

**Republic of North Macedonia
PUBLIC ENTERPRISE FOR STATE ROADS**



LAND ACQUISITION FRAMEWORK (LAF)

**Environmental and Social Assessment for EBRD
Brownfield: Category B Project 50769 - Highway Tolling,
North 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



Environmental and Social Assessment for EBRD Brownfield: Category B Project 50769 - Highway Tolling, North Macedonia

LAND ACQUISITION FRAMEWORK (LAF)

1 | INTRODUCTION

The Public Enterprise for State Roads (PESR) intends to implement a project for the improvement and modernization of the existing toll system on Corridor VIII as well as the installation of new electronic toll stations on new highway sections that are being built in N. Macedonia.

The European Bank for Reconstruction and Development (the “EBRD” or the “Bank”) is considering providing finance of up to EUR 13 million to Public Enterprise for State Roads of Republic of North Macedonia (the “PESR” or the “Client”). The Loan will enable the Client to finance the project “Brownfield: Category B Project 50769 - Highway Tolling” (the “Project”).

The Public Enterprise for State Roads (PESR) of Republic of North Macedonia is proposing to undertake:

- i. Upgrade and modernization of existing toll stations on Corridor VIII as well as the construction of three toll stations on new highway sections that are being built in N.Macedonia;
- ii. Installation of equipment to link the upgraded and new toll stations to the toll operation centre in Skopje;
- iii. Construction of an additional lane to increase the capacity of the Miladinovci toll station on the Corridor VIII;
- iv. Installation of photo voltaic (PV) solar panels on all the existing and new toll stations that are being built on the entire motorway network in the country.

The Project is a follow-on operation of the previous EBRD’s projects for the construction of a new motorway section on Corridor 10 – recently completed, and construction and reconstruction of eight toll stations along Corridor 10, including installation of electronic toll collection (“ETC”) equipment currently under implementation.

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 Project requires very limited acquisition of land and land acquisition process is in final stage. The land acquisition will occur for following project components but there are no cases with physical displacement of ‘residential’ constructions:

- (i) construction of three toll stations on new highway sections that are being built in Macedonia (land acquisition process is completed for TS Kadrifakovo and Preod, for TS Arbinovo is at final stage) and
- (ii) construction of an additional lane to increase the capacity of the Miladinovci toll station on the Corridor VIII (at this point Elaborate on land acquisition is not available).

As the Project involves economic displacement without physical displacement this Land Acquisition Framework (LAF) has been prepared by PESR. 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.

Land acquisition and economic displacement are considered negligible. For the project component (iii) “Construction of an additional lane to increase the capacity of the Miladinovci toll station on the Corridor VIII” project documentation is in developing phase, required land is 400m², state owned land parcels



and there will be not need of expropriation process and also no need of development of Land Action Plan (LAP) / Livelihood Restoration Plan (LRP)

2 | THE PROJECT

2.1 | SUMMARY PROJECT DESCRIPTION

The aim of the Project is improvement and modernization of toll system that will support the operation of a unified and fully interoperable toll system on the motorway network of RN Macedonia, and will improve the current situation which consists of two different toll systems with different user interfaces. Also to promote green economy through the generation of renewable energy from photo voltaic solar panels which will be installed on all 15 existing and new toll stations.

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 neighboring countries.

The Project components are going to be realized on dedicated locations (toll stations) along the Corridor VIII, along the Corridor X and along the state road A4, motorway section Miladinovci – Shtip. The following map shows the position of the project in the area and its relative location in the wider country neighboring context.

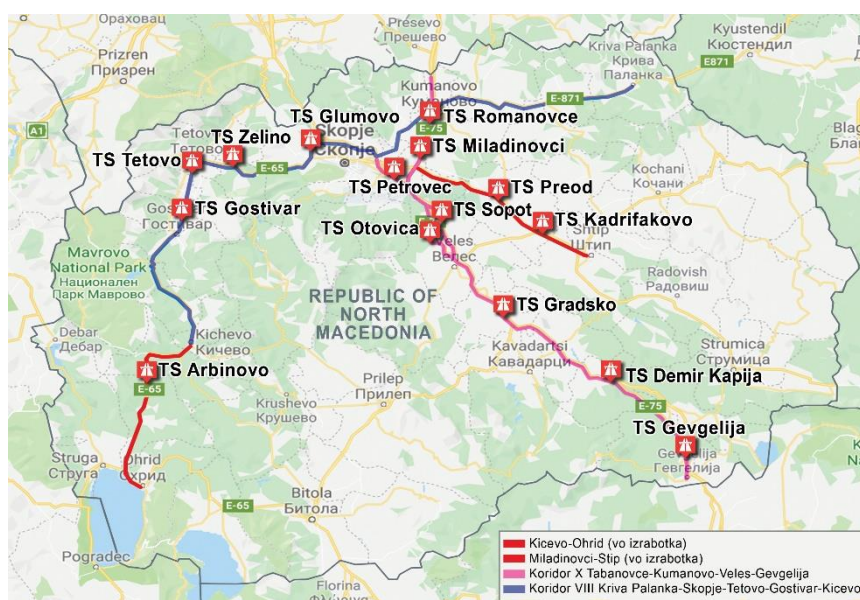


Figure 1 Toll Stations in RN Macedonia

- (i) Existing toll stations on Corridor VIII (section Miladinovci – Gostivar) [Miladinovci toll station, Glumovo toll station, Zelino toll station, Tetovo toll station and Gostivar toll station] will have upgrade and modernization to operate with automatic ETC system. The Project component represents follow up on upgrading and modernization activities already performed, since the houses of each toll stations have been replaced as well as the electrical and the mechanical part. This project component covers activities for change of eaves and complete tolling equipment on each toll station. According PESR, the realization of the project component does not require construction and environmental permitting and there is no need of additional land area. As result, the upgraded and modernized toll stations will be equipped with automatic ETC connected to the main toll operating center in Skopje.

Construction of three toll stations on new highway sections that are being built in NR Macedonia consist of construction of three new toll stations that after being built and in full operation, they will be equipped with automatic ETC connected to the main toll operation center in Skopje to also operate with automatic ETC systems. It include the following toll stations:



- Toll station Arbinovo on the Corridor VIII (section Kicevo – Ohrid);
- Toll stations Preod and Kadrifakovo on state road A4, motorway section Miladinovci – Stip.

Final Main Design is completed and revised, and Construction Permits are obtained for all three toll stations Arbinovo, Preod and Kadrifakovo. There are notification letters issued from MoEPP on PESR request, stating that the construction of toll stations is not subject to environmental impact assessment at any level (elaborate or full study), according to the national environmental legislation. Geodetic Elaborates for expropriation are prepared that report the need of land to be acquired and the land acquisition is completed for the toll stations Preod and Kadrifakovo while for the toll station Arbinovo is not completed yet, however it is in developed final stage, elaborate for expropriation is prepared and submitted to Authorities, and valuation of land is underway. The amount of land is detailed in Section 2.3 below.

- (ii) The installation of equipment to link the upgraded and new toll stations to the toll operation center in Skopje provide basis for instalment of additional equipment in the toll operation center in Skopje – toll station Petrovec. In general, the Project component consist of procurement, installing and putting in operation of hardware and software equipment. As result, linking of the new ETC systems along the Corridor VIII and along the secondary axis of the Corridor X to the toll operation centre will monitor the operation of all toll stations. This project component does not predict any construction activities; therefore, no environmental impacts have been addressed and no land acquirement will occur.
- (iii) The construction of an additional lane (on the right side of the direction Miladinovci-Skopje) will increase the capacity of the Miladinovci toll station on the Corridor VIII. The toll station represents one of the main highway interchange connecting the Corridor X (section Kumanovo – Veles – Gevgelija), newly build section Miladinovci – Stip and Corridor VIII (section Gostivar – Skopje – Miladinovci). Project documentation for this project component has not been developed yet. PESR is developing documentation for selection of Contractor to execute “Supply and Install” process. It should clarify the framework for development of required documents including the permitting processes for obtaining appropriate permits (environmental, construction and land acquisition). On the basis of the Main Design and Geodetic Elaborate details for the land area to be acquired will be clarified , and there is need of expropriation because the project is within the foot print of existing toll station and state owned land parcels..
- (iv) This project component predicts installation of photo voltaic solar panels on all the existing and new toll stations that are being built on the entire motorway network in the country (total number 15). Project documentation for this project component has not been developed yet. PESR is developing Ad hoc Report including a short assessment for the possibility for realization of this component. According the findings potential instalment of 610 kW will ensure production of approximately 825 MWh giving possibility to replace more than 50% of the toll stations electricity needs, which are estimated to be 1615MWh. It will include development of appropriate documentation for obtaining all relevant permits for installation of photovoltaic solar panels on the all 15 existing and new toll stations. There is no expectation of additional land needed than the area where toll stations are placed.

The design and construction will be done to meet requirements of the current Macedonian road design standards and the standards of EBRD. It has been understood that the upgrade and modernization of existing toll stations on Corridor VIII should follow the general project requirements for the already executed project by PESR “Construction and installation of the electronic toll collection system at the toll station Romanovce”.

For the construction of an additional lane (on the right side of the direction Miladinovci-Skopje), the Project documentation has not been developed yet. It will include development of appropriate documentation for obtaining all relevant permits and land acquisition. For the rest of project components there is no need for additional land, and will not occur process of land acquisition. The amount of land is detailed in Section 2.3 below.



The land acquisition process generally followed and will 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. The realization of the Project falls under the current National Transport Strategy (2018-2030) and the Annual Program of PESR for construction, reconstruction, rehabilitation, maintenance and protection of state roads. The Project also fits into the Bank's Country strategy for promotion of regional transport integration and supports the development of strategic interconnections with neighboring countries.

PESR intends to disclose call for Contractor(s) for construction in April, and construction period is planned for 6 months for construction of the toll stations and 10 months for completion of the other project components starting in September 2019. Figure 1 below shows the location of Toll Stations in RN Macedonia (all 15, existing and planned for construction).

Traffic control will be required throughout the Project to ensure traffic flow during the works. The construction Contractor will be required to prepare and implement a Traffic Management Plan which provides clear warning and instructions to vehicles. Engagement with affected municipalities/communities on traffic management is required as part of the Traffic Management Plan.

2.2 | PROJECT AREA & LAND USE CONTEXT

Heterogeneous context of the Project, consisting of different project activities on various locations, gives specific complexity for describing project area and land use context.

The A1 motorway as a part of the Pan-European corridor X and connection among North Macedonia's biggest cities, it is one of the vital highways for Macedonian infrastructure. It spans 173 kilometers as a four-lane, tolled, controlled-access highway. It crosses the country from north to south, starting at the border with Serbia near Kumanovo, Skopje, Veles and ending at the Evzoni-Bogorodica border crossing with Greece near Gevgelija. The A2 is a route as a part of the Pan-European corridor VIII that connects Deve Bair border crossing with Bulgaria with Border Crossing Kjafasan with Albania. The route passes Skopje through the ring-road and enters the already constructed motorway that connects Tetovo with Gostivar. The part of the route that bypasses Kičevo and ends in Ohrid is planned to be turned into a motorway with 4 lanes by 2021. Currently only the section from Miladinovci (interchange with A1) to Tetovo at motorway standards.

Newly constructed motorway A4, section Miladinovci-Stip in one part of the route passes in Ovce Pole that is mostly a valley, and at some places the route is kept at the foot of the rising terrain. In the narrow corridor of the road there is not an adequate quality agricultural land. An important feature for the highway route from Miladinovci to Shtip is that it covers semi-natural areas and districts completely altered from man. The route of the highway is located on the territory of the municipalities of Ilinden, Petrovec, Sv.Nikole and Stip, which according to the indicators for the economic and social conditions distinguish with a fair heterogeneity for all relevant parameters, the main rural areas, the immense migration processes of the 60's since the last century. The main driver of the positive economic processes in the highway corridor is agriculture and livestock, which are embedded in the tradition of the local population as a fundamental activity. The number of unemployed in relation to the economically active is extremely large-over 13,000 unemployed of a total of 37,177 economically active or around 30%, which is a very high percentage at the level of RNM. The industry is represented by the food, textile and industry for construction materials. The food industry is represented by the meat industry, the vegetable and vegetable preserving industry, the bakery, the dairy industry, the dehydrated vegetable industry, the tobacco fermentation industry and the animal feed industry. Of the agricultural crops, the most important are: grain crops, industrial crops, crops and grape vines, and from the livestock fund: sheep farming, cattle breeding, pigs, livestock and beekeeping.

The settlements within the municipalities have poorly developed municipal infrastructure. Water supply is mainly solved for the larger number of villages, while sewage has not been built, and solid waste is collected only in the centers of municipalities and in the villages located along the existing road leading to the sites for removal of the collected quantities of municipal waste.

The route of the Kichevo-Ohrid highway goes along hills and mountains, and also some valleys in a region with rural characteristics that vary greatly in relation to various factors like geology, relief,



climate, vegetation and anthropogenic impact. The route of the highway extends into two river basins: Sateska River (artificial and highly altered surface water) belonging in the Ohrid river basin (sub-basin on the Crn Drim River) and Treska River that belongs to Vardar River basin.

Around the highway can be distinguished by several landscaping units: hills, valleys, and mountains, rural and anthropogenic alterations.

Depending on the possibilities, along the length of Corridor VIII, the main activities are forestry and agriculture as part of the agricultural sector and tourism near in region near Ohrid Lake. Here, it is important to note the vicinity of Ohrid Lake, as well as the historically-geologically conditioned lake terraces in the southern part of the corridor, along with the dominant vegetation types are the main factors, which conditioned the appearance and diversity of the present areas along the length of Corridor VIII.

2.3 | SUMMARY OF AFFECTED LAND, PEOPLE & ASSETS

Project Land Requirements

Permanent Land Take: The permanent land area will be acquired for project component (i) Construction of three toll stations on new highway sections that are being built in RN. Macedonia, and it is assessed in the separate Geodetic Elaborates. The area of land will be with a length of 450m along the constructed road, and with average width of about 40 m. The geodetic elaborate for expropriation was prepared on the basis of the Finalised (Main) Design. Additionally, permanent land acquisition will be required for project component (iii) the construction of an additional lane to increase the capacity of the Miladinovci toll station on the Corridor VIII of about land area 40 long and of approximately 10 m width where the additional lane will be constructed, for which technical documentation and Geodetic Elaborate is not available during this LAF, and will be prepared in the next phase of the project. The Project will require acquisition of land area 40 long and of approximately 10 m width where the additional lane will be constructed.

The estimate of land requirements for (i) project components is provided in Tables 2a, b and c. For the others Project components is not expected need of permanent land take.

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. 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 and owners 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 (if any) will be agreed through negotiation.

Project Land Acquisition Status (Performed Land acquisition and expropriation)

For Project component (i) construction of three toll stations on new highway sections that are being built in RN Macedonia, minimal area of land is required in order to accommodate the new Project structures and the land acquisition process is performed or it is in the final stage:

- Kadrifakovo toll station – state owned land parcels, land acquisition process is completed according national legislation (no expropriation took place since the land is state owned).
- Preod toll station – land was a mix of state and privately-owned parcels, and the land have been acquired / expropriated during second half of 2018 year. Land acquisition process is completed according national legislation;

During the process of land acquisition for toll stations Preod and Kadrifakovo no Informal Users of land were identified as well structures without permits are not recorded. Owners were the only PAPs, which were already informed and aware about the land acquisition process, due to the construction of the highway that started 2014 and previous consultations related to EIA process. PESR informed that they have not received any Grievance Report and there is no case of judicial process with former private owners of land for these toll stations, including the project footprint area on the highway . At Kadrifakovo section road corridor is old transport corridor in use more than 40 years, which was



upgraded to highway. At Kadrifakovo toll station there are two Contracts for concession for agricultural activities at Ministry for Agriculture, forest and water management. The Contracts cancellation is underway, so the land will be converted from agriculture to construction land and formal users are consulted and informed according national legislation;

- Arbinovo toll station – land is a mix of state and privately-owned parcels, process of land acquisition is in stage of prepared geodetic elaborates and documentation for expropriation according national legislation, submitted to appropriate authorities, valuation of land is underway and informing the affected owners.

PESR informed that no Informal users of land area are identified or reported, owners are only PAPs and are already aware due to the construction of the highway that started 2014 and previous consultations related to EIA process. The road corridor at this section is old transport corridor, of about 50 years, and was upgraded with project on the level of highway. PESR informed that they have not received any Grievance Report and there is no case of judicial process with private owners of land for the area on the highway footprint at the toll stations Arbinovo, for which the process of expropriation is finalised.

- There is need for permanent take for the project component (iii) construction of an additional lane to increase the capacity of the Miladinovci toll station on the Corridor VIII. The Project will require acquisition of land area 40 m long and of approximately 10 m width, (area of 400m²), where the additional lane will be constructed. Additional lane will be constructed on the right side in the direction from Kumanovo to Skopje. The area is in protection corridor for the highway and on the footprint of the existing toll station. Land parcels are state owned, and there will not be needed expropriation and LAP preparation.

Land take is summarised below in Table 2¹:

Table 1 Summary of Land Take (private and state owned) (C.M Preod, Kadrifakovo and Debarca)

Land Take m² Per Cadastre Municipality (CM)/Total Project footprint area (ha)		
Toll Station Preod Municipality Sveti Nikole, CM Preod	Toll Station Kadrifakovo Municipality Sveti Nikole, CM Kadrifakovo	Toll Station Arbinovo Municipality Debarca, CM Slivovo
8,997 m²	10,314 m²	11,320 m²
6,23 ha	6,24 ha	5,34 ha

Available information on the type/categories of land affected and the type of ownership (state and private) is provided below in Table 2:

Table 2a Summary of Type of Land Affected (State and Private) for Preod toll station

	Cadastral Municipality Preod		
	State owned	Private owners	Total
Land Use Types/Categories	m²		
Pasture (grazing)	1270	/	1270
Forest	810	/	810
Meadow	/	/	/
Orchard	/	/	/
Field/Agricultural Land (in use)	4964	1561	6252
Field/Rock (Stone) Land	/	/	/
Channels, Streams & Rivers	/	/	/
Streets/Roads	392	/	392
Land under building	/	/	/

¹ Available Geodetic elaborates for municipality of Sveti Nikole and Debarca



Urban Areas: Constructed Build Land	/	/	/
Back Yard	/	/	/
TOTAL:			8997

Table 3b Summary of Type of Land Affected (State and Private) for Kadrifakovo toll station

	Cadastral Municipality Kadrifakovo		
	State owned	Private owners	Total
<i>Land Use Types/Categories</i>	m²		
Pasture (grazing)	/	/	/
Forest	/	/	/
Meadow	/	/	/
Orchard	/	/	/
Field/Agricultural Land (in use)	10139	/	10139
Field/Rock (Stone) Land	/	/	/
Channels, Streams & Rivers	/	/	/
Streets/Roads	175	/	175
Land under building	/	/	/
Urban Areas: Constructed Build Land	/	/	/
Back Yard	/	/	/
TOTAL:			10314

Table 4c Summary of Type of Land Affected (State and Private) for Arbinovo toll station

	Cadastral Municipality Debrca		
	State owned	Private owners (18 parcels in total)	Total
<i>Land Use Types/Categories</i>	m²		
Pasture (grazing)	/	/	/
Forest	0	122	122
Meadow	/	594	594
Orchard	/	553	553
Field/Agricultural Land (in use)	7378	1040	8418
Field/Rock (Stone) Land	/	/	/
Channels, Streams & Rivers	318	/	318
Streets/Roads	/	/	/
Land under building	/	/	/
Urban Areas: Constructed Build Land	1315	/	1315
Back Yard	/	/	/
TOTAL:			11320



An important note; however, is that the area in the geodetic elaborate (shown in Table2a, 2b and 2c) summarises land that is within the Project expropriation footprint for the widening of the road corridor required for toll stations construction, excluding land already used for the newly built roads at the position of the toll stations. There are other separate Geodetic Elaborates where expropriation area for the road corridor is presented, and that process is also finalised for highway sections Miladinovci-Shtip, and Kicevo-Ohrid. Project for construction of these new highways are financed by China EXIM Bank and there are not available LAF, RAP/LRP.

The future land acquisition planning (land and asset inventory) for construction of capacity of the Miladinovci toll station on the Corridor VIII will confirm affected land area by the Project. There are not any assets present on the area. According the site visit and PESR planning, the additional lane will be in the footprint of the existing toll station area.

Summary of Economic & Physical Displacement Impacts

During the design of the Project land acquisition requirements were an important consideration. During the selection of the area for toll stations construction, consideration was given regarding land use effects, ownership and avoiding in parallel to technical properties and availability of land. Therefore, physical displacement of households has been avoided and not any physical displacement will occur.

The Contractor will be required to have a good Traffic Management Plan to ensure the road and passage at the toll station is safe and accessible. 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 road users 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 LAP if needed for project component construction of the additional lane at Miladinovci toll station:

Table 5 Summary of Physical & Economic Displacement Impacts

Phase/Type of Loss	Summary of Losses/Impacts
PRE-CONSTRUCTION - Prior to Construction	
Permanent Land Take	<ul style="list-style-type: none"> • Loss of land: Mainly agricultural and/or pasture land and small area of forest land. The land includes private and state ownership. The land take involves a strip of land along both sides of the constructed road for the widening for construction of toll stations, and at Miladinovci toll station, on one side of the widening with a strip long 40m and width 10m. • Loss of annual/perennial crops and trees. • Loss of Non-Residential Structures (e.g. sheds, barns, fences, irrigation systems etc.): No Non-Residential Structures along the route have been identified to date that will be affected for the construction of the new three toll stations and for the additional lane at Miladinovci toll station. • Loss of Residential Structures (physical displacement): No Residential structures have been identified to date that will be physically affected by the Project. • Loss of Business Structures: No business structures have been identified to date that will be physically affected by the Project.



Phase/Type of Loss	Summary of Losses/Impacts
	<ul style="list-style-type: none"> • Loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods: for the additional lane at Miladinovci toll station, 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). There are two concessions for agriculture at Kadrifakovo toll stations that are affected, and process of cancelation, consultation and compensation at the Ministry for Agriculture, Forest and water management is ongoing. • 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. According the elaborates orphan land is not expected which will be confirmed during the future land acquisition planning and engagement process.
DURING CONSTRUCTION:	
<i>Temporary Effects:</i>	<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.

3 | LEGAL & POLICY FRAMEWORK FOR LAND ACQUISITION & RESETTLEMENT

Land acquisition and resettlement for the Project followed and will follow the national legislative requirements in Macedonia as well as applicable EBRD requirements. These are summarized 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 Law²**
- **Law on Obligations³**

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

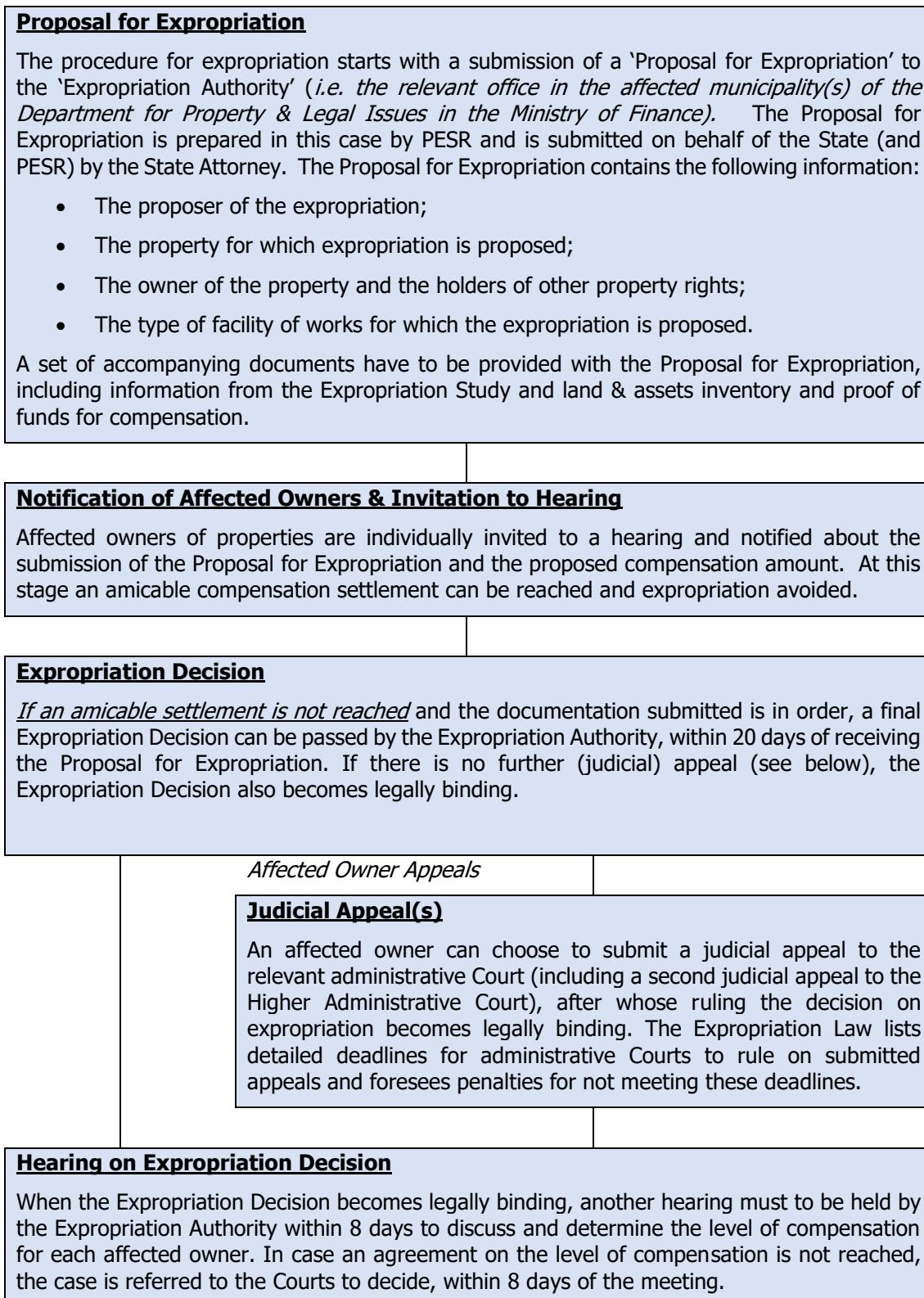
² OGRM Nos. 5/12, 131/12, 24/13, 27/14, 104/15, 192/15, 23/16, 178/16 with all later amendments

³ OGRM Nos. 18/01, 78/01, 04/02, 59/02, 05/03, 84/08, 81/09, 161/09, 123/13 with all later amendments



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





Payment of Compensation

The Proposer of Expropriation proceeds with the payment of compensation or provision of replacement properties, within 30 days of the signing of a compensation agreement or the decision on compensation becoming legally binding (for delays in payment, interest rates apply).

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*⁴. This law enables provision of social welfare payments and services to vulnerable residents, as defined by the law. One of the available social welfare payments under the law is a one-off financial payment for those who find themselves in a situation of sudden and temporary need, including the need for accommodation. 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 Assistance⁵ 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:

⁴ 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

⁵ OGRM Nos. 161/09, 185/11, 27/14



- 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:

- **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 minimize 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 | GENERAL LAF PRINCIPLES

Key general principles which underpin the LAF are as follows, these should be read in conjunction with the Entitlements Matrix (Section 4.5):

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. 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 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 SURVEYS

PESR has developed Expropriation Studies for Arbinovo and Preod toll stations, separately, while for Kadrifakovo and additional lane at Miladinovci toll station expropriation Study is not prepared because the land was state owned. Studies contain 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 was/will then be completed by certified evaluators from the Bureau for Assessment & Valuation. The inventory provides 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.

During the socio-economic surveys, if required, information should be gathered to confirm which persons use and/or own land, including any abandoned agricultural land. The strategy for the surveys



will ensure that vulnerable groups are included 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 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 recognizable under national law

Persons with formal legal rights are recorded in the Cadaster 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 Cadaster 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 Cadaster 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.

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 4** for the categories of PAPs affected by the physical and economic displacement impacts arising potentially from the Project.

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.



Table 6 Entitlements Matrix

Type of Loss/Impact	Category of Project Affected Persons	Entitlements
PRE-CONSTRUCTION IMPACTS– Permanent Land Take		
<p>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).</p> <p><i>For both formal & informal users of land – this refers to privately owned land and State land.</i></p>	<p>Owners of land (formal with legal rights or claims over the land)</p>	<p>Cash compensation at full replacement cost</p>
	<p>Formal users of land (e.g. a tenant with formal legal right over the land they occupy/use)</p>	<p>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></p>
	<p>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)</p>	<p>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></p>
<p>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.</p>	<p>Owners of land (formal with legal rights or claims over the land)</p>	<p><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></p> <p>Cash compensation at full replacement cost.</p>
<p>Loss of annual/perennial crops and trees, including within orchards.</p>	<p>Owners of crops and trees</p>	<p>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.</p>
<p>Loss of Non-Residential Structures (e.g. sheds, barns, fences, irrigation systems etc.)</p>	<p>Owner of non-residential structure and infrastructure</p>	<p>Cash compensation at full replacement cost and moving allowance for movable assets or assistance to move them.</p>



Type of Loss/Impact	Category of Project Affected Persons	Entitlements
Loss of Residential Structures (this scenario is considered of a low likelihood for the Project due to the minimal [if any] physical displacement required)	Owners of residential structure/house	Resettlement assistance, including moving allowance or assistance to move and cash compensation at full replacement cost
	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 4.6 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)	If project will require temporary land for access, 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)	If project will require temporary land for access, provision of information about the acquisition of land in advance of land entry to enable tenant to find other land for lease – <i>If project will require temporary land for access , municipality to find alternative land to lease formally and provide access to available support services.</i>
	Informal users of land	If project will require temporary land for access Provision of information about temporary use of land in advance of land entry to enable user to find other land.



Type of Loss/Impact	Category of Project Affected Persons	Entitlements
	(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)	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.
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 further project development.	Vulnerable groups / individuals	Special measures for effective participation, compensation, resettlement and livelihood restoration.



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 4.5.

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 4.5.

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 by 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

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).

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 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. In addition hard copies of the LAF will be available at the following locations:

- PESR in Skopje [Dame Gruev str. 14, 1000 Skopje]
- Municipalities Ilinden, , Debarca 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.
 - 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 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.

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 channeled to PESR through the following designated staff member:



Mrs Biljana Cvetkovikj Manager of Human Resources,
Management and General Affairs Unit
Tel: + 389 (0)2 3118-044 ext.312
Fax: + 389 (0)2 3220-535
email: biljanal@roads.org.mk
Address: Public Enterprise for State Roads
Dame Gruev 14, 1000 Skopje, Republic of N.
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, 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 N. 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. 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 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 7 Summary Table of Key Activities & Timeline for Implementation of the LAF

Activity	Resp. Party	2019	2019		2019-2020 onward	
		Quarter 2	Quarter 3	Quarter 4	Construction	Operation
Submission of the Proposal for Expropriation	PESR					
Appointment of the Consultan	PESR					
Land & Asset Inventory/Valuation of property	Valuers/PESR					
Establishment of Entitlements	Valuers/PESR					
Payment of compensation	PESR					
Delivery of livelihood restoration & resettlement assistance	PESR or other relevant body					
Planned commencement of construction:	PESR				Q3 2109 – Q3 2020	
Temporary land occupation agreements required for construction needs, if required	Contractor					
Grievance management	PESR					
Consultation & Disclosure	PESR/EBRD					
Monitoring & reporting	PESR					



7.2 | MONITORING

Once the LAF is 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 LAP; 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.

Table 8 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
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



Indicator	Source of Information	Frequency of Measurement
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
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 this document, PESR will produce biannual reports on the progress achieved with the implementation of the LAF/LAP. 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 The responsible person in PESR for fulfilment of the Land Acquisition Framework is:

Public Enterprise for State Roads



**Legal Affairs, Advocacy and Land
Acquisition Preparation and Monitoring
Unit**

Emilija Trajkovska, Rakovoditel

Tel: + 38933118-044 ext. 311

Email: contact@roads.org.mk

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

APPENDICES

Appendix 1 Public Grievance Form



APPENDIX 1 PUBLIC GRIEVANCE FORM

Public Grievance Form	
Reference No:	
Name and Surname (optional) • I wish to raise my grievance anonymously. • I request not to disclose my identity without my consent.	
Contact Information: Please note how you like to be contacted (mail, phone, e-mail)	<ul style="list-style-type: none"> • By Post: Please provide mailing address: _____ • By Phone: _____ • By E-mail _____
Preferred language for communication	<ul style="list-style-type: none"> • [Macedonian] • [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	
	<ul style="list-style-type: none"> • One time incident/grievance (date _____) • Happened more than once (how many times? _____) • On-going (currently experiencing problem)
What would you like to see happen to resolve the problem?	
Signature: _____ Date: _____	
<p>Please return this form to: Ms Biljana Cvetkovikj Tel: + 389 (0)2 3118-044 ext.119 Fax:+ 389 (0)2 3220-535 email: biljanal@roads.org.mk</p>	
<p style="text-align: right;">Public Enterprise for State Roads Dame Gruev str. 14 1000 Skopje, Republic of Macedonia</p>	