compensation for or assistance to transport equipment or machinery.
- 6.3.4. Livelihood restoration assistance will be provided to those whose main means of livelihoods will be affected by the project. PESR will cooperate with institutions and organisations that can provide this assistance, such as the Municipality, agricultural development agencies operating in the area; local service providers, etc.

7 IMPLEMENTATION OF THE LAND ACQUISITION ACTIVITIES AND MONITORING

7.1.1. The following section lists activities that will be undertaken during the implementation of this framework.

7.2 CENSUS AND ASSET INVENTORY SURVEY AND SOCIO-ECONOMIC SURVEY

7.2.1. **After the alignment and the route are fixed**, the PESR will appoint specialists, with assistance from other PESR employees where necessary, to carry out a census and asset inventory survey and also a socio-economic survey to capture all PAPs who will be affected by the project. If it is confirmed that the total number of these individuals is expected to be higher than 100 people, it would be efficient if an external party carries out such survey.

7.2.2. An excel data base will be built and regularly updated with demographic and socio-economic details on PAP, by the E&S team and Land Acquisition Unit team in the PESR. The end of the survey will be a cut-off date, as will be agreed between PESR and EBRD, after which any people moving into the project area or houses newly built within the 40m zone will not be entitled to compensation and livelihood restoration assistance. The cut-off date will be announced, and its implications explained by PESR to the affected people. PESR' obligation will be to work with and restore the livelihoods of Roma PAPs who could be subject to physical displacement, as described in the Entitlements Matrix.

7.3 IDENTIFICATION OF AVAILABLE SERVICES AND PROGRAMMES OF SUPPORT TO VULNERABLE PAPS

7.3.1. The PESR E&S team and Land Acquisition Unit team will identify services and programmes of support which could be accessed for assisting vulnerable PAPs. This will include programmes and services which are implemented by a variety of stakeholders in the Municipality or other entity/ies. The teams will maintain contact with the PESR Employment/HR department to ensure that when any employment opportunities become available, then the PAPs with suitable skills are informed about such opportunities and are assisted in applying for them.

7.3.2. PESR will monitor progress of each vulnerable PAPs and adapt individual assistance required throughout the implementation of this Framework, until the vulnerable PAP's livelihood has been fully restored.

7.4 MONITORING

7.4.1. An internal monitoring system shall be established at PESR, consisting of:

- Progress monitoring of inputs and outputs which measures whether inputs are delivered on schedule and as defined in the LAF and future LAP; and
- Periodic measurement of outcome indicators against baseline conditions, obtained through the survey.

7.4.2. The independent, external monitoring individual will be an experienced land access/resettlement consultant procured by PESR to carry out monitoring. The table below provides an example of indicators which could be used for monitoring. A final list of indicators will be developed based on the results of the survey, and included in the LAP.

Table 7-1 – Examples of Monitoring Indicators

LAP Implementation	<ul style="list-style-type: none"> ▪ Confirmed number of PAPs recorded during the survey ▪ Confirmed number of land owners whose properties are within the 40m safety buffer zone, recorded during the survey ▪ Number of PAPs resettled to their new residential properties (supported by the social housing authorities) ▪ Number of land owners who signed their compensation agreements ▪ Number of PAPs who already received their compensation ▪ Number of public consultations and focus group discussions held ▪ Number and types of grievances submitted, the rate of successful resolving of grievances, number of outstanding grievances ▪ The timing of implemented activities in comparison to the LAP implementation schedule ▪ The amount of total funds spent for the implementation of the LAP and the rate of spending
Assistance to vulnerable PAPs with Employment and Livelihood Restoration	<ul style="list-style-type: none"> ▪ Number and types of employment/income generation programmes offered to the relevant categories of PAPs ▪ Number of vulnerable PAPs who took part in bee-keeping and small-holder advice to supplement income ▪ Number of vulnerable PAPs' children and young adults assigned to education, type of assistance provided ▪ Number of individuals who have successfully accessed new income generation activities and can sustainably support themselves
Assistance Programme	<ul style="list-style-type: none"> ▪ Number and type of assistance programmes/talks organised, and taken by the PAPs ▪ Number of participants who attended these meetings
Assistance with obtaining documentation for undocumented PAPs (if applicable)	<ul style="list-style-type: none"> ▪ Number and type of new personal documents provided for the undocumented PAPs
Access to social welfare and healthcare	<ul style="list-style-type: none"> ▪ Number of vulnerable PAPs who received social welfare and type of assistance provided ▪ Number of vulnerable individuals (i.e. Disabled/chronically ill, elderly living on their own, etc) assisted to access appropriate health care or treatment

7.4.3. PESR will include monitoring data and progress reports on LAP and its activities in quarterly reports during the land acquisition and compensation process and summarise relevant information in their annual reports to EBRD as required by the overall Environmental and Social monitoring of the Project.

8 DISCLOSURE OF INFORMATION AND CONSULTATION

8.1 PLANNED FUTURE STAKEHOLDER ENGAGEMENT

- 8.1.1. PESR is committed to providing the public and affected people with all relevant Project information to enable their informed participation. The LAF together with other Project documents will be uploaded on the PESR website. Hard copies of the LAF, SEP, ESAP and Non-Technical Summary of the ESIA in Macedonian and Albanian languages will be available in the local municipality.
- 8.1.2. The LAF will be available in Macedonian, Albanian and English for review and comments, starting from December 2020, as part of the ESIA disclosure package. An electronic version of this document will be available for a minimum of 120 days at the following websites:
- PESR website: www.roads.org.mk
 - EBRD website: <http://www.ebrd.com>
- 8.1.3. Hard copies will also be available at:
- PESR in Skopje - Dame Gruev str. 14, 1000 Skopje;
 - Municipality of Kichevo;
 - v. Bukojchani;
 - v. Gorno Strogomishte;
 - v. Dolno Strogomishte, and;
 - v. Crvivci.
- 8.1.4. Public meetings and stakeholder consultations with representatives of local Municipality will be organised by PESR in the line with the Stakeholder Engagement Plan (SEP) to disclose the ESIA, and this Framework-related information.
- 8.1.5. For the implementation of this Framework, it is important to conduct interviews and separate meetings with men and women separately to gather further insight to preferred livelihood restoration measures and seek their feedback on the suggested mitigation and compensation measures. The consultation activities should follow the schedule of the Project and should start prior to the construction activities.
- 8.1.6. The exact details of these events, including the dates and timings will be presented in the updated version of the Stakeholder Engagement Plan (SEP) and will be made public via announcements on the relevant websites mentioned above and on Municipalities' notice boards.
- 8.1.7. During the disclosure period, a meeting will also be held with vulnerable and Roma PAPs and the land owners whose properties are located within the 40m zone, to present this Framework, receive feedback from these directly affected groups of people and reflect their preferences in the Land Acquisition and Compensation Plan to be prepared by PESR.
- 8.1.8. A Guidance on Land Acquisition and Compensation (GLAC) leaflet is to be provided to project affected people and publicly disclosed on PESR website.

9 GRIEVANCE MECHANISM

- 9.1.1. The grievance mechanism which will be established under the SEP will be used to collect feedback, questions and comments regarding this LAF and the land acquisition and livelihood restoration process, more generally. It will be put in place early in the process to receive and address stakeholder comments and questions in a timely manner and provide further information on compensation and livelihood restoration measures to the people affected by the project.
- 9.1.2. PESR has developed a grievance mechanism to receive and consider all comments and complaints associated with the Project, including those related to land acquisition. The following principles will apply to grievance management:
- Any grievance related to land acquisition or other project matter will be registered, acknowledged within 5 working days and tracked until it is closed;
 - The grievance management system will include at least one level of review/appeal, with the aim to reach an amicable settlement wherever possible without resorting to a judicial review;
 - Grievances will be processed and responded to within 30 working days.
- 9.1.3. PESR will establish a registry of grievances and will monitor their resolution on a timely basis. Each grievance will be recorded in the registry with the following information:
- Description of grievance;
 - Date when it was received
 - Date of acknowledgement sent to the complainant;
 - Description of actions taken (investigation, corrective measures); and
 - Date of resolution and closure / provision of feedback provided to the complainant.
- 9.1.4. Any person or organization may send comments and/or complaints in person, by phone or via post or email at:

Mrs Biljana Cvetkovikj, Department for Legal Affairs

Tel: + 389 (0)2 3118-044 ext.312

Fax: + 389 (0)2 3220-535

Email: biljanal@roads.org.mk

Address: Public Enterprise for State Roads,

Dame Gruev 14,

1000 Skopje,

Republic of North Macedonia

10 INSTITUTIONAL RESPONSIBILITIES

- 10.1.1. Implementation of this LAF is the responsibility of PESR.
- 10.1.2. PESR's land acquisition and legal department will be leading the land acquisition process and will be supported by other PESR employees when necessary, including for example PESR E&S team members. PESR will receive information on grievances which have been submitted to the Legal Department in relation to land acquisition and will work with the legal department in addressing these grievances.
- 10.1.3. PESR will prepare draft monitoring reports for the Bank, which will be reviewed by PESR senior management and submitted to EBRD.
- 10.1.4. Assistance with providing vulnerable PAPs with access to employment opportunities and social welfare will be provided by relevant public institutions and social workers of the involved Municipalities. Other service providers may also be involved, depending on the needs of affected PAPs and available assistance programmes.

Appendix A

GRIEVANCE MECHANISM



GRIEVANCE REGISTRATION FORM	
CONTACT INFORMATION	
Name:	Gender: <input type="checkbox"/> Male / <input type="checkbox"/> Female
Address:	
Community:	Telephone:
	E-mail:
Anonymous grievance: <input type="checkbox"/> Yes / <input type="checkbox"/> No	Preferred mode of communication for feedback: <input type="checkbox"/> Mail / <input type="checkbox"/> Phone / <input type="checkbox"/> E-mail
DESCRIPTION OF GRIEVANCE / SUGGESTION / QUESTION	
Please provide details (who, what, where, when) of your grievance below:	
In case any other actions were undertaken by the complainant with respect to the grievance case, please provide details on past actions (if any):	
Please provide details on your suggested resolution for grievance:	
GRIEVANCE REGISTRATION DETAILS	
Name of registrant:	
Organisation:	Position:
How the grievance was submitted: <input type="checkbox"/> in person / <input type="checkbox"/> mail / <input type="checkbox"/> e-mail / <input type="checkbox"/> phone / <input type="checkbox"/> fax	Type of grievance: <input type="checkbox"/> type A / <input type="checkbox"/> type B / <input type="checkbox"/> type C
Documents attached:	Grievance is relevant to Project: <input type="checkbox"/> Yes / <input type="checkbox"/> No
	Who it was forwarded to: _____
Remarks:	
Signature of registrant:	Date of grievance:

Appendix B

LAP TABLE OF CONTENTS





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2. Baseline Information

- 2.1. Census and Asset Inventory Survey results
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- 2.4. List of Affected Assets and Affected Parties

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- 5.1. Disclosure of Information and Consultations Held to Date
- 5.2. Planned Disclosure of Information and Consultations
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6. Implementation of the LAP

- 6.1. Implementation Responsibilities
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7. Grievance Mechanism and Contact Details



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