

Management and Reuse of the Ashes/Slag from the Kragujevac District Heating Plant - Serbia

Land Acquisition Framework

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Arup d.o.o. Beograd (Vracar)
Knekinje Zorke 77
Belgrade
11000
Serbia
arup.com

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		Name	Iva Misic (IM)	Ivana Stevanovic (IS) / Milos Despotovic (MD)	Aleksandar Bajovic (AB)
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List of Abbreviations

Abbreviation	Full Name
AP	Affected Person
BoE	Beneficiary of Expropriation
CFD	Central Feedback Desk
DH	District Heating
EBRD	European Bank for Reconstruction and Development
EUR	Euro
GLAC	Guide to Land Acquisition and Compensation
GoRS	Government of Republic of Serbia
IFI	International Financial Institutions
LAP	Land Acquisition Plan
LRP	Livelihood Restoration Plan
LM	Local Municipality
MoF	Ministry of Finance of Republic of Serbia
NGO	Non-Governmental Organisation
PAP	Project Affected Person
PIU	Project Implementation Unit
PR5	EBRD Performance Requirement 5 - Land Acquisition, Involuntary Resettlement and Economic Displacement
RAP	Resettlement Action Plan
RoW	Right of Way
RS	Republic of Serbia
SIA	Social Impact Assessment
VG	Vulnerable Group

Glossary

When used in this document, following terms are defined as follows:

"Compensation" - Refers to any and all payments made in cash or in kind to replace the value of assets or acquired resources affected by the Project.

"Compensation agreement" - Refers to the concurrence of compensation, under the Law of expropriation before the municipal administration or before the competent court, reached between BoE and expropriated property owner on in-kind compensation, the amount of cash benefits, mutual additional payments for differences in the property value, building entrances, passages and access roads on the property, as well as other actions permitted by Law.

"Cut-off Date" - Date of beginning of the census of persons and inventory of assets affected by the Project. If a person(s) should occupy the project area after the cut-off date, they will not be eligible for compensation and/or resettlement assistance. Similarly, fixed assets (such as built structures, crops, fruit trees, and woodlots) established after the cut-off date will not be compensated. Before the census, information about the cut-off date would need to be publicly published.

"Economic Displacement" - Includes all loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood as a result of Project implementation, regardless whether affected persons must move to another location or not. It includes, among other things, the demonstrated decreases in agricultural, livestock, forest, hunting and fishing yields resulting from project-related disturbance and/or pollution.

"Expropriation" - It refers to a dispossession or a limitation of ownership rights on property with compensation pursuant to market price of the property.

"Land Acquisition Framework" - Refers to this document which describes overall resettlement policy structure for the Project.

"Law of Expropriation" - Refers to Law on Expropriation and Determination of Compensation of Republic of Serbia published in Official Gazette of the Republic of Serbia No. 53/95, "Official Gazette of the FRY", No. 16/2001 - decision of the Constitutional Court and "Official Gazette of the Republic of Serbia", No. 20/2009, 55/2013 - decision of the CC and 106/2016)

"PAP - Project Affected Person" - PAP is any person who, as a result of the implementation of the Project experiences loss of assets or access to assets.

"Physical displacement" - Loss of shelter and assets resulting from the expropriation of land associated with the Project that requires PAPs to move from home, workplace or business premises to another location.

"Project" - When used in this LAF the Project refers to reuse of ash material from the on-site ash stockpile within Energetika for reconstruction of local (low traffic capacity) roads with site-specific environmental and social impacts that can be readily identified and addressed through effective mitigation measures.

"Project implementation" - When used in this LAF includes planning, execution, monitoring and evaluation of the Project.

"Project Implementing Entity" - Refers to the responsible state agency for Project implementation, in this case the City of Kragujevac and designated Project Implementation Unit.

"LAP – Land Acquisition Plan" - The document prepared in case of the Project implementation involves land acquisition, economic or physical displacement of people, regardless of their number, consistent with the principles and objectives of EBRD PR5 performance requirements and with this LAF in which responsible entity specifies the procedures that it will follow and the actions that it will take to mitigate the negative impacts of displacement, identify potential benefits and establish the entitlements of all categories of Affected Persons (including host communities), with particular attention paid to the needs of the Vulnerable Groups.

“Livelihood restoration” – Relates to specific allowances or activities meant to support affected persons in improving or at a minimum restoring their livelihoods compared to pre-displacement level.

"Resettlement" - Relates to all cases of land acquisition and compensation for loss of assets, whether it involves actual relocation, loss of land, shelter, assets, property, to all cases of economic displacement or other means of livelihood and includes all the measures taken to mitigate any and all adverse impacts of the Project on PAP's property and/or livelihood, including compensation, relocation (where relevant), and rehabilitation.

"Replacement cost" - Refers to a method of valuation of assets that helps determine the amount sufficient to replace lost assets and cover transaction costs as defined by PR5 resettlement policies. “Replacement cost” is defined as follows: for agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes. For land in urban areas, it is the pre displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes. For houses and other structures, it is the market cost of the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labour and contractors' fees, plus the cost of any registration and transfer taxes. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures so as to meet the replacement cost standard.

"Stakeholders" - Any and all individuals, groups, organizations, and institutions interested in and potentially affected by a Project or having the ability to influence the Project.

"Vulnerable groups" - Refers to people who are exposed to higher risks to experience the impacts from resettlement and can include people living below the poverty line, the landless, the elderly, women and children, and those who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status may be more adversely affected by resettlement than others or who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits.

1. Introduction

1.1 Project Background

The Ministry of Environmental Protection (the “MoEP”) is planning the implementation of a district heating project in the City of Kragujevac (the “City”), which will support the replacement of coal boilers in a city centre heating plant (“District Heating (DH) Company Energetika” or “Energetika” or “the Company”), with new natural gas boilers of approximately 110 MW thermal power, and rehabilitation of the on-site ash stockpile site (the “Project”).

The European Bank for Reconstruction and Development (the “EBRD” or the “Bank”) signed a loan agreement with the Government of Serbia for the Project of up to EUR 18 million to the Republic of Serbia is consisting of 2 Parts:

- the "Part 1" (committed) where up to EUR 15 million of loan was used for the replacement of boilers in a city centre heating plant, and
- the "Part 2" (uncommitted) where up to EUR 3 million is to be committed at Bank's sole discretion for management and reuse of the ashes/slag from the Energetika premises following completion of a due diligence process.

Part 1 is under implementation, while the Part 2 is currently at a preliminary design phase and is under-going due diligence by the EBRD.

Part 2 of the Project foresees reuse of ash material from the on-site ash stockpile within Energetika for reconstruction of local (low traffic capacity) roads with site-specific environmental and social impacts that can be readily identified and addressed through effective mitigation measures.

The roads and activities being considered include:

- Reconstruction of the existing road in total length of 2.1 km in the direction of Bešnjaja (Figure 1).
- Reconstruction of the existing road Stragari – Kutlovo in the length up to 15,5 km (Figure 2)

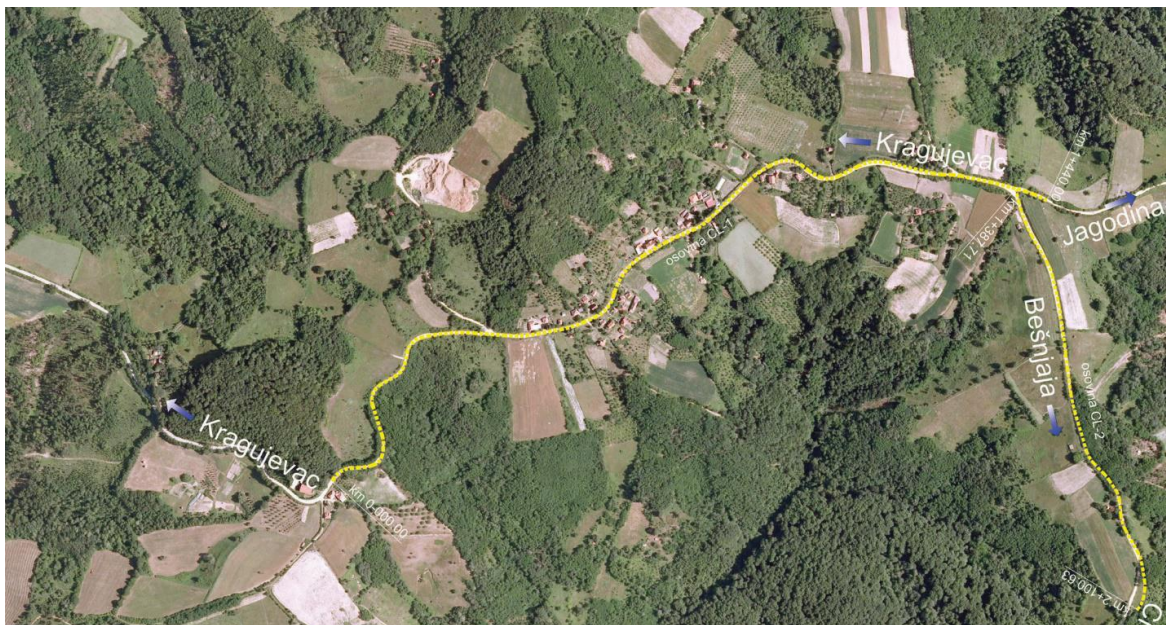


Figure 1 Map of the planned road reconstruction Bešnjaja

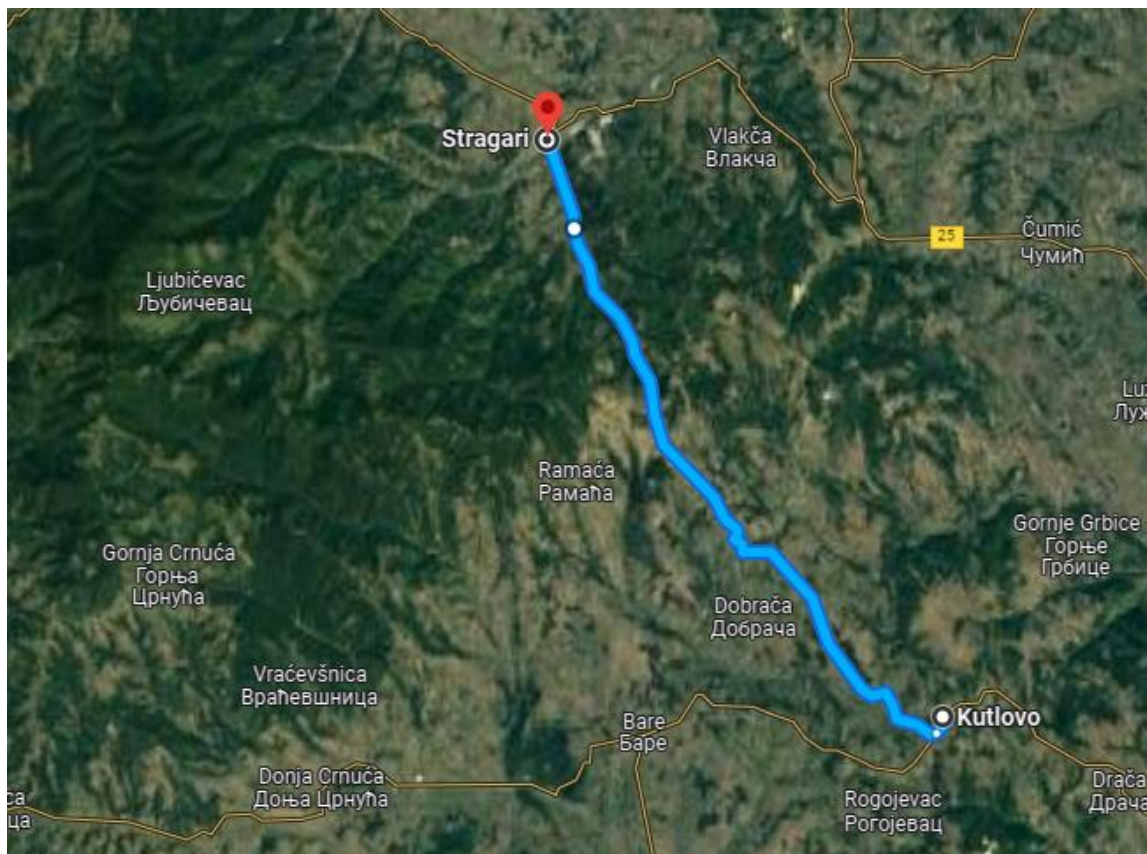


Figure 2 Map of the Stragari – Kutlovo route of planned for reconstruction

The Project is categorised “B” in accordance with the EBRD Environmental and Social Policy (ESP) (2019).

The responsibility for implementation of the Tranche 2 Project is split between two entities - District Heating Company Energetika for issues related to the ash stockpile management, and the City of Kragujevac for the activities related to the reconstruction of the designated roads. Two main entities on behalf of the City of Kragujevac were identified as responsible for the Project activities, namely - Administration for Property Affairs, Urban Planning, Construction and Legislation responsible for the land acquisition process (if it turns out to be necessary) and implementation of this Land Acquisition Framework and Administration Department for Investment responsible for management of investment projects delivered by the City of Kragujevac. As this document explains in detail land acquisition process, in further text only the Administration for Property Affairs, Urban Planning, Construction and Legislation will be referred to as “the City of Kragujevac” as the relevant institution for undertaking the land acquisition process.

Project Implementation Unit (PIU) for both Parts of the Project has been established, with representatives of Ministry of Environmental Protection, City of Kragujevac and Energetika named as members of PIU. PIU will facilitate all activities related to the Project and will support the City of Kragujevac in their land acquisition undertakings.

This Land Acquisition Framework (LAF) outlines a systematic approach to land acquisition which will assist the City of Kragujevac and PIU through the process and serve as a basis for the preparation of Land Acquisition Plan. The document also includes a grievance mechanism for stakeholders to raise any concerns about the Project.

The responsibility for implementation of this LAF lies with the City of Kragujevac which will be supported by the designated PIU.

1.2 Land use context

According to the currently available information, reconstruction of the existing road to Bešnjaja is planned in a length of 2.1km. It is proposed to incorporate the ash from the thermal power plant Energetika into the road

body, in accordance with the Regulation on technical and other requirements for ash, as a construction material intended for use in the construction, reconstruction, rehabilitation and maintenance of infrastructure facilities of public use (Official Gazette of the RS, No. 56/ 2015).

Reconstruction of up to 15.5km of the Stragari - Kutlovo road is planned, and the exact length will depend on the final design solution. The Preliminary Design will provide more detailed information about the total consumption of the ash (fly ash and bottom ash) deposited within the Energetika complex, currently approximated to 66,000t. As per the information available at the time of writing of this Framework, only up to 70% of the deposited ash is expected to be utilised during the reconstruction of the two roads selected for the Tranche 2 of this Project. The preferred option for ensuring that full quantity of deposited ash is reused will be to identify additional road sections where ash can be utilised during reconstruction.

It is currently expected that there will be no major changes to the route alignment. Only minor road windings on certain parts of the sections can be expected. Considering roads designated for reconstruction are surrounded by the privately owned land plots mostly used for agricultural activities and that in certain areas they pass through the settlements (see Figure 1 – Map of the planned road reconstruction Bešnjaja and Figure 2 – Map of the Stragari – Kutlovo route of planned for reconstruction), reconstruction activities may result in a need for land acquisition.

Design for building permit for the reconstruction of the 2.1 km long section of the Besnjanja road also indicates that expropriation would be needed. For the 15km road section Kutlovo - Stragari, the design is still under preparation. The Consultant is currently investigating the possibility of completely avoiding the expropriation during road reconstruction activities. If this is not feasible, it will be aimed for the road widenings to avoid populated areas where, beside land, auxiliary and residential structures could be affected. Nonetheless, the full extent of land to be acquired for the reconstruction work on both roads cannot be determined until the main design confirms the exact footprint of the selected sections of the roads.

Considering the extent of planned works for reconstruction of the sections within and the surroundings of the designated roads, it is safe to assume the Project will not result in significant adverse social impacts to local communities or other project affected parties and that there will be no involuntary resettlement or economic displacement. Nonetheless, since there is a possibility that the land acquisition will be required with the possibility to resort to expropriation, the EBRD Performance Requirements 5 is triggered which addresses, among other, impacts of project-related land acquisition including restrictions in land use. Consequently, this Land Acquisition Framework in line with the EBRD PR 5 has been prepared for the Project.

As already stated, detailed information on land needed for execution of the works is not available at the time of the preparation of this report, therefore, specific Land Acquisition Plan (LAP) can be developed only when more specific information is obtained. LAP should be developed based on LAF once the required level of information becomes available.

1.3 Principles and Objectives

The Consultant has prepared this Land Acquisition Framework (LAF) with the aim of outlining the general principles, procedures and entitlement framework with regard to the potential impacts of land acquisition required for the Project, in conformance with the national laws and EBRD requirements, in particular EBRD's Performance Requirement (PR) 5 of EBRD's Environmental and Social Policy (2019): Land Acquisition, Involuntary Resettlement and Economic Displacement.

This LAF is made to serve as additional guidance to bridge any gaps between the national legislation and the EBRD requirements related to the land acquisition and livelihood restoration.

This LAF serves as a basis for the development of detailed Land Acquisition Plan (LAP) for the Project, which will be developed once the exact nature and magnitude of the land acquisition or restrictions on land use related to the Project are known. The LAP will provide more precise details on the Project Affected People, the eligibility criteria and the procedures to be applied for the Project in line with this LAF and in compliance with EBRD PR5.

A sample annotated outline for LAP is provided in Appendix A of this document.

1.3.1 Guiding Principles of LAF

During implementation of the Project, the need for land acquisition will occur as a result of civil works planned under the Project. This document provides basic and binding principles to be applied in any and all cases of land acquisition (permanent or temporary) and all other adverse social impacts caused by Project implementation in any of its phases (such as economic displacement, etc.). These principles should govern all actions of the Project Implementation Unit and its representatives, contractors, and all other state and local institutions involved in the Project implementation. The fundamental principles guiding a land acquisition in this Project are:

- All land acquisition needs to be managed in accordance with national laws, EBRD PR5 performance requirements, accepted international best practices and provisions of this document. As a fundamental rule under this LAF, during the implementation of the Project, the policy that is most beneficial to the PAPs will always prevail.
- All loss of property shall be compensated at the value of replacement costs.
- Special support and concern in the land acquisition process, as well as during implementation of all phases of the Project under this LAF is provided for affected vulnerable groups (if any), according to their specific vulnerability.
- In accordance with this LAF, a LAP will be prepared once the detailed information on the privately-owned parcels that will be subject to expropriation, easement and lease is known. Both LAF and LAP will be publicly disclosed during public consultations held prior to their final approval to allow affected persons and stakeholders to participate in Project development, planning and implementation.
- During the Project implementation, stakeholders will be provided with full information about their grievance rights, possibilities and procedures. All grievances will be taken into account during Project implementation and resettlement activities.

Objectives of LAF

The main objective of LAF is to define overarching principles, procedures, actions, organizational structures and capacity requirements during resettlement and its impact attributable to Project implementation. It also provides the framework for the development of LAP under the Project. LAF specific objectives are:

- to classify the Republic of Serbia (RS) legal solutions in all events of land acquisition, including legal and administrative procedures and compensation paid for loss of assets; compare them to EBRD PR 5 performance requirements and international best practices; and provide the way to bridge the gaps, if any;
- to identify key institutions of RS involved in Project implementation, including especially legally authorized state institutions implementing the procedures and safeguards of land acquisition; who can support the Project Implementing Unit and the City of Kragujevac to implement measures and monitoring in order to provide compliance with PR 5, international best practices, this LAF and LAP;
- to identify stakeholders and ways of their engagement in course of Project implementation;
- to present PAPs eligibility criteria and compensation entitlement matrix according to type of lost assets;
- to define the process of identification and evaluation of affected assets and the value of compensation to replace the loss of assets;
- to provide procedures that allow prompt and effective compensation at full replacement cost for loss of assets or access to assets;
- to describe mitigation measures under this LAF and LAP, including procedures in order to minimize impacts on PAPs during Project implementation, including specific mitigation measures provided for vulnerable groups;

- to define grievance and complaint rights, process, bodies and procedures available to PAPs during the whole course of Project implementation, including feedback reporting;
- to describe and provide directions for preparation of LAP and approval procedure, future LAP outlines and their implementation process;
- to specify the requirement for public disclosure, disclosure of documents, public and local community involvement in all phases of Project preparation; including during LAP development;
- to specify monitoring activities during all phases of the Project.

1.3.2 Development of LAP and implementation

Based on this LAF and considering the extent of the impact in terms of land acquisition, a LAP will be prepared for the Project. The objective of the LAP shall be to specify what procedures to follow and what specific actions to take to properly acquire land and compensate people affected by the Project. Assuming only minor land acquisition or restrictions on land use, as a result of which there will be no significant impact to livelihoods, in accordance with PR5, the plan will establish eligibility criteria for affected persons, set out procedures and standards for compensation, and incorporate arrangements for consultations, monitoring and addressing grievances.

The actions from the LAP will allow and provide for adequate participation of the affected people in the displacement process, consultation during all phases and full functioning of the grievance mechanism. LAP shall be based on up-to-date and reliable information about the proposed land acquisition.

Implementation of LAP is an obligation of the City of Kragujevac with support of the PIU. They shall monitor overall implementation, collaborate with the affected communities where construction works and construction related activities are taking place, collaborate with contractors and disclose information to PAPs and communities.

2. National legal framework and EBRD requirements

2.1 National Legal Framework

The key laws directly regulating the field of land acquisition/expropriation in the Republic of Serbia are:

- Law on Expropriation ("Official Gazette of the Republic of Serbia", No. 53/95, "Official Gazette of the FRY", No. 16/2001 - decision of the Constitutional Court and "Official Gazette of the Republic of Serbia", No. 20/2009, 55/2013 - decision of the CC and 106/2016),
- Law on Forests ("Official Gazette of RS", No. 30/2010),
- Law on Agricultural Land ("Official Gazette of the Republic of Serbia", No. 62/2006, 65/2008 - other law, 41/2009 and 112/2015),
- State Geometry and Cadastre Act ("Official Gazette of the Republic of Serbia", No. 72/2009, 18/2010, 65/2013 and 15/2015 - decision of the C.C.),
- Water Act ("Official Gazette of the Republic of Serbia", No. 30/2010),
- The Law on Public Property ("Official Gazette of the Republic of Serbia" No. 72/2011, 88/2013 and 105/2014),
- Law on Planning and Construction ("Official Gazette of the Republic of Serbia" No. 72/2009, 81/2009 - exp., 64/2010 - decision CC, 24/2011, 121/2012, 42/2013 - decision CC, 50/2013 - decision CC, 98/2013 - decision CC, 132/2014 and 145/2014),
- Law on the Basis of Ownership Legal Relations ("Official Gazette of the SFRY", Nos. 6/80 and 36/90, "Official Gazette of FRY", No. 29/96 and "Official Gazette of the Republic of Serbia", No. 115/2005).

The Law on Expropriation guides the process and serves as a general framework for expropriation in the Republic of Serbia. Its most important features are as follows:

- ensure simple, efficient process, reducing as far as possible the need for a lengthy judicial process to facilitate necessary expropriation.
- provide the fair value for the affected land and assets, as determined by the Tax Administration, on behalf of the “Beneficiary of Expropriation”. The value is assessed on the basis of current market price;
- in cases of privately-owned agricultural land, and if comparable land of the same type and quality, or the appropriate value, in the same area or vicinity, offer it to the Project Affected Person with formal title;
- the comparability of land is determined on the basis of an assessment of the available public land, by an accredited expert hired by or upon proposal of the Beneficiary of Expropriation;
- if the project affected person does not opt for land-for-land compensation they are offered cash; If the Project Affected Person wishes to challenge the assessment of “fair value” they can resort to the judicial process;
- in cases of project affected persons, without formal title, who has built a permanent structure without a formal building permit, compensation can be paid if decided by a Court under the Law on Fundamentals of Property Relations, in terms of the investment made and as determined by an accredited expert.
- in cases of partial expropriation and if the project affected person determines that the remaining part is unviable, i.e. there is no economic interest to it, they can submit a request for the acquisition of the unviable part. This only refers to the parcels that are subject to permanent expropriation. The accredited expert decides on the merits of such requests.

2.1.1 The Process of Land Expropriation

Permanent Expropriation

As previously explained, the Law on Expropriation guides the process and serves as a general framework for expropriation in the Republic of Serbia. The expropriation process can be summarized to the following steps:

1. Establishment of the Public Interest

The City of Kragujevac, as the beneficiary of expropriation (the Beneficiary), sends the proposal for the establishment of public interest to the Government of the Republic of Serbia through the Ministry of Finance. The proposal contains information on the type of facility which construction is planned, type of works to be carried out, information on the land required for the construction and excerpt from the relevant spatial plan. Government is obliged to decide on the proposal for determining the public interest within 90 days and publish the decision on establishing the public interest in Official Gazette.

2. Submission of proposal for expropriation

The proposal for expropriation is prepared by the Beneficiary and submitted to the municipal administration of the municipality where the parcels affected by expropriation is located, within one year from the day of establishing the public interest. In this case, the City of Kragujevac is both the Beneficiary and the entity responsible for the affected parcels. The proposal contains:

- Information on the City of Kragujevac as the beneficiary of expropriation
- Information on the affected property and its location
- Information on the owner of the affected property and excerpt from land registry books
- The purpose of expropriation and proof of established public interest

3. Adoption of a decision on expropriation

Decision on expropriation is adopted based on the proposal for expropriation. Before the decision is adopted, the owners of the affected property are consulted about any information on the property that should be taken into account during the process of expropriation (e.g. existence of crops, structures, etc.). The property owners are hereby also informed on the possibility to submit the request for the acquisition on the remaining, unviable part of the parcel.

Publicly owned property rights are transferred to another public owner (administrative transfer) by a decision of the municipal administration and based on the established public interest.

4. Determining the amount of compensation for the expropriated property

The City of Kragujevac, as the beneficiary of expropriation, is obliged to prepare a written offer on the amount of compensation not later than 15 days after the decision on expropriation is adopted.

As per the legislation of the Republic of Serbia, the price of land is determined by the tax authority. The City of Kragujevac tax administration provides estimates of market value of land subject to expropriation, based on the price of land recorded within the private transactions of ownership, in the municipality or in the area closest to the parcels which are subject to expropriation.

Compensation for affected structures is based on individual valuations conducted by certified valuation experts to determine the market value of the property, i.e. the amount needed to re-establish the same structure within the area.

The compensation rate for crops/plants is determined in accordance with the Expropriation Law by an accredited expert, who considers the value of crops and time required to reproduce them, fruit bearing trees and the value of the harvest, including the value of time needed to reproduce such a harvest, the replacement cost (e.g. input, labour) to re-establish vineyards and orchards until they reach full yielding potential etc.

5. Submission of the compensation offers to the owners of affected property

Based on the prepared offer, the City of Kragujevac, as the entity with the jurisdiction over the area where the land will be expropriated, guides the expropriation process and provides the owners of the affected property with written offers on the compensation amount for the land, plants and structures and the owners either agree with the offered compensation and sign the compensation agreements, or they reject the offers and initiate court procedures.

6. Entry into possession of the expropriated property

The City of Kragujevac, as the beneficiary of expropriation, acquires the right to take possession of the expropriated property on the day the decision on compensation becomes final, i.e. on the day of concluding the agreement on compensation for expropriated property.

Easement and Lease (Temporary Expropriation)

Based on the public interest, easement and lease of property can be established over a certain period of time, that does not last longer than 3 years. After the expiration of the period for which the temporary expropriation was performed, the beneficiary of expropriation is obliged to return the land to its original condition.

The compensation for easement and lease is determined in the amount of the rent on the market for the similar land closest to the parcel that is subject to temporary expropriation. The compensation is disbursed in the form of a lump sum, for the entire duration of the lease, or in occasional payments, which are paid at equal intervals.

If any real damage is inflicted to the parcel, the compensation is provided to cover that cost as well.

2.1.2 Key Institutions in the Process of Land Expropriation and Resettlement

Institutions that may be involved in the land acquisition process, including the legal expropriation process, are presented in the overview below. These institutions have assigned responsibilities and arrangements for implementing the requirements of this LAF and the LAP itself.

Institutions	Key responsibilities during resettlement/expropriation
General assembly of RS	Declares public interest by law
Government of RS (GoRS)	Declares public interest for expropriation (if not done by law as above)
Ministry of Construction, Transport and Infrastructure	Proposes, prepares and coordinates RS spatial plan and regional planning documents Manages the register of spatial plans
The City of Kragujevac	As the beneficiary of expropriation: applies and coordinates all resettlement activities under this LAF and LAP discloses Cut-off date in public announcement , as part of expropriation process; prepares the LAP and other documents; Implements the LAP; discloses LAF, and all other documents; holds public consultations in all Project phases engages relevant stakeholders; applies resettlement mitigation measures establishes and administrates the grievances mechanism to redress all grievances from PAPs and other stakeholders monitors and evaluates process of land acquisition prior review and approvals of negotiated agreements between contractors and land owners impacted by temporary land-occupation monitors the process of temporary land occupation until the land is given back to their owners in accordance with this LAF reports to EBRD on all issues under this LAF Beneficiary of Expropriation (BoE) manages the process of evaluation of expropriated property and pays compensation for the expropriated assets and if needed, additional compensation and/or resettlement assistance to bridge the gap with PR 5
Tax Administration Offices	Determines the assessment of agricultural land (if replacement land cannot be found which is most often the case) and construction land. The local tax administration office in the municipality will review the most recent and nearest sale purchase agreements concluded and will determine the market price. Before, it was a practise for people to underreport the sale / purchase prices to lower their taxes. In recent years however, since the introduction of public notaries in Serbia, underreporting became more difficult, leading to more realistic prices reviewed and determined by the tax administration.
Accredited experts (appointed by or at proposal of the beneficiary of expropriation)	Valuation for all types of land, structures, and any attachments to the land
Local-Self Governments, including their administration	Local municipalities conduct the expropriation process (Department of property-legal affairs) – in this case The City of Kragujevac through their Administration for Property Affairs, Urban Planning, Construction and Legislation
Ministry of Agriculture, Forestry and Water Management	Provides information about available replacement land
Republic Geodetic Authority, State Cadastre of immovable property, decentralized units	Provides official information on all immovable, including land, structures, houses, etc. Provides official legal information on owners of immovable properties Provides information on possessors of immovable property Includes annotation of expropriation process Executes legal title changes of immovable property owners after land acquisition, expropriation etc.

Institutions	Key responsibilities during resettlement/expropriation
Relevant municipal courts	Determines compensation if amicable agreement has not been reached

2.2 EBRD Requirements

The Project has been screened as a Category B project under EBRD's Environmental & Social Policy 2019.

The Project needs to meet the requirements for land acquisition, involuntary resettlement and economic displacement as specified in the EBRD Environmental and Social Policy (2019) and Performance Requirements (PRs), specifically:

- PR 5 Land Acquisition, Involuntary Displacement & Economic Displacement
- PR 10 Stakeholder Engagement

The full text of the EBRD policy can be found at

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

2.3 Key differences between local legislation and PR5

Projects, which are fully or partially sponsored or funded by support of EBRD, where land acquisition and involuntary resettlement is required are subject to PR 5 performance requirements. These policies are not restricted to case of physical resettlement, but also to economic displacement consequential from land acquisition or restricted access to resources (land, water, or forest), resulting from Project implementation or its associated facilities. EBRD PR 5 applies to all components of the Project causing involuntary resettlement, regardless of the source of Project component funding. It further applies to other activities that cause involuntary resettlement, which are directly and significantly attributable to this Project, necessary to be accomplished according to the goals defined in Project documents, and implemented, or are planned to be implemented with the Project.

The requirements of national legal regulations regarding expropriation in the Republic of Serbia are, to a great extent, in line with the requirements of EBRD Performance Requirements 5. The main discrepancies identified are listed below. The legislative framework of the Republic of Serbia does not contain provisions regarding the early engagement of stakeholders, or their empowerment to participate in the decision-making process during the expropriation. Persons who will be formally affected by the expropriation process usually receive the first information about this through the announcement of the public interest:

- The legislative framework of the Republic of Serbia provides for fair compensation for the project affected land, facilities and crops, but it does not take into account depreciation. The law does not envisage any additional assistance or compensation during and after relocation, other than the replacement cost. The owners do not get any support for re-establishing their assets (no fast track administration procedure for permits, licenses or utility connections). The right to compensation is provided only to formal owners and users, while informal owners or users can receive compensation only if they meet specially prescribed conditions.
- Apart from the preparation of Expropriation Studies with a list of formal owners and their property, the legislation does not provide for the compilation of other documents that would eliminate or reduce the adverse socio-economic impacts related to expropriation.
- The legislative framework of the Republic of Serbia does not contain special requirements for vulnerable groups.
- The legislative framework of the Republic of Serbia acknowledges the PAPs' right to appeal at different stages of the expropriation procedure, but there is no requirement for the establishment of grievance mechanism.

Full gap analysis between applicable requirements is available in Gap Analysis A.3.

3. Eligibility, Evaluation and Entitlement

At the time of preparation of this LAF, the Project designs for roads reconstruction were not completed and therefore, the impact from the land acquisition could not be fully assessed.

It is expected that the parcels affected by the Project will be required for the widening of the designated sections of the Besnjaja and Stragari – Kutlovo roads. Additional land may be required by the contractor for borrow pits, storage areas, etc., which is expected to result in temporary land acquisition only.

Privately owned parcels, most probably all being arable land, will be subject to both permanent (for road widenings) and temporary expropriation (easement and lease for temporary activities). The temporary occupied parcels will be returned into their original state after the works are finalised. Additionally, crops and perennial trees, as well as some auxiliary structures and rural infrastructure may be impacted. The process may affect access to arable land, however, it is not expected that the Project will cause physical displacement or that it will affect business structures.

This LAF has been prepared to capture the entitlements based on the estimated impacts.

3.1 Persons and Entities Eligible for Compensation and Assistance

According to this LAF, the following persons and entities are entitled to compensation as prescribed in the LAF, if present in the Project area prior to the cut-off date:

- Persons or legal entities who are formal owners of any affected property
- Persons or legal entities that are recognized users under the provisions of RS laws of any affected property
- Persons or legal entities who are formal lessees of any affected property
- Persons that are users of affected property but have no legal rights to the property – informal users;
- Persons or legal entities owners of the crops that are affected by the Project (regardless of the status of land where it is planted);
- Persons or legal entities owners of the perennial plants and trees such as fruit bearing trees and vineyards, that are affected by the Project (regardless of the status of land where it is planted);
- Persons or legal entities owners of vineyards and orchards that have not given yield yet, and are affected by the Project (regardless of the status of land where it is planted);
- Persons or legal entities owners of the nursery which has not given yield yet, and are affected by the Project (regardless of the status of land where it is planted);
- Persons or legal entities owners of the structures affected by the Project (auxiliary buildings, fences, wells, irrigation systems, etc.) regardless of the status of land on which the structures are located
- Communities or households whose access to their land, commonly held resources and amenities are affected by the Project;
- Vulnerable groups, and individuals belonging to those groups affected by the Project;
- Persons or legal entities whose losses cannot be determined or foreseen at this stage of the Project .

3.2 Cut-off Date

The cut-off date is a moratorium date for all claims against the property within the Project affected area. Persons encroaching into the Project area after the Cut-off date are not eligible for compensation or for any other mode of displacement assistance. Also, any investments in fixed assets (such as structures, crops, fruit, trees, woodlots, etc.) as a result of activities incurring after the Cut-off date will not be eligible for compensation. This cut-off date policy will not include persons who became owners of a property after the

cut-off date by court decision if the court case existed prior to cut-off date. The Cut-off date provisions counters opportunistic claims from those moving into the Project area solely in anticipation of benefits.

The submission of Proposal for Expropriation by the Beneficiary will be considered as the cut-off date on this project.

3.3 Associated Considerations for entitlements

Rehabilitation of Temporarily Occupied Land

All land temporarily occupied under agreement for the Project will have to be fully rehabilitated and reinstated once the contractual period for land use has ended. This means that all sites will be cleared of waste and that all equipment will be removed. It may also include topsoil conservation in some areas to preserve the quality of the affected land, which will be the responsibility of awarded Contractors and monitored by PIU and the City of Kragujevac. Undertaking these measures and considering that potentially affected parcels are mostly used for the cultivation of annual planting, it is expected that the owners and users will be enabled to continue to use the land in the same way they used it before the implementation of the Project.

Assistance for Vulnerable Groups

Socio-economic survey should aim to identify any vulnerable persons that are or will become vulnerable during the project implementation. Various characteristics can be used as indicators of vulnerability: employment, age, sex, health, household size and structure, access to lifelines, etc. It is important to note that, although the project affected population might have the similar characteristics, not everyone experience the same level of vulnerability, as not everyone experience the same exposure to the project related change, nor have the same coping capacities.

Particularly vulnerable groups include:

- Elderly/Pensioners
- Persons with disabilities
- Minority communities
- Persons receiving income support
- Illiterate persons.

Specific measures to assist any vulnerable groups identified during the preparation of LAP will be defined in accordance with their needs.

Currently, based on expected impacts, no economic displacement nor significant impacts to livelihoods are foreseen. However, if during project implementation this changes, LAP will be revised to include the appropriate mitigation measures to tackle these issues.

3.4 Entitlement Matrix

Type of loss	Person with rights	Compensation policy
A – ECONOMIC DISPLACEMENT		
LAND		
Agricultural land – permanent land acquisition	Owner with formal title (including those that have a claim to land that is recognised or recognisable under national laws)	Replacement land of equal or higher value and similar productivity in direct proximity or in the surroundings of the expropriated land together with all costs of resettlement and administrative fees needed for transfer of ownership rights, if any. Or Cash compensation at replacement costs: market price of property + market price for improvements + labour and time to install improvements at market price + moving costs + registration, administrative and tax fees.
	Lessee with valid documents of the right of lease who cultivates agricultural land pursuant to agreement	Compensation for all improvements made to the land (such as irrigation). Compensation will be paid at replacement cost: market price for improvements + labour and time to install improvements at market price + costs of equipment relocation and installation, if any. and Replacement land for lease, if land was leased from state, if possible
	PAPs without formal title (in possession of land prior to cut-off date)	Compensation for all improvements on land (such as irrigation). Compensation will be paid at replacement cost: market price for improvements + labour and time to install improvements at market price + costs of equipment relocation and installation, if any + transitional allowance and Replacement land for lease from state, if possible
	Lessee with valid documents of the right of lease	Compensation at replacement cost: market price for improvements (such as infrastructure) + labour and time to install improvements at market price + moving costs + registration of ownership, administrative and tax fees, if any + transitional allowance + compensation for all rent paid in advance, for the period not expired And Replacement land for lease, if land was leased from state, if possible

Type of loss	Person with rights	Compensation policy
	PAPs without formal title (in possession of land prior to cut-off date)	Compensation: market price for improvements (such as infrastructure) + labour and time to install improvements at market price + moving costs + registration of ownership, administrative and tax fees, if any + transitional allowance And Replacement land for lease, from state, if possible
Unviable land (in case the remaining area of land is not viable, it can be expropriated upon PAPs request) (applicable only for permanent land acquisition)	Property owners, lessee or users regardless of their formal title or rights on private or publicly/state owned agricultural or construction land	Compensation according to type of property, defined the same way as above, in this section PAPs can submit the request for expropriation of the remaining area of land if is not viable two years after the construction works are finalised.
Agricultural land – temporary land acquisition (easement and lease)	Owner with formal title (including those that have a claim to land that is recognised or recognisable under national laws)	Compensation in the amount of the rent on the market for the similar land closest to the parcel that is subject to temporary expropriation
	Lessee with valid documents of the right of lease who cultivates agricultural land pursuant to agreement	
	PAPs without formal title (in possession of land prior to cut-off date)	
	Lessee with valid documents of the right of lease	
	PAPs without formal title (in possession of land prior to cut-off date)	
PLANTS AND STRUCTURES ON AGRICULTURAL LAND (but not physical relocation because this that kind of impact is not envisaged on this Project)		
Loss of annual crops, that could not have been harvested prior to land repossession	Owners of crops (it is not of importance if the owner of crops is owner of land, or lessee, or informal owner/user of land providing that they bore costs of planting crops or acquired ownership in some other, recognizable way)	Cash compensation at replacement cost: market value of expropriated crops decreased by costs of harvesting crops

Type of loss	Person with rights	Compensation policy
Loss of perennial plants and trees (fruit bearing trees, vineyards and fruit bearing plants)	Owners of plants (it is not of importance if the owner of plants is owner of land, or lessee, or informal owner/user of land providing that they bore costs of planting or acquired ownership in some other, recognizable way)	The right to harvest fruits and Cash compensation at replacement cost: market price of seedlings on the basis of type, sort and productive value + the net loss for the time needed to grow such plants according to year production market value + costs of investment (labour force, soil preparation etc.) to plant a new vineyard, orchard or similar + transitional allowance
Affected vineyards and orchards not yet fruit bearing		Cash compensation at replacement cost: market price of seedlings on the basis of type, sort and productive value + the net loss for the time needed to grow such plants according to year production market value + costs of investment (labour force, soil preparation etc.) to plant a new vineyard, orchard or similar + transitional allowance
Wood mass (mature or nearly mature)		Cash compensation at replacement cost: market price of wood determined based on the value of the “wood on the stump” + transitional allowance
Nursery not yet yielding		Cash compensation at replacement cost: investment in planting material (seedlings, labour and other reproductive material) + net loss for the time needed to grow same nursery + transitional allowance
All immovable property on land (such as irrigation, fences, wells, etc.).	Owners of improvements (it is not of importance if the owner is an owner of land, or lessee, or informal owner/user of land providing that they bore costs of improvements)	Cash compensation at replacement costs: market price for improvements + labour and time to install improvements at market price
B – OTHER RESETTLEMENT SITUATIONS		
Loss of access to usual resources, amenities, community held resources and buildings	Communities or households	Renewing public ownership or services (irrigation system, roads, buildings of public interest or similar). Restoring access to conveniences or services to previous levels.
Impacts caused by temporary or partial occupancy of land and any damages to the property made during temporary occupancy	Property owner (including those that have a claim to land that is recognized or recognizable under national laws)	Market price of lease for duration of the occupancy + Replacement cost value in accordance with this matrix for affected crops, orchards, nurseries etc. + Compensation for any damages to the property evaluated at replacement cost And; The land must be returned to original condition. Improved quality of the land due to top soiling work should not be removed, except if agreed upon differently with owner.

Type of loss	Person with rights	Compensation policy
	PAPs without formal title (in possession of land prior to cut-off date)	Compensation for all improvements on land (such as irrigation). Compensation will be paid at replacement cost: market price for improvements + labour and time to install improvements at market price + costs of equipment relocation and installation, if any + transitional allowance + Replacement cost in accordance with this matrix for affected crops, orchards, nurseries etc. and Replacement land for lease from state, if possible.
Impact on vulnerable groups	Vulnerable persons, belonging to VG, with social status that may lead to more adverse effect by resettlement than others or who may be limited in their ability to claim or take advantage of resettlement assistance and related develop	On top of all rights defined in this matrix, vulnerable PAPs will be provided additional assistance including legal assistance and help during physical relocation (not foreseen in this Project though). Any additional support required for any affected vulnerable households will be determined on case-to-case basis during socio-economic survey. These PAPs are given priority of employment on the project if that is possible.
Undetermined impact	Any person affected by impact	Any undetermined impact will be mitigated in accordance with principles and aims of this LAF

4. Grievance Redress Mechanism

Respecting the grievance panels and its authorities made available under the national legislation, a Project Specific Grievance Mechanism shall be designed for the Project.

Project-specific grievance form and contact details for submitting grievances will be displayed on the City of Kragujevac website (<https://www.kragujevac.rs/>). The form will also be available in the company Consumer Centre alongside with a grievance box, to allow PAPs who personally come to the City of Kragujevac office to submit their grievances. Individual responsibilities in the grievance redress system will be included in future information packages. One person shall be appointed as an outreach specialist to oversee the stakeholder engagement and grievance management and coordinate activities as per the schedule and list of activities.

Any person or organisation may send comments, complaints and/or requests for information in person or via post, telephone or email using the contact information provided on the City of Kragujevac website, at the affected local communities notice boards and site offices (if these are envisaged).

Grievances will be collected during the pre-construction phase, during the reconstruction works, and also during the operation phase of the reconstructed roads. The mechanism will allow that complaints are raised anonymously. Raising grievances will not incur any costs for the grievance holder. All grievances, whether they are received verbally or in writing, should be categorized and recorded in the Grievance Log Register. The Grievance Log register will have all necessary elements to disaggregate the grievance by gender and vulnerability status of the person logging it as well as by type of grievance.

Each grievance will be recorded in the register with the following information:

- name and contact details of the grievance holder, if the grievance is not raised anonymously,
- description of grievance,
- date of receipt / acknowledgement returned to the complainant,
- description of actions taken (investigation, corrective measures) and how were they communicated to the grievance holder,
- date of resolution and closure,
- provision of feedback to the complainant and their response (satisfied/dissatisfied),
- whether long-term management actions have been taken to avoid the recurrence of similar grievances in future, if applicable.

All information on the grievance holder will be treated with confidentiality.

The reception of grievance should be formally acknowledged through a personal meeting, phone call, email or letter as appropriate within 7 working days from submission, if the contact details of the grievance holder are provided. If the grievance is not well understood or if additional information is required, clarification will be sought from the complainant at this time. The person/organization that submitted the grievance should be provided with contact information of the person responsible for its resolution and the estimated time for completion. If any grievance cannot be addressed or if action is not required, a detailed explanation / justification will be provided to the complainant on why the issue was not addressed. The response will also contain an explanation on how the person / organization that raised the complaint can proceed with the grievance in case the outcome is not satisfactory. For complex grievances a conflict resolution committee can also be established (to include top management, other departments, external consultants).

All grievances will be responded to within 30 working days from submission. In case of delay, complainants will be notified about the reasons for the delay and the expected timing for when their grievance will be addressed. The proposed resolution should be confirmed with the complainant before implementation to minimise unnecessary/unwarranted actions. If they agree with the approach required actions are implemented to deal with the issue. Completion of actions is recorded in the Grievance Log Register. The response is

signed off by the appropriate manager. This includes either signing off the Grievance Log Register or confirming in official correspondence (which will then be filed with the grievance to indicate agreement and referenced in the register).

Following the implemented actions, it should be confirmed with the complainant that they are satisfied with the outcomes. Any further response from the complainant should be in order to assess whether the grievance is closed or whether further action is required. If they are unsatisfied with the proposed action or with the final outcome, the complaint should be reviewed once again. The grievance resolving process is presented in the Figure below.

At all times, complainants are also able to seek legal remedies in accordance with local laws and regulations.

The overall responsibility over implementation of this framework throughout the preparation of Land Acquisition Plan lays with the City of Kragujevac with support of PIU. Contact information of City of Kragujevac and PIU focal person(s) will be published prior to the commencement of land acquisition process. As per Stakeholder Engagement Plan, grievances in relation to roads reconstruction activities will be addressed together with construction contractors. They will be required to operate the same system and address grievances in the same manner and according to the same standards as PIU and the City of Kragujevac. The Contractor(s) assigned for the roads reconstruction works will have Community Liaison Officer (CLO) appointed as a focal point, to liaise with local communities and collect their grievances related to construction activities and grievance management. Grievance management will be incorporated in monthly reports to the Supervising Engineer (if appointed), and further to the City of Kragujevac and the PIU. Residents of the affected communities will be informed about the CLO contact information before construction begins, through announcements in the premises of the local community offices and the media, where appropriate.

Quarterly progress reports on grievance management will be submitted from the assigned grievance personnel to the top management within the City of Kragujevac. The purpose of these reports would be to evaluate the grievance process and determine additional actions if necessary. Additionally, the report would provide the overview of the number and type of grievances allowing the management to take broader actions to solve underlying problems. If required, these reports could also be used for regular reporting to the bank.

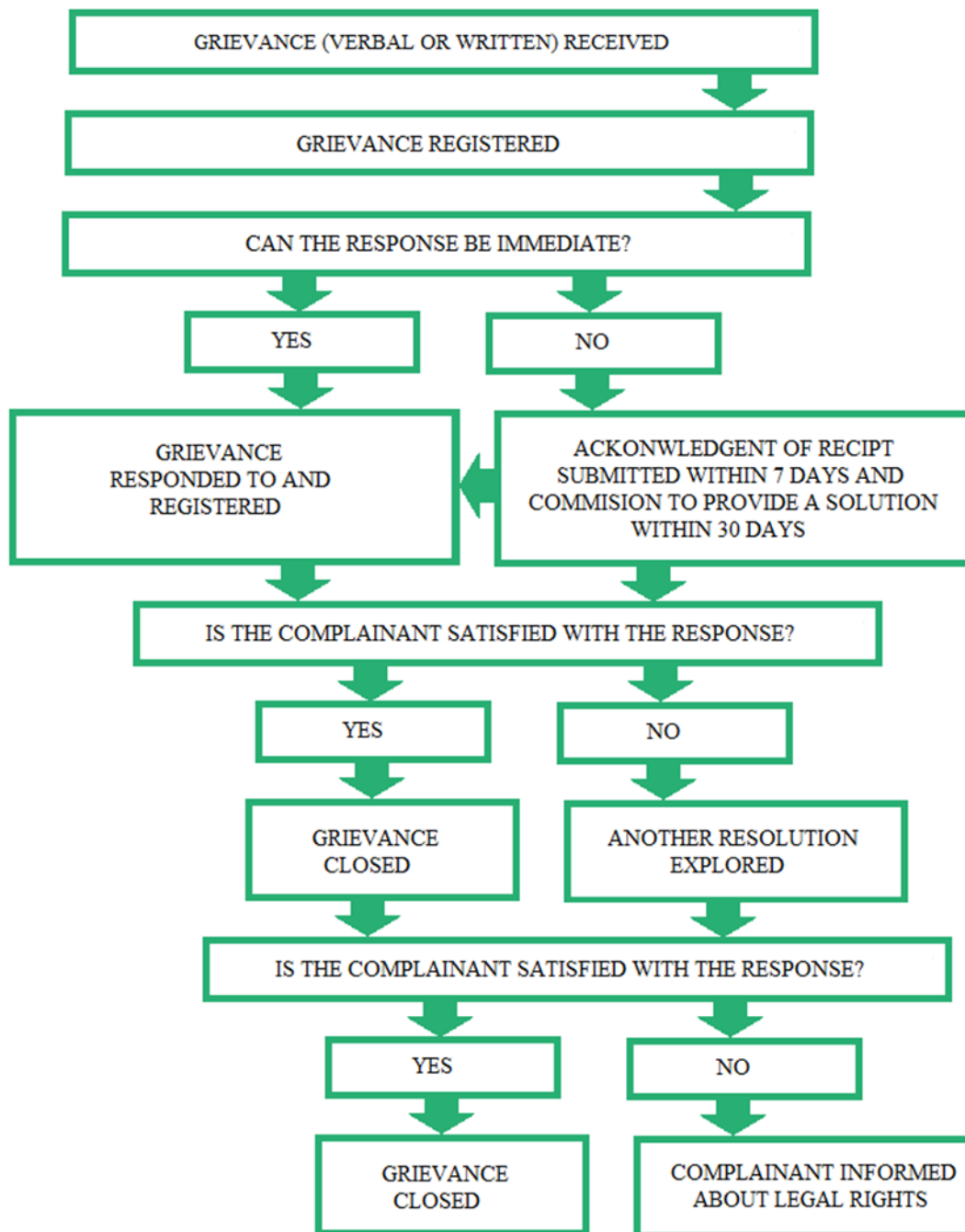


Figure 3 Grievance Resolving Process

5. Consultation and Disclosure

5.1 Disclosure of Documents

All documents identified for public disclosure will be prepared and published in Serbian and English language. As per the EBRD requirements, the Project disclosure package, which includes this LAF, will be publicly disclosed.

Project disclosure package and any updates must be available to the public throughout the duration of the Project including its evaluation. Versions in Serbian will be published on the websites of the City of Kragujevac, Energetika, and the Ministry.

All announcements in local newspapers and media will be made in Serbian in non-technical vocabulary. All documents shall be presented to PAPs in the process of expropriation, particularly to vulnerable groups. Project impacts to their property and their rights must be explained, as mentioned in previous chapters. Hard copies of the documentation shall be available within the City of Kragujevac offices. Project Implementing Unit, with support of the City of Kragujevac, the Ministry and Energetika is responsible for all disclosures of the documents.

Once prepared, Land Acquisition Plan will be made publicly available at the City of Kragujevac website, while hard copies of the documentation shall be available in their premisses.

General project leaflets will be developed and will contain a brief, non-technical overview of the Project, dates when the works are expected to commence, possible construction related nuisances, a description of the grievance management procedure and contact details for submitting grievances.

If land acquisition is required, prior to the commencement of any acquisition/expropriation, in addition to the general project leaflet, a simple Guide to Land Acquisition and Compensation (GLAC) will be prepared, which will, beside a general non-technical information regarding the Project also contain information on the land acquisition process including, cut-off date, compensation and other assistance, possible construction related nuisances regarding land occupation, a description of the grievance management procedure and contact details for submitting grievances.

These leaflets will be disseminated to residents living or working in the affected communities and all land owners before the construction commences.

5.2 Public Consultations

The City of Kragujevac with support of PIU will establish an ongoing relationship with the affected communities from as early as possible in the project planning process and will maintain it throughout the life of the Project.

The engagement process will ensure their meaningful consultation in order to facilitate a common understanding of the nature and duration of the impacts; informed participation on matters that affect them directly; proposed mitigation measures; sharing of development benefits and opportunities; and implementation issues. Further and more detailed information on public consultations is presented in the Stakeholder Engagement Plan.

The City of Kragujevac will publish a Project description which includes the grievance form and contact details for submitting grievances, on their website ([https:// www.kragujevac.rs //](https://www.kragujevac.rs/)).

In line with the construction timeline, and before commencement of the land acquisition process, the City of Kragujevac with support of the PIU will organise meetings in local communities and with the affected owners of land parcels along roads sections to be reconstructed where works will be carried out. The aim will be to consult with affected land owners and local community and present the land acquisition process, planned construction works, safety risks (during construction and operation) and expected construction nuisances, as well as foreseen mitigation measures and the grievance mechanism. These consultations will be supported by GLAC and general project leaflets.

These meetings will also serve as platforms for PAPs to ask questions and provide suggestions for further mitigation measures. The meetings will be announced through the local media, on the City of Kragujevac website and as recommended by local community representatives which will be contacted in advance (e.g. through letters, announcements on bulletin boards, by phone).

Land Acquisition Plan (LAP) will be publicly disclosed to the local communities prior to the start of construction works and no later than 14 days prior to public consultations and sufficient time shall be left for submitting remarks after public consultations. All public consultations shall be announced through local newspaper and media and on the internet portal of the city of Kragujevac.

The City of Kragujevac will continue to inform the public through its website, the media and in other appropriate ways on all significant project achievements and issues (environmental, H&S and social).

6. Monitoring and Evaluation

6.1 Institutional Monitoring

Efficient land acquisition depends on dedication and capacities of all institutions responsible for preparation and implementation of the process of displacement. The City of Kragujevac and their Administration for Property Affairs, Urban Planning, Construction and Legislation will appoint a person responsible for resettlement and preparation of the expropriation and resettlement process, to coordinate the activities of expropriation between the government agencies and ministries. If required, an external consultant will be appointed to assist.

The City of Kragujevac will also keep a database of resettlement and expropriation with all information about the affected persons and property (including contact information and vulnerability status), which would include all cases of expropriation and the stage of completion in the process of expropriation for each case (expropriation proposition submitted and/or signed, compensation offers prepared and/or delivered to PAPs, agreements regarding the compensation, compensation payment, additional assistance provided, grievances or initiated court procedures, etc.).

The monitoring responsibilities for the land acquisition process are shown in the table below.

Table 1 - Monitoring Responsibilities

Task	Responsibility
Disclosure of the LAF	City of Kragujevac
Public notification about the start of expropriation and associated actions during all phases of expropriation	City of Kragujevac
Communication and consultation with PAPs	City of Kragujevac
Activities prior to commencement of works	City of Kragujevac
Providing assistance during land acquisition	City of Kragujevac
Compensation payment, /Payment and/'or provision of additional assistance for bridging the gaps (national vs. EBRD standards)	City of Kragujevac
Grievances management	City of Kragujevac
Monitoring and reporting on expropriation	City of Kragujevac / External consultant
Monitoring and reporting during construction works	City of Kragujevac / External consultant

6.2 Monitoring of Land Acquisition Process

The City of Kragujevac, more specifically their Administration for Property Affairs, Urban Planning, Construction and Legislation will conduct internal periodical monitoring to ensure that efficiency of the expropriation process and level of satisfaction of PAPs could be assessed. The frequency of the monitoring will be adjusted to reflect the external reporting required by the financing institution and the stage of the expropriation process.

The key performance indicators to be collected through the monitoring process to access the land acquisition process, are as follows:

- Number of public discussions and consultations scheduled and held on the LAP and issue of LAP;
- Number of completed compensation payments;
- Number of access paths provided;
- Amount and type of assistances provided to vulnerable groups (if any present in the Project area); and

- Number and type of grievances, including legal actions arising from land acquisition and economic resettlement (submitted cases, resolved cases, time needed for their resolution).

The City of Kragujevac shall monitor the implementation of the land acquisition process through internal, official institutional arrangements and prepare quarterly summaries. Based on these quarterly reports the City of Kragujevac shall prepare a completion report within two months of completion of the land acquisition process to summarize the overall implementation and impacts. The report should verify that all physical inputs committed in the LAP have been delivered and all services provided. In addition, the report should evaluate whether the mitigation actions prescribed have had the desired effect.

6.3 Monitoring of Contractor(s)

The Contractor shall establish land entry and exit protocols with each landowner prior to entry of the land to commence any physical works. Protocols will consist of a tri-party agreement between the Contractor, the landowner and users (the municipality or other appropriate authority in the event of public land) and the City of Kragujevac.

These written agreements will be signed by the Contractor, the City of Kragujevac or Supervision representative and the land owner and users and document on entry (i) consent of landowners for land entry, (ii) inventory of crops before land entry, (iii) existing condition of the land to which it will be reinstated and on exit (iii) that reinstatement has been done to the satisfaction of the landowner, with reference to the entry protocol. Supporting geo-referenced photographs will be attached to the entry and exit protocols as evidence.

During reconstruction works, the Contractor may need to temporary occupy privately owned land (e.g. for storing the surplus earth material). This process is going to be managed by the Contractor, however certain provisions will be introduced in the works and supervision contracts to ensure the temporary lease of land does not negatively affect the landowners, and that restoring the land back into its original condition for future agricultural productions is secured.

The City of Kragujevac will include provisions in the Tender Documents which will subsequently be transferred into the Contract for Construction works setting as mandatory compliance with the provisions of this LAF and LAP that will be developed. Such arrangements shall be included in the Contract for Consultancy services also.

As a minimum, the Contractor will be obliged to notify the City of Kragujevac via the Supervision Consultant of any upcoming need for temporary occupancy of land along with the draft lease agreement with the landowner. The lease agreement will be subject to City of Kragujevac prior No Objection to ensure that the provisions of the contract follow the principles of this LAF and LAP to be developed.

The Consultant engaged to supervise the civil works will have the obligation to monthly monitor the implementation of these contracts (regular payment, restoration of land as per the lease contract once the lease has ended) and report back to the City of Kragujevac.

A.1 Structure of Land Acquisition Plan (LAP)

LAP Content

1. NON-TECHNICAL SUMMARY

2. SCOPE OF THE LAND ACQUISITION PLAN

3. PROJECT DESCRIPTION AND PROJECT POTENTIAL IMPACTS

4. LEGAL FRAMEWORK

5. PRINCIPLES, OBJECTIVES, AND PROCESSES

5.1. PRINCIPLES AND OBJECTIVES

5.2. PROCESS OVERVIEW

5.3. GUIDE TO LAND ACQUISITION AND COMPENSATION

6. AFFECTED ASSETS, AFFECTED PEOPLE AND ENTITLEMENTS

6.1. CENSUS OF AFFECTED ASSETS AND AFFECTED HOUSEHOLDS AND EXPROPRIATION STUDY

6.2. SOCIO-ECONOMIC BASELINE SURVEY

6.3. AFFECTED LAND

6.4. AFFECTED STRUCTURES

6.5. BUSINESSES

6.6. PEOPLE

6.7. ENTITLEMENTS

6.7.1. Eligibility to Compensation

6.7.2. Entitlement Matrix

7. RESETTLEMENT AND COMPENSATION

7.1. METHODS FOR VALUATION OF AFFECTED ASSETS

7.2. RESETTLEMENT

7.3. CASH COMPENSATION

7.3.1. Rates

7.3.2. Payment

7.4. ADDITIONAL ASSISTANCE

8. CONSULTATION AND DISCLOSURE

8.1. MAIN RESULTS OF CONSULTATION CARRIED OUT FOR PREPARING THE RAP

8.2. DISCLOSURE

9. GRIEVANCE MANAGEMENT MECHANISMS

10. VULNERABLE PEOPLE

- 10.1. IDENTIFICATION OF VULNERABLE PEOPLE
- 10.2. POTENTIAL ASSISTANCE ACTIVITIES TO VULNERABLE PEOPLE

11. MONITORING AND EVALUATION

12. IMPLEMENTATION RESPONSIBILITIES AND FUNDING

- 12.1. IMPLEMENTATION RESPONSIBILITIES
- 12.2. BUDGET
- 12.3. ARRANGEMENTS FOR FUNDING

A.2 Public Grievance Form

A.2.1 Public Grievance Form

Reference No:	
Full Name (not obligatory)	
Contact Information (Please note this information is not obligatory. Your grievance will be treated equally, however, no direct response can be provided.) Please mark how you wish to be contacted (mail, telephone, e-mail).	<input type="checkbox"/> By Post: Please provide mailing address: _____ _____ _____ _____ <input type="checkbox"/> By Telephone: _____ <input type="checkbox"/> By E-mail _____
Description of Incident or Grievance: What happened? Where did it happen? Who did it happen to? What is the result of the problem?	
Date of Incident/Grievance	
	<input type="checkbox"/> One-time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)
What would you like to see happen to resolve the problem?	
Signature: _____	
Date: _____	

Please return this form to:

CONTACT INFO	Energetika d.o.o. Kragujevac	The City of Kragujevac	Ministry of Environmental Protection	Future Contractor
<i>Full Name of the authorized person for handling requests for free access to information of public importance</i>	Jevtic Ivana	Jelena Timotijević	Aleksandra Tosic	<i>Contact details of the contractor(s) will be added once the contractor(s) have been identified</i>
Address	Ulica Prvoslava Rakovica 4a, Kragujevac	Nikole Pašića 6/2	Omladinskih brigada 1	<i>TO BE CONFIRMED</i>
Telephone:	0800 034-033 (free of charge) +381 34 336-238 +381 62 8491256	+381602340356	+381 11 312 00 51	<i>TO BE CONFIRMED</i>
E-mail address:	office@energetika-kragujevac.com ijevtic@energetika-kragujevac.com	jtimotijevic@kg.org.rs investicije@kg.org.rs kabinet@kg.org.rs	Kragujevac.toplana@eko.gov.rs	<i>TO BE CONFIRMED</i>
Web	http://energetika-kragujevac.com/ http://www.energetika-kragujevac.com/contact.php	https://www.kragujevac.rs/	https://www.ekologija.gov.rs/	<i>TO BE CONFIRMED</i>

A.3 Gap Analysis

For the most part the national legislation is in line with EBRD PR5. The table below refers only to the gaps between the resettlement solutions envisaged by national legislation and EBRD PR 5 policies, and the way these gaps will be bridged. The complete overview of entitlements, compensation and mitigation measures of adverse effects are provided in the Entitlement matrix in Chapter 3.4.

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Resettlement instruments, census and social impact assessment	The only document prepared is the Expropriation study which includes recording of the land parcels required for the Project and identification of owners through the cadastre. There is no socio-economic assessment or baseline collected	Preparation of this LAF, LAP, socio-economic baseline assessment and census survey.	LAP, Census Survey and Socio-economic impact assessments shall be prepared in addition to the national requirements.
Public consultations	The public in general is notified about the project through the process of general spatial or specific urban detailed plan approvals and/or Environmental impact assessment and presentation of the Expropriation study. However, there is no requirement to consult the potential PAPs directly prior to the start of expropriation. There are no provisions on public discussions, census, socio-economic baseline assessment or any sort of involvement of stakeholders and communities potentially affected by the Project.	Meaningful consultations with affected persons and communities, local authorities, and, as appropriate, nongovernmental organizations need to be carried out. All resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected. From the earliest stages and through all resettlement activities the client will involve affected citizens (men and women), including host communities. This will facilitate their early and informed participation in the decision-making processes related to resettlement.	The Project Implementation Entity shall disclose and consult publicly on this document and every other individual resettlement instrument. PAP's and stakeholders will be informed and consulted during the planning phase and during all the implementation phases of the Project to bridge the gaps, ensuring that PR 5 requirements are fully met.
Timing of compensation payments and taking possession of expropriated property	Budget for compensation (land, assets, additional assistance) needs to be secured as a condition precedent to commence with expropriation. (article 28 Law on Expropriation). In exceptional cases, due to project urgency and its exposure to high risks and damages, the justification of which is assessed on a case by-case basis by the Ministry of Finance the beneficiary of expropriation, may require to access the land before the compensation agreement has become legally binding. However, such request will be endorsed only after evidence has been secured and inventory of assets agreed between the PAPs	The compensation should be provided before construction work start and before taking possession of the assets	Taking possession over the affected property is possible only once the compensation is paid or a formal court process or grievance registered, and original compensation amount deposited on an escrow account or similar.

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	and the beneficiary, of importance to determine the amount of compensation to be set aside within the budget. This option is not invoked in cases of physical displacement.		
Resettlement of formal owners of immovable property (houses, including construction land) and those who do not have formal legal rights to property at the time of the census, but who have a claim to land that is recognized or recognizable under national laws	Option 1: Cash compensation at market value + Moving costs (methodology for determination of moving cost is not defined in the law but included in practice in the property evaluation reports) or Option 2: Compensation in kind - Appropriate replacement property is offered if the owner agrees to this type of compensation and if certain legal terms are met.	Resettlement - Replacement property is offered, of equal or higher value and similar traits + Moving and transitional allowance + Administrative and tax fees If appropriate replacement property cannot be found, cash compensation at replacement cost (market price of property + market price for improvements + labour and time to install improvements at market price + moving costs + registration, administrative and tax fees + transitional allowance).	Option 1: Cash compensation - at replacement costs as defined in PR 5 will be paid to property owner - market price of property + moving costs + registration of ownership, administrative and tax fees + transitional allowance. or Option 2: Replacement property - will be possible only at owner request and if legal terms are met, as defined by Law on Expropriation. In that case transitional and moving costs shall be paid to the property owner. (Not applicable on the Project)
Assistance to involuntary displaced persons	According to the Expropriation law, the former owners are not entitled to any further assistance or compensation during and after relocation, other than the replacement cost. The owners do not get any support for re-establishing their assets (no fast track administration procedure for permits, licenses or utility connections). Also, the tax and administration fees are not included in the compensation and depreciation of property value (amortization, except for land) is included in the assessment of compensation	The resettlement plan or policy will include measures to ensure that the displaced persons are (i) offered support after displacement for a transitional period, based on a reasonable estimate of the time likely to be needed to restore their livelihood and standard of living; and, (ii) Provided with development assistance in addition to compensation measures, such as land preparation, credit facilities, training or job opportunities. Transitional in-kind assistance (food aid, health support, health insurance as the case may be)	Project Affected Persons will receive compensation for costs of relocation and any additional costs regarding relocation for the purpose of livelihood restoration and bridging the transitional period after resettlement or by virtue of vulnerability. Resettlement Action Plan and Livelihood Restoration Plan should include measures and design adequate support and assistance commensurate to the impact, to bridge the gap. (Not applicable on the Project)

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Displacement of formal owners of agricultural land	<p>Appropriate (equal in value, quality, cultivation type, class and area) replacement land offered in the vicinity.</p> <p>But, the Law on Expropriation further defines that if appropriate land cannot be found cash compensation at market value will be paid, as assessed by the official land evaluation experts.</p>	<p>Displacement - Replacement property of equal or higher value and similar productivity + Administrative fees + Loss of income.</p> <p>If appropriate (payment of cash compensation for lost assets may be appropriate if: (i) livelihoods are not land-based; (ii) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (iii) active markets for land, housing and labour exist, displaced persons use such markets, and there is sufficient supply of land and housing), compensation at full replacement costs is paid, including market price for property, moving costs, transitional allowance, and registration, administrative and tax fees.</p>	<p>If livelihood of property owner is agriculturally based, according replacement property should be offered + Moving and transitional allowance + Administrative fees</p> <p>If appropriate land cannot be found, cash compensation at full replacement value will be paid: market price of property + moving costs + registration, administrative and tax fees + transitional allowance.</p>
Resettlement of users, without any rights, on building or land for housing – squatters	The Serbian legislation only recognizes formal ownership and persons without formal right however, have recognizable legal right or claim over the building.	Project Implantation Entity will offer an option for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction.	<p>The Project Implementation Entity will, if possible, locate and offer to PAP replacement property - similar state owned land or property for off-market lease in the vicinity.</p> <p>(Not likely on this project)</p>
Displacement of the lessee of agricultural land	National legislation does not provide for transitional allowance nor replacement land for lease, if land was leased from state, and no compensation if land was leased from private owners.	The lessee is entitled to cash compensation for any improvements made on the land i.e. Irrigation, drainage, perennial crops, objects etc. at replacement cost, provision of lease to corresponding public owned property for an equivalent period of time, lost net income during the period of transition; and the costs of the transfer and reinstallation of the plant, machinery or other equipment, as applicable, and support after displacement for a transition period to restore livelihood.	<p>Support shall be offered to bridge the gap based on reasonable estimate of the time likely to be needed to restore livelihood, and Project Implementation Entity will coordinate efforts with Ministry of agriculture to find and offer corresponding public owned agricultural land for lease.</p> <p>Compensation for all investments will be paid + moving costs if applicable + transitional allowance which will bridge the gap between RS laws and PR 5.</p>
Business property (building used for business purpose)	Option 1: Cash compensation at market value + Moving costs (that are not defined in the law, but included in practice as "costs of expropriation process".	Option 1. Alternative adequate property with adequate tenure arrangements, full relocation cost, including the inventory, and the replacement cost for any investment in the property, transitional allowance, lost net income during the period of transition; the costs of the transfer and	Option 1: Cash compensation - at replacement costs as defined in PR 5 will be paid to property owner - market price of property + moving costs + registration of ownership, administrative and tax fees

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like shops and offices)	<p>or</p> <p>Option 2: Compensation in kind - Appropriate replacement property at owner's request offered if certain legal terms are met.</p> <p>Serbian legislation does not envisage transitional allowance or skill upgrading training.</p>	<p>reinstallation of the plant, machinery or other equipment, as applicable and appropriate level of support for skill upgrading training if necessary to restore livelihood.</p> <p>Option 2. Cash compensation at replacement cost for the property + the cost of re-establishing commercial activities elsewhere + lost net income during the period of transition + the costs of the transfer and reinstallation of the plant, machinery or other equipment, as applicable and appropriate level of support for skill upgrading training if necessary to restore livelihood.</p>	<p>+ loss of income (as evidence by previous tax returns) for the period the business wasn't operational + transitional allowance for bridging the gap.</p> <p>Option 2: Replacement property - will be possible only at owner request and if legal terms are met, as defined by Law. In that case transitional and moving costs shall be paid to the property owner.</p> <p>Project Promoter will also design the skill upgrading program, to be determined during social surveys for the LAP, if applicable.</p> <p>(Not applicable on this project)</p>
Loss of a community commonly held resources (i.e. rangeland and pasture, non-timber forest resources) or public amenities	No particular legal provision	Project Implementing Entity needs to provide assistance that will offset any loss of a community's commonly held resources. This could take the form of initiatives that enhance the productivity of the remaining resources to which the community has access, in-kind or cash compensation for loss of access or provision of access to alternative sources of the lost resource.	<p>The Project Implementing Entity will bridge this gap by giving attention to commonly held community resources during social impact assessment and LAP. If applicable, appropriate measures will be included. The Implementing Entity will fully adopt all PR 5 policies and provisions.</p> <p>(Not likely on this Project)</p>
Loss of benefits (salary or other similar income)	Serbian legislation does not envisage support for loss of benefits and income for PAPs	Cash compensation for net loss of income during the period of resettlement + provide additional targeted assistance (credit facilities, training or job opportunities) and opportunities to restore, and where possible improve, their income-earning capacity, production levels and standards of living.	<p>The LAP shall define the transitional payment to compensate net loss of income during the reasonable transitional period and include additional targeted assistance (credit facilities, training or job opportunities) and opportunities to restore, and where possible improve, their income-earning capacity, as a way to bridge the gap.</p> <p>(Not likely on this Project)</p>

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Grievance mechanism and dispute resolution	The Law prescribes the possibility of appealing throughout expropriation phases but only within the existing state and court institutions and with statutory limits.	The Project Implementation Entity will establish an effective grievance mechanism as early as possible in the Project. It will be consistent with this PR and with the objectives and principles of EBRD Performance Requirements 10 in order to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons and/or members of host communities. It will include a recourse mechanism designed to resolve disputes in an impartial manner.	Appropriate, accessible and affordable grievance mechanism shall be established in addition to legal rights of PAPs to claim protection in proper court of RS. Structure of proposed grievance mechanism is provided in chapter 4 of this LAF.
Monitoring of resettlement and livelihood restoration implementation	No particular legal provision	Monitoring of the resettlement and livelihood restoration process will be carried out in accordance with EBRD Performance Requirements 1 and should involve the participation of key stakeholders such as affected communities. Depending on the scale of a project's resettlement, it may be appropriate for the client to commission an external completion report of the RAP to determine that the provisions have been met. The completion report should be undertaken after all inputs in the process, including any developmental initiatives, have been completed. The report may identify further actions to be completed by the Project Promoter. In the majority of cases, the completion of corrective actions identified by the completion report should bring the Project Promoter obligations for resettlement, compensation, livelihood restoration and development benefits to a close.	This LAF defines the plan of monitoring and reporting the resettlement process and mitigation of adverse effects of the Project.
Vulnerable groups	Compensation for expropriated property can be determined in a higher amount than the market price, taking into account financial and other personal and family situation of the previous owner, if those conditions essential for its existence (the number of household members, number of household members who are capable of earning, or who are employed, the health status of household members, monthly household income, etc.)	The Project Implementing Entity will take into account any individuals or groups that may be disadvantaged or vulnerable. In particular, the Implementing Entity will take necessary actions to ensure that vulnerable groups are not disadvantaged in the resettlement process, are fully informed and aware of their rights, and are able to benefit equally from the resettlement opportunities and benefits. These groups should be identified through the process of environmental and social assessment (as outlined in EBRD Performance Requirement 1). Also, additional requirements	The Implementing Entity will bridge this gap by giving special attention to vulnerable group and individuals. They will be offered additional compensation, legal assistance during resettlement and help during physical relocation, as well as priority of employment as appropriate and assessed during the social impact assessment for the LAP. The Implementing Entity will fully adopt all

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	<p>In case of physical displacement, security of tenure is not granted to homeless PAPs or vulnerable groups. While the Project does not resort to forced eviction, temporary rental (max 6 months) and moving expenses is provided to those that have no means for resettlement.</p> <p>The Law on Free and Accessible Legal Aid provides for legal assistance in cases of land acquisition at municipal level.</p>	apply to consultations which involve individuals belonging to vulnerable groups	PR 5 policies and provisions regarding vulnerable groups.