

AZERAVTOYOL OJSC

# Azerbaijan: Dualisation of the Ganja-Gazakh-Georgian Border M-2 Road

## RESETTLEMENT ACTION PLAN

November 2016

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**Annexes 1 and 2 are not publicly disclosed as they contain personal information**

## ABBREVIATIONS

|      |  |
|------|--|
| EBRD | European Bank for Reconstruction and Development |
| ESAP | Environmental and Social Action Plan             |
| ESIA | Environmental and Social Impact Assessment       |
| Ha   | Hectare  |
| LAD  | Land Acquisition Division                        |
| NTS  | Non Technical Summary                            |
| PAPs | Project Affected Persons                         |
| PIU  | Project Implementation Unit                      |
| PR   | Performance Requirement                          |
| RAP  | Resettlement Action Plan                         |
| SEP  | Stakeholder Engagement Plan                      |

## 1. INTRODUCTION

The European Bank for Reconstruction and Development (EBRD) has been approached by Azeravtoyol, the Azeri state owned road agency, for financing improvement works i.e. widening and/or realignment of the existing two lane single carriageway road between Ganja and the border between Azerbaijan and Georgia (M-2 road), to create a dual two-lane carriageway with central reservation (the Project).

The implementation of the Project requires acquisition of approximately 580 ha of public and private land in four rayons – Shamkir, Tovuz, Gazakh and Agstafa. The acquisition of this land will cause some physical and economic displacement for owners and users of the affected land.

To meet the EBRD requirements related to land acquisition (Environmental and Social Policy PR5 “Land Acquisition, Resettlement and Economic Displacement”), a Resettlement Action Plan (RAP) has been developed by Azeravtoyol with assistance from a consultant team comprising local and international experts. The RAP was developed in accordance with Azeri legislation, the EBRD Environmental and Social Policy (2014) and International Financial Institutions (IFI) best practices.

According to EBRD standards, the Project has been classified as Category A. In addition to the RAP, Azeravtoyol has also prepared a number of other required documents, including the Environmental Impact Assessment (EIA), Stakeholder Engagement Plan (SEP), Non-Technical Summary (NTS) and Environmental and Social Action Plan (ESAP), which are all available on the Azeravtoyol website (<http://azeravtoyol.gov.az/az>).

## 2. SCOPE OF THE RAP

The Project will affect an estimated 4,000 privately owned land plots (approx. 480 ha). At present, information is available only for 3,274 privately owned plots (approx. 418 ha) and assets located on them (14 residential, 29 commercial and associated auxiliary structures) in 4 rayons – Shamkir, Tovuz, Gazakh and Agstafa. The Project will also affect an estimated 92 ha of municipal land and 10 ha of state owned land.

For approximately 70% of privately owned plots, including 9 houses and 24 business facilities in Shamkir and Tovuz, compensation has already been executed. Therefore, apart from addressing acquisition impacts in connection to land and assets which have not been acquired yet, the RAP specifies detailed monitoring requirements to be fulfilled with respect to those for which compensation has been executed.

When the information on the remaining estimated 700 – 750 privately owned plots as well as any identified use of public land becomes available, Azeravtoyol with the assistance of consultants will prepare an addendum to this RAP, which will be

submitted to EBRD for approval prior to starting land acquisition<sup>1</sup>. All principles and procedures described in this RAP will apply to the acquisition of the additional land plots and associated assets, as well as the resulting impacts, i.e. physical and/or economic displacement.

### 3. PROJECT DESCRIPTION

The Project is being implemented as part of Azerbaijan's national programme for upgrading the road network to support growth throughout the country and foster international trade and regional cooperation. It will bring a number of benefits including accommodating the forecasted growth in international and national traffic along the route, stimulating economic growth with improved transport connections and reduced journey times, significant improvements in road safety conditions especially reducing the risk of head-on collisions during overtaking and separation of local agricultural traffic (e.g. tractors, etc.) from heavy vehicle and regional traffic.

The provision of bypasses will also reduce the levels of traffic emissions and noise in the communities where the road currently passes through the urban areas, improving living conditions and community safety for the local population.

The M-2 road is currently a 2-lane single carriageway road (approximately 15 m wide), with one lane in each direction and it passes through a number of inhabited areas, towns and villages.

The proposed project consists of widening a total of 55.55 km of the existing road (to become 27.5 m wide), either with one additional lane on each side of the road or with two additional lanes on one side of the road, in parallel to or adjacent to it. In addition, six completely new bypasses with a total length of 74.6 km (60 m wide) will be constructed around the following towns: Shamkir, Asagi Ayubuly, Agstafa/Gazakh, Yukhari Salahli and I Shikhli.

The Project also includes construction of 22 new interchanges, 9 flyovers to carry local roads over the Project road, several slip roads to allow access to the Project road from local roads and over 50 underpasses to carry local roads under the Project road. The Project also involves the widening of existing and construction of new bridges and the new road will be equipped with three rest areas and 28 bus stops.

Azeravtoyol intends to commence construction activities in Quarter 3 2017 and it is anticipated that the full road will be in operation in three years, by Quarter 3 2020.

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<sup>1</sup> The RAP addendum may be divided into two phases, to accommodate the construction schedule (see Section 12)

Figure 3.1 Project location (from Ganja northwest to the border with Georgia)



A more detailed Project description, including schematic presentations and maps, is provided in the Project NTS and EIA.

## 4. PROJECT LAND ACQUISITION REQUIREMENTS AND IMPACTS

### 4.1 Land Acquisition Requirements

The implementation of the Project requires the acquisition of approx. 480 ha of privately owned land and 102 ha of public land (municipal and state owned) and assets located on this land.

Out of an estimated 4,000 privately owned affected land plots, this RAP addresses the acquisition of 3,274 privately owned plots (approx. 418 ha) and associated assets. For approximately 70% of the plots and associated assets, all located in the Shamkir and Tovuz rayons, compensation has already been executed.

### 4.2 Land Acquisition Impacts

#### 4.2.1 Avoidance of Land Acquisition Impacts

A significant portion of the Project consists of widening an existing road, which means that a limited strip of land is acquired either on both sides or on one side of that road. In an effort to avoid displacement, during the design of the road widening areas, Azeravtoyol gave preference to using public and unused land over privately

owned land. Further to that, land with structures, particularly houses and business facilities, was avoided to the extent possible.

The bypasses around cities and towns will be constructed largely in uninhabited areas around them and will require acquisition of mainly agricultural land. Although more land is being acquired for the bypasses, the same principles of avoidance of physical and/or economic displacement to the greatest extent possible have been applied.

A detailed presentation of Project alternatives, as well as the associated land acquisition impacts for each alternative and how these have been considered in the selection of the final Project footprint, is provided in the Project EIA.

#### 4.2.2 Land Acquisition Impacts Prior to Construction

At the time of developing this RAP, most of the affected plots of land have already been compensated and as it was impossible to retroactively improve the level of data collected through the census registration activity, a different approach had to be taken. A socio economic survey was undertaken, also covering a sample of plots of land already compensated (including the majority of residential and commercial properties) and based on the outcomes of that survey, estimates have been made of the total number of affected people/households/businesses, per impact.

Physical displacement of a total of 14 households was determined based on the census registration data and data obtained through the survey.

However, the number of people economically displaced could not be determined so precisely. The potential for economic displacement is greatest for people/households whose (active) businesses have been or will be acquired for the project. This is particularly the case for businesses which are fully acquired and required to relocate and has therefore been specifically highlighted throughout the RAP. Monitoring will have to be carried out to determine whether all business owners have been able to restore their income earning activities (or establish new ones) and having in mind the number of affected businesses (19 active), it is assumed that all businesses can be included in the monitoring programme.

In relation to persons who are losing only land, for the purpose of this RAP, it is assumed that because the land take is not significant (approx. 0.14 ha per 1 owner) and because compensation is increased by 20% and in case of voluntary sale and additional 10%, that most of the affected people will be able to restore their lost assets and will not be economically displaced by the Project. Another considered factor was that 60% of the surveyed households stated that compensation was adequate for them to replace their lost assets and further 31% stated that they are still not certain but believe it will be enough (those who were compensated more recently). Only 2% stated that the compensation was not adequate and 7% did not answer the question. In addition, the survey determined that assistance is being provided to affected people by local authorities, mainly in finding replacement land to construct houses/businesses on and in processing all of the required documentation. Over 30% of compensated individuals reported that they received



one of the above two types of assistance. Nevertheless, as the level of impact can greatly vary from household to household, it will be necessary for Azeravtoyol to carry out detailed and regular monitoring which will also include persons losing only land, to ensure that they were able to acquire new assets to replace lost ones and at least restore their livelihoods and income levels with the compensation and assistance they were provided.

Impacts on vulnerable individuals and / or households and the number of such individuals/households could also not be precisely determined at this time, however certain categories have been identified as being more likely to need additional assistance (in addition to financial compensation) to be able to restore their standards of living and livelihoods.

The Project requires acquisition of public land (municipal and state owned), which mostly comprises forest land, local roads and roadside land, unusable land, etc. However, it also includes agricultural land, which is often rented out to individuals and / or agricultural businesses. A total of 12.84 ha of affected municipal land (in Shamkir) have been determined to be rented land and the entitlements of the lessees of such land are addressed through this RAP.

Based on all of the above, impacts associated with land acquisition prior to construction and the estimated number of individuals/households/businesses who will be impacted are summarised in Table 4.1 below.

**Table 4.1 Foreseen impacts associated with land acquisition before construction**

| <b>No.</b> | <b>Description of Impact</b>   | <b>Number of affected individuals/households/businesses</b>   |
|------------|--|---|
| 1          | Loss of agricultural land and associated loss of crops, plants and trees on that land.                               | Approx. 409 ha, owned by 2,951 persons (0.14 ha per owner).<br><br>Unknown number of lessees of municipal agricultural land in Shamkir Rayon (12.84 ha) |
| 2          | Loss of residential land and associated loss of plants and trees   | Approx. 4 ha, owned by 53 persons (0.1. ha per owner)   |
| 3          | Loss of commercial land and associated loss of plants and trees  | Approx. 6 ha, owned by 28 persons (0.2 ha per owner)  |
| 4          | Loss of formal and informal residential structures (physical displacement) and associated non-residential structures | 14 houses (households)<br>Approx. 60 household members  |
| 5          | Loss of formal and informal commercial and associated non-residential structures                                     | 29 commercial facilities (19 of which are active businesses):<br>29 owners of facilities<br><br>19 owners of active businesses                          |

| No. | Description of Impact  | Number of affected individuals/households/businesses   |
|-----|--|--|
|     | Temporary loss of sources of income and/or livelihoods associated with the above loss (economic displacement) – until the re-establishment of commercial activities in a new location. | <p>Approx. 80 members of the owners' households</p> <p>Approx. 57 permanent and 57 temporary employees (average of 3 permanent and 3 temporary employees per business).</p> <p>Note: 10 of the active businesses will be fully acquired (complete relocation) and will need more time to re-establish commercial activities elsewhere than those partially affected (9).</p> |
| 6   | Loss of only non-residential structures, for example barns, sheds, workshops, fences and infrastructure  | Owners of 19 residential land plots and 4 commercial land plots  |

#### 4.2.3 Land Acquisition Impacts During Construction

During construction some land may need to be temporarily acquired by contractors for storage or machinery, construction materials, temporary offices, etc. For these purposes, preference will be given to the use of publicly owned land or, if privately owned land is needed, such land will be acquired by contractors through voluntary lease agreements, without the use of expropriation.

Any land outside of what is addressed through this RAP and has been or will be permanently acquired for the Project, which is disturbed during construction will be fully reinstated by the construction contractors. Any damages caused to the owner or the user of such land (damage to crops, trees, structures), will be compensated by the contractors at full replacement cost and Azeravtoyol will monitor this process.

## 5. AFFECTED PEOPLE AND ASSETS

### 5.1 Collection of Socio Economic Data

Since the initiation of land acquisition planning for the Project, Azeravtoyol has been cooperating with local authorities to develop a census registry of the owners and users of affected land plots, as well as structures and other assets located on them. The census registry has been drafted based on existing official records on properties and their owners, after which the information has been verified through field investigations and valuations of affected properties. The census registry, which contains information on 3,274 privately owned plots, which have been/need to be acquired for this Project, is provided as Annex 1 to the RAP.

For the development of this RAP a site visit was carried out by consultants to the affected area in July 2016. The consultants visited the majority of households which will be physically displaced and commercial properties which will have to be either fully or partially relocated. The consultants were accompanied by representatives of Azeravtoyol and local authorities in charge of land acquisition for the respective municipalities and rayons. During the site visit, several informal discussions were held with affected households and owners of affected businesses.

Further to the site visit, for the development of the RAP, a sample socio economic survey was carried out by the consultant team. Interviews were carried out in the period 30<sup>th</sup> September 2016 to 10<sup>th</sup> October 2016. Before the start of the survey, letters to announce this activity were sent by Azeravtoyol to the Executive Powers of each of the 4 rayons. Meetings were held with senior representatives of four Rayons, who then issued requests to all affected municipalities to cooperate with the surveyors. Municipal representatives assisted the surveyors in locating and contacting the affected people so that they could be interviewed. The results of the individual survey interviews were transferred into an Excel data base (Annex 2), which was used to analyse the results and include them in the RAP. The Excel data base will be used by Azeravtoyol for future monitoring.

The survey was carried out with 136 owners of land and assets owning 152 plots of land. An original 188 plots of land (owned by 161 owners) were selected, however not all owners were available for interviews as most were absent from the Project area and two declined to participate in the survey. The survey questionnaire contained questions on both the affected owner and his household members, as well as the features of the affected land plots and assets on them.

In order to record and explore the most significant impacts associated with land acquisition for the Project, a survey sample was selected based on the following criteria:

- All land plots with any affected structures, commercial and residential, including auxiliary and other structures
- Large land plots. Most of the land plots are affected only in part (30% on average) and only 16 plots or parts of plots (0.49%) are larger than 1 ha.
- Land plots that were affected to a larger degree (where the affected area was over 75 %)
- More than one affected land plot owned by one owner
- Land owned by female owners (over 35% of the sample)

The socio economic survey covered land plots for which compensation was already executed (99) and those which have been valued however land acquisition and compensation has not been completed (37).

### 5.1.1 Affected People Recorded by the Census and Socio Economic Survey

The survey was carried out with 136 owners of land and assets (48 women, 86 men and 2 legal entities), owning 152 affected plots of land.

A total of five land plots (0.03%) were reported as being used by someone other than the owner, who, in four cases was a member of the family and in one case, a neighbour, all without formal contracts. According to discussions held with some of the affected people in the area, renting of privately owned land is not a widespread occurrence and land is mostly given to use under informal agreements to family members or for sharecropping. This is supported by the results of the socio economic survey, where only one out of the 137 interviewed owners reported that he rents other land (other than the land that is being acquired). Productive public land is more often rented formally to individuals or companies for farming.

All households covered by the survey (136) comprise 555 individuals, of which 52% are men and 48% are women. The average household has 4.08 members, which is lower than the national average of 4.7 (2015, azstat.org). Most of the surveyed households have 3 to 4 members (48.53%), followed by households with 5 to 6 members (28.68%). Out of a total of 8 single headed households (6%), 5 are all elderly women (over 65 years of age). Reportedly, approx. one quarter of the heads of household are women (27.02%).

The age composition of affected people is presented in Table 5.1 below. Close to one fifth of the surveyed households (18%) reported having at least one member with a chronic illness or disability. Less than one per cent of these households (0.06%) are not receiving any social welfare assistance or disability pension on account of the illness/disability.

**Table 5.1 Age composition of project affected people**

| Age group    | M          | F          | Total no. of individuals | %          |
|--------------|------------|------------|--------------------------|------------|
| 0 – 6        | 18         | 8          | 26                       | 4.68       |
| 7 – 18       | 52         | 31         | 83                       | 14.95      |
| 19 – 64      | 207        | 206        | 413                      | 74.41      |
| Over 65      | 10         | 23         | 33                       | 5.95       |
| <b>TOTAL</b> | <b>287</b> | <b>268</b> | <b>555</b>               | <b>100</b> |

The vast majority of affected adults have completed the full secondary education comprising grades 1 to 11 (53.33%), while the number of those who have completed higher education is also remarkably high (22.52%). There are no major differences in the level of education between men and women. More details on the educational structure of the surveyed population are provided in Table 5.2.

Table 5.2 Level of education of project affected people

| Last completed level of education | M          | F          | Total no. of individuals | %          |
|-----------------------------------|------------|------------|--------------------------|------------|
| Not of school age                 | 14         | 9          | 23                       | 4.14       |
| Still attending school            | 46         | 26         | 72                       | 12.97      |
| No school                         | 1          | 2          | 3                        | 0.54       |
| Primary (grades 1 to 4)           | 0          | 4          | 4                        | 0.72       |
| Full secondary (grades 5 to 11)   | 144        | 152        | 296                      | 53.33      |
| Technical secondary               | 5          | 5          | 10                       | 1.80       |
| Secondary vocational              | 6          | 10         | 16                       | 2.88       |
| High (university)                 | 67         | 58         | 125                      | 22.52      |
| Not answered                      | 4          | 2          | 6                        | 1.08       |
| <b>TOTAL</b>                      | <b>287</b> | <b>268</b> | <b>555</b>               | <b>100</b> |

The most significant primary sources of income for surveyed individuals over the age of 19 are salaries or profit from own business / self-employment. Pensions and agriculture, including animal husbandry, are also significant primary sources of income. Only 10% of individuals covered by the survey were reported as having a secondary source of income and agriculture is by far the most significant secondary source. Detailed figures on sources of income are provided in Table 5.3 and Table 5.4. Approximately 5% of persons between the ages of 19 and 65 are reported to be registered as unemployed by the National Employment Agency of the Republic of Azerbaijan.

The fact that approx. 14% of interviewed persons stated that agriculture is their primary source of income can lead to a conclusion that this is the approximate percentage of persons who engage in agriculture as an income earning and not a subsistence type of activity. This is fairly consistent with the fact that approx. 17.5% of interviewed individuals reported hiring seasonal help for agriculture (on average, 1 to 2 seasonal employees), while in approx. 65 % of households only household members engage in this seasonal work (1 to 3 members).

Table 5.3 Primary source of income of project affected people

| Primary source of income (persons over 19 years of age) | Total no. of individuals | %          |
|---|--------------------------|------------|
| Salary  | 82                       | 18.39      |
| Profit from own business or self-employment             | 39                       | 8.74       |
| Agriculture or animal husbandry                         | 61                       | 13.68      |
| Pension   | 73                       | 16.37      |
| Social Welfare  | 1                        | 0.22       |
| Aid from relatives                                      | 1                        | 0.22       |
| Not reported  | 189                      | 42.38      |
| <b>TOTAL</b>  | <b>446</b>               | <b>100</b> |

Table 5.4 Secondary source of income of project affected people

| Secondary source of income (persons over 19 years of age) | Total no. of individuals | %          |
|---|--------------------------|------------|
| Profit from own business or self-employment               | 2                        | 4.26       |
| Agriculture or animal husbandry                           | 40                       | 85.1       |
| Pension   | 5                        | 10.64      |
| <b>TOTAL</b>  | <b>47</b>                | <b>100</b> |

Assuming that the reported net incomes are accurate, the average household net income per month is approx. 794 AZN (460 USD). The average monthly net income per capita is 195 AZN (113 USD) which is below the national average from 2015 which was 240.5 AZN (139 USD) (azstat.org).

Table 5.5 Estimated total annual household net income

| Estimated total annual household net income | Total no. of households | %          |
|---|-------------------------|------------|
| < 2,001 (1,165 USD)                         | 11                      | 8.09       |
| 2,001 to 3,000 (1,165 to 1,750 USD)         | 14                      | 10.29      |
| 3,001-5,000 (1,750 to 2,915 USD)            | 28                      | 20.59%     |
| 5,001-10,000 (2,915 to 5,830 USD)           | 40                      | 29.41%     |
| 10,001-15,000 (5,830 to 8,675 USD)          | 18                      | 13.24%     |
| 15,001 (8,675 USD) <                        | 25                      | 18.38%     |
| <b>TOTAL</b>                                | <b>136</b>              | <b>100</b> |

Several households who will lose only land can be considered more vulnerable than others and may need additional support to restore their assets and income/livelihoods. For example, one single headed household is a middle aged woman who reported in the survey that she has no other land than the affected land, that her primary source of income is agriculture, that she has a disability and that she will use the received compensation for every day consumption. The survey also included 5 other single female-headed households, all over the age of 65, two of whom reported having a disability/chronic illness. All reported receiving pensions and two reported agriculture as their secondary source of income and may need additional support to acquire new land with the compensation they received.

Vulnerable households who will be physically displaced or whose businesses will be affected are discussed in the following section.

### 5.1.2 Affected Assets and Physical and Economic Displacement

The socio economic survey covered a total of 152 land plots, of which 72% were already compensated. Table 5.6 provides an overview of the main features of the plots of land covered by the survey.

Table 5.6 Main features of the plots covered by the socio economic survey

| Status of plots of land covered by the survey | Only land | Land with houses | Land with commercial facilities | Land with only auxiliary structures and / or trees |
|---|-----------|------------------|---------------------------------|--|
| Compensated                                   | 63        | 8                | 22                              | 16   |
| Not compensated                               | 32        | 3                | 3                               | 4  |
| <b>TOTAL</b>                                  | <b>95</b> | <b>12</b>        | <b>25</b>                       | <b>20</b>  |

A total of 14 houses have been or are yet to be acquired for the Project. This includes 7 houses in Shamkir rayon (of which 5 are informal) and 2 in Tovuz rayon which have been compensated, as well as 5 in Gazakh rayon which have not been compensated yet.

The survey covered 12 households who will be physically displaced and some of the key findings include:

- Of households who have been compensated, all except one are still using their acquired properties.
- Those who received compensation are using it to construct new houses and although their old houses were 50 to 60 m<sup>2</sup> in size, the newly constructed houses are much larger, up to 300 to 400 m<sup>2</sup>. Those who have not been compensated yet are also planning to use compensation for the construction of new housing.
- Most households have 4 to 6 members, one household comprises only 2 persons and another household has 7 members (3 generations).
- Three households received assistance from local authorities to identify new land to construct on.
- Overall interviewed individuals feel that compensation has been adequate and are satisfied with the land acquisition process (except for one household)
- Most of the affected people will also lose fruit trees and/or vegetable gardens which they grew in the vicinity of their houses
- Most of the affected households have children
- One household which has not been compensated yet, comprises a single mother and her child (minor) who only have agriculture as their main source of income and this household will need support to resettle to new housing. The Head of another affected household, with two young children, reported having a disability and will also need support with resettlement.

A total of 29 business facilities will be impacted however of these, only 18 are active businesses, while 11 constitute closed down, abandoned or incomplete commercial facilities. A total of 16 business facilities are being fully acquired (10 of which are active) and have to be relocated to new locations (in some cases on the same land plot however further away from the road), while 13 businesses are being partially acquired (8 of which are active) and can re-construct new facilities to replace acquired ones on the remainder of the land plot. Only one business is informal, while

the status of three businesses is unknown and they are all among the active businesses.

Types of affected businesses and whether they are active/inactive and fully/partly affected, per rayon are provided in Table 5.7.

**Table 5.7 Features of the affected businesses in Shamkir Rayon**

| <b>Shamkir Rayon</b>               | <b>TOTAL</b> | <b>Active</b> | <b>Inactive or unknown</b> | <b>Fully acquired</b> | <b>Partly acquired</b> |
|------------------------------------|--------------|---------------|----------------------------|-----------------------|------------------------|
| café/restaurant                    | 2            | 2             | 0                          | 1                     | 1                      |
| car repair, car parts shop or wash | 5            | 5             | 0                          | 3                     | 2                      |
| petrol station                     | 4            | 2             | 2                          | 2                     | 2                      |
| furniture shop                     | 1            | 1             | 0                          |                       | 1                      |
| Construction materials shop        | 1            | 1             | 0                          |                       | 1                      |
| farm                               | 1            | 1             | 0                          | 1                     |                        |
| <b>TOTAL</b>                       | <b>14</b>    | <b>12</b>     | <b>2</b>                   | <b>7</b>              | <b>7</b>               |

**Table 5.8 Features of the affected businesses in Tovuz Rayon**

| <b>Tovuz Rayon</b>        | <b>TOTAL</b> | <b>Active</b> | <b>Inactive or unknown</b> | <b>Fully acquired</b> | <b>Partly acquired</b> |
|---------------------------|--------------|---------------|----------------------------|-----------------------|------------------------|
| café / restaurant         | 3            | 1             | 2                          | 3                     | 0                      |
| car lot                   | 1            | 1             | 0                          | 1                     | 0                      |
| Petrol station            | 4            | 3             | 1                          | 3                     | 1                      |
| business/commercial space | 3            | 0             | 3                          | 1                     | 2                      |
| greenhouse                | 1            | 1             | 0                          | 0                     | 1                      |
| freezer storage           | 1            | 0             | 1                          | 1                     | 0                      |
| unknown                   | 2            | 1             | 1                          | 1                     | 1                      |
| <b>TOTAL</b>              | <b>15</b>    | <b>7</b>      | <b>8</b>                   | <b>10</b>             | <b>5</b>               |

The survey covered a total of 25 commercial facilities and the key findings are:

- The majority of the owners of active businesses which are to be fully acquired are planning to re-open the same business in a new location, while those whose businesses will only be partially affected will use the compensation amount to construct additional facilities on their remaining land and make some further business investments. Only one owner of an active, informal, fully impacted business (car wash), who reported having two unregistered employees, is not planning to re-establish business activities with the received compensation and will use it to pay off loans and purchase a new car. It should be noted that the plans of 4 impacted businesses are unknown as they were not available to participate in the survey.



- Those whose businesses are not active are planning to use compensation for other investments, however a few are planning to start new businesses.
- Most of the households reported agriculture as a secondary source of income, which supplements their business income
- Active businesses have formal and informal, permanent and temporary employees. The numbers of employees depends on the type of business however an average number can be defined as 3 permanent and 3 temporary employees.
- Surveyed individuals who have received compensation are largely still using their affected property however a few have reported that they were not allowed to do so after receiving compensation.
- Apart from investment into new land, most of the affected business owners will use their compensation to improve the business, some to pay off loans and/or debts, however a few will also use it for every day consumption or purchase of new assets (a new car) or construction of a new house.
- Four compensated business owners also received assistance from the municipality with identifying replacement land for purchase and with documentation.
- For several business owners, the business is their households' only reported source of income, two business owners have a disabled household member and one is disabled himself, several households of business owners consist of multiple members (6, 7). They are likely to be more vulnerable than others and in need of additional support.
- Most of the surveyed individuals expressed satisfaction with the compensation they received, some do not have an opinion yet however they believe it will be sufficient to replace what they lost and no one expressed that they were unhappy with it.
- Apart from commercial structures, some land plots have fruit trees and gardens on them, as well as auxiliary structures.

## 6. LEGAL FRAMEWORK

### 6.1 National Legislation

Issues related to provision of compensation for land and assets (or restrictions on land use) acquired in the public interest, i.e. which cannot be refused by affected people/entities, and can lead to physical and/or economic displacement are The Law on the Expropriation of Lands for State Needs (No. 987 III-Q 2010), which to a large extent complies with international best practice and IFI requirements.

The key features of the Expropriation law and relevant decrees, are:

The State is under obligation to use its best endeavours to acquire land without the use of expropriation (Article 4.2). Affected persons who accept to sell their properties (land and assets) voluntarily, after being informed that their land is

needed for state needs, are provided with a 10% increase in compensation (Article 32).

The Law prescribes detailed procedures for the disclosure of information and consultation (both individually and collectively through public meetings) in the preparatory stage, i.e. during land acquisition planning (Articles 12 to 17 and Article 77).

A census of affected people (owners and users) and assets is carried out with assistance from municipalities (Articles 10 and 11) and is considered the cut off date for eligibility (Article 20). Persons who have no legal right to the land they occupy are recorded by the census and are entitled to resettlement assistance and compensation for assets they lose, other than real estate as well as any damages to their movable property (Article 7.5).

A valuation committee is established by the Cabinet of Ministers to assess all affected properties (Article 19 and 20) and this committee involves an independent valuator selected through a public tendering process (Article 23). Land acquisition groups are formed by the Acquiring Authority (consisting of representatives of relevant local authorities) to communicate with all affected people and organise valuations, respond to questions, concerns and grievances from affected people, assist them to prepare the relevant documents, etc. (Article 22).

Calculation of compensation can be based on the market price, or, in the absence of a market, on replacement cost. If both methods are applicable, the one that gives a higher value will be applied (Article 55). Replacement cost is calculated as the market value of the assets plus the transaction costs related to restoring such assets (Article 59).

The amount of compensation for all affected properties is to be increased by 20%, to compensate for the damages resulting from the purchase of property, including lost income and losses connected with the pre-termination of commitments against third parties. (Decree of the President (No. 506-3 QD 2007).

Affected people can choose to receive compensation in kind or in cash (Article 38). Compensation can be provided in the form of replacement land or housing, seeds and plants, food, training for new employment or employment as part of the project implementation (for those who lose employment), and any other suitable form (Article 65).

The law stipulates that if the acquisition of a part of the property results in the remainder of the property becoming unviable or unusable, the whole property shall be acquired. In case of a dispute, the court decides (Article 27).

The law requires provision of resettlement assistance for affected people who are to be physically displaced - 5-10% based on years of residence in the house (5% for more than 5 years with a 1% increment up to 10 years) (Article 66).

Affected people who are required to relocate their place of business activity or work

are entitled to compensation for any expenses incurred during the period of relocation (Article 56). Persons who own land adjacent to the land which is being acquired and are in any way negatively impacted by the acquisition are also entitled to compensation for the damages, including loss of income and livelihood (Articles 62 and 63)

A RAP is to be developed in cases when more than 200 persons are to be physically displaced for more than 100 m from the acquired land (Article 3.9.1) and only with provision for land for land compensation.

A Grievance Redress Commission is to be formed when determined necessary by the Cabinet of Ministers to address grievances in an impartial matter. Grievances can also be submitted to the Acquiring Authority (Azeravtoyol), the Land Acquisition Inspectorate (Ministry of Finance) who has a role of supervising compliance with the law and finally to the court (Article 75).

## 6.2 EBRD Requirements

EBRD requirements in relation to land acquisition are presented in Performance Requirement 5 (Land Acquisition, Involuntary Resettlement and Economic Displacement) of the Environmental and Social Policy (2014).

The relevant requirements can be summarised as follows:

- to avoid or, at least minimise permanent or temporary project induced physical or economic displacement whenever feasible by exploring alternative project designs; where displacement is unavoidable, appropriate compensation, resettlement and livelihood restoration action plans should be developed and implemented;
- 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:
  - I. providing compensation for loss of assets at replacement cost<sup>2</sup>, prior to taking possession of acquired assets; and
  - II. ensuring that compensation, resettlement and livelihood restoration activities are planned and implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- 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;

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<sup>2</sup> This is usually calculated as the market value of the assets plus the transaction costs related to restoring such assets.

- 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 compensation and relocation that are raised by displaced persons, including a recourse mechanism designed to resolve disputes in an impartial manner.
- to monitor the land acquisition, resettlement and livelihood restoration process and to involve key stakeholders such as the affected communities.

The above list is only a summary of the main requirements and is qualified by reference to the full text of the applicable policy<sup>3</sup>.

### 6.3 Gaps Between EBRD Requirements and National Legislation and Practice

The Expropriation Law of the Republic of Azerbaijan is largely aligned with the EBRD Policy, however there are several key gaps relevant for this Project, which exist between the two.

This RAP has been developed with a view of overcoming the gaps which have been identified in relation to legislation and already completed land acquisition, and fully complying with EBRD requirements.

Key gaps for the Project to address include:

- Monitoring by the Acquiring Agency, i.e. Azeravtoyol after the execution of compensation is not required under the law, while it is required by EBRD. This requirement is particularly important for this Project, so that Azeravtoyol can determine and report to EBRD on whether the affected people have restored their standards of living and/or livelihoods with the compensation they received. For this Project, it is particularly important to establish whether the provided compensation has enabled businesses to re-establish their commercial activities and net income in a new location and whether additional livelihood restoration assistance is needed, including for employees of affected businesses (training, employment opportunities).
- The law does not require targeted assistance for vulnerable individuals and/or households, which is required under the EBRD policy. Vulnerability is not specifically recorded through the census and no additional support to

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<sup>3</sup><http://www.ebrd.com/what-we-do/strategies-and-policies/approval-of-new-governance-policies.html>

such households needs to be provided to ensure they are not disadvantaged in the resettlement process. The socio economic survey demonstrates that municipalities have been assisting affected people with documentation and identification of other land plots to acquire and relocate to. However this assistance, as well as any other identified vulnerability and needed assistance must to be implemented and reported on to EBRD.

- According to the law, persons with no legal title to land are entitled to compensation for assets other than real estate and damages to their movable properties incurred during the resettlement process, as well as resettlement assistance. In practice, these persons are compensated for loss of structures and provided with resettlement assistance, by means of cash compensation. Under the EBRD policy, such persons are entitled to compensation for all affected assets other than land at full replacement cost, including informal structures (residential and non-residential), as well as resettlement and/or livelihood restoration assistance. The policy also states that those who will be physically displaced must be provided with a choice of options for adequate housing with security of tenure. These requirements have been included in the RAP Entitlements matrix (see Section 9 of the RAP). The socio economic survey confirmed that persons with informal assets (5 houses and 1 business) were satisfied with the compensation they received. Nevertheless, Azeravtoyol will monitor the relocation of all households and businesses, to determine whether they have adequate housing and whether they were able to at least restore their standard of living and livelihoods with the compensation they received or, if not, to provide the necessary assistance until this has been achieved.
- The law stipulates that compensation should be paid before displacement which is consistent with the EBRD policy. However, a procedural gap was identified during the implementation of the survey and that is that 13 % of interviewed individuals (13 out of 99 interviews with those for which compensation had been executed) were not notified that compensation had been deposited into their bank accounts.
- The law requires a RAP to be prepared only if there are more than 200 individuals who are to be physically displaced and no socio economic survey is required. The EBRD requires the development of a RAP for all projects where land acquisition will cause physical and economic displacement. If only economic displacement will occur, the EBRD requires the development of a Livelihood Restoration Framework. A socio economic baseline assessment is to be implemented for the development of these planning documents.

## 7. KEY COMPENSATION AND ASSISTANCE PRINCIPLES

Key principles committed upon by Azeravtoyol in respect of compensation, resettlement and livelihood restoration, which will also be complied with for all newly identified plots of land and assets which have to be acquired for the Project, are:

- Alternative project designs will be considered to avoid or at least minimise physical and economic displacement, for example, through avoidance of residential areas, commercial and residential structures, priority use of public and unused land over private and productive land, etc.;
- Persons who have no recognisable legal right or formal claim to the land they occupy, will be entitled to compensation for lost assets, other than land and will be entitled to resettlement assistance;
- A socio economic survey of affected people/households will be implemented, for all future land acquisition, to assess individual impacts, provide baseline information and design appropriate resettlement / livelihood restoration measures;
- Persons who have no recognisable legal right or claim to the land they occupy will be recorded by the census; the date of the census shall be the cut-off date for eligibility for this category of affected people, which affected people will be made aware of, as required under lender policies;
- Meaningful consultations will be carried out and inform the design and implementation of information provided to affected people throughout the development and implementation of the RAPs;
- Land acquisition will be carried out through negotiated settlements to the greatest extent possible, avoiding the need for compulsory acquisition;
- Compensation for all affected assets will be provided at full replacement cost into affected people's bank accounts of choice;
- Compensation will be provided prior to accessing acquired land and assets;
- PAPs will be offered choices among compensation options and will be provided with feasible resettlement alternatives which take into account suggestions made by the affected community;
- In addition to compensation, PAPs will be provided with resettlement assistance and livelihood restoration assistance, including compensation for loss of income during the transition period as a form of support after resettlement;

- Specific assistance will be provided to vulnerable groups identified through the socio economic survey, as well as through monitoring;
- All compensation, resettlement and livelihood restoration assistance will be provided equally to men and women;
- A grievance mechanism will be implemented through which all affected people can submit their complaints and grievances in relation to compensation and resettlement and expect a prompt response;
- Monitoring and reporting of all compensation, resettlement and livelihood restoration activities will be regularly carried out.

New RAP(s) or RAP addendums will be developed as new information on affected land plots becomes available and they will be based on the same principles and procedures contained in this RAP.

## **8. ELIGIBILITY FOR COMPENSATION AND ASSISTANCE**

Project affected people are defined as all individuals who will be physically and/or economically displaced as a result of Project related land acquisition, who have been recorded by the census and are therefore eligible for compensation and assistance as described in this RAP. The census registry is provided as Annex 1 to this RAP.

Persons who have grievances in relation to the census activity and/or a claim to compensation and/or assistance, can submit such grievances and claims to Azeravtoyol and they will be assessed and responded to through the RAP Grievance Mechanism (see Section 14 of this RAP).

Affected people who are eligible for compensation and resettlement/livelihood restoration assistance under this RAP include:

- a) Owners of affected land
- b) Formal users of affected land
- c) Owners of affected assets other than land (formal and informal residential and commercial structures, non-residential structures, crops, plants, trees)
- d) Owners of affected businesses
- e) Employees of affected businesses
- f) Vulnerable individuals

The entitlements of each of the above categories of affected people, for the type of loss they experience / the type of impact they will be subject to, are presented in Section9.

Persons who encroach on the project area after the cut-off date (date when the census and inventory of affected assets have been completed) are not eligible for compensation or any other form of assistance.

### 8.1 Vulnerable Individuals and Households

Some individuals or groups are considered more vulnerable than other affected people and require the implementation of special livelihood restoration and/or assistance measures. Such groups might include:

- Persons residing in houses which are not located on land for which they have registered title (public land or land owned by someone else) who have no other place of residence;
- Persons who operate informal businesses, who have no other sources of income;
- Persons who depend on the affected land for incomes/livelihoods and it is the only (or a major part of) land they own or use;
- Elderly households (one or two elderly members living on their own), single parent/female headed households, households with multiple members particularly children (minors), households with disabled members, particularly in cases of physical displacement;
- illiterate persons who may have difficulties accessing information about the Project and land acquisition or understanding contracts and other important land acquisition related documents, etc.

A list of persons / households who are vulnerable and in need of targeted assistance belonging to any of the above categories (or to any other identified category of vulnerability) will be developed with assistance from local authorities, during monitoring or prior to acquisition (in cases when compensation has not been executed yet) and reported on to EBRD. Types of possible assistance measures are provided in section 10.5 of the RAP.



## 9. ENTITLEMENTS MATRIX

Table 9.1 Entitlements of project affected people for the type of loss / impact

| TYPE OF LOSS / IMPACT  | CATEGORY OF AFFECTED PERSON / ENTITY  | NUMBER OF PAPs   | ENTITLEMENTS  |
|--|---|--|---|
| Permanent loss of privately owned agricultural, commercial and residential land      | Owner of the land   | 2.951 owners of agricultural land<br>53 owners of residential land<br>28 owners of commercial land             | Cash compensation for land at full replacement cost.<br>OR<br>Replacement land of an equal or better size and quality   |
| Permanent loss of access to (use of) municipal land                                  | Formal users of land (lessees)  | Unknown at present   | Information about the acquisition of the land at least three months in advance of land entry<br>AND<br>Assistance to identify replacement land of the same size and quality for lease, in a nearby location<br>OR<br>If only a part of the land is affected, amendment of lease contract to reflect the loss of the area of land to be permanently acquired from the municipality for the Project |
| Loss of annual/perennial crops, plants and trees on any of the project affected land | Owner of crops, plants, trees (can be the owner of the land or the formal or informal user of the land) | Estimated 3,000 owners of crops, trees, plants on affected land<br>Unknown number of lessees of municipal land | The right to harvest crops, plants<br>AND/OR<br>Cash compensation for lost annual / perennial crops, plants and trees at full replacement cost  |

| TYPE OF LOSS / IMPACT  | CATEGORY OF AFFECTED PERSON / ENTITY   | NUMBER OF PAPs  | ENTITLEMENTS   |
|--|--|---|--|
| Loss of registered and unregistered <b>residential</b> structures (physical displacement)                        | Owner of the affected structure (both if he/she has registered right on the land where the structure is located or not, i.e. if it is constructed on someone else's land or public land) | Owners of 7 formal and 7 informal structures<br>Estimated 60 household members who will be physically displaced | Cash compensation for the residential structure at full replacement cost.  |
| Loss of registered and unregistered <b>commercial</b> structures   | Owner of the commercial structure (including those with no registered right on the land where the structure is located)  | Owners of 29 commercial facilities (19 active)  | Cash compensation for the commercial structure at full replacement cost  |
| Loss of non-residential structures (auxiliary structures and improvements on land)                               | Owner of the non-residential structure   | Owners of 60 plots with non-residential structures  | Cash compensation for the non-residential structure at full replacement cost   |
| Loss of income (formal and informal) in the transition period, until the re-establishment of business activities | Owner of an active business / employee in an active business   | 19 owners of affected active businesses<br>Estimated 57 employees of active businesses                          | Cash compensation for lost net income during the period of transition (until the re-establishment of business/economic activities), for up to 6 months<br><br>AND<br>Livelihood restoration assistance (described in section 10.4), if determined during monitoring that income sources have not been fully re-established |
| Adverse impacts on vulnerable people resulting from land acquisition   | Vulnerable individuals / households  | Unknown at present (to be determined, as described in the RAP)  | Implementation of assistance measures (described in section 10.5) to support affected vulnerable individuals / households in overcoming adverse impacts caused by land acquisition and improving their standard of living and/or sources of livelihood.  |

## 10. COMPENSATION AND ASSISTANCE

Depending on the type impact and the category they belong to, affected people will be entitled to cash compensation for affected assets and / or resettlement / livelihood restoration assistance, as presented in the Entitlements Matrix (see Section 9).

The amount of compensation for all affected properties is increased by 20%, to compensate for the damages resulting from the purchase of property, including lost income and losses connected with the pre-termination of commitments against third parties. (Decree of the President (No. 506-3 QD 2007).

In addition, as per the Expropriation Law, all affected people who agree to a voluntary transaction before expropriation is initiated, are entitled to a 10% increase of the compensation amount for land and assets on land.

The compensation offers presented to affected people are increased in accordance with the above mentioned provisions.

### 10.1 Compensation for Land, Crops, Plants, Trees

Compensation rates for land affected by the Project (agricultural, commercial and residential) in the 4 rayons, have been determined based on an assessment carried out by an independent valuator and approved by the Ministry of Finance (see Annex 3).

As per the law, the independent valuator carries out an assessment of registered market transactions in the affected areas to determine the market value of land. In the absence of such information, the valuator determines the replacement cost of land, which is defined as the value of land in the vicinity of the affected land, of equal productive potential or use, with similar or improved infrastructure and services, plus the cost of preparing the land to the level similar to that of the affected land, plus the cost of any registration and transfer fees. If both methods can be applied, the method that provides higher rates is selected.

Affected people can choose to receive cash compensation or replacement land (land of an equal size and quality), however due to the fact that the average affected areas of land belonging to an individual owner are limited, affected people are not choosing this option.

Municipal land will be compensated to the relevant municipality as per the law. Persons/companies who are renting municipal land will be notified of the planned acquisition and will be assisted to find other land for lease. If the area of land to be acquired is not significant, their lease contracts will be amended to reflect the reduced amount of land for lease.

Crops and plants will be harvested prior to acquisition, however if that is not possible, they will be compensated in cash at market prices. Both fruit bearing and non-productive trees are compensated at full replacement cost. Fruit bearing trees are compensated for the income lost, while non-productive trees are compensated at market prices of the timber.

## 10.2 Compensation for Residential, Commercial and Non-residential Structures

Compensation for residential, commercial and non-residential structures (auxiliary structures and improvements made to the land such as fences, animal shelters, water pumps, irrigation channels, etc.) is provided at full replacement cost. This is calculated as the cost of rebuilding a structure of similar characteristics in another location, including the market cost of materials, labour and transport in the local area and transaction costs (registration and transfer fees and taxes). Depreciation of structures and the value of any salvaged materials are not deducted from the compensation amount.

Registered and unregistered structures are compensated equally, as well as structures constructed on land which does not belong to the owner of the structure (which could be private land belonging to someone else or public land).

An assessment of average prices of structures per m<sup>2</sup> in the affected area has been carried out by the independent valuator and a range of rates has been determined (see Annex 3). Affected structures are assessed individually, to assess their quality (quality of used materials) as well as their size.

Persons who are residing in the affected properties for more than 5 years are provided with a hardship payment, to facilitate their move. The hardship payment is defined by the law and is equal to a 5% to 10% increase of the amount of compensation for the residential structure, with a 1% increment up to 10 years.

The compensation offers presented to affected people are increased in accordance with the above mentioned provision.

## 10.3 Compensation for Loss of Income

If the acquisition of commercial structures causes loss of business income the affected owner will receive compensation for lost net income during the period of transition, i.e. until the re-establishment of business activities in the same location (in case of partly acquired businesses) or in another location (in case of fully acquired businesses). This compensation will be provided for every month when the business is not active, up to a maximum of 6 months.

Calculation of lost net income will be based on tax records carried out by the official valuator, or if such records are not available (informal businesses), an estimation of

the net income (per month, week, day, as appropriate) and/or loss will be made based on comparable local incomes from similar, formal income earning activities.

When the affected person is an employee of an affected active business, he/she will be entitled to compensation equal to monthly salaries for the number of months when the business is not active, up to a maximum of 6 months. The amount will also be obtained from business and tax records, or if such records are not available (informal employees), it will be equal to the official minimum wage.

#### 10.4 Livelihood Restoration Assistance

In case the owners of affected active businesses who have received compensated for loss of commercial and non residential structures and compensation for loss of income, have not re-established their income generating activities, the owners of such businesses and their employees will be entitled to livelihood restoration assistance. The need to provide such assistance, as well as the type of assistance to be provided, will be assessed during monitoring and reported on to EBRD. In performing these tasks, as well as in providing the actual assistance, Azeravtoyol will closely cooperate with local (municipal and rayon) authorities who are well acquainted with locally affected businesses, as well as with any locally available service providers (local employment agencies, training facilities, credit facilities, etc.).

Livelihood restoration measures may include:

- access to employment opportunities created by the Project
- access to other locally available employment opportunities (e.g. public works, employment in municipal enterprises, etc.)
- assistance to identify and access other income/livelihood generation activities (opportunities with other local businesses)
- assistance to access job training, skill development, etc.
- assistance to access credit facilities

#### 10.5 Assistance for Vulnerable Individuals and Households

Vulnerable individuals and households will be determined by Azeravtoyol during monitoring and with assistance from municipal and rayon authorities who have been in contact with affected people for the purpose of land acquisition and are well acquainted with their circumstances. A list of these persons (and their affected household members), describing the nature of vulnerability as well as the type of assistance which has been and will be provided to them, will be prepared and submitted to EBRD at the start of implementation of the RAP. For the development of the RAP Addendum, vulnerable individuals / households will be identified during the census activity and a list will be included as part of the addendum document.

Possible categories of vulnerable persons have been identified based on the results of the socio economic survey and are presented in section 8.1 of this RAP. Types of possible assistance include but are not limited to:

- Assistance to legally acquire a land plot from the municipality, on which it will be possible to construct a new, formally registered house
- Assistance to organise construction of a new house (hire contractors, monitor works, manage payments, etc.)
- Moving allowance or organised transport of household belongings, furniture and other movable assets including animals, for PAPs who reside in the house for less than 5 years (and are therefore not entitled to the hardship payment)
- Assistance to prepare documents for land acquisition
- Legal assistance in relation to land acquisition issues
- Assistance through the implementation of livelihood restoration measures (see section 10.4)

## 10.6 Compensation for Absentee owners

If an owner of an affected property is missing or absent from the project area and his/her whereabouts could not be identified (by the local police who collect information from neighbours, family members and in other ways), the determined compensation amount is deposited to an escrow account. If the affected person appears and wishes to claim compensation, he/she is directed to the court with a valid ID card or passport. The court provides permission for accessing compensation from the escrow account, based on which the Bank executes payment to the affected person.

## 11. ORGANISATIONAL RESPONSIBILITIES FOR RAP DEVELOPMENT AND IMPLEMENTATION

The development of this RAP and the follow-up RAP Addendum is under the full responsibility of Azeravtoyol. Responsibilities are shared between the Azeravtoyol Project Implementation Unit and the Land Acquisition Division.

The PIU has overall responsibility for addressing social issues (including land acquisition) on projects financed by IFIs (in this case EBRD), through the development and implementation of appropriate management plans (such as this RAP). The PIU is also in charge of monitoring land acquisition impacts and ensuring that they are being addressed in accordance with IFI standards to achieve the aim of improved, or at least restored standards of living and/or livelihoods of affected people to pre-displacement levels. The PIU also reports to IFIs with respect to implementation of the RAP. The PIU cooperates with other relevant Azeravtoyol departments, most importantly the Land Acquisition Division, as well as with relevant external stakeholders, including consultants and IFI representatives.

The Land Acquisition Division of Azeravtoyol is in charge of the implementation of land acquisition planning and implementation in accordance with Azerbaijan national legislation, as well as interagency cooperation. The main tasks comprise preparing all documents in relation to land acquisition and expropriation, compiling the census registry based on official registries and field investigations (carried out in coordination with representatives of local authorities - see next para), as well as all other relevant information such as the results of valuations of properties, participating in preparing land acquisition agreements and executing compensation for affected people. As part of the implementation of this RAP, the Land Acquisition Division will cooperate with local authorities to identify and assist any vulnerable individuals and/or households (see next para). In addition, if it is determined that affected business owners and/or employees have not re-established their incomes in new locations with the compensation they received (during monitoring), the LA Division will cooperate with local authorities to determine what livelihood support measures can be provided to them and who will be responsible for their delivery.

Representatives of affected municipalities and the Rayon Executive Powers have an important role to play in both resettlement planning and implementation. Representatives of these institutions for relevant territories facilitate all contacts with affected people. They deliver notices, organise local consultation meetings, organise valuations, monitoring visits etc. One of the main tasks for the implementation of this RAP is to develop a list of vulnerable people/households affected by the project, based on earlier and future contacts with them. Local authorities will prepare drafts of these lists with recommendations for assistance measures to be provided to each individual / household and will submit these lists to the Land Acquisition Division. The implementation of assistance measures will be carried out by local authorities, with support from Azeravtoyol where necessary.

## **12. INDICATIVE TIMEFRAME FOR THE PROJECT AND THE RAP**

Azeravtoyol's current plan (November 2016) is to commence construction activities in Quarter 3 of 2017 and complete them by Quarter 3 2020. The Project has been structured into three construction sections, as follows:

I Section: km 0+000 – 39+800. This section runs through the Shamkir rayon.

II Section: km 39+800-82+200. This section runs through Shamkir (39+800-41+850), Tovuz (41+850- 71+700) and some parts of Agstafa rayon (71+700-82+200).

III Section: km 82+200- 130+150. It covers some parts of Agstafa rayon (km82+200- 93+700) and Gazakh rayon (93+700- 130+150).

Azeravtoyol will begin with the implementation of the RAP, upon its approval. No new land, beyond what is included in the census registry for this RAP (Annex 1) will be acquired by Azeravtoyol until the RAP Addendum, covering the remaining plots of land is prepared and approved by EBRD.

To enable construction for the first section to begin on time, the RAP Addendum may, if necessary, be prepared in two phases. The first phase RAP Addendum will cover any outstanding plots of land to be acquired in Shamkir rayon and will be completed by the end of Quarter 1 2017. Land acquisition will then be implemented in accordance with the RAP Addendum until the beginning of Quarter 3, before construction for this section commences. The second phase RAP Addendum will be prepared as soon as the remaining plots of land needed for the Project are identified in Tovuz, Agstafa and Gazakh rayons and will be submitted to EBRD for approval.

Azeravtoyol will work with the local authorities on compiling a list of vulnerable persons / households from whom land has already been acquired and where it is yet to be acquired under this RAP. The list will contain the name of the vulnerable person, the type of assistance that has been provided (for those where land acquisition is completed) and the type of assistance that still needs to be provided to ensure that the aims of this RAP have been fulfilled. This list will be compiled by the end of January 2017 and submitted to EBRD for review and approval.

Azeravtoyol will regularly monitor the implementation of land acquisition and will engage an external monitoring consultant in Quarter 2 of 2017 for the first external monitoring mission (see section 15.1.2).



**Table 12.1 Indicative timeframe for the implementation of the RAP**

|  |   | 2016 | 2017              |    |    |    | 2018 |    |    |    | 2019 |    | 2020 |    |
|--|---|------|-------------------|----|----|----|------|----|----|----|------|----|------|----|
| Activity   | Responsibility                          | Q4   | Q1                | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | H1   | H2 | H1   | H2 |
| Finalisation of the RAP  | Azeravtoyol PIU and LAD consultants     | X    |                   |    |    |    |      |    |    |    |      |    |      |    |
| Implementation of the RAP  | Azeravtoyol LAD and PIU                 | X    | X                 | X  |    |    |      |    |    |    |      |    |      |    |
| Preparation and approval of list of vulnerable people from EBRD  | Azeravtoyol LAD EBRD to approve         |      | X<br>Jan.<br>2017 |    |    |    |      |    |    |    |      |    |      |    |
| Signing of compensation agreement with affected people included in the RAP (census registry, see Annex 1)        | Azeravtoyol LAD                         | X    | X                 | X  |    |    |      |    |    |    |      |    |      |    |
| Preparation and approval of First Phase RAP Addendum (or full RAP Addendum if all information becomes available) | Azeravtoyol PIU and LAD EBRD to approve |      | X<br>Feb.<br>2017 |    |    |    |      |    |    |    |      |    |      |    |
| Implementation of RAP and First Phase RAP Addendum   | Azeravtoyol LAD                         |      | X                 | X  | X  |    |      |    |    |    |      |    |      |    |
| Construction of Section I of the Project   | Azeravtoyol                             |      |                   |    | X  | X  | X    | X  | X  |    |      |    |      |    |
| Preparation and approval of Second Phase RAP Addendum  | Azeravtoyol PIU and LAD EBRD to approve |      |                   |    | X  | X  |      |    |    |    |      |    |      |    |
| Implementation of Second Phase RAP Addendum  | Azeravtoyol LAD                         |      |                   |    |    | X  | X    | X  |    |    |      |    |      |    |

|  |   | 2016 | 2017 |    |    |    | 2018 |    |    |    | 2019 |    | 2020 |    |
|--|---|------|------|----|----|----|------|----|----|----|------|----|------|----|
| Activity   | Responsibility                          | Q4   | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | H1   | H2 | H1   | H2 |
| Construction of Section II of the Project  | Azeravtoyol                             |      |      |    |    |    |      | X  | X  | X  | X    | X  | X    | X  |
| Internal monitoring  | Azeravtoyol PIU                         | X    | X    | X  | X  | X  | X    | X  | X  | X  | X    | X  | X    | X  |
| External monitoring  | Azeravtoyol PIU<br>External consultants |      |      | X  |    |    |      | X  |    |    |      |    |      |    |
| Completion audit for the RAP   | Azeravtoyol PIU<br>External consultants |      |      |    |    |    |      |    |    |    |      |    | X    |    |
| Monthly reports on all land acquisition issues and activities for Azeravtoyol management | Azeravtoyol PIU                         | X    | X    | X  | X  | X  | X    | X  | X  | X  | X    | X  | X    |    |
| Azeravtoyol Quarterly progress reports, submitted to EBRD                                | Azeravtoyol PIU                         |      | X    | X  | X  | X  | X    | X  | X  | X  | X    | X  | X    |    |
| External monitoring reports  | Azeravtoyol PIU<br>External consultants |      |      | X  |    |    |      | X  |    |    |      |    |      |    |
| Completion audit report  | Azeravtoyol PIU<br>External consultants |      |      |    |    |    |      |    |    |    |      |    | X    |    |

## 13. DISCLOSURE OF INFORMATION AND CONSULTATIONS

### 13.1 Disclosure and consultations prior to and during the development of the RAP

The land acquisition planning process for this Project has been initiated during 2013, when the census activity for most of the Shamkir rayon was completed. Following on from there, during 2014, census data was collected in other regions, as the affected areas needed for the Project became more certain and is still ongoing, mainly in Gazakh Rayon.

As per the Expropriation Law, engagement with affected people and other stakeholders was initiated very early in the land acquisition process. After collection of preliminary census data, public meetings were organised by Azeravtoyol with assistance from municipalities and Rayon Executive Powers, as per the law, in areas along the Project footprint where the affected land is located. Meetings were announced both by notices in public places and through the media. Affected people were directly invited to attend these meetings by post or direct notifications. The purpose of these meetings was to inform affected people of the intent of Azeravtoyol to acquire land for the Project, present the land in question (with maps), inform affected people about the process of resettlement and land acquisition planning as well as how and to whom they can submit questions and grievances. The purpose was also to understand any particular concerns that the affected people may have and their proposals for possible avoidance of impacts. Following these meetings, field investigations and individual meetings with affected people, facilitated by the representatives of local authorities, were carried out with the purpose of valuation of affected assets and collection of required documents. These meetings are still ongoing in areas where land acquisition has not been completed.

The results of the socio economic survey (with those whose properties have not been acquired yet) confirm that affected people heard about the Project related land acquisition either from Azeravtoyol/ Executive Powers (62%) or at community meetings (30%).

For the development of this RAP, informal engagement with a limited number of people was carried out during the consultants' site visit in July 2016. The consultants focused on speaking with primarily people who reside on the affected area (will be physically displaced) and those whose businesses will be impacted. Further to that, a socio economic survey was carried out by local consultants during October 2016, also primarily targeting persons who are losing houses and businesses (as the impacts on them and their household members and employees will be more significant than on others), as well as a limited number of those losing only land, however losing more land than others.

### 13.2 Planned Disclosure and Consultations for the Finalisation and Implementation of the RAP

This RAP will be publicly disclosed on 30<sup>th</sup> November 2016 and will remain in the public domain for the duration of the Project.

The document will be published on the Azeravtoyol website (<http://www.azeravtoyol.gov.az>) and hard copies will be available in the following locations:

- Azeravtoyol OJSC (Baku Head Office) [Binaqaidstr., Bilajari settlement, R. Ismayilov str. 2025, Baku, Azerbaijan, AZ1117]
- Shamkir Rayon Executive Power [AZ5700, Shamkir, MirzaAlakbarSabir,15]
- Tovus Rayon Executive Power [AZ6000, Tovuz, MashadiAzizbayov,2]
- Agstafa Rayon Executive Power [AZ0500, Agstafa City, Harif str.3]
- Gazakh Rayon Executive Power [AZ3500, Gazakh, Azadlig, 78]
- Ganja Rayon Executive Power [AZ2000, Ganja, Ataturk,255]

Azeravtoyol will organise new public meetings, as required under the Law, when the information on newly identified plots needed for the Project, becomes known. The company will inform affected people about the Project related land acquisition and the date, place and venue of the relevant public meeting. Further, individual engagement, during the census registration activity and beyond (for the valuations of properties, collection of documentations, etc.) will continue.

A RAP addendum will be prepared when information on any newly identified land becomes available and it will be made publicly available, in the same manner as described above for the RAP.

Engagement with affected people will not cease after the execution of compensation. Azeravtoyol will continue to meet with them for the purpose of monitoring, for at least one year after the compensation has been executed with those who lose only land, and at two three years with persons/households and businesses who were relocated for the Project, as well as with individuals/households identified as vulnerable. The main purpose will be to verify whether affected people were able to improve, or at least restore their standards of living and/or sources of income/livelihoods to pre Project levels.

## 14. GRIEVANCE MECHANISM

The Azeravtoyol Land Acquisition Division is responsible for communication with affected people and other Project stakeholders, including the management of the

Grievance Mechanism. The PIU will also assist in the management of grievances, as necessary.

The Grievance Mechanism has been developed to receive, respond to and manage all land acquisition, resettlement, compensation and assistance related information requests, suggestions and grievances from affected people and external stakeholders in a timely, transparent, accessible, culturally appropriate and respectful manner.

Receipt of received grievances will be acknowledged in writing by Azeravtoyol within 7 days, while the proposed resolution or corrective action will be provided within 30 days of receiving the grievance. At all times, complainants are able to seek legal remedies in accordance with the laws and regulations of the Republic of Azerbaijan.

A form for grievances is available on the company website: Azeravtoyol (<http://www.azeravtoyol.gov.az>) and in local authority offices, where the RAP (and RAP Addendums) are/will be available, as described in section 13.2 of the RAP.

Grievances can be submitted to Azeravtoyol, using the following contact details:

**Table 14.1 Contact details for submission of grievances**

|                    |  |
|--------------------|--|
| Responsible person | Mr. Arastun Guliyev  |
| Department         | Azeravtoyol OJSC, Project Implementation Unit  |
| Address            | Binaqidstr., Bilajari settlement,<br>R. Ismayilov str. 2025, Baku, Azerbaijan, AZ1117      |
| Phone              | Mob: +994506304659 Tel: +994125997955  |
| E-mail             | <a href="mailto:Arastun.Quliyev@azeravtoyol.gov.az">Arastun.Quliyev@azeravtoyol.gov.az</a> |

Contractors will also be responsible for managing grievances in relation to any disturbance of land not permanently acquired for the Project, during construction. Contractors' responsibilities for grievance management in line with the described mechanism will be included in contractor management plans and their performance will be monitored by Azeravtoyol. Contact details for submission of grievances to construction contractors will be made available on the Azeravtoyol website, in the Project SEP and in local authority offices, when they become available.

## **15. MONITORING AND REPORTING**

### **15.1 Monitoring**

Azeravtoyol will monitor the implementation of the RAP and RAP Addendum(s), until all displacement impacts have been mitigated (internal monitoring), as determined based on a Completion Audit. Independent social or resettlement specialists will also

be hired to undertake independent supervision and monitoring of RAP implementation and report to the EBRD (external monitoring).

### 15.1.1 Internal Monitoring

An internal monitoring system has been established for Azeravtoyol with this RAP and will be implemented, as follows:

- Progress monitoring of inputs and outputs which measures whether inputs are delivered on schedule and as defined in the RAP
- Periodic measurement of outcome indicators against baseline conditions, obtained through the socio economic survey

Table 15.1 provides a list of indicators which will be used for monitoring.

**Table 15.1 Indicative monitoring indicators**

| Indicator  | Source of Information  | Frequency of Measurement                             |
|--|--|--|
| <b>Input indicators</b>  |  |  |
| Number of individual and group consultation meetings, results of consultation activities   | Meeting minutes<br>Consultation reports                            | Monthly  |
| Number of affected people/households / businesses, by category (owners or users, formal or informal) and types of impacts (physical displacement, loss of land, loss of business structures, loss of income, loss of non-residential structures) | Census registry and grievance management records<br>Valuation data | Monthly  |
| Number and type of affected assets (land, non residential structures, crops / plants, trees, etc.)   | Census registry<br>Valuation data                                  | Monthly  |
| Overall spending on compensation and resettlement  | Azeravtoyol financial records                                      | Monthly  |
| <b>Output indicators</b>   |  |  |
| Number of compensation contracts signed  | Registry of compensation contracts                                 | Monthly  |
| Number and % of compensation payments executed   | Azeravtoyol financial records                                      | Monthly  |
| Number of plots registered as being owned by Azeravtoyol   | State Land and Cartography Committee of Azerbaijan Republic        | Monthly  |
| Physical displacement – number of people/households resettled, type of resettlement assistance provided  | Census registry<br>Compensation offers and contracts               | Quarterly  |
| <b>Outcome indicators</b>  |  |  |
| Number and type of outstanding or unresolved grievances submitted through the Grievance Mechanism  | Grievance management records                                       | Monthly, during land acquisition<br>Quarterly during |

| Indicator   | Source of Information  | Frequency of Measurement   |
|---|--|--|
| and trends  |  | construction and operation   |
| Average time for payment of compensation  | Measure time between compensation agreement and payment                                      | Monthly  |
| Does compensation represent full replacement cost?  | Investigate whether cash compensation was adequate to ensure no loss of income or livelihood | Biannually   |
| Use of compensation   | Surveys with affected people   | Biannually   |
| Physical displacement – satisfaction with new homes, access to infrastructure and/or services compared to pre project situation, investments into new furniture, investments into animal husbandry or farming, re-establishment of vegetable gardens, etc.),  | Individual meetings with people/households database  | Twice in the year following resettlement and after the first year for one more year annually                             |
| Economic displacement – have businesses re-established their activities in new locations (or in the same ones in case of partial displacement); income level compared to pre project situation, number of employees compared to pre-project situation.<br>Have employees continued to work for the same businesses in new locations, have their salaries changed since before displacement and how, are they negatively impacted by the move (e.g. longer commute time), etc.<br>Are livelihood restoration measures needed and if so, what kind of measures. | Individual meetings with business owners<br><br>Individual meetings with affected employees  | Four times in the year following relocation of the business and after the first year for at least one more year annually |

### 15.1.2 External monitoring

The first external M&E mission will be organised in quarter two of 2017, to assess the outcome of all previously completed land acquisition and whether appropriate planning has occurred in relation to subsequently identified plots of land and affected people (i.e. the development of a RAP Addendum). A second mission will be undertaken after the completion of all project related land acquisition, planned for the first half of 2018.

The external experts will:

- Determine whether implemented activities conform to this RAP.

- Analyse and verify the results of internal monitoring and explore any notable declines in livelihoods and standard of living. Verification will include interviews with project affected people and other relevant stakeholders.
- Based on their findings, make recommendations for any changes of the RAP required to improve implementation.

Azeravtoyol will hire external experts with the following qualifications:

- At least five years of experience of working on social development projects in Azerbaijan, dealing with relocation of disadvantaged and/or vulnerable persons and implementation of livelihood restoration / income generation programmes.
- Direct experience of working in accordance with EBRD, WB, ADB and other similar social policies and standards will be considered an advantage.
- Proven record of working with a wide range of stakeholders, including affected people, local and national authorities, civil society, etc.
- Ability to work effectively in English and in Azerbaijani.

### 15.1.3 Completion Audit

A Completion Audit will be undertaken once all RAP (and RAP Addendum) measures have been implemented and, in terms of resettlement, once a sufficient amount of time has passed to establish final outcomes. The completion audit will be undertaken 24 months after completion of all physical relocation of households and/or businesses, at a minimum. The audit will be carried out by independent resettlement experts and as agreed with the EBRD.

The audit will determine whether measures to restore standard of living of affected people were well conceived and properly implemented. In the event that an audit determines that the measures were inadequate, the auditors will recommend time-bound corrective actions, including an implementation schedule and budget.

The audit will include a review of all related documentation, results of internal monitoring and external monitoring/evaluation reports. The auditors will also conduct evaluation surveys of and consultation with a sample group of affected people and other relevant stakeholders.

## 15.2 Reporting

Azeravtoyol will monitor land acquisition and provision of compensation and assistance on a day to day basis and will prepare regular weekly and monthly reports.

Using the monitoring framework described in Section 15.1 of this document, Azeravtoyol will produce quarterly reports during the implementation of the RAP. These reports will consolidate the information on compensation and resettlement



assistance measures, consultations, information on negotiations and results, grievance management, etc. Azeravtoyol, with assistance from local authorities, will document all meetings and consultations with minutes and photographs, and will submit these to the EBRD, together with quarterly reports.

External monitoring and completion reports of independent social or resettlement specialists will be submitted both to Azeravtoyol and the EBRD, specifying any shortcomings in the implementation of the RAP and any emerging negative impacts in relation to land acquisition and resettlement, as well as suggestions as to how these can be overcome/mitigated.

An indicative reporting schedule is provided in Table 12.1.

## 16. IMPLEMENTATION COSTS

The total estimated cost of the implementation of the RAP is 18,670,688 AZN (10,857,576 USD). A breakdown of estimated expenses is presented in the tables below, with the overall estimated RAP implementation budget in Table 16.4.

**Table 16.1** Estimated cost of land

| District     | Agricultural land   |                  |              |              | Residential and commercial land |                  |              |              |
|--------------|---------------------|------------------|--------------|--------------|---------------------------------|------------------|--------------|--------------|
|              | Price per Ha in AZN | Total area in Ha | Total in AZN | Total in USD | Price per Ha in AZN             | Total area in Ha | Total in AZN | Total in USD |
| Shamkir      | 25,200 <sup>4</sup> | 101              | 2,545,200    | 1,480,112    | 60,000                          | 5                | 300,000      | 174,459      |
| Tovuz        | 30,000              | 95               | 2,850,000    | 1,657,362    | 100,000                         | 4                | 400,000      | 232,612      |
| Gazakh       | 30,000              | 120              | 3,600,000    | 2,093,510    | 100,000                         | 1                | 100,000      | 58,153       |
| Agstafa      | 30,000              | 93               | 2,790,000    | 1,622,470    | 100,000                         | 0                | 0            | 0            |
| <b>TOTAL</b> |                     |                  | 11,785,200   | 6,853,454    |                                 |                  | 800,000      | 465,224      |

**Table 16.2** Estimated cost of residential and auxiliary structures

| District     | Residential structures |                  |              |              | Auxiliary structures |                  |              |              |
|--------------|------------------------|------------------|--------------|--------------|----------------------|------------------|--------------|--------------|
|              | Price per m2 in AZN    | Total area in m2 | Total in AZN | Total in USD | Price per m2 in AZN  | Total area in m2 | Total in AZN | Total in USD |
| Shamkir      | 300                    | 276              | 82,800       | 48,151       | 200                  | 2,420            | 484,000      | 281,461      |
| Tovuz        | 300                    | 127              | 38,100       | 22,156       | 200                  | 907              | 181,400      | 105,490      |
| Gazakh       | 300                    | 342              | 102,600      | 59,665       | 200                  | 1,212            | 242,400      | 140,963      |
| Agstafa      | 300                    | 0                | 0            | 0            | 200                  | 0                | 0            | 0            |
| <b>TOTAL</b> |                        |                  | 223,500      | 129,972      |                      |                  | 907,800      | 527,913      |

<sup>4</sup>The price of land per Ha in Shamkir is different in two groups of municipalities and an average cost was used here for estimation purposes.

Table 16.3 Estimated cost of commercial and other structures

| District     | Commercial structures |                  |              |              | Other structures (fences) |                  |              |              |
|--------------|-----------------------|------------------|--------------|--------------|---------------------------|------------------|--------------|--------------|
|              | Price per m2 in AZN   | Total area in m2 | Total in AZN | Total in USD | Price per m2 in AZN       | Total area in m2 | Total in AZN | Total in USD |
| Shamkir      | 250                   | 2,000            | 500,000      | 290,765      | 55                        | 7,646            | 420,530      | 244,551      |
| Tovuz        | 250                   | 1,185            | 296,250      | 172,278      | 55                        | 3,071            | 168,905      | 98,223       |
| Gazakh       | 250                   | 0                | 0            | 0            | 55                        | 1,821            | 100,155      | 58,243       |
| Agstafa      | 250                   | 0                | 0            | 0            | 55                        | 0                | 0            | 0            |
| <b>TOTAL</b> |                       |                  | 796,250      | 463,044      |                           |                  | 689,590      | 401,018      |

Table 16.4 Estimated total RAP implementation budget

| No | Item   | Estimated cost in AZN | Estimated cost in USD |
|----|--|-----------------------|-----------------------|
| 1  | Compensation for land  | 12,585,200            | 7,318,679             |
| 2  | Compensation for structures                                  | 2,617,140             | 1,521,947             |
| 3  | Compensation for trees, plants                               | 60,000                | 34,892                |
| 4  | Registration fees  | 1,309,600             | 761,572               |
| 5  | Assistance for affected people                               | 60,000                | 34,892                |
| 6  | External monitoring and completion audit                     | 38,500                | 22,389                |
| 7  | Implementation costs (internal travel, admin. communication) | 150,000               | 87,230                |
|    | <b>Total costs</b>   | <b>16,820,440</b>     | <b>9,781,600</b>      |
| 8  | Bank fees (1%)   | 168,204               | 97,816                |
| 9  | Contingency (10%)  | 1,682,044             | 978,160               |
|    | <b>TOTAL</b>   | <b>18,670,688</b>     | <b>10,857,576</b>     |

## **ANNEX 1 – Census Registry**

(contains personal information and will not be publicly disclosed)

## **ANNEX 2 – Socio Economic Survey Data Base**

(contains personal information and will not be publicly disclosed)

## ANNEX 3 – Compensation Rates

Exchange rate used: 1 AZN = 0.57 USD

### 1. Compensation Rates for Affected Land

| No | District   | Unit Price for agricultural land (AZN/ha*) with 20% bonus | In USD | Unit Price for residential land (AZN/sot**) with 20% bonus | In USD |
|----|--|---|--------|--|--------|
| 1a | Shamkir (Abbasli, Ashagi, Seyfali, Chinarli, Tazakand, Fuzuli, Yeni Hayat, Mukhtariya, Chaparli, Jirdakhan, Sabirkend, Zeyem municipalities) | 20,400  | 11,860 | 600  | 349    |
| 1b | Shamkir (Shamkr city, Aliyagublu, Dallar-Jayir, Duyarli municipalities)  | 30,000  | 17,442 | 600  | 349    |
| 2  | Tovuz  | 30,000  | 17,442 | 1,000  | 581    |
| 3  | Agstafa  | 30,000  | 17,442 | 1,000  | 581    |
| 4  | Gazakh   | 30,000  | 17,442 | 1,000  | 581    |

\*1 Ha = 100 sot

\*\* 1 sot = 100 m<sup>2</sup>

### 2. Compensation Rates for Affected Structures

| Type of asset  | Unit price (AZN)           | Unit price (USD)           |
|--|----------------------------|----------------------------|
| Residential structure (house), depending on the type of material   | 200-400 AZN/m <sup>2</sup> | 116-233 USD/m <sup>2</sup> |
| Auxiliary structures   | 200 AZN/m <sup>2</sup>     | 116 USD/m <sup>2</sup>     |
| Commercial structures, depending on the type of material and status of registration (formal or informal) | 150-300 AZN/m <sup>2</sup> | 87-174 USD/m <sup>2</sup>  |
| Fences, depending on the type of material  | 50-60 AZN/m <sup>2</sup>   | 29-35 USD/m <sup>2</sup>   |