

Republic of Macedonia
Public Enterprise for State Roads



LAND ACQUISITION FRAMEWORK (LAF)

Kriva Palanka – Deve Bair State Road,
Republic of Macedonia

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**Abbreviations & Acronyms:**

CM	Cadastral Municipality
EBRD	European Bank for Reconstruction and Development
EHSS	Environmental, Health and Safety, and Social
ESP	Environmental & Social Policy
km	kilometre, used to identify chainage (distance along road corridor) and length
LAF	Land Acquisition Framework
LRP	Livelihood Restoration Plan
OGRM	Official Gazette of the Republic of Macedonia
PAP	Projected Affected Person
PESR	Public Enterprise for State Roads
PR	Performance Requirement
RAP	Resettlement Action Plan
SEP	Stakeholder Engagement Plan



1. INTRODUCTION

The Macedonian Public Enterprise for State Roads (PESR) is proposing to undertake improvement works to approximately 13 km of the existing A2 highway between Kriva Palanka and the border crossing to Bulgaria 'Deve Bair' (the 'Project') in the north eastern region of the Republic of Macedonia ('Macedonia'). The Project has been developed by PESR in line with the national legislative requirements and those of the European Bank for Reconstruction and Development (EBRD). The EBRD is considering providing finance for the Project, which is part of the Pan-European Corridor VIII. The loan will be sovereign guaranteed by Macedonia.

The land acquisition process for the Project is in its early stages. The Project requires acquisition of land, which could involve economic displacement, but it appears that there will be very limited (*if any*) cases where physical displacement of 'residential' structures will occur. There are a few non-residential structures which could be affected, the number will be confirmed during the further land acquisition planning.

As the Project involves economic displacement and potentially limited physical displacement this Land Acquisition Framework (LAF) has been prepared by PESR¹. This Land Acquisition Framework presents the displacement impacts associated with the Project and the compensation and resettlement principles and responsibilities to ensure no one affected by the Project's implementation is disadvantaged compared to current conditions. The LAF includes a grievance mechanism for people affected by land acquisition to raise their concerns.

This document has been developed in accordance with the Macedonian legal framework and in compliance with EBRD's Environmental & Social Policy 2014 (ESP 2014), and specifically Performance Requirement 5 (PR5) – Land Acquisition, Involuntary Resettlement & Economic Displacement. A detailed Resettlement Action Plan (RAP) / Livelihood Restoration Plan (LRP) will be developed in accordance with this LAF. A LAF differs to a RAP / LRP because it sets out the Project's planned approach to land acquisition and resettlement, rather than providing the full details of actual land ownership and use and the nature of the displacement impacts, which will be provided in the RAP / LRP. A Socio-economic survey will be undertaken during the next phase of Project development to understand more fully the scale and magnitude of the economic and physical displacement and these impacts on the Project Affected Persons (PAPs). The socio-economic survey will be used to inform the RAP / LRP.

2. THE PROJECT

2.1 Summary Project Description

The project alignment follows the road that goes from the city of Kriva Palanka toward the border crossing with Bulgaria, called Deve Bair. Total length of the affected road is ca. 13km.

The existing section of the road does not satisfy the required driving speed. Some locations of this road are considered as quite dangerous with insufficient road visibility, sharp curves also impact the road traffic and road safety. Traffic accidents have been recorded by responsible authorities on this part of the road.

The majority of the existing road is two lanes; however, for the purpose of enabling continuous traffic flow, due to the steep terrain, a third, slow lane (some 5 km before the Macedonian / Bulgarian border) has already been constructed and set in use.

This Project fits within the European Bank for Reconstruction and Development's Strategy for the country, which promotes regional transport integration and supports the development of strategic connections with neighbouring countries.

The following map shows the position of the project in the area and its relative location in the wider country neighbouring context.

¹ With assistance from a team of international and national social consultants



Figure 1 – Overview of the Project section

The Project will involve the widening of parts of the road, re-alignment of one short stretch, repair or replacement of some of the existing bridges, and the replacement of the asphalt wearing course and safety barriers for the entire stretch.

The project is divided in three subsections. The first subsection covers road rehabilitation activities and its end by the chainage km 3+550.0. This is from the 'Start' indicated in Figure 1 to the junction with the R2250 road. Works in this Section comprise:

- Repair and re-surfacing of the section.
- Cleaning and repair works to the existing drainage channels, culverts, kerbs, embankments and verges where necessary.
- Replacement of the safety barriers throughout the alignment.
- The addition of a third lane to part of the route from KM 2.660 to 3.550.

Second subsection includes both, rehabilitation and reconstruction, whereas a new road structure will be constructed. This subsection starts at km 3+550.0 and ends at km 8+130.0 next to the settlement called Uzem. Works in this Section comprise:

- Repair and re-surfacing of the section.
- Cleaning and repair works to the existing drainage channels, culverts, kerbs, embankments and verges where necessary.
- Replacement of the safety barriers throughout the alignment.
- A realignment of a short stretch of road between KM 3.550 and KM 4.125 to remove some tight horizontal curves and allow the design speed to increase.
- Construction of 4 new bridges along the realigned route.
- The addition of a third lane to part of the route from KM 4.125 to KM 7.764.
- Rehabilitation of the existing bridge at KM 5.524 – KM 5.583.
- Demolishing and replacement (and widening by one lane) of the existing bridge at KM 6.904.
- Demolishing and replacement (and widening by one lane) of the existing bridge at KM 7.950

The third subsection starts by the settlement Uzem, at the beginning of the third (slow) lane, and ends with the finish of the border crossing called Deve Bair. Total length of this subsection is 5+222.79 km and only road rehabilitation and bridge construction works are planned. Works in this Section comprise:

- Widening by one lane and rehabilitation of the existing bridge at KM 9.114.



- Widening by one lane and rehabilitation of the existing bridge at KM 10.692.
- Repair and re-surfacing of the section.
- Cleaning and repair works to the existing drainage channels, culverts, kerbs, embankments and verges where necessary.
- Replacement of the safety barriers throughout the alignment.

The design and construction will be done to meet requirements of the current Macedonian road design standard and the standards of EBRD. The project will have road markings, road signs and drainage in accordance with national design standards. Junctions and access/local side road arrangements are included in the Project design because access must be maintained to local land and villages.

Surveys of the route and geotechnical investigations have been performed. The final alignment has now been determined and the Final Main Design is complete; however, PESR does not have a timetable for issue of the public tender for works yet.

The Project will require the acquisition of some land and assets in order to accommodate the new Project structures. The amount of land is detailed in Section 2.3 below. This land is currently a mix of State and privately-owned land. No land or assets have been acquired / expropriated to date.

The land acquisition process will generally follow the Expropriation Law, which regulates the acquisition of land and assets (e.g. structures) for projects in the Public Interest and the provision of compensation for land and assets. The law provides a list of projects which are determined to be in the Public Interest and roads is one of these. This project is listed in the Annual Program for Construction, Reconstruction, Rehabilitation and Maintenance and Protection of State Roads for 2017, submitted by PESR to the Government and approved.

Traffic control will be required throughout the Project to ensure traffic flow during the works. This will involve sections where only single file traffic is permitted. The construction Contractor will be required to prepare and implement a Traffic Management Plan which maintains vehicle and pedestrian access, maintains safe passage of vehicles and pedestrians, and provides clear warning and instructions to vehicles. Engagement with affected communities on traffic management is required as part of the Traffic Management Plan.

2.2 Project Area & Land Use Context

With the exception of a 700m stretch of new alignment, the Project follows the existing A2 road, which is in part situated in the flat terrain of the Kriva River valley, with hills rising up from the valley corridor on both sides. The wider area is mountainous and rural with a low population-density. The A2 road currently crosses the Kriva River at only one point in the Project area, via an existing bridge structure, at the village of Zidilovo (KM 5.524). It crosses over several tributaries, the main one of which is the Arbanaski at KM 6.900.

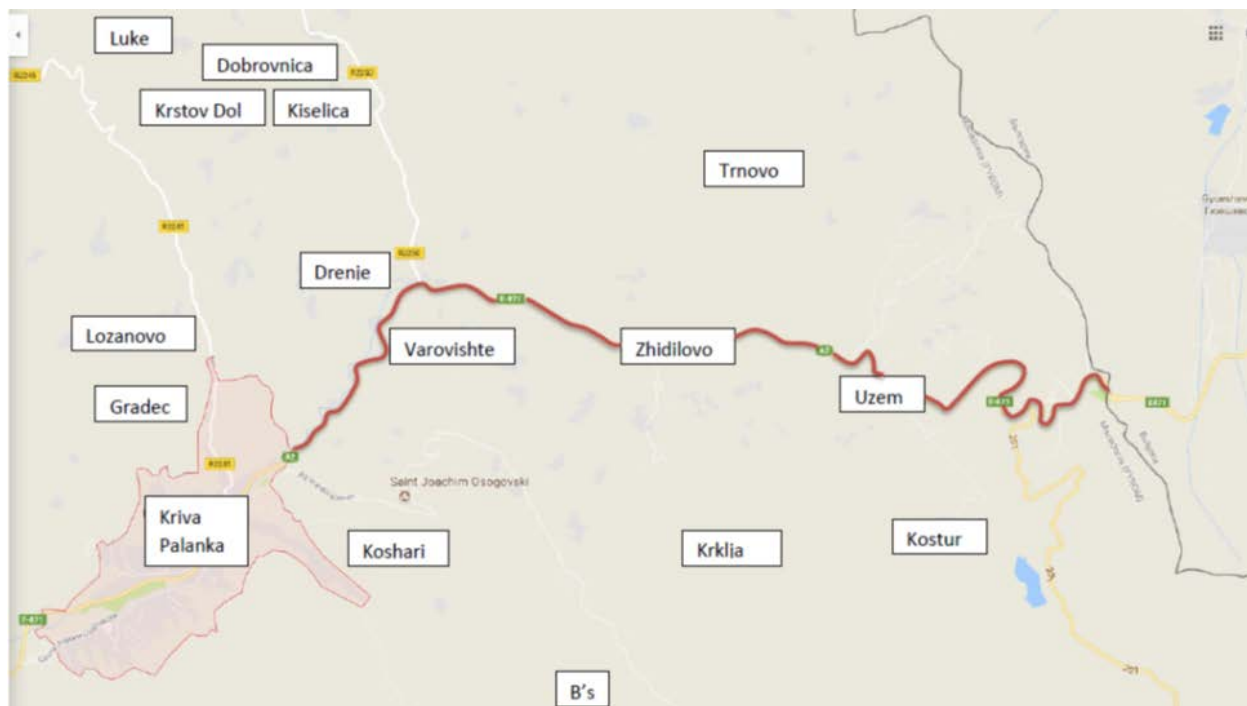
The immediate Project area is composed of intermittent settlements along the A-2 road surrounded by slopes of semi-natural vegetation, grasslands, shrub and deciduous woodland, crossed by narrow roads. Given the rural character of the municipality, the construction land makes up a low percentage of the territory. Cultivated land under crops composes a small percentage of the municipal area but is present in the Project area. The land in the area to be expropriated is a mix of undeveloped and developed state and private land, including some portions of the gardens or cultivated areas alongside the current road.

Local Communities – within the Project Area

The main local communities in the Project area are indicated on the schematic figure below. Those villages expected to be most directly affected, based on proximity to the Project, are: Kriva Palanka; Varovishte; Drenje; Zhidilovo; and Uzem; however, all the villages shown are dependent to some degree on the existing A2 road corridor for access, including to public transport and the city of Kriva Palanka, where the main community related services are located.



Figure 1 Schematic Map of Indicative Location of Local Villages/Communities²



According to the 2002 Census, the total population in settlements through which the A2 road passes is 16,209 with approximately 6,600 households; however, 14,558 of these residents live in Kriva Palanka, with the village sizes outside of Kriva Palanka ranging in size from just 21 residents (Koshari) to 350 (Gradec). The largest and the only urbanised settlement is Kriva Palanka while the majority of other villages are scattered along the slopes at different elevations with poorly developed infrastructure, including the local dirt roads (90%). The primary form of transport is by car, van and bus. Populations have been reducing over time as a result of young people out-migrating, leaving the remaining population in some villages increasingly elderly.

Residential houses in the Project area are predominantly one to two storey buildings in moderate to good condition. Individual small holdings usually comprise a plot of land with a house, a few outbuildings (e.g. for livestock etc.) and an area for growing produce. Bee hives are also present near one section of the road.

The local economy is based on small and medium enterprises, the majority of them located in Kriva Palanka, dealing with wholesale and retail trade and transport services, due to the proximity of the Bulgarian border. The industry has been based on agriculture (mostly people cultivated potatoes, but at the same time cultivated corn, wheat, barley, rye, oats, etc.). Some villages may potentially farm land on a customary basis, but this needs to be confirmed in the future land acquisition process. Production of herbs and forest fruits (particularly mushrooms) is well developed and organised, resulting in a solid income for farmers and local companies. Also the Municipality is known by the mining industry for Toranica mine for zinc and lead which is located on the slopes of Osogovo Mountain near the border with Bulgaria (there is a turn off to the mine on the A2 road near the border). Many enterprises went out of operation in the 1990s, only the timber/wood industry has continued in small family enterprises with limited capacities, primarily producing sawn timber and wood production for furniture. The average monthly net wage is generally lower than the state average (According to the data of the State Statistical Office the average monthly net wage in August 2017 was 22,912 Denars, approximately 370 Euro).

In recent years the Municipality of Kriva Palanka is increasingly investing in tourism as one of the important branches of the economy in Macedonia.

² There may be other small/very small villages within the area not indicated in the schematic plan but impacts on them will be covered (if affected) during the future project planning and the RAP/LRP. The socio-economic survey will confirm the villages in the Project area whose land and access may be affected by the Project.



2.3 Summary of Affected Land, People & Assets

Project Land Requirements

Permanent Land Take: The permanent land area to be acquired is assessed in the Geodetic Elaborate. Permanent land acquisition will be required for the widening of parts of the road and the short section of new alignment. The estimate of land requirements is provided in Tables 2 and 3 below.

Temporary Land Take: The Project will also require some temporary land take for temporary access roads, construction laydown areas, temporary storage of excavated materials/soil, cut trees etc. However, information and details regarding temporary land take were not known at the time of developing the LAF and will be included in the RAP / LRP. Agreements for additional temporary land required by the Contractor will, as far as possible, be agreed through negotiation and amicable agreement by land owners.

The information on the affected land area, plots, owners and structures presented in this LAF is based on data available at the time of preparing the document. These figures do not contain temporary land take required for the Works and/or by the Contractor – temporary land access will be agreed through negotiation.

The geodetic elaborate for expropriation was prepared on the basis of the Finalised (Main) Design, with permanent new land expropriation only being required in Section II. Land will need to be acquired from one Cadastral Area in Macedonia – Kriva Palanka, passing through cadastral plots in the settlements of Cadastral Municipality (C.M) Krklja, C.M Zhidilovo, C.M Trnovo and C.M Uzem.

Land take is summarised below in Table 2³:

Table 1 Summary of Land Take (C.M Krklja, Zhidilovo, Trnovo, Uzem)

	Land Take m ² Per Cadastre Municipality			
	C.M Krklja	C.M Zhidilovo	C.M Trnovo	C.M Uzem
Cad. Municipality of Kriva Palanka	53,404 m ²	57,313 m ²	337 m ²	23 m ²

Available information on the type/categories of land affected and the type of ownership (state and private) is provided below in Table 3:

Table 2 Summary of Type of Land Affected (State and Private)

	Cadastral Municipality of Kriva Palanka (C.M Krklja, Zhidilovo, Trnovo, Uzem)		
	State owned	Private owners	Total
Land Use Types/Categories	m²		
Pasture (grazing)	1,102	427	1,529
Forest	6,774	2,957	9,731
Meadow	-	417	417
Orchard	1,746	944	2,690
Field/Agricultural Land (in use)	3,609	1,198	4,807
Field/Rock(Stone) Land	1,214	147	1,361
Channels, Streams & Rivers	17,023	-	17,023
Streets/Roads	74,490	-	74,490
Land under building	-	30	30
Urban Areas: Constructed Build Land	4	32	36
Back Yard	200	379	579
TOTAL:			112,693

An important note; however, is that the area in the geodetic elaborate (shown in Table 2 and Table 3) summarises all land that will be within the Project expropriation footprint, including land already used for the current road. This

³ Geodetic elaborate for municipality of Kriva Palanka- number 08-2/6.



is a requirement of Macedonian legislation that expropriation of the existing road or waters under jurisdiction of the state must occur and be presented. In total approximately 90,000 m² of this area is in existing use for the road, resulting in an additional new expropriation area of approximately 23,000 m². These figures will be described precisely in the RAP / LRP.

The future land acquisition planning (land and asset inventory) will confirm the number of structures affected (permitted and those without valid permits) by the Project, for example, any assets present on the 'Land under Building' of 30m² and 'Constructed Build Land' of 32m². Indications are that 2 formal structures and a number of informal structures, which appear to be storage sheds, will be affected.

There may be land being used (e.g. for agricultural purposes) in the area informally (i.e. users may have no legal rights), some on a customary basis. This will be reviewed during the socio-economic survey and land & asset inventory.

It should be noted the Cadastre information may not be fully up to-date with gaps in information and will need to be: i) verified in the field (during the socio-economic survey and land & asset inventory); ii) through valuation of properties; and iii) the consultation process with affected land owners & users. Some of the possible gaps may include:

- Users of land and properties are not registered;
- Owners are deceased and the legal heirs have not been registered and/or have not completed the inheritance process;
- Sale purchase contracts have not been registered;
- Ownership rights resulting from right of use (i.e. of State Land – could be on a customary basis) have not been registered;
- Residential (considered a low likelihood) and non-residential structures are not registered;
- Structures which are registered may be recorded of a different size (e.g. have been extended);
- Structures without permits are not recorded etc.

Summary of Economic & Physical Displacement Impacts

During the design of the Project land acquisition requirements were a key consideration. In the selection of which side to undertake the widening consideration was given regarding land use effects, for example widening on the opposite side of the road to residential structures, avoiding their expropriation. Therefore, physical displacement of households has generally been avoided with a very small risk of physical displacement remaining which needs to be confirmed during the future land acquisition planning.

There are a number of commercial businesses along the route including a mine (the mine access road is from the A2 road), a small gas works, and at least five road side shops. Local communities use land along the road side and the road itself for local access and access to services in Kriva Palanka. Retaining access for the local villages and businesses is considered essential. Construction contractors will be required to maintain access to local residences and land for farming or other livelihood related land uses and businesses, and to avoid significant disturbance to work vehicles using the existing A2 road.

The Contractor will be required to have a good Traffic Management Plan supported with effective engagement with the local community, including local businesses, and the careful sequencing of the works to ensure the road is accessible and access is retained at all times. Assuming these measures are implemented no significant residual effects are anticipated during construction withstanding there may be a slight increase in journey time for some of the local communities if there are times of additional traffic congestion.

No new impacts with respect to land acquisition are anticipated during the operations stage.

The Project land take requirements affect plots of State and privately owned land and assets. According to preliminary investigations a summary of the potential economic and physical displacement impacts is presented



below. The precise list of impacts and refinement and detailed planning of entitlements to compensation and assistance for these impacts will be informed by the results of the socio-economic survey and included in the Project RAP /LRP:

Table 3 Summary of Physical & Economic Displacement Impacts

Phase/Type of Loss	Summary of Losses/Impacts
PRE-CONSTRUCTION - Prior to Construction⁴	
Permanent Land Take	<ul style="list-style-type: none"> • Loss of land: Mainly forest or agricultural and/or pasture land, and portions of meadow, orchard and residential [back yard] plots, plus a small area of built land. The land includes private and State ownership. The land take involves a strip of land along the existing road for the widened sections and the full construction width of the short section of new alignment. • Loss of annual/perennial crops and trees. • Loss of Non-Residential Structures (e.g. sheds, barns, fences, irrigation systems etc.): Along the route there are at least four non-residential structures (storages sheds / garages) which will need to be moved or demolished. The socio-economic survey combined with the land & asset inventory undertaken for the land acquisition process will identify any such structures. • Loss of Residential Structures (physical displacement): The risk of physical displacement of properties used for residential purposes has been largely (or completely) avoided by the route alignment. The ongoing land process needs to confirm this as final with respect to a small single storey building within Section II and a one storey garage with balcony (on the garage roof) of one property that has been built extending towards the road and is therefore in very close proximity to the road. The proposed socio-economic survey combined with the land & asset inventory undertaken for the land acquisition process should enable any physical displacement to be confirmed. • Loss of Business Structures: No business structures have been identified to date that will be physically affected by the Project. The proposed socio-economic survey combined with the land & asset inventory undertaken for the land acquisition process will confirm this. • Loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods: Some of the households in the local villages could be dependent on land-based livelihood activities which could be affected by loss of land or access to land they use (e.g. customary use with potentially no legal rights – which needs to be confirmed during the future land acquisition process). • Orphan Land: (i.e. part of an affected land plot which remains after expropriation and for which the owner has no more economic interest in using and/or is an economically unviable plot). Orphan land is often a small part of land that remains after expropriation of land which is split by the construction of the road into two or more economically unviable plots etc. During the future land acquisition planning and engagement process the potential occurrence of orphan plots will be confirmed.
DURING CONSTRUCTION:	
Temporary Effects:	<ul style="list-style-type: none"> • Temporary loss of land - required during the construction period. • Loss/damage to annual/perennial crops and trees. • Damage/temporary disruptions to certain agricultural infrastructure (e.g. irrigation). • Loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods and disruption to businesses.

⁴ As payment of compensation for losses and resettlement has to occur prior to access to land being taken the effect of permanent loss of land and assets generally occurs in the Pre-Construction phase.



3. LEGAL & POLICY FRAMEWORK FOR LAND ACQUISITION & RESETTLEMENT

Land acquisition and resettlement for the Project will follow the national legislative requirements in Macedonia as well as applicable EBRD requirements. These are summarised below:

3.1 Macedonian Legal Framework

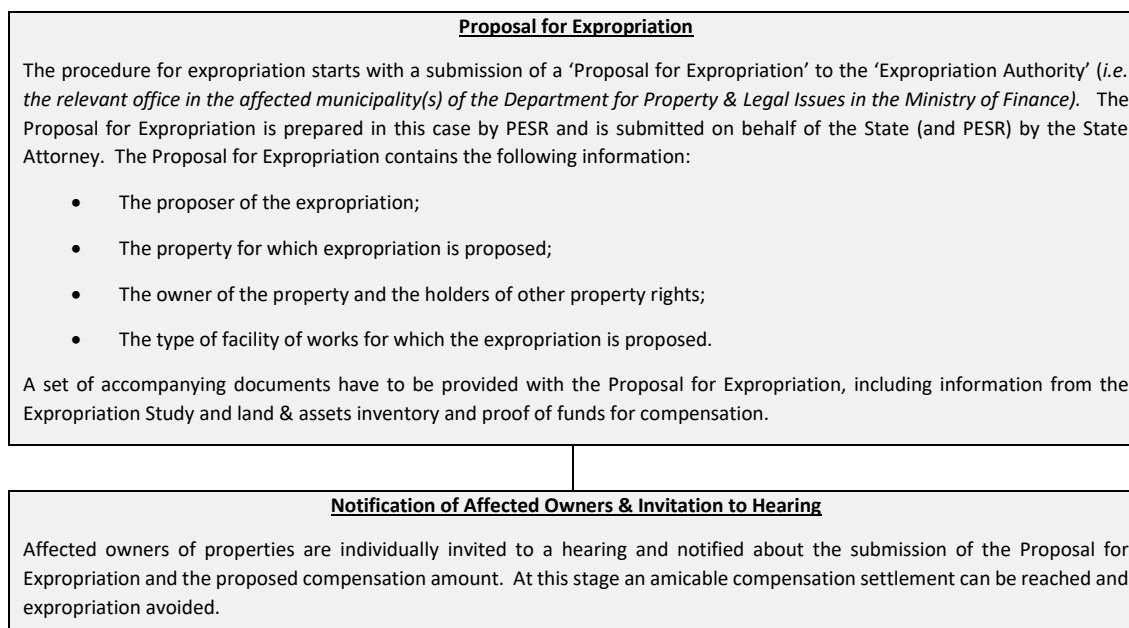
Requirements for land acquisition and resettlement for Projects of Public Interest and compensation for this to affected parties are mainly covered under the following National legislation:

- **Expropriation Law**⁵
- **Law on Obligations**⁶

The land acquisition process will generally follow the *Expropriation Law*, which regulates the acquisition of land and assets (e.g. structures) for projects in the Public Interest and the provision of compensation for land and assets. **Public Interest** is determined in accordance with the *Expropriation Law* for Projects which are covered in various planning documents and are deemed to be of Strategic and Public interest for Republic of Macedonia. The law provides a list of projects which are determined to be in the Public Interest and roads is one of these.

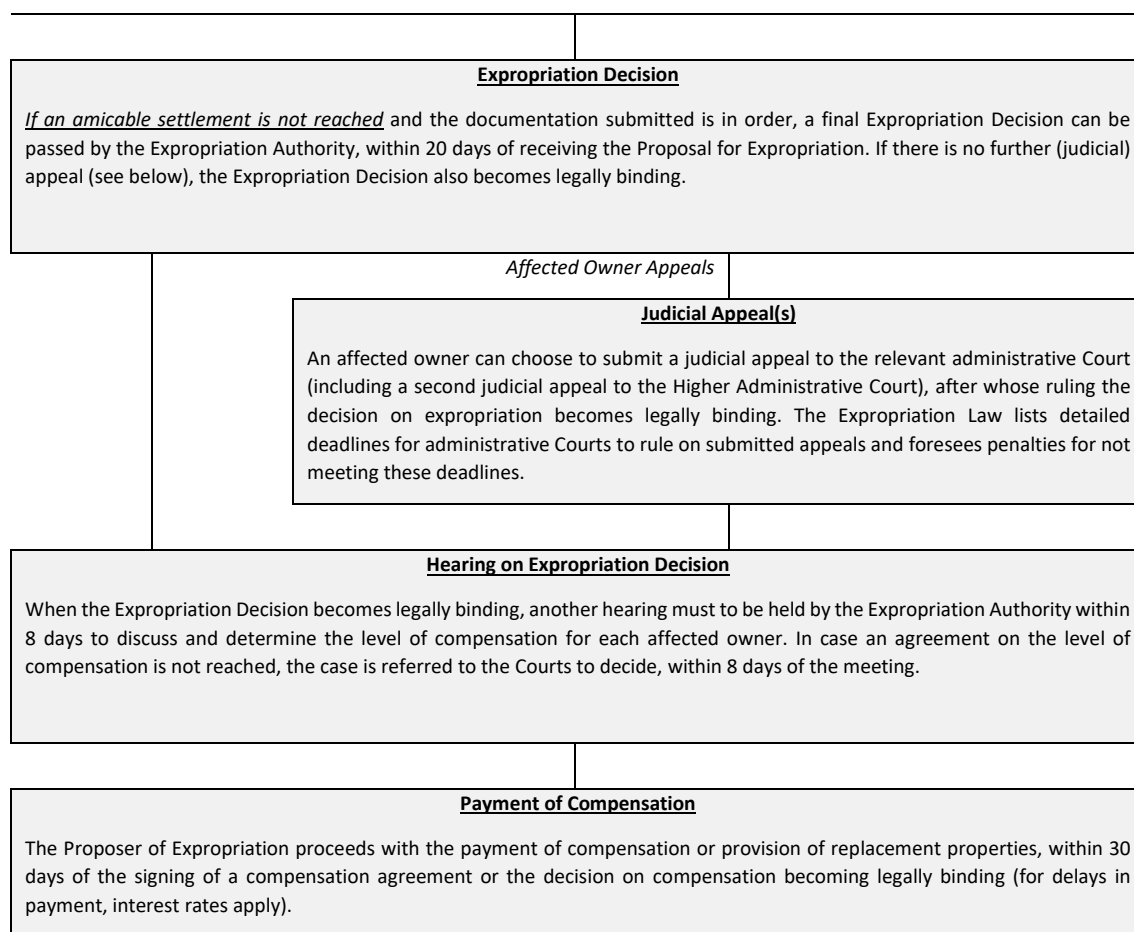
The process for expropriation is summarised below in Figure 3. The first step is the preparation of the Proposal for Expropriation which relies on information from various studies, including in the case of PESR the Expropriation Study which contains a list of all the affected land, plots, registered assets (i.e. structures) and their owners, as recorded in the Cadastre (this has been compiled). A land & assets inventory is then completed by certified evaluators from the Bureau for Assessment & Valuation. The inventory will provide basic information on affected land plot (i.e. total area and area to be acquired, land use & land category) and all assets located on it (e.g. structures, crops, trees, orchards, businesses etc.). Both assets that are registered in the Cadastre and those that are not will be recorded. The Proposal for Expropriation is submitted after the Infrastructure Design is approved by the Ministry for Transport and Communication.

Figure 2 Summary of Expropriation Process



⁵ OGRM Nos. 5/12, 131/12, 24/13, 27/14

⁶ OGRM Nos. 18/01, 78/01, 04/02, 59/02, 05/03, 84/08, 81/09, 161/09



An important feature of the Macedonian Expropriation Law is that it allows compensation of structures built informally (i.e. without a valid permit - temporary or permanent expropriation). Compensation for structures without a valid permit is set in the amount that corresponds to their construction value, i.e. the market value of the materials and costs of labour.

Compensation under Law on Obligations:

In some instances, issues related to provision of compensation for land and assets can also be addressed through the implementation of the *Law on Obligations*. In principle, this law requires provision of compensation in cash to formal legal owners of land and assets (or those whose rights are recognisable under national laws) for damages or losses incurred as a result of investors/contractors (or others) accessing land or preventing access to land and/or assets. Compensation is provided after the damages and/or losses have already occurred. Cases, in which the one causing the damage/losses and the affected person are not able to agree on the amount of compensation, are referred to the Courts to decide.

Key Legal Framework/Social Assistance Options for Resettlement Assistance

The *Expropriation Law* focuses on the process of providing compensation for affected properties and assets, rather than on addressing physical and economic displacement. As a result, solutions for addressing these impacts have to be sought through the use of various service providers.

Municipal Centres for Social Welfare can provide some assistance, under the *Law on Social Welfare*⁷. This law enables provision of social welfare payments and services to vulnerable residents, as defined by the law. One of the available social welfare payments under the law is a one-off financial payment for those who find themselves in a

⁷ OGRM Nos. 79/09, 36/11, 51/11, 166/12, 15/13, 79/13, 164/13, 187/13, 38/14, 44/14, 116/14, 180/14, 33/15



situation of sudden and temporary need, including the need for accommodation. Assistance from social workers can be used to address the needs of persons with disabilities, single headed households, households with low incomes, etc. The Republic of Macedonia also has a set of laws under which affected people can be assisted to improve their living standards (e.g. access to health care, education, personal documentation, social housing etc.) and these laws can be used as a basis for developing resettlement/livelihood restoration programmes, particularly for vulnerable groups.

Legal assistance can be provided to vulnerable people under the Law on Free Legal Assistance⁸ by lawyers from the Ministry for Justice and selected citizens' associations.

3.2 EBRD Policy Framework

The Project has been screened as a Category B project under EBRD's Environmental & Social Policy 2014.

The Project needs to meet the requirements for land acquisition, involuntary resettlement and economic displacement as specified in the EBRD Environmental and Social Policy (2014) and Performance Requirements (PRs). This Land Acquisition Framework has been developed, in accordance with EBRD's PR5 (Land Acquisition, Involuntary Displacement & Economic Displacement) of the Policy.

EBRD requirements pertaining to land acquisition and displacement, relevant for this Project can be summarised as follows:

- to avoid or, when unavoidable, minimise, involuntary resettlement by exploring alternative project designs; measures to mitigate adverse impacts on displaced persons and host communities should be carefully planned and implemented;
- to mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to land by: (i) Providing compensation for loss of assets at replacement cost, prior to taking possession of acquired assets; and (ii) Ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- to restore or, where possible, improve the livelihoods and standards of living of displaced persons, including those who have no legally recognisable rights or claims to the land (present in the project affected area at the time of the cut-off date), to pre-project levels and support them during the transition period;
- to make special provisions for assisting disadvantaged or vulnerable individuals or groups (present in the project affected area at the time of the cut-off date) that may be more adversely affected by displacement than others and who may be limited in their ability to claim or take advantage of livelihood assistance and related development benefits;
- to establish a grievance mechanism to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons, including a recourse mechanism designed to resolve disputes in an impartial manner.

The above list is only a summary of the main EBRD PR 5: Land Acquisition, Involuntary Resettlement & Economic Displacement (2014) requirements and the full text of the policy is at <http://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>.

3.3 Gaps Analysis between Macedonian Legal Framework & EBRD Requirements

The key gaps between the national legislation of the Macedonia and EBRD's PR5 relevant for this Project are summarised below. This LAF (including the entitlements matrix and eligibility criteria) contain measures to bridge these gaps:

⁸ OGRM Nos. 161/09, 185/11, 27/14



- Informal Land Rights:** Macedonian law focuses on compensation for formal land rights, whereas EBRD also covers compensation, livelihood restoration and consultation for persons with no formal recognisable legal right or claim to land they occupy.
- Livelihood Restoration:** EBRD PR5 includes requirements for livelihood restoration to restore incomes and standards of living of displaced persons to pre-project levels (both for persons with formal and informal land title). Whilst Macedonian law requires compensation for lost profit / income of affected formal economic activities resulting from displacement, this only applies to people with formal land rights. Neither does Macedonian law require assistance for resettlement or alternative livelihood assistance such as training or provision of favourable loans or employment opportunities.
- Participation and Consultation:** EBRD PR5 sets greater requirements than Macedonian law for giving affected persons the opportunity to participate in the negotiation of the compensation packages, eligibility requirements, livelihood restoration and resettlement assistance.
- Socio-Economic Surveys:** Conducting socio-economic surveys to assess impacts on livelihoods is required by EBRD, but not required by Macedonian law. Instead, Macedonian law focuses on the development of expropriation studies which represent inventories of affected properties and involve basic information about registered owners of these properties (i.e. names, addresses, and ID numbers etc.) so that they can be identified and compensated. Such reports do not generally apply to people with informal land rights or unregistered land/assets.
- Vulnerable Individuals & Groups:** Macedonian law does not stipulate special measures relating to vulnerable groups. EBRD, however, requires particular attention to be paid to vulnerable groups, including during consultation, identification of entitlements and appropriate resettlement assistance.
- Resettlement Action & Livelihood Restoration Frameworks & Plans:** Macedonian law does not require the preparation of resettlement action or livelihood restoration frameworks/plans. However, these are required for EBRD financed projects involving land acquisition and resettlement resulting in physical and/or economic displacement.
- Valuation of Expropriated Assets:** EBRD states that compensation for loss of assets is calculated at **full replacement cost**, i.e. market value of the assets plus transaction costs, and that depreciation of structures and assets should not be taken into account. However, Macedonian law states that compensation is established according to the market value of the material and the labour necessary for construction of facilities, decreased by the relevant amortization amount.
- Grievance Mechanisms:** Although Macedonian law establishes rights of affected citizens (those with formal land rights) to appeal to Courts during the expropriation process, it does not require development of specific grievance mechanisms. EBRD, however, requires grievance mechanisms to be set up as early as possible in the process, to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons, including a recourse mechanism designed to resolve disputes in an impartial manner. A summary of complaints and the measures taken to resolve them should be made public on a regular basis.
- Access to Land/Property Prior to Payment of Compensation:** There are several options for the Proposer of Expropriation to acquire the right of accessing land/property prior to payment of compensation, under the Expropriation Law, Law on Assessment and the Law on Construction.
- Cut-off Date for Affected Persons with No Legal Right or Claim to Land they Occupy/Use:** Persons who have no recognisable legal right or claim to the land they occupy and/or use are not recorded by a census and survey; consequently there is no cut-off date for determining eligibility for compensation for this affected group.
- Monitoring & Evaluation:** There are no requirements for monitoring and evaluation of the resettlement and the livelihood restoration process and outcomes.



4. ELIGIBILITY & ENTITLEMENTS

4.1 LAF Objectives

The objectives of the Land Acquisition Framework will be as follows:

- To avoid or minimise involuntary resettlement, physical and economic displacement.
- To consider feasible alternative project designs to avoid or at least minimise displacement, while balancing environmental, social and financial costs and benefits.
- To mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to land.
- To provide compensation for loss of assets at replacement cost.
- To improve or, at a minimum, restore the livelihoods and standards of living of displaced persons to pre-project levels.

4.2 LAF Principles

Key principles which underpin the LAF are as follows, these should be read in conjunction with the Entitlements Matrix (section 5.5) and Section 5.6:

- **LAF Requirements:** Resettlement and compensation of affected persons shall be carried out in accordance with the applicable Macedonian legal framework and EBRD's Environmental and Social Policy Performance Requirement 5 (2014). In the case of inconsistency between national legislation and EBRD requirements, the more stringent standards will be adopted. Both physical relocation (physical displacement) and loss of assets and livelihoods (economic loss, i.e. "economic displacement") shall be taken into account and mitigated within the LAF.
- **Construction Impacts:** Short-term impacts related to temporary occupation of land for construction purposes may also entail compensations or other assistance to affected persons. Construction related activities will be organised in a way to avoid and minimise economic displacement, i.e. by ensuring access is retained to villages and agricultural lands and effects during harvest periods are very carefully managed.
- **Project Affected Persons:** All owners, occupants/tenants and users of affected structures and land at the time of the relevant cut-off date, whether with or without fully recognised legal rights or claim, are eligible for compensation and assistance as specified in the Entitlements Matrix in the LAF. Entitlements of all categories of Project Affected Persons will be established.
- **Valuation of Assets:** Methods will be used to value affected assets or resources, or the access thereto, and livelihood impacts, involving authorised experts who are independent qualified parties.
- **Socio-economic Survey:** A socio economic survey of affected people/households shall be implemented, to assess all individual impacts, provide baseline information and design appropriate resettlement / livelihood restoration measures which will be described in the RAP / LRP. The socio economic survey will serve as a census of persons who have no recognisable legal right or claim to the land they occupy; the date of the census shall be the cut-off date for eligibility for this category.
- **Vulnerable Groups/Individuals:** Specific assistance shall be provided to vulnerable groups/individuals identified through the socio economic survey.
- **Resettlement Action Plan / Livelihood Restoration Plan:** A Resettlement Action Plan / Livelihood Restoration Plan shall be prepared, disclosed and implemented.
- **Compensation & Assistance Measures:** Affected properties shall be compensated in accordance with the Entitlements Matrix in the LAF / LRP / RAP. Compensation shall be paid to the PAP prior to any relocation or access to land, as far as possible (see 5.6). Compensation for all affected assets will be provided at full



replacement cost. All compensation and livelihood restoration assistance will be provided equally to men and women.

- **Livelihood Restoration:** Livelihoods and standards of living of affected persons shall be improved or at least restored to the level prior to project related displacement, in as short a period as possible.
- **Unknown/Deceased PAPs:** A mechanism will be established to provide compensation to persons with recognisable rights to land and property where owners are unknown and/or deceased.
- **Consultation:** Affected persons and communities (including vulnerable groups and individuals) will be consulted to facilitate their early and informed participation in decision-making processes related to resettlement and ensure that acquisition and compensation activities are implemented with appropriate disclosure of information and consultation. This shall be carried out in line with the provisions contained within the SEP and allow for targeted consultation with vulnerable groups.
- **Grievance Management:** A grievance management mechanism will be established for the Project by PESR (and the Contractor(s)). These parties will work together to ensure the appropriate party deals with land acquisition and resettlement related grievances.
- **Monitoring & Record Keeping:** PESR will establish appropriate procedures to monitor and evaluate their responsibilities in the implementation of the LAF and the RAP / LRP, and corrective actions will be taken as necessary. All transactions to acquire land rights, as well as compensation measures, relocation activities and resettlement assistance will be documented.

4.3 Land & Assets Inventory and Socio-economic Survey

PESR has developed an Expropriation Study which contains a list of all the affected land, plots, registered assets (i.e. structures) and their owners, as recorded in the Cadastre. A land & assets inventory will then be completed by certified evaluators from the Bureau for Assessment & Valuation. The inventory will provide basic information on affected land plots (i.e. total area and area to be acquired, land use & land category etc.) and all assets located on it (e.g. structures, crops, trees, orchards, businesses etc.). Both assets that are registered in the Cadastre and those that are not will be recorded.

A socio-economic survey/census will be undertaken of Project Affected Persons (including local villages who are dependent on the A2 for access) in order to inform the RAP / LRP and help identify PAPs with no legal rights or claims to the land they occupy or use. Discussions will be held with the Municipality in planning these surveys. The surveys shall be timed ideally to occur in parallel or in a similar timeframe as the land & assets inventory. The survey shall assist in identification and recording of persons who have no recognisable legal claim to the land they occupy or use in the affected area.

The Project team will contain a relevantly experienced social consultant to undertake the socio-economic surveys, support PESR in the preparation of the RAP / LRP and support the land acquisition planning (including the consultation with affected parties).

During the socio-economic surveys information should be gathered to confirm which villages use and/or own land, including any abandoned agricultural land. The survey shall encompass villages who may be affected by loss of land and/or access to land they own or use. The strategy for the surveys will ensure that vulnerable groups are included (i.e. cannot just be reliant on people coming to public meetings) and any customary use of land by certain villages is captured.

Participation in the socio-economic survey is a voluntary exercise and will only be conducted with agreement of Project Affected Persons. All collected information will be treated as confidential. This survey will serve as a tool for establishing a baseline for affected individuals / households that will assist in identifying the significance of impacts and developing and implementing effective and suitable ways to resettle people and restore or improve their livelihoods.

The following information will be recorded through the socio-economic surveys, for each affected land plot:



- the number of the affected land plot, so that it can be connected to the appropriate valuation report;
- the name of the owner/user/resident and his/her status; and
- the contact details of the affected owner/user/resident.

The survey will also include questions on the basic household information (e.g. names, ages, sex, educational status of household members and any vulnerabilities, etc.), as well as questions in relation to existing standard of living and sources of income/livelihoods, with preferred choices for compensation and assistance.

4.4 Eligibility Criteria & Categories

All individuals / households occupying or using project affected land, recorded in the survey/census (owners and users, both formal and informal) are entitled to compensation and/or livelihood restoration or other assistance as outlined in the Entitlements Matrix in Section 5.5. The following categories of Project Affected Persons have been identified or are considered to potentially be present:

- Owners of land (*formal with legal rights or claims over the land*);
- Formal users of land (*e.g. a tenant with formal legal right over the land they occupy/use*);
- Informal users of land (*with no formal legal rights or claims over the land they use – this may also refer to areas of State land (or other land) which has been used on a customary or long-term basis but right of use not registered*);
- Owners of crops and trees (including in orchards);
- Owners of businesses (formal or informal business/economic activity);
- Owners of non-residential structures/assets and infrastructure;
- Owners, formal users (i.e., tenants) and informal users of residential structures/houses (this is considered a low likelihood);
- Owners of business structures/assets;
- Local community and individual/households affected by loss of access and/or disruption on access;
- Vulnerable Groups/Individuals.

PAPs with formal legal rights and with claims which are recognisable under national law

Persons with formal legal rights are recorded in the Cadastre and this information will be updated in accordance with national legislation when the expropriation process is initiated by the Expropriation Authority. Persons with a claim that is recognised or recognisable under national legislation are also invited to a hearing and the Cadastre is appropriately updated. In cases of disputes, affected people can turn to the Courts for their resolution, which has to be processed prior to the passing of the Expropriation Decision. Examples of persons with a claim that is recognised or recognisable under national legislation include heirs of deceased owners, persons who purchased properties with a valid sale purchase contract, however did not transfer property rights to their name in the Cadastre and similar.

Persons with no formal legal rights to the land they occupy, at the time of the census

Persons with no legal rights or claims to the land they occupy (informal users) will be recorded at the time when the socio-economic survey is carried out. The date of the survey will be the cut-off date, meaning that any individuals / households that use/occupy Project affected land (without legal rights or claims) after this date will not be entitled to compensation and/or livelihood restoration assistance. Examples of persons with no legal rights or claims include persons who have constructed barns on public land or those that are farming public land or even private land, without the knowledge and/or approval of the owner. Such persons will not be entitled to compensation for land, as they do not own it, however they will be entitled to compensation of assets which they own for example, the construction value of structures, crops, trees, etc.



Cut-off dates

The cut-off date for eligibility and the **value of affected properties** for those with formal rights is defined as the date of notification of an owner that a Proposal for Expropriation has been submitted. The cut-off date **for valuation** for affected persons with no legal rights will be the date at which the valuation of their property/assets occurs. The date of the survey will be the cut-off date for **eligibility to compensation/entitlement** for those with no legal rights.

Vulnerable Groups

Some individuals or groups may be considered more vulnerable than the majority of the affected population and, if affected by the Project, will require the implementation of special livelihood restoration and/or assistance measures. Such groups might include:

- informal users of affected land who have no sources of income or assets of their own;
- owners of informal residential structures (built without construction permits), with no other property or place of residence (this scenario is considered of a low likelihood for the Project due to the minimal [if any] physical displacement required);
- persons who depend on the affected land for incomes/livelihoods and it is the only land they own or use;
- elderly single headed households, single parent households, households with multiple members, etc. who have to be physically re-located (this scenario is also considered of a low likelihood for the Project due to the minimal [if any] physical displacement required);
- persons who will be affected by physical and/or economic displacement, whose socio economic status is low, for example beneficiaries of social welfare;
- illiterate persons who may have difficulties accessing information about the Project and land acquisition or understanding contracts and other important documents, etc.

The possible partial land-based dependency, very low to low incomes for paid work and aging population does mean there are signs of vulnerability in the local communities within the Project area which will be considered in method of engagement activities and the resettlement/livelihood assistance offered. However, all the villages within the Project affected area are small, therefore engagement activities should not be resource intensive and achievable within the timeframe indicated in the LAF as part of the socio-economic surveys.

Vulnerability will be assessed based on the results of socio economic survey and defined more precisely in the RAP / LRP.

Mechanisms for Dealing with Gaps & Issues in the Cadastre

The gaps and issues in the Cadastre will be considered when determining eligibility, such as:

- Users of land and properties not registered;
- Owners are deceased and the legal heirs have not been registered and/or have not completed the inheritance process;
- Sale purchase contracts have not been registered;
- Ownership rights resulting from right of use (i.e. of State Land – could be on a customary basis) have not been registered;
- Residential and non-residential structures are not registered;
- Structures which are registered may be recorded of a different size (e.g. have been extended);
- Structures without permits are not recorded etc.

Where such instances are found the RAP / LRP shall contain clear mechanisms to ensure these issues do not affect an eligible Project Affected Persons claim to entitlements.



4.5 Entitlements Matrix

The Entitlements Matrix is presented in **Table 5** for the categories of PAPs affected by the physical and economic displacement impacts arising potentially from the Project. The nature of certain entitlements are explained in more detail in Section 5.6.

It should be noted that some of the categories of PAPs that have been included in this framework matrix may not exist in the Project area (e.g. owners and users of residential structures), however this will only be possible to determine after the completion of the land & asset inventory and socio-economic survey. The RAP / LRP matrix will contain more precise categories, with exact numbers of affected persons/households that were identified during field activities.

**Table 4 Entitlements Matrix**

Type of Loss/Impact	Category of Project Affected Persons	Entitlements ⁹
PRE-CONSTRUCTION IMPACTS– Permanent Land Take		
Loss of land (mainly forest or agricultural and/or pasture land, and portions of meadow, orchard and residential [back yard] plots, plus a small area of built land). <i>For both formal & informal users of land – this refers to privately owned land and State land.</i>	Owners of land (formal with legal rights or claims over the land)	Cash compensation at full replacement cost or replacement land on a like-for-like basis.
	Formal users of land (e.g. a tenant with formal legal right over the land they occupy/use)	Provision of information about the acquisition of land at least three months in advance of land entry to enable tenant to find other land for lease – <i>if during socio-economic survey specific vulnerabilities of formal tenants are identified then support will be sort from the Municipality to find alternative land to lease formally and provide access to available support services.</i>
	Informal users of land (with no formal legal rights or claims over the land they use – this may also refer to areas of State land (or other land) which has been used on a customary or long-term basis but right of use not registered)	Provision of information about formal acquisition/expropriation of land and project at least three months in advance of land entry to enable user to find other land. Assistance to identify replacement land / resources for use prior to land entry - <i>support will be sort from the Municipality to find alternative land and to provide access to available support services, especially if during socio-economic surveys vulnerabilities are identified for the affected PAP. Security of tenure or formalisation of tenancy options etc. will be considered where possible within the legal framework.</i>
Orphan Land: i.e. part of an affected land plot which remains after expropriation and for which the owner has no more economic interest in using and/or is an economically unviable plot.	Owners of land (formal with legal rights or claims over the land)	<i>If a request of the affected owner of land has been made in accordance with the Expropriation Law (Article 20) and has been declared as being justified based on the expert valuation report:</i> Cash compensation at full replacement cost or replacement land on a like-for-like basis.
Loss of annual/perennial crops and trees, including within orchards.	Owners of crops and trees	PESR will allow where possible for farmers to harvest crops. Where they are lost, cash compensation for lost annual / perennial crops / plants at full replacement cost.
Loss of Non-Residential Structures (e.g. sheds, barns, fences, irrigation systems etc.)	Owner of non-residential structure and infrastructure	Cash compensation at full replacement cost and moving allowance for movable assets or assistance to move them.
Loss of Residential Structures (this scenario is considered of a low likelihood for the Project due	Owners of residential structure/house	Resettlement assistance, including moving allowance or assistance to move and cash compensation at full replacement cost

⁹ See Section 5.6 for further details.



Type of Loss/Impact	Category of Project Affected Persons	Entitlements ⁹
to the minimal [if any] physical displacement required)	Formal users (i.e. tenants) of residential structure/house	Provision of information about the acquisition of the house at least six months in advance of demolition, to enable the tenant to find other accommodation and moving allowance or assistance to move
	Informal users of residential structure/house	Provision of information about the acquisition of the house/structure at least six months in advance of demolition. Resettlement assistance, including moving allowance or assistance to move and if the user has no other place of residence (<i>or the socio-economic survey identifies specific vulnerabilities</i>): A choice of options for adequate housing with security of tenure (e.g. social housing) - <i>support will be sought from the Municipality if this instance arises.</i>
Loss of Business Structures (this scenario is also considered of a low likelihood for the Project)	Owner of business structure	Moving allowance for movable assets or assistance to move them and cash compensation at full replacement cost.
Loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods	Owner (formal or informal business or economic activity) – <i>could include agricultural livelihood activities</i>	Cash compensation for lost net income during the period of transition (until the re-establishment of business/economic activities in another location) and livelihood restoration assistance (see Section 5.6 for further detail).
DURING CONSTRUCTION IMPACTS - Temporary Effects		
Temporary loss of land - required during the construction period. <i>For both formal & informal users of land – this refers to privately owned land and State land.</i>	Owners of land (formal with legal rights or claims over the land)	Cash compensation at full replacement cost for the right to use land under contract/agreement for an agreed period and reinstatement of land after use.
	Formal users of land (e.g. a tenant with formal legal right over the land they occupy/use)	Provision of information about the acquisition of land at least three months in advance of land entry to enable tenant to find other land for lease – <i>if during socio-economic survey specific vulnerabilities of formal tenants are identified then support will be sort from the Municipality to find alternative land to lease formally and provide access to available support services.</i>
	Informal users of land (with no formal legal rights or claims over the land they use – this may also refer to areas of State land (or other land) which has been used on a customary or long-term basis but right of use not registered)	Provision of information about temporary use of land at least three months in advance of land entry to enable user to find other land. Assistance to identify replacement land to use for period / resources for use prior to land entry - <i>support will be sort of the Municipality to find alternative land.</i>
Loss/damage to annual/perennial crops and trees, including within orchards.	Owner of crops and trees	Cash compensation for lost or damaged annual / perennial crops / plants at full replacement cost.



Type of Loss/Impact	Category of Project Affected Persons	Entitlements ⁹
Damage/temporary disruptions to certain agricultural or other infrastructure (e.g. irrigation).	Local community and individual/households affected by loss.	Repairs, compensation or other measures agreed with affected people and local communities.
Temporary loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods and disruption to businesses.	All PAPs	Cash compensation for lost net income during the period of loss (until the re-establishment of business/economic activities).
LOSSES/IMPACTS ON VULNERABLE GROUPS		
Any other specific losses / impacts on vulnerable groups, associated with land acquisition for the Project, identified during the development of the RAP / LRP.	Vulnerable groups / individuals	Special measures for effective participation, compensation, resettlement and livelihood restoration, to be defined in the RAP / LRP.



4.6 Entitlements - Associated Considerations

The nature of certain entitlements are explained in more detail below:

Permitted Structures & Structures with No Valid Permit: The status of structures (residential and business) can vary from formally constructed structures, with all appropriate permits and registered in the Cadastre to those that have been constructed informally, without the required permits (i.e. the construction permit) and not registered in the Cadastre. Both types of structures are eligible for compensation, as defined in the Entitlements Matrix in section 5.5.

Formal & Informal Livelihoods: Similarly to structures, incomes and sources of livelihoods of affected people/households can also be formal and informal. Persons whose incomes/sources of livelihoods are affected, regardless of their status, will be eligible for compensation and/or assistance, as defined in the Entitlements Matrix in Section 5.5.

Full Replacement Cost: Full replacement cost will be calculated as the market value of assets plus any transaction costs associated with restoring such assets (e.g. transfer taxes, registration costs). The market value of assets (land and structures) will be defined based on recent market transactions in the affected area. In the absence of such transactions, the value of assets will be defined in accordance with their tax value, as registered in the local Tax Administration. Also, a check will be carried out on the cost of purchasing land in the area to check compensation will be sufficient for PAPs to buy replacement land if they so wish.

Valuation: Valuation of properties will be conducted by certified evaluators from the Bureau for Assessment and Valuation in accordance with the Law on Property Valuation. Both formal (registered) and informal assets will be evaluated. Replacement cost of land will correspond to the market value of land with similar characteristics, in the vicinity of the affected land, plus any transaction costs. The valuation of land will take into account the quality and productivity of land. Valuation of plants and trees will take into account various important features, such as their age or the resources and amount of time that would be needed to grow a new tree/plant.

Replacement cost of formal structures, registered in the Cadastre, will correspond to the market value of structures with similar characteristics, in the affected area, plus any transaction costs. Replacement cost of informal residential or business structures (built without construction permits and not registered in the Cadastre) as well as non-residential structures, will be calculated as the cost of rebuilding a structure of similar characteristics in another nearby location, including materials, costs of labour and any transaction costs (i.e. the construction value of structures).

Cash Compensation: Compensation for an expropriated property can be provided in cash, however in-kind replacement property will be offered as an option by PESR (see Entitlements Matrix in Section 6.2).

Timing of Compensation: Compensation will be paid generally prior to accessing land or taking possession of properties or displacement occurs. If the affected people dispute the offered compensation amount (or type) and turn to the Courts, and PESR takes advantage of legal options for accessing the property before compensation is executed, every effort will be made to pay for all undisputed assets as quickly as possible to minimise impacts on affected people/households. **If a property is to be accessed by the client, after it has become legally binding but before compensation has been accepted, the following will take place:**

1. The amount intended as compensation will be placed in an escrow account
2. In the event that a residential property is no longer usable, alternative and adequate housing will be provided. Adequate housing or shelter can be measured by quality, safety, affordability, habitability, cultural appropriateness, accessibility and locational characteristics. Adequate housing will allow access to employment options, markets and basic infrastructure and services, such as water, electricity, sanitation, health care and education.
3. In the event that the land /part thereof is used for agricultural and/or other livelihood purposes, alternative land/property with the same characteristics will be provided or compensation will be provided to cover for the economic loss to be incurred.



4. Other assistance will be provided and to be determined on a case by case basis.

Resettlement assistance will be provided before and/or after displacement, until the affected household re-establishes or, if possible, improves their standard of living. Similarly, in cases when it is determined that the Project will cause economic displacement, compensation and livelihood restoration assistance will be provided before displacement occurs, so that the affected people can restore their sources of income/livelihoods. Livelihood restoration assistance will continue until sources of households' livelihoods are restored or, if possible, improved.

Temporary replacement structures or land can be provided to physically or economically displaced people/households, as foreseen by the *Expropriation Law*, with their consent. Affected people/households will be able to use these facilities until their compensation payments have been executed and they have replaced their lost land/assets.

Resettlement Assistance: Although not considered to likely be needed for the Project due to the limited (if any) physical resettlement, resettlement assistance will be defined based on the outcome of the socio-economic survey, in accordance with the specific needs of affected people. This assistance is very often provided to vulnerable households which are physically or economically displaced by a project and can include the following:

- Assistance to resettle to appropriate accommodation with security of tenure. For example, a vulnerable household that has no other place of residence than the affected informal residential structure, may be assisted to resettle to a municipal social apartment, with a long term contract to ensure security of tenure.
- Legal aid
- Assistance to obtain personal documents, to help with accessing services available under national legislation
- Assistance to access social welfare
- Assistance to enrol children into school
- Assistance to access health care, etc.

Resettlement assistance also includes the provision of a moving allowance for household members and movable assets, or assistance to move them. Such assets include furniture, equipment, personal belongings of families, etc.

Resettlement assistance will be provided to those identified as needing it during the socio-economic survey. PESR will cooperate with institutions and organisations that can provide needed services, such as the municipal centre for social welfare or local organisations which work with vulnerable groups to assist them in accessing appropriate services.

Livelihood Restoration Assistance: In case the implementation of the Project and loss of land and other assets or access to assets, leads to permanent loss of income sources or means of livelihood (economic displacement) of PAPs, alongside compensation for affected land and assets and lost net income during the period of transition, PESR will implement livelihood restoration measures, as needed, which will be defined in greater detail in the RAP / LRP. Although not anticipated to be needed extensively based on the anticipated Project impacts, such measures may include:

- access to employment opportunities created by the Project (*e.g. during construction*);
- compensation for the cost of re-establishing business activities elsewhere;
- assistance to identify and access other income/livelihood generation activities;
- assistance to access training, skill development, job opportunities, agricultural development support etc.;
- assistance to access credit facilities and provision of any transitional support;
- compensation for or assistance to transport equipment or machinery.

Livelihood restoration assistance will be provided to those identified as needing it during the socio-economic survey. PESR will cooperate with institutions and organisations that can provide this assistance, such as the Municipality, agricultural development agencies operating in the area; and local service providers, etc.



In detailing the assistance measures for agricultural livelihood restoration the findings of the socio-economic surveys and engagement with institutions and organisations will be considered. Other considerations in identifying measures will be given to State subsidies for farming land, identifying improvements which could help affected PAPs increase their yield and income on all land (e.g. irrigation, training for increasing their yield and production, training of other members of a household who are not engaged in agriculture etc.). The RAP / LRP will focus on identifying livelihood assistance measures that will be sustainable and keep bringing benefits in so they can help improve livelihoods.

Rehabilitation of Temporarily 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 top soil conservation in some areas to preserve the quality of the affected land, which will be the responsibility of awarded Contractors and monitored by PESR. Undertaking these measures will enable owners / users of land to continue using it in the same way they used it before the implementation of the Project.

Assistance for Vulnerable Groups

Specific measures to assist any vulnerable groups identified through the socio-economic surveys will be defined in accordance with their needs.

5. PUBLIC CONSULTATION & DISCLOSURE

This LAF will be disclosed on the PESR website (<http://www.roads.org.mk>) and the EBRD website (www.ebrd.com). In addition hard copies of the LAF will be available at the following locations:

- PESR in Skopje [Dame Gruev str. 14, 1000 Skopje]
- Municipality of Kriva Palanka [Sv. Joakim Osogovski 175, 1330 Kriva Palanka]

Public consultation and disclosure activities for land acquisition will include engagements with affected owners and users of land and assets (including those with legal and no legal rights or claims to land they occupy or use). These activities include:

- Engagement required by the Law on Expropriation as described in Section 4, including individual meetings.
- Group consultation meetings and information disclosure for the development of the Resettlement Action Plan / Livelihood Restoration Plan, to present the detailed project footprint and affected land and assets, to announce the socio economic survey/census and valuations of properties, present the LAF & entitlements matrix and type and method of compensation.
- Consultation materials, such a pamphlets and posters on the expropriation process, and information on the Grievance Mechanism for the Project will be prepared to support the consultation with affected persons. These will be available in Macedonian.
- Socio-economic survey and valuation of properties – this will require direct engagement with affected parties.
- Consultation will be carried out on certain specific issues, including working with the community to avoid working at sensitive times and confirm and plan for management of any impacts on local access during construction and operation.

When implementation of the RAP / LRP begins, PESR will continue to regularly inform and consult affected people. All meetings and consultations will be documented by PESR providing the date when the meeting/ consultation was held, list of attendees, and a summary of the discussions.

There is also a Project wide Stakeholder Engagement Plan (SEP) disclosed on the PESR and EBRD websites and deposited at the above locations.



6. GRIEVANCE MECHANISM

PESR will accept all comments and complaints associated with the Project and in connection with the land acquisition process, submitted either verbally or in writing. PESR recognises that consultation is an ongoing process, and different concerns may arise as the Project moves into the land acquisition and construction phases.

A sample of the Projects Public Grievance Form is provided in Annex A. Any person or organisation may send comments and/or complaints in person, by phone or via post or email using the contact information provided below.

All types of stakeholder grievances (apart from those raised by employees and contractors) relating to this Project should be channelled to PESR through the following designated staff member:

Mrs Biljana Lazevska, Manager of Human Resources Management and General Affairs Unit

Tel: + 389 (0)2 3118-044 ext.119 Fax: + 389 (0)2 3220-535 email: biljanal@roads.org.mk

Address: Public Enterprise for State Roads, Dame Gruev 14, 1000 Skopje, Republic of Macedonia

The SEP contains contact details of the local municipalities and the contact details of the construction Contractor(s) will also be made publicly available in the local area and included in a revised SEP, once a Contractor(s) is appointed.

The Grievance Form (in Macedonian and English) will be made available on the web site www.roads.org.mk and the municipality will receive pre-printed forms to be readily-available for the public.

PESR will log and monitor the process of comments and complaints and the information will be summarised in Annual Environmental, Health & Safety and Social (EHSS) reports, which will be prepared and posted on its website. PESR is obliged to respond to all complaints according to procedures prescribed in national legislation. The response time for grievances will be in accordance with national legislation for the particular issue in question. PESR will endeavour to acknowledge receipt of the Grievance within 5 working days, and to respond within 15 days of receiving the grievance to inform the complainant of the corrective action taken or proposed corrective action. Individuals who submit their comments or grievances have the right to request that their name be kept confidential.

At all times, complainants are also able to seek legal remedies in accordance with the laws and regulations of the Republic of Macedonia.

7. LAF IMPLEMENTATION, TIMETABLE, BUDGET, MONITORING & REPORTING

7.1 Implementation, Timeline & Budget

PESR will be ultimately responsible for the implementation of all aspects of the Land Acquisition Framework and preparation and implementation of the Resettlement Action Plan / Livelihood Restoration Plan. All parties involved in the implementation of the Project, including the Contractors are required to comply with the requirements set out in this document.

The Project team will contain a relevantly experienced social consultant to undertake the socio-economic surveys, support PESR in the preparation of the RAP / LRP and support the land acquisition planning (including the consultation with affected parties).

The key activities and timeline for implementation of the LAF are outlined in the table below. The timing may alter depending on the procurement of the Project etc. Specific roles of PESR and Contractors are also indicated in this table.

**Table 5 Summary Table of Key Activities & Timeline for Implementation of the LAF**

[PESR to please add any additional detail available regarding timelines]

Activity	Resp. Party	2017	2018				2019-2020	2020 - onwards
		Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Construction	Operation
Pre-Construction: Main Acquisition/Expropriation Activities								
Submission of the Proposal for Expropriation	PESR							
Appointment of the Consultant ¹¹	PESR							
Socio-economic survey work	Consultant/PESR ¹⁰							
Land & Asset Inventory/Valuation of property	Valuers/PESR							
Establishment of Entitlements	Valuers/PESR							
Preparation & Disclosure of RAP / LRP	Consultant/PESR ¹¹							
Payment of compensation	PESR							
Delivery of livelihood restoration & resettlement assistance	PESR or other relevant body							
Planned commencement of construction:	PESR						Early 2019	
Temporary land occupation agreements required for construction needs, if required	Contractor							
Activities Undertaken Throughout Project Life								
Grievance management	PESR							
Consultation & Disclosure	PESR/EBRD							
Monitoring & reporting	PESR							

¹⁰ The Project team will contain a relevantly experienced social consultant to undertake the socio-economic surveys, support PESR in the preparation the RAP/LRP and support the land acquisition planning (including the consultation with affected parties)



7.2 Monitoring

Once the RAP / LRP is developed and adopted, PESR will monitor implementation until all displacement impacts have been mitigated, as determined based on a **Completion Audit**, which will be carried out as agreed with EBRD.

An internal monitoring system shall be established in PESR, consisting of:

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

The table below provides an indicative list of indicators which will be used for monitoring. A final list of indicators, developed based on the results of the socio-economic survey will be included in the RAP / LRP.

Table 6 Monitoring Indicators

Indicator	Source of Information	Frequency of Measurement
Input indicators		
Number of consultation meetings, focus group meetings, results of consultation activities	Meeting minutes	Quarterly
Number of affected people/households, by category (formal or informal, owners or users, vulnerable groups) and types of impacts (physical displacement, temporary or permanent economic displacement, other)	PESR resettlement database and grievance management records	Quarterly
Number and type of affected assets (land, houses, non-residential structures, crops, trees, etc.)	PESR resettlement database	Quarterly
Overall spending on compensation, resettlement and livelihood restoration	PESR financial records	Quarterly
Number of staff dedicated to resettlement and compensation, with distribution in-house / outsourced (if applicable)	PESR Legal Department	Quarterly
Reinstatement of land – number of plots complete	Construction contractors' reports and grievance management records	Quarterly
Timing of implemented activities in comparison to the RAP / LRP implementation schedule	Compare status of implementation to RAP / LRP schedule	Quarterly
Output indicators		
Number of compensation contracts signed Number and % of compensation payments completed	PESR resettlement data base and financial records	Quarterly
Physical Displacement – number of people/households resettled, type of resettlement assistance provided	PESR resettlement database	Quarterly
Livelihood restoration measures – types of measures implemented, implementation progress, number of beneficiaries	PESR resettlement database	Quarterly
Outcome indicators		
Number and type of outstanding or unresolved grievances and trends	Grievance management records	Quarterly
Average time for payment of compensation	Measure time between compensation agreement and payment	Quarterly
Does compensation represent full replacement cost?	Investigate whether recipients of cash compensation were able to purchase a similar property	Quarterly



Indicator	Source of Information	Frequency of Measurement
Use of compensation	PESR resettlement database	Biannually
Physical displacement - satisfaction with new homes / assets	Individual meetings with people/households PESR resettlement database	Biannually
Income / livelihoods: <ul style="list-style-type: none"> Changes in income level (maintained, increased, decreased) Reinvestment in livelihood activities (purchase of land, equipment, skill training, etc.) 	Individual meetings with people/households PESR resettlement database	Biannually

7.3 Reporting

PESR will maintain a database of the Project Affected Persons (individuals/households/businesses etc.) whose properties have been affected by the Project, and the compensation, resettlement and livelihood restoration measures that have been implemented. This will include information on their vulnerabilities and any specific issues regarding effects on access to their land as a result of the Project.

The PESR Legal Department will be responsible for regularly updating the database. All information on PAPs, their holdings and their compensation payments and assistance measures will be kept confidential.

Using the monitoring framework described in Section 8.2 of this document, PESR will produce biannual reports on the progress achieved with the implementation of the LAF/RAP/LRP. These reports will consolidate the information on compensation and resettlement/livelihood restoration measures, consultations, information on negotiations and results, provision of assistance to vulnerable groups, grievance management, etc. PESR will document all meetings and consultations with minutes, and will submit these to EBRD, together with progress reports.

Information from these reports will be summarised and included in the PESR Annual Environmental & Social Reports, distributed to relevant stakeholders, including EBRD.

8. LAF CONTACT DETAILS & RESPONSIBILITY FOR IMPLEMENTATION

PESR are responsible for the implementation of the LAF and preparation of the RAP/LRP. The responsible person in PESR for fulfilment of the Land Acquisition Framework is:

Public Enterprise for State Roads

Mrs Biljana Lazevska, Manager of Human Resources Management and General Affairs Unit

Tel: + 389 (0)2 3118-044 ext.119, Fax: + 389 (0)2 3220-535

email: biljanal@roads.org.mk

Address: Public Enterprise for State Roads, Dame Gruev 14, 1000 Skopje, Republic of Macedonia



Annex A

Public Grievance Form

Public Grievance Form	
Reference No:	
Name and Surname (optional) <input type="checkbox"/> I wish to raise my grievance anonymously. <input type="checkbox"/> I request not to disclose my identity without my consent.	
Contact Information: Please note how you like to be contacted (mail, phone, e-mail)	<input type="checkbox"/> By Post: Please provide mailing address: _____ _____ <input type="checkbox"/> By Phone: _____ <input type="checkbox"/> By E-mail _____
Preferred language for communication	<input type="checkbox"/> [Macedonian] <input type="checkbox"/> [Other: _____]
Description of Incident or Grievance: What did happen? 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:	
Ms Biljana Lazevska Tel: + 389 (0)2 3118-044 ext.119 Fax: + 389 (0)2 3220-535 email: biljanal@roads.org.mk	Public Enterprise for State Roads Dame Gruev str. 14 1000 Skopje, Republic of Macedonia