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Resettlement Compensation Framework Railway Corridor VIII - Eastern section

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**Feasibility Study for Corridor VIII
Eastern section and ESIA**

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Logistics



Republic of Macedonia
MINISTRY OF TRANSPORT AND COMMUNICATIONS



European Bank
for Reconstruction and Development

Environmental and Social Impact Assessment

Railway Corridor VIII - Eastern section

RESETTLEMENT COMPENSATION FRAMEWORK PLAN

Prepared for: Macedonian Ministry for Transport and Communication

Prepared by:   Mobility
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1 INTRODUCTION

This chapter provides the Resettlement Compensation Framework Plan for the project “Railway Corridor VIII - Eastern Section”. The Plan has been prepared to conform with the laws of the Republic of Macedonia in addition to the requirements of the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). The principles set out in the document shall be applicable to all Resettlement Action Plans (RAPs) prepared for the three sections of this Project.

2 PROJECT DESCRIPTION

The projected is divided into three sections:

Section 1: Kumanovo to Beljakovce – corresponds to the first 30.764 km of the line which had been previously operational. The section starts at Kilometer Point (K.P). 0.400 at the northern end of the station Kumanovo. This section requires rehabilitation.

Section 2: Beljakovce to Kriva Palanka – the middle section of the alignment runs from K.P. 31.164 to K.P. 65.091 just before the town of Kriva Palanka. In this section, around one third of all construction works have been completed.

Section 3: Kriva Palanka to Bulgarian Border – the last section extends from K.P. 65.091 up to the border of Bulgaria, in Deve Bair, at K.P. 88.514. This section is to be newly constructed.

Figure below illustrates the three sections of the overall project.

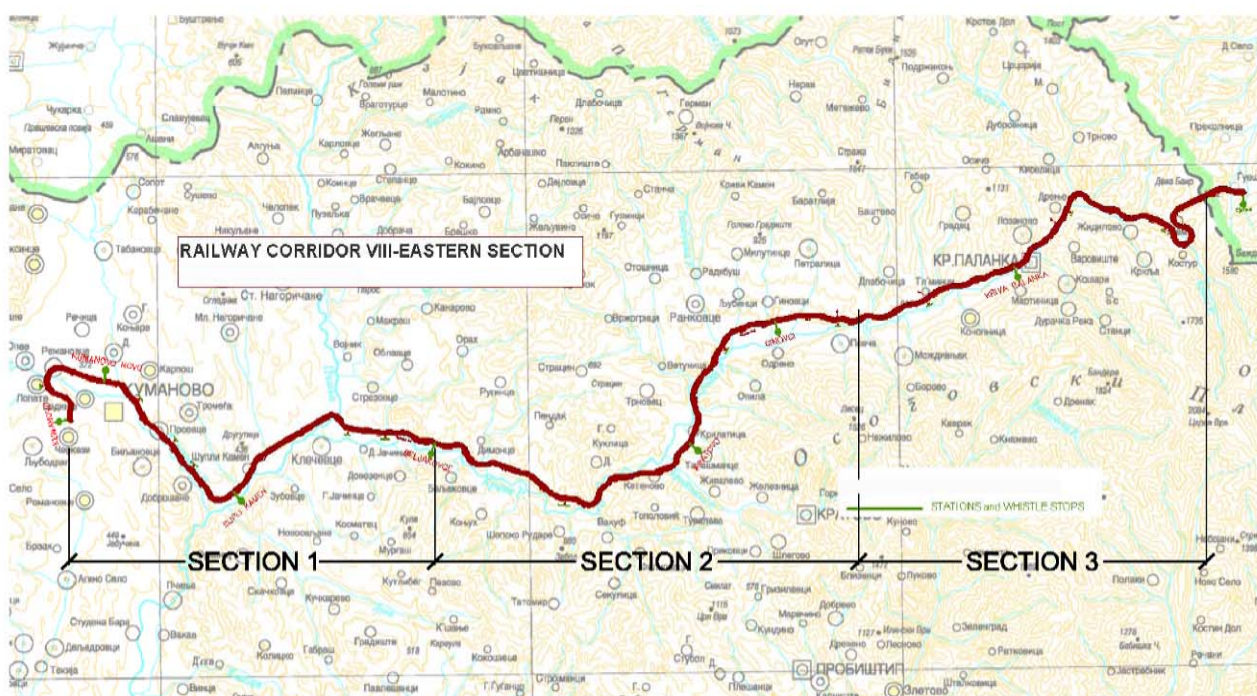


Figure 1 Sections of Project “Railway Corridor VIII - Eastern Section”

3 POLICY AND REGULATORY BACKGROUND

3.1 LEGISLATION GOVERNING RAILWAY SYSTEMS

The Official Gazette of RM. 48/2010, Article 59, states that a minimum distance of 10 m must be maintained between the end point of a national railway and the construction of the nearest property. In addition, a buffer zone of 1.0m must be maintained between the earth embankment of the railway and any physical structure; hence, the minimum distance for any construction is no less than 11m from the end of a railway. This legislation concerns new constructions.

3.2 MACEDONIAN EXPROPRIATION LAW

Macedonian legislation deals with involuntary resettlement and livelihood restoration under its legal framework for expropriation, with the basic notion that owners of properties are to be compensated for their losses, most often in monetary terms.

Under the terms of compensation, property owners are expected to be able to acquire new properties and resettle and/or re-establish their businesses in other locations. However, this is often not a straightforward process and people generally need additional assistance to restore and/or improve their living standards. A case in point is when the affected population includes vulnerable groups. The most difficult and challenging cases involve those who do not possess legal title to the land they occupy. The Law for expropriation recognises affected people who have formal legal rights; however, those without legal title are not entitled to compensation.

The Law on expropriation ("Official Gazette of Republic of Macedonia" No. 33/95, 20/98, 40/99, 31/03, 46/05, 10/08, 106/08, 76/10) regulates the procedure for the expropriation of property for projects that are of public interest and the connected rights for real estates (immovable properties). Construction of the railway line falls under a project of national/public interest. The legal justification of why the project is believed to be in the public interest is submitted together with the request for expropriation (as part of the same process), by the expropriation beneficiary. The justification is submitted to the relevant offices for legal and property affairs which govern the project.

According to the Macedonian Law on expropriation, compensation cannot be lower than the market value of the affected properties; compensation is assessed against recent market transactions in neighboring areas. According to the law, compensation can be provided in the form of either a replacement property or in cash. Macedonian law allows compensation for the loss profit/income for affected businesses, if this is incurred as a result of expropriation.

3.3 LAND TENURE AND PROPERTY RIGHTS

The following laws govern land tenure and property rights in Macedonia:

- Law on Property Cadastre (Official Gazette of the Republic of Macedonia 40/08, 158/10, 51/11)
- Law on Survey and Land Cadastre (Official Gazette of the Federal Republic of Macedonia 34/72, 13/78)
- Law on Ownership and Other Material Rights (Official Gazette of the Republic of Macedonia 18/01)

The EC Enlargement Strategy Progress Report for 2010 for Macedonia states that the land register has been established for over 97.5% of the country's territory. In addition, registration fees have been lowered, administrative procedures considerably shortened and an online registry developed. The principal laws regulating property registration are the Law on Property Cadastre and the Law on Survey and Land Cadastre.

The above-mentioned legislation defines the acquisition of property rights over land and/or structures erected on someone else's land. Macedonia is one of the signatories to the 2004 Vienna Declaration on Informal Settlements in South Eastern Europe. In accordance with the principles of the Vienna Declaration,

the Macedonian government adopted a Law for the Treatment of Illegally Constructed Objects (on state-owned land).

3.4 INTERNATIONAL REQUIREMENTS

EBRD requirements

Requirements of EBRD in regards with the Land Acquisition, Involuntary Resettlement and Economic Displacement are covered with EBRD PR 5. Application of this Performance Requirement (PR) supports and is consistent with the universal respect for, and observance of, human rights and freedoms and specifically the right to adequate housing and the continuous improvement of living conditions both for physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition or restriction of access to natural resources.

The main points of PR 5 are the following:

- All feasible alternative project designs should be explored to avoid or at least minimise physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits;
- Adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to land should be mitigated by: (i) providing compensation for loss of assets at replacement cost; and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- The livelihoods and standards of living of displaced persons should be improved or, at a minimum, restored to pre-project levels, through measures that can be enterprise-based, wage-based and/or enterprise based, so as to facilitate sustainable improvements to their socio-economic status;
- The living conditions among displaced persons should be improved through provision of adequate housing with security of tenure at resettlement sites;
- Persons who have no recognisable legal right or claim to the land they occupy are not entitled to compensation for land, but they should be compensated for the structures that they own and occupy and for any other improvements to land at full replacement cost. In addition, they should be offered resettlement assistance sufficient to restore their standards of living at a suitable alternative site. Options for resettlement assistance should be generated through consultation with the displaced persons;
- Affected persons shall be given the opportunity to participate in the negotiation of the compensation packages, eligibility requirements, resettlement assistance, suitability of proposed resettlement sites and the proposed timing;
- Special provisions shall apply to consultations which involve Indigenous Peoples as well as individuals belonging to vulnerable groups. Consultation will continue during the implementation, monitoring, and evaluation of compensation payment and resettlement so as to achieve outcomes that are consistent with the objectives of this PR.
- A grievance mechanism must be established as early as possible in the process in order to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons and/or members of host communities, including a recourse mechanism designed to resolve disputes in an impartial manner.

Where involuntary resettlement is unavoidable, the client will engage a suitably qualified specialist to carry out a census and a socio-economic baseline assessment within a defined affected area, and assist in the preparation of the Resettlement Action Plan or Livelihood Restoration Framework. Resettlement Action Plan (RAP) covers, at a minimum, the applicable requirements of this PR, regardless of the number of people affected. The RAP should specifically take into account any individuals or groups that may be disadvantaged or vulnerable. In particular, the RAP should include measures to ensure that vulnerable and 'at-risk' groups and women are not disadvantaged in the resettlement process, are fully informed and

aware of their rights, and are able to benefit equally from the resettlement opportunities and benefits, by ensuring in particular that the documentation for ownership or occupancy, such as title deeds and lease agreements, and compensation (including the bank accounts established for payment of compensation) is issued in the names of both spouses or women single head of households, as relevant to each situation, and that other resettlement assistance, such as skills training, access to credit and job opportunities are equally available to women and adapted to their needs. Under circumstances in which national law and tenure systems do not recognize the rights of women to hold or contract in property, provision should be made to ensure, to the extent possible, that the access of women to security of tenure is equivalent to that of men.

In the case of transactions involving economic (but not physical) displacement of people the client will develop procedures to offer to the affected persons and communities compensation and other assistance that meet the objectives of this PR.

When displacement cannot be avoided, the client will offer displaced persons and communities' compensation for loss of assets at full replacement cost and other assistance to help them improve or at least restore their standards of living or livelihoods, as provided in this PR. Standards for compensation will be transparent and consistent within the project. Where livelihoods of displaced persons are land-based, or where land is collectively owned, the client will offer land-based compensation, where feasible. The client will make every effort to provide opportunities to displaced persons and communities to derive appropriate development benefits from the project.

EIB requirements

EIB social standards aim to protect the rights and enhance the livelihoods of people directly and indirectly affected by projects financed by the EIB. Social standards are intended to promote outcomes to the benefit of individual well-being, social inclusion and sustainable communities.

Within the EU and the Enlargement Countries, subject to any agreed phasing, the EIB assumes that EU social requirements, including international human rights conventions ratified by the EU, are correctly implemented within the framework of national law. However, where there is evidence that suggests otherwise, an appropriate social assessment is carried out by the Bank.

People whose livelihoods are negatively affected by a project should have their livelihoods improved or at minimum restored and/or adequately compensated for any losses incurred. As such, where physical or economic displacement is unavoidable, the Bank requires the promoter to develop an acceptable Resettlement Action Plan. The plan should incorporate and follow the right to due process, and to meaningful and culturally appropriate consultation and participation, including that of host communities.

All policies, practices, programmes and activities developed and implemented by the promoter should pay special attention to the rights of vulnerable groups. Such groups may include indigenous people, ethnic minorities, women, migrants, the very young and the very old. The livelihoods of vulnerable groups are especially sensitive to changes in the socio-economic context and are dependent on access to essential services and participation in decision-making.

3.5 PROCEDURE FOR LAND EXPROPRIATION

According to the Law on expropriation, the procedure for land expropriation starts with a proposal for expropriation. The proposal is submitted by the Beneficiary of Expropriation (in this case it would be PERI Public Enterprise Railway Infrastructure, Ministry of Transport and Communication) to the Property and Legal Affairs Offices in relevant Municipalities (expropriation body).

The proposal for expropriation contains data of the proponent of land expropriation, the real estate for which the land expropriation is proposed, the owner of the real estate and the purpose for which land expropriation is proposed. Enclosures to the proposal include the following:

1. Opening statement and requirements of land expropriation;
2. Definition of legal requirements;
3. Numerical data and other background data for the real estate for which the land expropriation is proposed;
4. Definition of the type and amount of compensation being offered for the real estate;
5. Evidence for assets secured for compensation of the expropriated immovable property (depending on the form of compensation i.e. cash or property);
6. Evidence for ownership of what is offered in compensation, if such an offer exists.

4 ORGANISATIONAL RESPONSIBILITIES

A Commission for Land Expropriation, with three members, will be established within PERI, for which PERI will be responsible. The commission will be established through a decision enacted by the Director of the PERI. Based on a letter of attorney issued by the Director of the PERI, the commission members are authorized on behalf of the PERI to carry out the activities necessary for fulfilling expropriation commitments, i.e. to prepare, sign and submit the proposals for expropriation, to participate in the discussions with the property and legal affairs office and to sign the minutes and the agreements concluded with the expropriation body.

For the purposes of expropriation, a specialist land survey team will also be required; this will also be within PERI. Land surveys will be prepared in accordance with expropriation laws. Selection of surveying companies is in accordance with the Law on public procurement.

With the aim to determine the market value of the real estates (structures) which are subject to expropriation, as well as the compensation of any crops (fertile parcels), the beneficiary of expropriation engages additional experts from the relevant area. The selection of experts for land expropriation follows the same procedure as those for land acquisition. The findings and opinions of the experts are submitted to the expropriation body together with the proposals for expropriation.

The proposals for expropriation will be submitted to the authorized department within the Property and Legal Affairs Office, who again will forward the proposals with all enclosures to the real estate's owners and to the Agency for Real Estate Cadastre, where the expropriation will be registered. After this process, the expropriation body arrange for discussions with the real estate owner and the beneficiary of expropriation (i.e the Railway Department).

The discussion is concluded when the relevant parties reach agreement on the compensation package. The agreement is binding and the procedure for land expropriation and for the determination of the compensation is considered as completed. The agreement shall be signed by the commission members and the payments should immediately be transferred from the beneficiary of expropriation (the account of PERI) to the former owners.

If an agreement has not been reached during the discussions, the expropriation body decide how the expropriation proposal should be settled. Upon the decision for expropriation, *ex officio* or with the proposal of the former owner, a procedure for determination of the compensation for the expropriated real estate is initiated by the authorized court. The decision of the authorized court then forms the basis for the execution of payment of the monetary compensation to the former owners.

The expropriation body is responsible for submitting the final agreements as well as the final decisions to the authorized bodies responsible for managing the public records, to ensure that changes of ownership are properly documented.

Any arbitration or disputes in relation to expropriation are determined in the courts, this will hold up the expropriation process.

Stages of expropriation process are shown in a following chart:

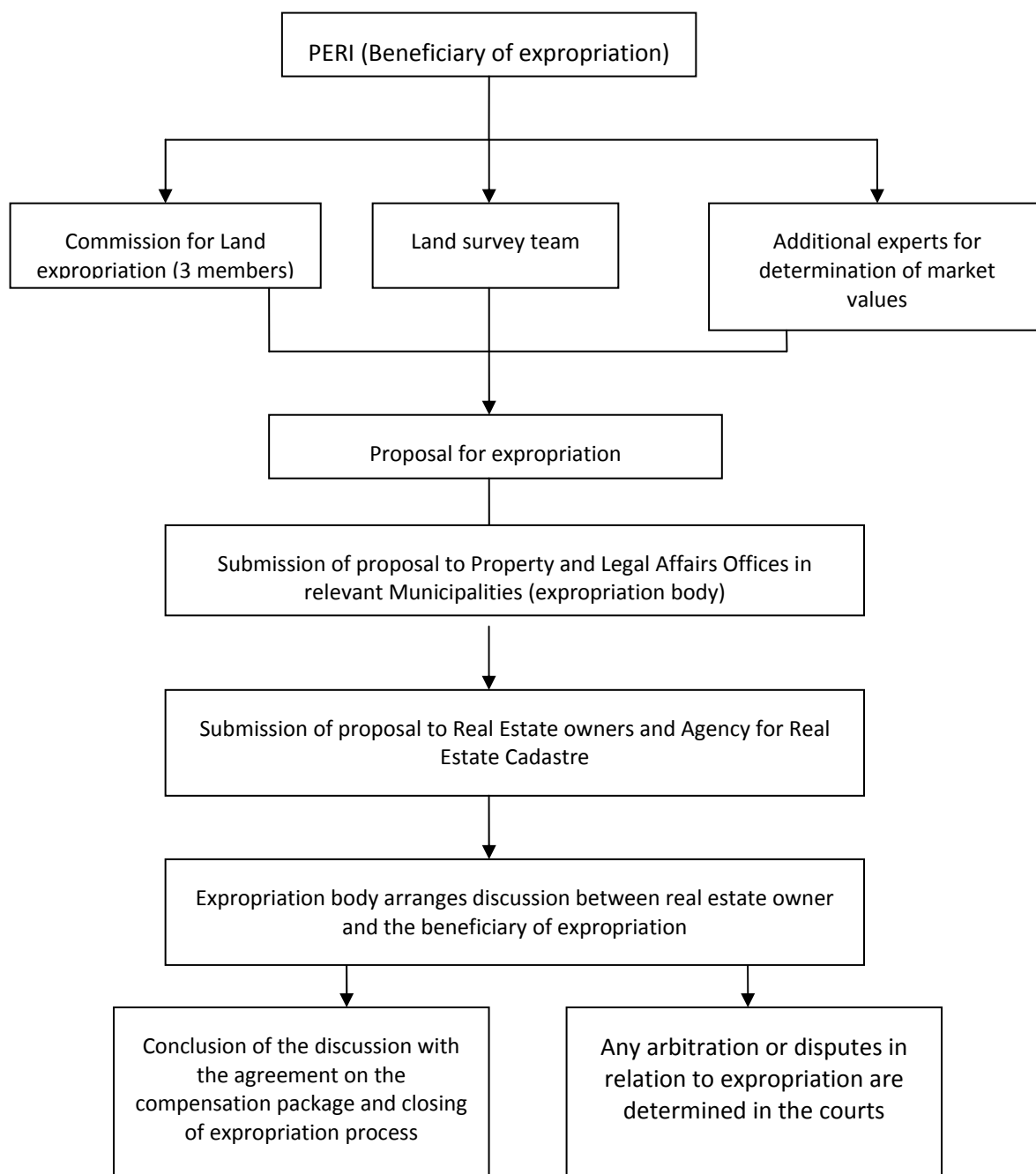


Figure 2 Expropriation Process

5 CUT-OFF DATE

The Cut-Off Date is the date after which persons found to settle in the Project area are not eligible to Project compensation or other resettlement benefits, while similarly immoveable assets or crops established after the Cut-Off Date are not subject to compensation.

The intent of the Cut-Off Date is to establish and confirm eligible properties, households or individuals thereby avoiding opportunistic attempts at maximising compensation through structures erected intentionally or crops established purely for the purposes of compensation. Potentially affected people need to be informed of the Cut-Off Date in order to minimise potential claims related to eligibility. Where opportunistic and/or fraudulent attempts at maximising compensation are assessed as a significant risk, caution must be exerted in disclosing the Cut-Off Date.

A “cut-off” date for eligibility shall be defined as:

- Either the date when the notification of the intent of expropriation is delivered to affected owners *where expropriation is applicable*; or
- The date of the performed census (date to be defined in further stages of the project).

6 GAP ANALYSES - LEGAL FRAMEWORK FOR EXPROPRIATION AND EBRD ENVIRONMENTAL AND SOCIAL POLICY

The main gaps between the national legal expropriation framework in Macedonia and EBRD’s Policy Requirement 5 are described below, together with some potential solutions developed through Eptisa’s experience in both developing and implementing resettlement /livelihood restoration programmes. A full Gap Analysis prepared by EBRD is presented in Annex 1.

The sections below outline the approach to the Resettlement Action Plan (RAP) in relation to both EBRD and Macedonian legal and policy requirements (source EBRD gap analysis).

6.1 POLICIES AND PRINCIPLES

a) Public Consultation

EBRD policy requires that all stakeholders are adequately informed and meaningfully consulted, including the host population, well in advance of any expropriate activities. The resettlement and compensation framework developed here includes consultation measures for affected people.

Macedonian law does not require public consultation with project affected people prior to expropriation.

Provision of information to the affected population in the expropriation process is typically limited, particularly with regard to those who have no legal title over properties i.e. they are generally not informed about expropriation at all.

Although a public consultation process, with regard to expropriation, is not required under local legislation, for major transport projects, local legislation (which is generally in line with the EU EIA Directive) does mandate public consultation as part of the EIA process, and some information on the project may therefore reach affected people through this channel. Experience, however, shows that meaningful consultations with directly affected people, as provided for under the EBRD Policy, can significantly improve resettlement activities, as affected people know best what they will need to overcome the difficulties which they could face as a result of involuntary resettlement.

Another key issue is the involvement of external agencies in the development and implementation of plans, which is not required under local legislation. Vulnerable people need to be addressed properly. This is discussed in more details under f) paragraph.

By agreeing and defining responsibilities of all sectors up front, once the plans are officially agreed and/or adopted by relevant institutions, resettlement / livelihood restoration becomes “everyone’s business” and it also gives the involved stakeholders a legal basis to participate in the implementation.

b) Socio-economic Survey

Implementation of a socio-economic survey is not required according to Macedonian legislation. For each EBRD project which requires land acquisition (physical or economic displacement), the implementation of a survey and development of a RAP/LRF is necessary.

The legal framework in Macedonia foresees the development of expropriation 'studies' which are in fact inventories of affected properties and basic information about registered owners of those properties (i.e. names, addresses, ID numbers), so that they can be identified and compensated. There are no provisions for conducting an inventory of all affected properties (i.e. including those that are not formally registered), nor a survey describing the socio economic conditions of affected owners or residents, as required by the EBRD's PR 5.

The benefits of a census of affected parties, in line with the requirements of PR5, can be summarized as follows:

- Identification of exact numbers of people / properties existing in the project affected area, which will be either physically or economically displaced (regardless of whether their properties are formally registered or not);
- Setting a cut-off date, so that opportunistic squatters who have moved to the project area after this date, are not entitled to compensation;
- Enable initial consultations with affected people about their needs and preferences (initiating thinking on possible mitigation measures);
- Collection of data to be used as a starting point during monitoring, whereby the change in conditions in relation to baseline information shows whether or not resettlement/livelihood restoration has been successful in enabling people to restore and improve their socio-economic status; and
- More precise scheduling and budgeting.

c) Economic displacement

Macedonian legislation does not require specific resettlement/livelihood restoration plans. For each EBRD project which requires land acquisition (i.e. which involves physical and/or economic displacement; permanent or temporary), the development of a RAP/LRF is obligatory.

The expropriation laws of Macedonia allow compensation for lost profit/income of affected formal economic activities resulting from displacement. Those who have no formal legal rights over properties and those who undertake informal economic activities are not entitled to any compensation. In addition, the expropriation laws do not foresee any livelihood restoration assistance, i.e. transitional support, access to credit facilities, training, or job opportunities, for people affected by expropriation, even if their livelihoods or income levels are adversely affected.

According to the EBRD policy, people who do not have formal legal rights to land and/or structures which they use for their economic activities, still have to be compensated for their replacement structures and/or any improvements they need to make to the land (i.e. crops). One way to enable them to re-establish their income or livelihood is to provide access to other land and/or structures under lease, where they can continue their economic activities.

Experience shows that provision of compensation for lost net income for formal and informal economic activities, as required by the EBRD policy, can be minimized if the affected people are provided with appropriate commercial structures in a timely manner and in areas where agricultural practices can resume. This re-affirms the importance of proper and timely livelihood restoration planning.

The most important precondition for ensuring that a RAP/LRF is able to be implemented is to identify gaps between such a RAP/LRF and local legislation, and to identify measures, which do not contradict local legislation, for addressing them, during the development phase of the document. This also includes involving various institutions, agencies and organizations in the planning process, to ensure that they understand their roles and have the capacity and legal basis to perform them.

One important advantage is that by adopting the RAP/LRF, the government also recognizes that funds need to be allocated for its implementation, and a RAP budget prepared. Experience also shows that the allocation of funds accompanies the adoption of the document, usually in the same government session. Another important advantage is that all institutions / organizations and agencies which are expected to be involved in the implementation have a legal basis for completing the work that is expected from them and allocating appropriate resources for that work, e.g. appropriately skilled staff. This is particularly important if certain provisions of the RAP/LRF can be perceived as contradicting local legislation.

d) Compensation Entitlements

The law does not specifically mention compensation for the costs of any transfer taxes. Compensation must include the registration cost in the Cadastre Office, or other relevant register, any administrative fees and/or transfer taxes.

Relocation costs/transport is not compensated for those who do not have formal legal title. All categories of affected people should be provided with relocation costs.

e) People without Formal Rights

Macedonian law does not recognise persons who do not have formal legal title and therefore does not foresee the provision of adequate housing with security of tenure for this category of affected people. However, and in compliance with PR5, the census should take into account:

- Category 2 – those who do not have formal rights to the land but who have a claim to land that is recognised under the national law;
- and Category 3 – those who have no recognisable legal rights or claim to the land they occupy, and are not recognised by the law.

Assistance should be provided to category 2 to acquire a formal legal status before expropriation. For category 3, in case of physical displacement, some form of social housing must be provided.

e) Addressing Human Rights

One of the most difficult issues encountered on resettlement projects in the countries with similar legal framework as Macedonia has been the requirement to compensate and/or assist *bona fide* informal residents / occupants of properties. Expropriation law does not foresee compensation or assistance for this category. The right to adequate housing and improvement of living conditions is specifically required under PR 5 of the EBRD Environmental and Social Policy, which is consistent with the principles of the Universal Declaration of Human Rights (1948) and the International Covenant on Economic, Social and Cultural Rights (1966).

If affected people are evicted without any assistance or relocation solutions, their fundamental right to housing, as defined by the UN Declaration of Human Rights will be violated. For that reason, in such instances, as contemplated under the EBRD's PR 5, it is necessary to provide alternative solutions for the accommodation of affected people living in them. It is important to note that this does not imply the need to provide affected people with ownership of apartments or houses, which is sometimes the way it is interpreted. It is rather to provide them with adequate accommodation, with security of tenure so that they are safe from future evictions.

The EBRD's PR 5 stipulates that adequate housing or shelter can be measured by quality, safety, affordability, habitability, cultural appropriateness, accessibility, and location characteristics.

Adequate housing should allow access to employment options, markets, and basic infrastructure and services, such as water, electricity, sanitation, health-care, and education. The most appropriate and effective way of defining what adequate housing means is to consult project affected people.

f) Vulnerable Groups

The law does not include special requirements for organising consultations and relocation assistance for vulnerable groups. During the census, it is necessary to identify vulnerable groups and assess their needs related to resettlement and relocation assistance.

Vulnerable groups, as for all other affected people, must be engaged in meaningful consultations regarding resettlement options and assistance. However, consultation with vulnerable groups may require a special approach that will enable them to participate equally in the process (i.e. involvement of social workers, use of a different language, or carrying out the consultations in an accessible venue, for people with disabilities, at a particular time of day when e.g. affected single parents are available, etc.)

According to the Law on Social Welfare and Child Protection (Official Gazette of the Republic of Macedonia 50/97, 16/00, 17/03) all vulnerable citizens have the right to one-off financial payments if they find themselves in a situation of sudden and temporary need, administered through local Centers for Social Welfare or local self governments. Vulnerable citizens receive social welfare in the form of financial assistance or social services.

Rules and Regulations for the Accommodation of Socially Vulnerable Individuals, based on the Law on Social Welfare, regulate the provision of assistance to persons who are beneficiaries of social welfare and without accommodation, in the form of cash payments for rent or reconstruction of houses / apartments or placement in social housing. Macedonia has a set of laws under which vulnerable groups can be assisted to improve their living standards (health, education, employment, free legal aid etc.) and these laws should be used as a basis for developing resettlement programmes for vulnerable groups.

Once vulnerable groups are identified during the census, a needs assessment must be performed to be able to define the most appropriate measures for providing resettlement assistance.

g) Equal Rights

Men and women have equal rights in the Republic of Macedonia including formal legal rights over properties. This RAP will ensure that compensation is shared between spouses according to title documentation or the Family Law. In addition, all programmes including those related to livelihoods restoration will be made equally accessible to both men and women.

h) Grievance Mechanism

In Macedonia there is no specific legislative requirement for establishing an independent grievance mechanism. A project-specific grievance mechanism should be established and this should be culturally appropriate and transparent to promptly and effectively receive and address specific concerns about compensation and relocation that are raised by displaced persons and/or members of host communities.

However, expropriation laws and administrative codes in Macedonia do foresee rights of affected citizens (those with formal legal rights) to appeal to courts on various occasions during the expropriation procedure. Experience so far also shows that affected people usually communicate with the expropriation beneficiary (a designated person or department, i.e. PR manager/PR department), in connection with their specific grievances and with the aim of reaching a compensation agreement, before filing appeals with the relevant administrative authorities or courts. In some cases, these existing procedures could be built on, to develop appropriate grievance mechanisms, as required by EBRD.

It is important to ensure that affected people are informed about:

- How and where to submit grievances;
- The grievance process and specific information which is needed from the person with the grievance;
- When and where to expect a response;
- If they are unsatisfied with the response what is the next available channel for submitting a grievance.

In most cases, questions and grievances can be answered by staff involved in projects. However, in larger scale resettlement / livelihood restoration programmes, it is also necessary to develop a second level of grievance resolution, which would involve the participation of impartial persons. Experience shows that the most effective way of organizing such a mechanism is to form a committee which would include

representatives of various stakeholders, including project affected people and independent agencies / organizations, e.g. NGOs, ombudsman offices. Grievance mechanisms must not impede access to existing judicial and administrative remedies.

I) RAP Structure

Three RAPs will be prepared for the Project on the base of Resettlement Compensation Framework. A Resettlement Action Plan (RAP) will be drafted by the client, specifying the procedures it will follow and the actions it will take to properly resettle and compensate affected people and communities. The RAP must identify the full range of people affected by the project and justify their displacement after consideration of alternatives that would minimize or avoid displacement. The RAP outlines eligibility criteria for affected parties, establishes rates of compensation for lost assets, and describes levels of assistance for relocation and reconstruction of affected households. The RAP's planning protects the client against unanticipated or exaggerated claims from individuals who have spurious eligibility for resettlement benefits. The mediation of such claims can cause significant delays in project implementation which can result in cost overruns for the sponsor.

The scope and level of detail of resettlement planning must ensure that the livelihoods of people affected by the project are restored to levels prevailing before inception of the project. This section describes a recommended approach to effective RAP preparation. The essential components of a RAP are the following:

- identification of project impacts and affected populations;
- a legal framework for land acquisition and compensation;
- a compensation framework;
- a description of resettlement assistance and restoration of livelihood activities;
- a detailed budget;
- an implementation schedule;
- a description of organizational responsibilities;
- a framework for public consultation, participation, and development planning;
- a description of provisions for redress of grievances; and
- a framework for monitoring, evaluation, and reporting.

The RAP will be designed to mitigate the negative impacts of displacement, identify potential development benefits and establish the entitlements of all categories of affected persons (including host communities), with particular attention paid to the needs of the poor and the vulnerable to document all transactions to acquire land, rights, as well as compensation measures and relocation activities establish procedures to monitor and evaluate the implementation of resettlement plans and take corrective action as necessary.

The scope and level of detail of the RAP will vary with the magnitude of displacement and the complexity of the measures required mitigating adverse impacts. In all cases, it will describe the manner in which the objectives of PR 5 will be achieved. At a minimum, the RAP should:

- State the resettlement objectives;
- Describe project impacts, identify all people;
- To be displaced and provide an inventory of affected assets;
- Demonstrate that displacement is unavoidable and has been minimized;
- Describe the legal framework for land acquisition and compensation;
- Describe the process of consultation with affected people regarding acceptable resettlement alternatives, and the level of their participation in the decision-making process;
- Describe the entitlements for all categories of displaced people;

- Enumerate the rates of compensation for lost assets and demonstrate that these rates are adequate, that is, at least equal to the replacement cost of lost assets;
- Describe the process for selection, allocation, preparation and land titles relating to housing replacement;
- Describe relocation assistance to be provided;
- Provide details of arrangements for improving or, at a minimum, restoring the livelihoods and standards of living of displaced persons;
- Outline the institutional/organisational responsibility for the implementation of the RAP and procedures for grievance redress;
- Provide a timetable and budget for the implementation of the RAP;
- Provide details of arrangements for monitoring, evaluation and reporting where the land acquisitions does not result in any loss of livelihoods or loss of income;
- Provide fair compensation for the acquired land and any lost assets on such land at their replacement cost.

Public meetings will be held on the draft RAP, where the principles outlined in the RAP will be presented to the affected persons and organizations. Local municipalities will organize these meetings, prepare and carry out presentations, prepare minutes of questions and issues raised and lists of participants.

Upon the completion of public consultations the draft RAP will be amended as necessary to reflect the results of public consultations and re-disclosed if necessary. An Executive Summary of RAP will be disclosed in Macedonian at the local municipalities' offices and contact points (to be established according to the provisions of the Stakeholder Engagement Plan). Any significant changes made in the course of implementation of the RAP will be disclosed to the public in an appropriate form.

For the implementation phase, list the chronological steps in implementation of the RAP should be prepared, including identification of agencies responsible for each activity and with a brief explanation of each activity. To prepare a month-by-month implementation schedule (using a Gantt chart, for example) of activities to be undertaken as part of resettlement implementation. Linkage between resettlement implementation and initiation of civil works for each of the project components needs to be described.

Resettlement action plan requires specialized expertise. It is essential that qualified and experienced personnel are engaged to design and implement resettlement action plans. However, it is equally important that client engage himself in the RAP design process. Client participation in the process is instrumental to coordinating.

7 DESCRIPTION OF PAST AND CURRENT EXPROPRIATION ACTIVITIES

Land has been acquired for the first 65 km of the projected railway starting from Kumanovo and ending at the first settlement, Mozdivnjak, within Kriva Palanka Municipality. Land of between 10-20 ms on both sides of the line was expropriated during 1994-2004. Land owners have been compensated and most have built new houses away from area of expropriation. In Section 1, 139 542m² of land were expropriated and within Section 2, 1 694 616m². Three houses in Section 2 were expropriated.

In Section 1, the line was designed during the Bulgarian occupation. Yugoslavian railways constructed the line based on that design (*Figure 3*).

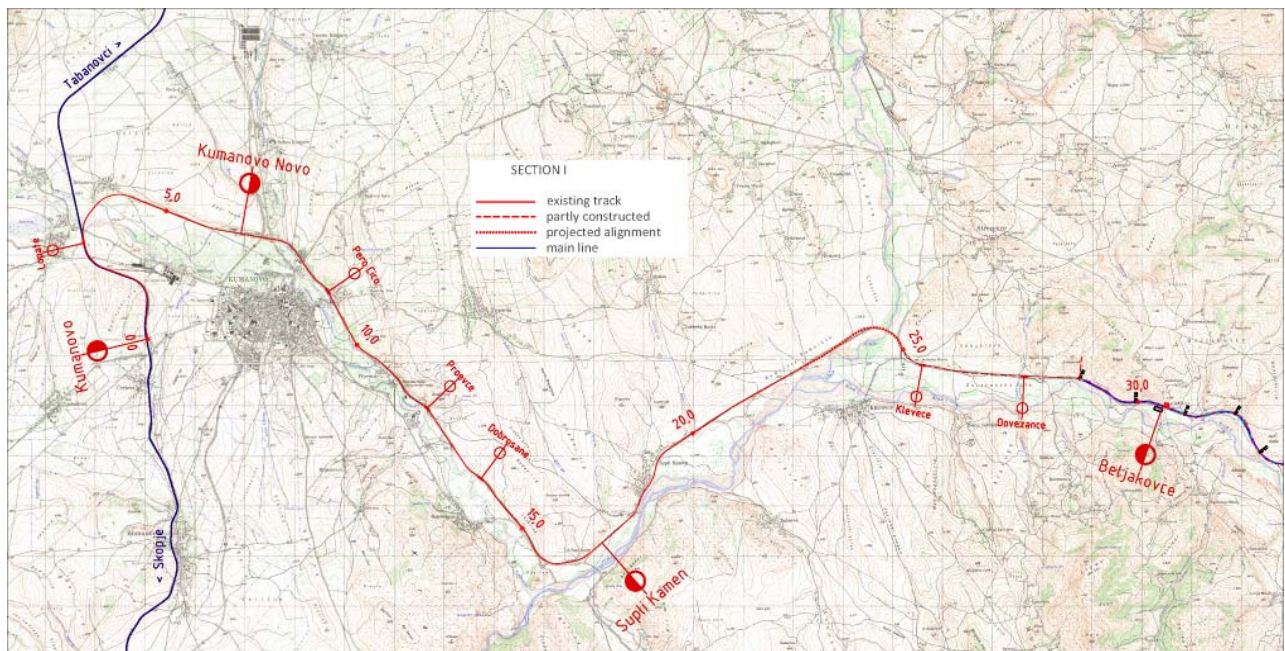


Figure 3 Layout of Railway Alignment Section 1

In Section 2, expropriation was done prior to the start of construction works. In Rankovce Municipality, there is an unsolved issue with a property owner where the line will divide the land into two parts. The owner wants the whole plot to be expropriated. Since 1995, no new building permits along the projected railway line have been issued (*Figure 4*). A Short RAP will be prepared for Section 2.

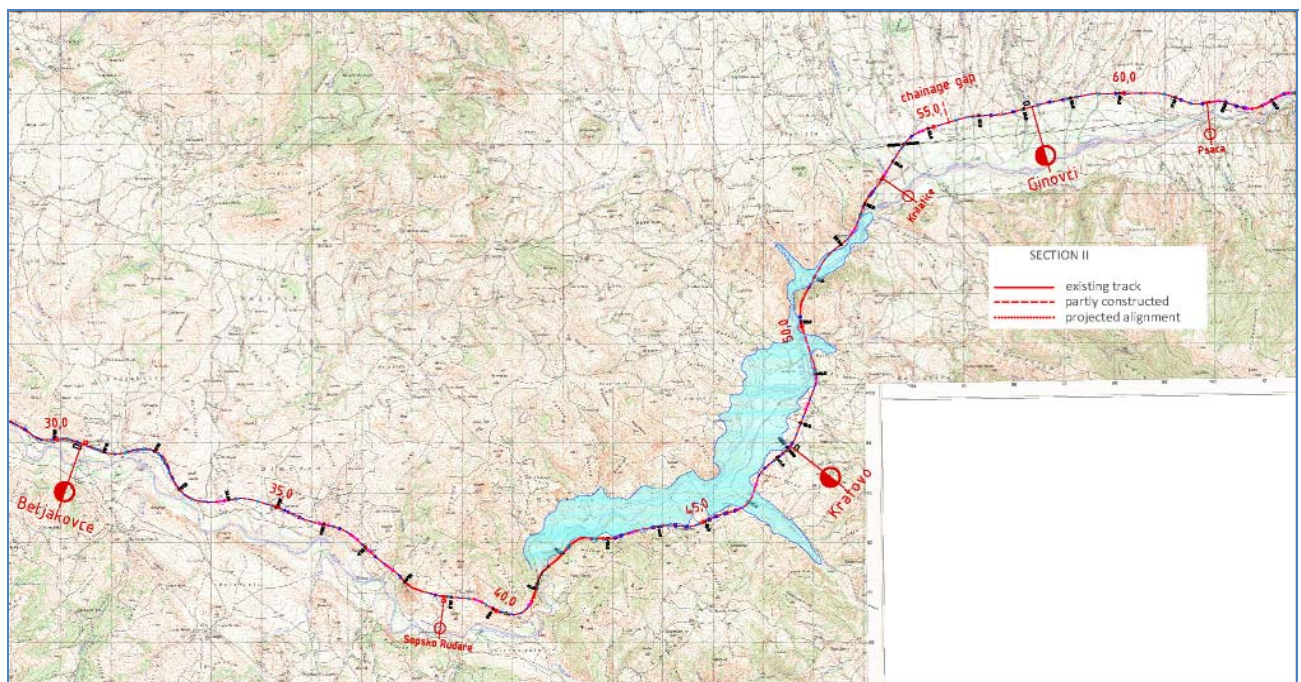


Figure 4 Layout of Railway Alignment Section 2

For Section 3, for the need of Macedonian Railways Infrastructure, the expropriation study was prepared in 2010. Approx. 25 houses need to be removed and agricultural land needs to be expropriated within the Municipality of Kriva Palanka. Permanent land take will directly affect around 465 owners (families). A detailed survey needs to be conducted (*Figure 5*).

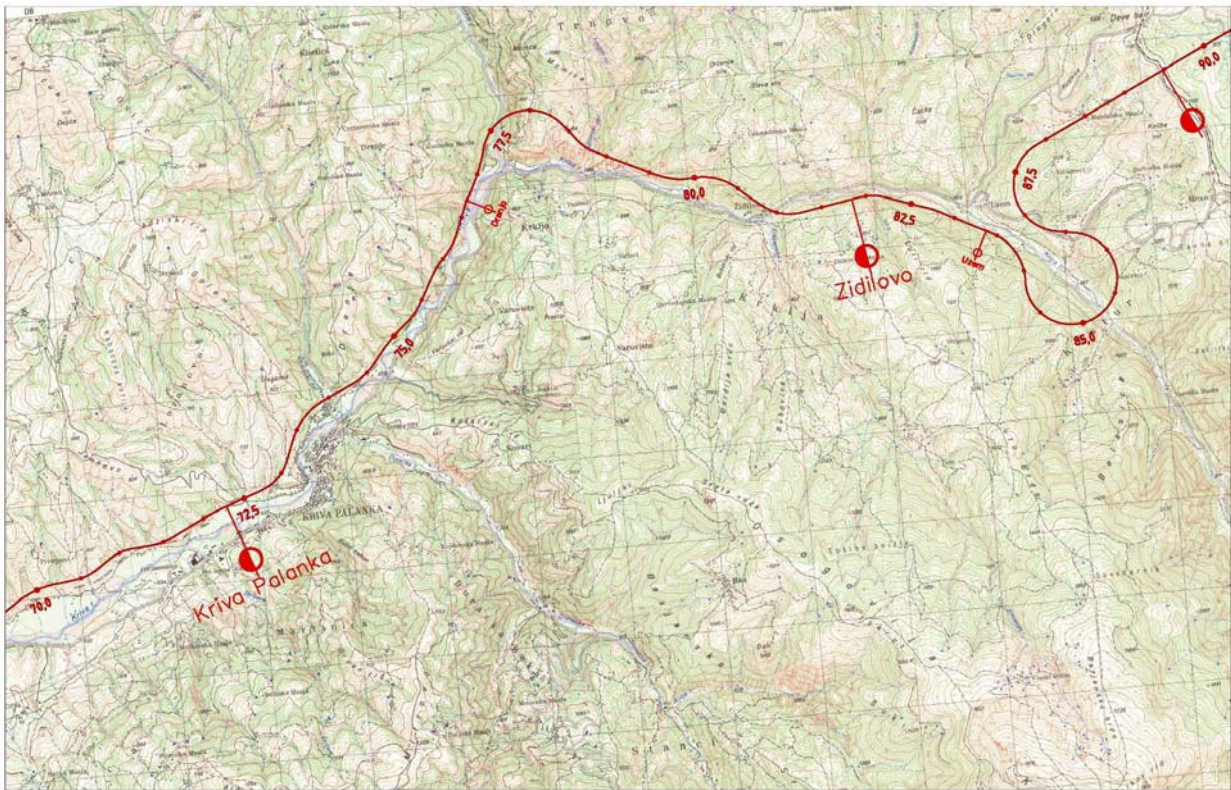


Figure 5 Layout of Railway Alignment Section 3

Land expropriation procedures need to be completed prior to the signature of the works contract.

8 DEFINITION OF AFFECTED PEOPLE AND PROPERTIES

A substantial amount of household-level socioeconomic data will be collected during the census and inventories of assets. However, low income households (those commonly affected by resettlement), particularly in rural areas, typically have diversified livelihood strategies that combine agriculture with wage labor and small-scale enterprise. Therefore, it is important to survey all income sources in order to calculate income loss from project land acquisition as a proportion of total income. For example, land loss for a household engaged in business or wage labor is likely to be less significant than for a household whose income is derived wholly from agriculture. For these reasons, the socioeconomic studies are needed to collect additional quantitative (supported by qualitative) information in two important areas: 1) household-level income streams and livelihood strategies that were not identified in the census and inventories of assets; and 2) the structure, organization, and economic inter-dependencies within the larger community affected by the project. Analysis of these data will help identify those households most at risk from physical or economic displacement. However, income stream analysis is not required in cases where land acquisition does not affect the income-earning capacity of a household (for example, in cases where only dwellings are displaced and the affected people can be relocated to near-by sites).

The socioeconomic survey should be linked closely with the census and inventory of assets to provide comprehensive information on household economic resources, including common property resources. The census and inventory of assets should have already identified the basic social unit of production or economic organization.

Socio economic survey and census will be prepared during preparation of proposal for expropriation, during design phase in close coordination between Commission for expropriation formed by PERI, Land survey team and experts for determination of market values.

8.1 SOCIO-ECONOMIC SURVEY

The North-eastern Region of Macedonia includes 192 inhabited settlements, 189 of which are rural settlements. The population density is 75 residents/km², evenly distributed, and with the average density of 81 residents/km².

The project area is characterized by a high level of ethnic and religious diversity. The ethnic composition of the population in the North-eastern Region shows greater variety than for the country as such with 59.1% Macedonians, 31.1% Albanians, 6.1% Serbs and 2.9% of Roma origin. In Lipkovo, 97.4% of the population is Albanian. The level of unemployment in the region reaches is 43%.

The average family size in the region is decreasing from 3.9 to 3.6 members. The gender proportion of current population constitutes 51% female and 49% male.

The Northeast region is characterized by an increased outmigration to other countries, which has intensified during the past decade. According to the official classification methods, criteria and indicators, this region is classified as the least developed planning region in the Republic of Macedonia and is relatively isolated (in terms of development).

The socio-economic survey will include the following:

- Household characteristics (who is the owner of property/or lives in affected house), age, education level, principal language used in the household, activities and vulnerability (ill, old, disability and etc.);
- Description of economic status of household (inventory of main movable assets, furniture, appliances, employment, economic activities – both informal and formal, , categorization of incomes);
- Description of current economical and social dependence of the households from their land/usage of locations as critical factor to understand possible impacts of land acquisition and/or resettlement to other location;
- Preferred kind of compensation (cash or land, or where possible – assisted resettlement, and when resettlement is preferred option location, type of object etc.).

8.2 CENSUS

In accordance with EBRD requirements, a census of directly affected households will be carried out. The survey will ensure that all categories of affected people (not only those with formal legal rights) are informed and consulted in a meaningful way including:

- Category 1 – those who have formal rights to the land;
- Category 2 – those who do not have formal rights to the land but who have a claim to land that is recognised under the national law; and
- Category 3 – those who have no recognisable legal rights or claim to the land they occupy

During the census, vulnerable groups will be identified in order to assess their needs related to resettlement and relocation assistance.

The census involves the collection of data relating to names, date of birth, and land ownership and occupation, the socio-economic survey and inventory of losses.

9 REAL-ESTATE FRAMEWORK FOR LAND ACQUISITION AND COMPENSATION (INVENTORY OF LOSSES)

This task will address the following:

- Cadastre identification and coordinates of the parcels and assets at the parcels,
- Identification of trees and objects on the affected parcels,

- Description of all objects (surface, materials, conditions),
- Description of the property status with regard to tenants: are there are tenants or users which have legal rights – if they have, on which base, ownership, rent or they use the premises on an informal basis,
- Estimation of the value of affected property based on defined compensation criteria.

9.1 AFFECTED LAND AND STRUCTURES

In Section 1, the railway line was designed during Bulgarian occupation and Yugoslavian railways constructed the line based on that design, undertaking the necessary expropriation. For the upcoming construction works no permanent land take is required. On temporary base 19,000m² of land will be affected in Section 1.

In Section 2 a strip of land of a varying width of 10-20 meters on both sides of the rail alignment was expropriated during the period 1994-2004. Land owners were compensated and most have built new houses away from the projected railway line. No additional permanent land take is required. On temporary base 103,200m² of land will be affected in Section 2. A short Resettlement Action Plan will be prepared separately for Section 1 and Section 2.

For Section 3, the expropriation study was prepared in 2010 by Macedonian Railways Infrastructure. Approximately 25 houses will need to be demolished and agricultural land expropriated within the Municipality of Kriva Palanka, total number of houses that will be affected in town of Kriva Palanka is 19. Additionally 1 house will be affected in the settlement of Gradec and 5 houses in the settlement of Uzem.

The area of the land, the m² from ground floor of the houses and the cadastre numbers have been listed as well. The houses are all two storeys and average size of the ground floor is 52.5 m².

In addition, 424,379 m² of land will need to be expropriated, of which most comprises forest and agricultural land. On temporary base 424,678m² of land will be affected in Section 3.

The following table gives overview of estimated permanent and temporary land take for the project in m² for the Section 1, 2 and 3:

	Section 1	Section 2	Section 3
Permanent Land Take for Project (m²)			
Total surface	0	0	424,379
Agricultural land	0	0	225,380
1. Grazing	0	0	160,616
2. Field	0	0	24,095
3. Vineyard	0	0	81
4. Orchard	0	0	
5. Residential (e.g. gardens, yards)	0	0	20,805
Forest	0	0	185,800
Commercial	0	0	0
Previous roads, gullies	0	0	13,199
Affected Structures			
No. Structures	0	0	
No. Residential Houses	0	0	25
Houses/ground floor m ²	0	0	1,050
Estimate of Temporary Land Take for Project during construction			
Total surface m ²	19,000	103,200	424,678

Table 1 Land Take per Section

The remaining 13,199.00m² comprises old roads, dry streams and open land and belongs to separate villages.

The location of houses which need to be removed and size of the land to be expropriated are presented in the following Table.

Settlements in 3 rd section (66km to the border)	Land in m2	Houses/ground floor in m ²	Number of houses
Tlminci	33.760		
Gradec	70.041	35	1
Lozanovo	10.349		
Kriva Palanka	68.602	801	19
Drenje	24.943		
Trnovo	3.289		
Kiselica	18.451		
Zidilovo	29.440		
Krklja	64.711		
Kostur	3.590		
Uzem	97.203	214	5
Total	424.379	1,050	25

Table 2 Summary of Expropriation Needs as of 25th June 2010 carried out by PERI

9.2 PROCESS OF SURVEY

During the design phase, after defining methodology, the scope of the survey and the principles (which are enumerated) the data for the houses, flats, buildings and auxiliary facilities, orchards, wells, fruit trees in yards and gardens and other issues relevant to the survey, etc. needs to be collected from each affected household and person. A survey is to be carried out along the alignment. Maps from the cadastre, from main projects and from the expropriation study are to be used to define the affected properties. However all objects should be considered, not only those included in expropriation study or in cadastre. The survey will need to include both formal (legal) registered properties together with other 'informal' properties and/or structures which have been built within the potential impact area but without permission (i.e. properties whose owners do not have legal entitlement to residence or occupation).

10 EXPROPRIATION AND COMPENSATION COSTS

In general, the current price of the agricultural land is very low while the price of land in urban areas tends to be high. The validation of land is dependent on grade, usage, and accessibility/proximity, prevalence of water and future plans for irrigation within the area.

A preliminary estimation of land acquisition and compensation costs (equivalent to replacement values) includes:

- For agricultural land, the price is estimated to EUR 5 per m².
- The size of an individual homestead is estimated to be 320 m².
- The price for land in a town is estimated at EUR 30 per m².
- Houses are estimated to a size of 105 m² (two storeys). The price per m² is estimated to be EUR 650 per m².

These values need to be updated according to the market prices during expropriation process.

Project affected people includes any household who at the cut-off date of the project (i.e. at the date of conducting the census and baseline survey) are residing or deriving an income from the project area, and because of the project, would lose land, or any other movable or fixed assets, in full or in part, temporarily or permanently, or have their business, occupation, place of work or residence adversely affected. Lack of legal rights will not bar affected people from entitlement to compensation for their lost assets (improvements including structures, houses, crops, trees and other fixed assets).

Valuation of Affected Assets and Agreement on Proposed Actions

The valuation of land and assets to be acquired for the railway will be undertaken as required under MKD Expropriation Law and extended to address additional EBRD requirements of PR 5. It will define methods for establishing monetary compensation but also options for other types of action including assistance with finding new accommodation or premises, replacement of lost assets and resettlement of people.

The principles that will be applied are set out below:

- Monetary compensation or a replacement will be provided for land, dwelling houses and/or business premises acquired for the project or which must be abandoned;
- Monetary compensation or replacement will be provided for all other useful structures including stalls, storage buildings, sheds, pens, fences, etc;
- The affected person will have the right to salvage material for the building to be lost without a reduction in the amount of compensation. Compensation will also be provided for buildings damaged by the development. Buildings and other structures will be valued at their replacement value, at either the market cost of replacement or the cost of re-building to a similar quality, taking into account the provision of utilities and services. Costs of transporting materials to the new site and construction labour will be taken into account;
- Where illegal occupiers are resettled this will be to a resettlement scheme or to some other location where they may establish legal title;
- Where a dwelling/businesses are rented the owner will receive compensation for the loss. The tenant will be provided with assistance in finding an equivalent property, support for renting for an interim period, moving costs and a disturbance allowance or payment of the value of economic loss until the restoration of business elsewhere, to be determined by the business owner as the most favourable option. If required, assistance will be provided with job placement and skills training in the new location.

Businesses

When a business is displaced the affected person will be provided with monetary compensation or resettlement. If the affected person chooses resettlement, an equivalent parcel of land will be provided at an acceptable location and with similar commercial potential and secured tenant status. Compensation will include costs of moving and legal and transaction fees.

A disturbance payment will be made equivalent to net income for an agreed period (based on tax records from the affected or a comparable business). Where business premises are rented the owner will receive compensation for the building and the tenant will be provided with assistance in finding an equivalent location, support for renting for a period to allow the business to re-establish, and moving costs.

Informal street vendors will receive compensation equivalent to 2 months net income based on tax records or information from comparable businesses, assistance in finding a new site to re-establish the business and costs of relocation.

Cultivated Land

Compensation will be provided for land that is in cultivation or being prepared for cultivation or has been cultivated during the last season, recognizing the investment of labour made by farmers. Compensation for

cultivated land will be based on a standard value per unit of area taking account average value and a rate for loss of actual or potential crops.

Where notification of proposed acquisition occurs after a critical date, when the grower will no longer have enough time to prepare other land without help (or at all), further assistance will be provided to hire additional labour or mechanical equipment so that replacement land is ready by the sowing date.

Where a person is prevented from growing food for everyday use, compensation will be provided to allow the purchase of food in the market until such time as new crops can be grown. The level of compensation will be based on the average amount a town dweller spends on buying the relevant items per person per year multiplied by appropriate number of people and the relevant period.

Trees

Trees will be valued at the cost of replacement or replacement trees will be provided. Compensation will be provided for the value of fruit lost over the period until new trees reach full production and the value of labour that has been invested in the trees lost. If trees have to be lopped (branches removed) compensation will be calculated on the basis of the reduction in surface area of the canopy. No compensation will be paid for minor pruning where this is required to avoid damage.

Other Assets

If other productive assets are lost or have to be moved (e.g. beehives) the keepers will be compensated for the loss of one season's production plus reasonable costs associated with relocating the hives.

General provisions

Where the loss forms only part of the assets of the affected person if the remainder of the asset is no longer viable or its value is reduced this will be taken into account in determining the level of compensation. Where people require assistance to put themselves back in the position they had before the expropriation this will be provided in the form of information, advice, access to credit or other means. Consideration will be given to opportunities to improve the livelihoods of affected people through training, assistance with finding alternatives jobs, etc. Affected people will be consulted to establish the form of compensation they prefer. Compensation in kind will include land, buildings, other structures, crops, trees, gardens, and other assets.

Landless people or illegal occupiers who may not be eligible for compensation for land and fixed assets will be entitled to compensation for any improvements made to the land (such as structures, shelters, crops and trees) and for any loss of access to resources they suffer as a consequence of the development. They may also be offered a new location to live and may gain additional benefit through regularisation of their status when resettled on new land.

Where losses cannot easily be valued or compensated for in monetary terms (e.g. access to public services, customers, and suppliers; or to fishing, grazing, or forest areas), every attempt will be made to establish access to equivalent and acceptable resources and earning opportunities. An allowance will be made for all moving costs including transport and labour and any legal or other transaction costs.

11 ENTITLEMENTS

Table below presents the Entitlement Matrix. This will be communicated to the affected stakeholders so that they are aware of their entitlements.

Category of PAP	Type of Project affected right or property or loss	Applicable legal /policy framework	Entitlement	Process and specific conditions
RESIDENTIAL/ACCOMMODATION RELATED LOSSES				
Owner	Loss of residential land plot a) permanent	The Law on Expropriation of MKD EBRD Policy	Replacement ¹ property: residential plot of land of similar size and characteristics Compensation for expropriated land is determined by giving replacement other land, which in size, quality and location is appropriate to the expropriated land or cash compensation for land plot at replacement value	Transfer of property right through amicable agreement or expropriation process.
	Loss of residential land plot b) temporary	The Law on Expropriation of MKD EBRD Policy	Cash compensation for temporary use of the land plot at market value	Transfer of compensation through amicable agreement
Permanent Loss of residential structure				
	a) with building permit erected on own registered land plot	The Law on Expropriation of MKD EBRD Policy	Replacement property: residential structure of similar size and characteristics or Cash compensation for residential structure at replacement value + The costs of all expenses for moving and any legal documentation shall be covered.	Transfer of property right through amicable agreement or expropriation process.
	b) without building permit erected on own registered land plot	The Law on Expropriation of MKD Law on Legal Ownership Relations of MKD Law dealing with illegal buildings of MKD EBRD Policy	<i>Subject to successful legalization:</i> Same as formal owner <i>If legalization is not possible:</i> Compensation for land at market value + The right to take away the building materials or provision of cash compensation at construction value + The costs of all expenses for moving and any legal documentation shall be covered.	Legalization of the residential structure may be carried out first, and then expropriation in accordance with the Law on Expropriation of MKD. If legalization not possible, transfer of property and/or provision of compensation right through amicable agreement.

¹ Replacement value indicates market value of the property plus legal costs of acquiring other property, such as taxes and fees related to purchase of other property, registration in land registry etc.

Category of PAP	Type of Project affected right or property or loss	Applicable legal /policy framework	Entitlement	Process and specific conditions
	c) without building permit erected informally on someone else's or state land plot	The Law on Expropriation of MKD Law on Legal Ownership Relations of MKD Law on Construction Land of MKD Law dealing with illegal buildings of MKD EBRD Policy	Cash compensation at replacement value for the private land plot to the owner or his/her successors + The right to take away the building materials or provision of cash compensation for residential structure at construction value to structure owner + The costs of all expenses for moving and any legal documentation shall be covered.	Expropriation can be carried out when the legal process reaches completion. The transfer of property rights and/or provision of compensation entitlements can be met through amicable agreement. In situations where there is no market value for the property, compensation is determined in accordance with the market value of the material and labour required for construction (tailored according to depreciation). Depreciation is calculated according to the age of the structures.
	Loss of apartment or flat within residential structure	The Law on Expropriation of MKD EBRD Policy	Replacement property: apartment of similar size and characteristics with entitlement (proof of ownership). or Cash compensation for apartment at replacement (market) value + The costs of all expenses for moving and any legal documentation shall be covered.	The compensation for the expropriated building or other object is determined by giving in exchange a building or other object which by size, quality, purpose and location is similar with the building or property expropriated. Transfer of property right through amicable agreement or expropriation process.
	Loss of annual crops a) permanent	The Law on Expropriation of MKD Law on Legal Ownership Relations of	The right to harvest crops or Cash compensation for annual crops at replacement (market) value. + 	The former owner shall be entitled for compensation for the crops, forests and for the land, and fruits according to the

Category of PAP	Type of Project affected right or property or loss	Applicable legal /policy framework	Entitlement	Process and specific conditions
		MKD	Cash compensation for any developments on the land to the owner of these developments (may apply to irrigation or drainage structures, perennial plantations, structures, etc...)	market price, unless the compensation is integrated with the compensation of the land. Cash compensation for the crops possible only if the annual crops could not be harvested within the period of notice, in accordance with the Law on Expropriation of MKD
	Loss of annual crops b) temporary	The Law on Expropriation of MKD Law on Legal Ownership Relations of MKD	The right to harvest crops or Cash compensation for annual crops at replacement (market) value.	Cash compensation for the crops possible only if the annual crops could not be harvested within the period of notice, in accordance with the Law on Expropriation of MKD
	Loss of perennial crops a) permanently	The Law on Expropriation of MKD	The right to pick fruits, vegetables, etc. + Cash compensation for perennial trees, plants at replacement value. If the perennial crops cannot be harvested, the owner is entitled to cash compensation for the expected crops, in accordance with the Law on Expropriation of MKD.	Compensation must include all trees and plants, and the court expert assesses their value depending on the age, type, etc. According the Law on Expropriation). Income restoration package (access to credit/ allowance until next first harvest/ alternative job training)
	Loss of perennial crops b) temporary	The Law on Expropriation of MKD	The right to pick fruits, vegetables, etc. + Cash compensation for the expected crops in the period of temporary losses, in accordance with the Law on Expropriation of MKD.	Compensation According the Law on Expropriation). or Income restoration package (access to credit/ allowance until next first harvest/ alternative job training)
Tenant	Residential structure / apartment	Law on Obligations of MKD EBRD Policy	Timely notification to enable tenant to find other accommodation The tenant will be provided with assistance in finding an equivalent property, support for renting for an interim period, moving costs and a disturbance allowance. If required assistance will be	As regulated by the Law on Obligations of MKD, the notification period may not be less than 8 days before the tenant has to vacate the residential structure / apartment, unless otherwise specified by the tenancy agreement.

Category of PAP	Type of Project affected right or property or loss	Applicable legal /policy framework	Entitlement	Process and specific conditions
			provided with job placement and skills training in the new location.	
Informal occupant	Residential structure / apartment	EBRD Policy	Provision of use of alternative accommodation by the competent authorities, with security of tenure, if the occupant has no or no stable sources of income and his/her family does not own other property or Where informal occupiers are resettled this will be to a location and building where they may establish legal title.	Support for informal occupants not regulated by local legislation, and to be dealt with through amicable agreement.
BUSINESS OR COMMERCIAL RELATED LOSSES				
Owner	Loss of place of business a) permanent	The Law on Expropriation of MKD	When a business is displaced the affected person will be provided with monetary compensation or resettlement. If the affected person chooses resettlement an equivalent parcel of land will be provided at an acceptable location and with similar commercial potential and secured tenant status. Compensation will include costs of moving and legal and transaction fees. A disturbance payment will be made equivalent to net income for an agreed period (based on tax records from the affected or a comparable business). or Same as for residential property	Transfer of property right through amicable agreement or expropriation process.
	Loss of place of business b) temporary	The Law on Expropriation of MKD	Cash compensation for any assets affected Or Where business premises are rented the owner will receive compensation for the building and the tenant will be provide with assistance in finding an equivalent location, support for renting for a period to allow the business to re-establish, and moving costs.	Transfer of property right through amicable agreement or expropriation process.

Category of PAP	Type of Project affected right or property or loss	Applicable legal /policy framework	Entitlement	Process and specific conditions
	Loss of business and/or rent a) permanent	The Law on Expropriation of MKD EBRD Policy	<p>If the expropriated real estate belongs to the enterprise and the shop, determination of the compensation takes into the account the losses caused by discontinuation of activities, as well as damage due to change in location if such occurred. The amount of the damages is determined by MKD Law on Expropriation.</p> <p>Compensation for economic loss incurred as a result of permanent relocation including any discrepancies in livelihood, either to the amount of up to 30% increase in compensation for the structure (in accordance with the MKD Law on Expropriation) or payment of the value of economic loss until the restoration of business elsewhere (up to 1 year), to be determined by the business owner as the most favourable option+</p> <p>An allowance will be made for all moving costs including transport and labour and any legal or other transaction costs.</p>	<p>Provision of compensation according to Article 31 of the Law on Expropriation of MKD</p> <p>Where losses cannot easily be valued or compensated for in monetary terms (e.g. access to public services, customers, and suppliers; or to fishing, grazing, or forest areas), every attempt will be made to establish access to equivalent and acceptable resources and earning opportunities.</p>
	Loss of business and/or rent b) temporary	The Law on Expropriation of MKD EBRD Policy	<p>Compensation for economic loss occurred as a result of temporary relocation including any discrepancies in livelihood, either to the amount of up to 30% increase in compensation for the structure (in accordance with the MKD Law on Expropriation) or payment of the value of economic loss until the restoration of business elsewhere (up to 1 year), to be determined by the business owner as the most favourable option</p> <p>An allowance will be made for all moving costs including transport and labour and any legal or other transaction costs.</p>	Provision of compensation according to Article 31 of the Law on Expropriation of MKD

Category of PAP	Type of Project affected right or property or loss	Applicable legal /policy framework	Entitlement	Process and specific conditions
Tenant	Loss of place of business and business/income a) permanent	Law on Obligations of MKD The Law on Expropriation of MKD	Timely notification to enable tenant to find other accommodation The fee for the lease is determined according to the amount of the lease to be realized for same or similar land at free market. If on this base, losses to the owner of the real estate are caused, he is entitled to be compensated for losses. The remuneration to the damages is determined for each concrete case. An allowance will be made for all moving costs including transport and labour and any legal or other transaction costs.	Application of the provisions of lease agreement
	Loss of place of business and business/income b) temporary	Law on Obligations of MKD The Law on Expropriation of MKD	Timely notification to enable tenant to find other accommodation + An allowance will be made for all moving costs including transport and labour and any legal or other transaction costs.	Application of the provisions of lease agreement
Occupants with temporary permits for the business structure	Loss of place of business and income/business	The Law on Expropriation of MKD EBRD Policy	<i>Subject to successful legalization:</i> Same as formal business owners <i>If legalization is not possible:</i> Compensation for construction value of the structure and provision of adequate alternative location under lease as to enable the business to continue its economic activities elsewhere, if the owner has no same or similar business activity on other location + Compensation for economic loss incurred as a result of relocation including any discrepancies in livelihood, either for the amount of up to 30% increase in compensation for the structure (in	Compensation for economic loss and livelihood restoration for temporary business occupants not regulated by local legislation, and to be dealt with through amicable agreement.

Category of PAP	Type of Project affected right or property or loss	Applicable legal /policy framework	Entitlement	Process and specific conditions
			accordance with the MKD Law on Expropriation) or payment of the value of economic loss until the restoration of business elsewhere (up to 6 months), to be determined by the business owner as the most favourable option	

Table 3 Specific Compensation Entitlements for Project-Affected Peoples (PAPs)

12 GRIEVANCE MANAGEMENT

12.1 OVERVIEW

The following principles will apply to grievance management:

- Any grievance related to land acquisition or to any other matter will be registered, acknowledged within 7 working days and tracked until it is closed;
- The grievance management system will include at least one level of review/appeal, with the aim to reach an amicable settlement wherever possible without resorting to a judicial review;
- Grievances will be processed and responded to within 25 working days.

12.2 GRIEVANCE MANAGEMENT

Registers of grievances will be established in locations close to potentially affected people. The investor will be responsible for handling the grievances in a timely fashion. It should be possible to register grievances in headquarters, municipal and local offices, websites and grievance leaflet prepared to tell people about the process. The leaflet needs to be written in easily accessible language. Also bearing in mind the length of the corridor, some information will be placed in all affected municipal offices. Grievance mechanism is covered in Chapter 6 from Stakeholder Engagement Plan.

The existence of these registers, as well as avenues and procedures to lodge a complaint (where, when, to whom, etc.), will be broadly communicated to the public. The grievance is managed by a two tier system as described below:

First Tier of Grievance Management

PERI needs to establish a registry of grievances. PAPs will be able to submit grievances directly with the Railway company (a sample Grievance Form is attached as Annex 2). All grievances will be recorded in a register and assigned a number, and acknowledged within seven (7) days.

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

- Description of grievance;
- Date of receipt acknowledgement returned to the complainant;
- Description of actions taken (investigation, corrective measures); and
- Date of resolution and closure / provision of feedback to the complainant.

The Railway company will make all reasonable efforts to address the complaint upon the acknowledgement of grievance. Responsible person from PERI will be Mr. Rade Sekulovski, Head of sector. If the railway Company is not able to address the issues by immediate corrective action, a long-term corrective action will be identified. The complainant will be informed about the proposed corrective action and follow-up of corrective action within 25 working days upon the acknowledgement of grievance.

If the Railway Company Directorate is not able to address the particular issue raised through the grievance mechanism or if action is not required, it will provide a detailed explanation/justification on why the issue was not addressed. The response will also contain an explanation on how the person/organization which raised the complaint can proceed with the grievance in case the outcome is not satisfactory.

Second Tier of Grievance Management

If the complainant is not satisfied with the implemented corrective action and/or a justification on why the corrective action is not required, the complaint will be directed to the Grievance Commission. The

Grievance Commission will be established for the Project by an internal act of the Railway Company and comprised of:

- One representative of the railway Company (other than the person directly involved in resolving the grievance described in the previous steps);
- And one representative per each municipality affected by the Project and selected by the municipality officials;
- Additionally, the Commission may include a representative of Ministry of transport and Communication, if found necessary.

The Commission will re-evaluate the existing corrective action and/or the justification on why an action is not required, and reconsider alternatives to address the complaint on the satisfactory manner.

The complainant will be informed about the proposed alternative corrective action and follow-up of alternative corrective action within 25 working days upon the acknowledgement of grievance.

In case that no amicable agreement can be reached at the first two tiers, grievance can at any time be handed over to the basic municipal court in charge (see below).

Resorting to the amicable mechanism of grievance management does not preclude the aggrieved person to resort to Justice at any point in the process.

12.3 DISPUTE RESOLUTION

According to the Law on expropriation ("Official gazette of the Republic of Macedonia" no. 33/95, 20/98, 40/99, 31/03, 46/05, 10/08, 106/08, 76/10), the Law on general administrative procedure ("Official gazette of the Republic of Macedonia" no. 38/05, 110/08, 118/08) Law of administrative disputes ("Official gazette of the Republic of Macedonia" no. 62/06, 27/08, 117/09), any unresolved grievance may be appealed by the affected party through the secondary commission of the Government of R. Macedonia, against the decision brought by the expropriation body, within a time limit of eight (8) days from the receipt of the decision. Against the decision of the secondary commission of the Government of R. Macedonia a law suit can be submitted to the Administrative court. The decision of the Administrative court is mandatory and executive.

In the judicial procedures for determining the amount of the compensation, the unsatisfied side has the right to appeal against the Decision of the Primary Court to the Court of Appeals. In addition the overall grievance mechanism put in place in the Stakeholder Engagement Plan will be available to the affected people. (Annex 2 from Stakeholder Engagement Plan).

13 MONITORING AND REPORTING

13.1 MONITORING

Monitoring measures should be designed to endure that, at a minimum; the livelihood and standard of living of displaced persons are restored to pre-project levels. Monitoring will be carried out in accordance with PR 1 and may involve the participation of key stakeholders such as affected communities. The following table presents a list of indicators to be gathered during the first three years.

Indicator	Source of Information	Frequency
Input Indicators		
Overall spending on expropriation and compensation	Financial records	Quarterly
Number of project affected people by categories	Census and grievance management	Quarterly

Indicator	Source of Information	Frequency
Output Indicators		
Number of project affected people having moved into their new dwelling in the period	Data management system	Monthly
Number of project affected people having moved from their previous dwelling in the period	Data management system	Monthly
Number of people having received cash compensation in the period with distribution by compensation type and by classes of amounts	Data management system	Monthly
Number of individual compensation Agreements in compliance with PR5 signed in the period	Data management system	Monthly
Number of vulnerable households/individuals resettled, the type of vulnerability and type of assistance provided	Monitoring Reports on Resettlement Activities	Monthly
Number of individual compensation agreements signed in the period	Monitoring Reports on Resettlement Activities	Monthly
Number of businesses where income restored or improved from pre-resettlement levels.	Monitoring Reports on Resettlement Activities	
Qualitative indicators which will serve to assess the satisfaction of the affected people with the resettlement initiatives and, thus, the adequacy of the initiatives. Information on these indicators will be obtained through direct consultation with the affected population (meetings, focus group discussions, questionnaires)	Monitoring Reports on Resettlement Activities	Monthly
Degree of satisfaction with the new dwelling	Monitoring Reports on Resettlement Activities	Monthly
Degree of satisfaction with the compensation agreement	Monitoring Reports on Resettlement Activities	Monthly
Degree of satisfaction with performance of resettled business	Monitoring Reports on Resettlement Activities	Monthly
Getting information on things like whether the resettlement process was easy or not (e.g. it involved lots of paperwork, communication was poor	Monitoring Reports on Resettlement Activities	Monthly
Establishment of Grievance Mechanism and tracking of grievances including quantitative (tangible) and qualitative complaints	Evidence that grievances are being addressed and closed out	Ongoing

Table 4 Monitoring indicators

13.2 REPORTING

The Investor shall provide an Initial Monitoring Report on the implementation of the RAP at the time of the Loan condition effectiveness. Periodical Monitoring Reports will be provided annually thereafter for three years as part of the Annual Reporting to EBRD. The Investor will also report annually to EBRD on any similar issues falling under its responsibility.

It should be noted that the Investor may need to publicize some of the above-mentioned indicators as a response to a formal information request filed in line with the relevant information access legislation.

At times, the client's ability to achieve social or environmental outcomes consistent with the PRs will be dependent on third party activities. A third party may be, *inter alia*, a government agency, a contractor, a supplier with whom the project/client has a substantial involvement, or an operator of an associated facility. EBRD seeks to ensure that projects it finances achieve outcomes consistent with the PRs even if the outcomes are dependent upon the performance of third parties. When the third party risk is high and the client has control or influence over the actions and behaviour of the third party, EBRD will require the client to collaborate with the third party to achieve outcomes consistent with the PRs. Specific requirements and actions will be determined on a case-by-case basis.

14 ROLES AND RESPONSIBILITIES

The following table presents the proposed distribution of roles and responsibilities between the Investor and the Concessionaire for each of the main tasks. All parties involved in the Project, including the Client and the Concessionaire, are required to implement the requirements of this RCF.

Task	Responsible Entity
Main expropriation exercise prior to construction commencement	Investor PERI
Supplemental land acquisition required for construction or operation needs	Investor PERI
Temporary land occupation required for construction or operation needs, if required	Contractor/s
Grievance management	Investor PERI
Monitoring and reporting in respect of expropriation carried out prior to construction commencement	Investor PERI
Monitoring and reporting with respect to land acquisition and/ or temporary land occupation carried out after construction commencement, if required	Contractor/s
Information disclosure to all project affected people	Investor PERI
Assistance to legalise properties if necessary	Investor PERI
Negotiations prior to expropriation	Investor PERI
Payment	Investor PERI
Provision of compensation packages	Investor PERI
Provision of resettlement assistance	Investor PERI
Grievance management	Investor PERI

Table 5 Roles and Responsibilities

15 PUBLIC CONSULTATION AND DISCLOSURE

As part of the ESIA public consultation and disclosure process the Resettlement and Compensation Framework (RCF) will be subject to public consultation to be conducted in the first and second quarter of 2012.

16 CONCLUSION

Involuntary resettlement may cause severe long-term hardship, impoverishment, and environmental damage unless appropriate measures are carefully planned and carried out.

The objective of preparation of this Resettlement Compensation Framework is to give directions for further measures and to ensure that the population displaced and affected by a project receives benefits from it. Involuntary resettlement should be treated as an integral part of project design and should be dealt with from the earliest stages of project preparation by responsible entities, in accordance with the national, EBRD and EIB legislation.

17 GAP ANALYSIS PREPARED BY EBRD

Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
Involuntary resettlement	The term involuntary resettlement refers to physical displacement and economic displacement. Displacement can be full, partial, permanent or temporary.	Macedonian legislation in general, including the Expropriation Law of the Republic of Macedonia, does not recognize the term involuntary resettlement. Issues related to land acquisition in the public interest are regulated by the Expropriation Law of the Republic of Macedonia.	The law focuses on properties and assets which may be expropriated and restrictions which may be placed on property rights, in the public interest. The law indirectly covers physical and to a certain extent economic displacement (i.e. access to land based incomes), but only for affected people who have formal legal rights.	Gaps regarding physical and economic displacement, as well as displacement of those who do not have formal legal rights to the land and structures which they occupy are discussed further in the table.
Land acquisition / restriction of access	Involuntary resettlement occurs as a result of: 1. Land acquisition, which includes: • outright purchases of property • purchases of property rights (i.e. rights of way) 2. Imposition of restrictions that result in people experiencing loss of access to physical assets or natural resources.	Outright purchases of immovable property (land, residential and other structures - Article 1) are defined by the Expropriation Law as "complete" expropriation (Article 4). "Incomplete" expropriation includes the instigation of an easement over the immovable property or a lease of land for a defined period of time (Article 4). Temporary occupation of land (up to 3 years) is also possible when needed for construction or other works associated with the project for which expropriation is being sought (accommodation of workers, materials, machines, etc.) (Article 7). In addition, if it is determined that the expropriation of a part of the owner's property would result in the owner having no economic interest in using or not being able to use the remainder of the property, that remaining part of the	Restrictions that result in people experiencing loss of access to physical assets or natural resources are not covered by Macedonian legislation.	Solutions for overcoming restrictions that result in loss of access to physical assets or natural resources, have to be considered and defined, on a case by case basis, for a particular project.

Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
		property will also be expropriated, at his request (Article 12).		
Scope of impact (project design)	Consideration of feasible alternative project designs to avoid or at least minimize physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits.	There are no legal requirements in Macedonian legislation for avoiding or at least minimizing physical and/or economic displacement. However, the Law on Spatial and Urban Planning states that the aim of such planning is to improve living and working conditions for citizens (Article 4).	In practice, resettlement and expropriation are avoided or minimised during project design, in the context of minimising costs.	Ensure that minimisation of physical and /or economic displacement is investigated during project design and maximised to the extent practically possible. Whenever possible, integrate the consideration of resettlement issues in the EIA process.
Planning process	Implementation of a census and a socio-economic baseline assessment within a defined affected area, to identify the persons who will be displaced and determine who will be eligible for compensation and assistance. Preparation of the Resettlement Action Plan or Livelihood Restoration Framework. During the development of the RAP/LRF, affected persons (including host communities) should be informed and consulted on the development of compensation packages, eligibility requirements, resettlement assistance, suitability of proposed resettlement sites and the proposed timing. Special provisions should be made for consultations with vulnerable groups.	According to the Expropriation Law, the request for determining public interest and subsequently the proposal for expropriation, have to include a detailed list of properties to be expropriated, their location, information about individuals who have formal legal rights on these properties. The proposal for expropriation also has to be accompanied by extracts from the Cadastre or other public documents (land registries) specifying all rights on the affected properties (Articles 14, 15). Ownership or other formal legal rights on land and structures are recorded in the Real Estate Cadastre. All issues regarding property rights have to be resolved before the expropriation payment is made; in case of disputes, the affected parties turn to the court to decide who will receive compensation.	Macedonian legislation does not require the development of specific resettlement / livelihood restoration plans, nor the implementation of a census / socio-economic survey. Only those with formal legal rights are informed about the expropriation process and have the right to appeal, while all other categories of affected people are not informed or consulted. In addition, there are no requirements for making special provisions for informing / consulting vulnerable groups.	The implementation of a census / survey and development of a RAP/LRF for each project which requires land acquisition (physical or economic displacement) is necessary. This process needs to ensure all categories of affected people (not only those with formal legal rights) are informed and consulted in a meaningful way. If vulnerable groups are identified during the survey, it may be necessary to make special provisions to include them in the consultation process.
Cut off date	In the absence of national government procedures, the date of completion of the census and assets inventory represents the	According to the Expropriation Law all persons who have formal legal rights on land and structures, as registered	All persons who do not have formal legal rights on land and structures located in the	The date when the census is carried out should be agreed with the implementing agency

Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
	<p>cut-off date for eligibility.</p> <p>Individuals who move into the project affected area after the cut-off date will not be eligible for compensation and other types of assistance.</p> <p>Information regarding the cut-off date will be well-documented and disseminated throughout the project area.</p>	<p>by the Cadastre and/or Land registries, are entitled to compensation.</p> <p>Valuations (inventory) of properties / assets, have to take place before the request for expropriation is submitted (so that this request can include a bank guarantee for the amount needed for compensation – Article 15).</p>	<p>project area are not eligible for compensation or resettlement assistance according to the Expropriation law and therefore there is no cut off date for eligibility.</p>	<p>and specified in the RAP/LRF as the cut off date for eligibility for compensation and resettlement for all persons who do not have formal legal rights on land and structures located in the project area.</p> <p>Affected people must be informed about the cut off date.</p>
Negotiated settlements	Negotiated settlements are encouraged to help avoid expropriation and eliminate the need to use governmental authority to remove people forcibly.	Negotiated settlements are explicitly encouraged by the Expropriation Law (Article 17) and the last instance in which they can be concluded is within 8 days after the final decision on expropriation has been issued. During this period, the municipal authorities are obliged to facilitate negotiations and to encourage the conclusion of a compensation agreement; if such an agreement is not reached, the case is referred to the relevant court to pass a decision on compensation (Article 38).		Negotiated settlements, even before expropriation is initiated, should be explicitly encouraged in the RAP/LRF.
Compensation at replacement cost	Compensation for lost assets will be provided at replacement cost, usually calculated as the market value of the assets plus the transaction costs related to restoring such assets (registration and transfer taxes). Depreciation of structures and assets should not be taken into account.	<p>Compensation under the Expropriation law is determined in accordance with the prevailing market price (Article 10) after taking into account the value of land (agricultural or land in urban areas), cost of structures (residential and business) & installations, crops, forest land and timber (Article 24 to 27 and 32).</p> <p>Compensation is also provided for instigation of an easement, a lease and for temporary occupation of land (Article 33 to 35).</p>	The law does not specifically mention compensation for the costs of any registration and transfer taxes. All costs associated with transfer of property rights to the beneficiary of expropriation are borne by that entity. In practice, when replacement property is provided, the beneficiary of expropriation bears these costs for registering the new property in the name of the affected person. However, when	<p>THE RAP/LRF must describe the valuation method in detail and specify that compensation will include the registration cost in the Cadastre Office, or other relevant register, any administrative fees, and/or transfer taxes.</p> <p>Depreciation of structures and assets should not be taken into account during valuations.</p>

Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
			<p>compensation is paid in cash, these costs are not included in the compensation package.</p> <p>Although the law only mentions taking into account depreciation of structures whose market value can not be determined (walls, fences, etc.) (Article 32), depreciation is also typically taken into account during valuations of all affected properties and assets.</p>	
Compensation in kind / cash	Compensation in kind will be offered in lieu of cash compensation where feasible.	According to the Expropriation law, compensation to those who have formal legal rights is provided in kind or in cash for agricultural land or for residential and business structures, on request of the person who has formal legal rights and if a suitable property can not be identified (Articles 23, 24).		
Provision of adequate housing / shelter with security of tenure	<p>Adequate housing is measured by quality, safety, affordability, habitability, cultural appropriateness, accessibility and locational characteristics. Should offer access to infrastructure and services.</p> <p>Security of tenure exists if resettled persons are protected from forced evictions, to the greatest extent possible.</p> <p>New resettlement sites built for displaced persons will offer improved living conditions with security of tenure.</p>	<p>For persons with formal legal rights, compensation for residential or business structures, provided in kind has to correspond to the value of the expropriated property (taking into account location, structure and size, quality, etc. – Articles 24 and 27). Property rights on the new property are formally transferred based on the final decision on expropriation and the final decision / agreement on compensation, providing security of tenure (Article 42).</p>	<p>The law does not recognise persons who do not have formal legal title and therefore does not foresee the provision of adequate housing with security of tenure for this category of affected people.</p> <p>The expropriation law does not include any provisions about resettlement sites. However FYR Macedonia has a developed system of rules / regulations /</p>	<p>During the development of the RAP, affected people should be consulted in defining standards for adequate housing.</p> <p>Those that do not have formal legal rights to properties have to be resettled to appropriate accommodation and have to have security of tenure, i.e. through signed contracts. Such contracts must include all members of the affected household, to ensure that they are all protected from forced</p>

Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
Other resettlement assistance	Relocation costs (moving allowances). Specific resettlement assistance for vulnerable groups.	Provision of compensation for transport costs (moving allowance) is foreseen by the Expropriation law for those who have formal legal rights (Article 36). Specific resettlement assistance for vulnerable groups is not foreseen by the Expropriation law. However, according to the Law on Social Welfare, all vulnerable citizens have the right to one-off financial payments if they find themselves in a situation of sudden and temporary need (Article 34). This need is assessed based on existing circumstances and administered through local self governments and CSWs.	standards for construction of residential and other structures, as well as standards pertaining to resettlement sites (access to infrastructure). Relocation costs / transport is not organised or compensated by the beneficiary of expropriation for those who do not have formal legal title.	evictions. Arrange for relocation costs to be compensated in cash or organise transport for people and all of their belongings / assets, for all categories of affected people (specify in the RAP). Vulnerable groups should receive assistance in accordance with their specific needs. This should be done in cooperation with social service departments (municipal or state). At a minimum, vulnerable groups should have access to documentation, education, health and social services. Specific assistance has to be defined on a case by case basis for a particular project.
Eligibility for compensation / resettlement and entitlements in case of physical displacement	Category 1 - those who have formal legal rights to the land Category 2 - those who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under the national laws should receive: <ul style="list-style-type: none"> • Compensation for land at full replacement cost • in the case of physical displacement, 	The Expropriation law foresees cash or in kind compensation for land, improvements to the land and structures (residential or business), for those who have formal legal rights (Category 1). The owner of illegally constructed structures (Category 3) is not entitled to compensation (explicitly stated in the law). The owner can tear down the	Those who have a claim to land that is recognised or recognisable under the national laws (Category 2) and those who have no recognisable legal right or claim to the land (Category 3) are not recognised by the Expropriation law. FYR Macedonia is about to	Provide assistance to persons in Category 2 to acquire a formal legal status before expropriation (over land and structures), in which case they move into Category 1 and are entitled to compensation as per the Expropriation law. At present the only applicable law is: <ul style="list-style-type: none"> • Law on Property Rights (acquiring property rights
Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
	replacement property of equal or higher value, with equivalent or better characteristics and advantages of location or cash compensation at full replacement value and relocation assistance. Category 3 - those who have no recognisable legal right or claim to the land they occupy should receive: <ul style="list-style-type: none"> • Compensation for structures that they own and occupy and for any other improvements to land at full replacement cost • in case of physical displacement, a choice of options for adequate housing with security of tenure and resettlement assistance 	structure and salvage the materials, if not, he/she will bear the costs of clearing the affected land (Article 45). In line with the Rules and Regulations for Accommodation of Socially Vulnerable Individuals, adopted based on the Law on Social Welfare, assistance is to be provided to persons who are beneficiaries of social welfare and without accommodation (Article 2), in the form of cash payments for rent or reconstruction of houses / apartments or placement in social housing (Article 9).	adopt the Law for the Treatment of Illegally Constructed Objects, which will specify terms and conditions for legalisation of objects constructed without building permits, as part of the commitments made through the signing of the Vienna Declaration on Informal Settlements in SEE. The provisions of the Rules and Regulations for Accommodation of Socially Vulnerable Individuals, adopted based on the Law on Social Welfare, should be used as a basis for ensuring that those who are adversely affected by resettlement (usually belonging to Category 3) receive appropriate accommodation. The Ministry of Transport and Communication is implementing a nation wide programme of building and allocating social apartments, beneficiaries are: children without parental care, single parents and families with many children, single headed households, persons with disability, Roma and members of other vulnerable groups.	over land and/or structures erected on someone else's land) Once the Law for the Treatment of Illegally Constructed Objects is adopted, it should be used as a basis for the legalisation of structures erected by the owner of the land. In case of physical displacement, at a minimum, provide some form of social (low rent) housing for Category 3. Calculate the construction value of their structures and reduce their rent to correspond to the value of the structure they owned or pay cash compensation. This category is typically the most vulnerable, therefore resettlement assistance must be provided (see below).
Vulnerable	The RAP should specifically take into account	Rules and Regulations for	There are no special	During the census, it is

Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
groups	any individuals or groups that may be disadvantaged or vulnerable – consultations and relocation assistance. Vulnerable or 'at-risk' groups include people who, by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage or social status may be more adversely affected by displacement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits. Special measures in terms of consultation and development assistance may be needed to allow such groups to participate in resettlement planning meaningfully and to benefit from development opportunities.	Accommodation of Socially Vulnerable Individuals, adopted based on the Law on Social Welfare, specify that beneficiaries of social welfare, without accommodation are entitled to social housing assistance.	requirements in Macedonian legislation for organising consultations and relocation assistance for vulnerable groups. However, persons who are homeless are entitled to social welfare assistance, which includes placement in shelters and access to other services available under national and local social welfare laws.	necessary to identify vulnerable groups and assess their needs related to resettlement and relocation assistance, including access to specific services. Consultations can be held in the form of focus groups to consult with and address the needs of specific groups. Social welfare and other appropriate services should be involved in resettlement planning and implementation to ensure that vulnerable groups have access to all services available to them under Macedonian laws (Law on Social Welfare, Law on Education, Law on Health Care).
Joint property	Ensure that the documentation for ownership or occupancy and compensation is issued in the names of both spouses or women single head of households, as relevant to each situation, and that other resettlement assistance, such as skills training, access to credit and job opportunities are equally available to women and adapted to their needs.	Men and women have equal rights in the FYR Macedonia (Article 9 of the Constitution of the Republic of Macedonia), including the possibility to have formal legal rights on properties. According to the Family Law, if formal legal rights over properties / assets have been acquired during the marriage, the law assumes they are shared equally between the spouses, unless a different agreement is formally registered with the court (Article 203-206).		Specify in the RAP/LRF that compensation must be shared between spouses according to title documentation or the Family Law in the silence of title documentation. Ensure that all programmes, including those related to livelihoods restoration are equally accessible to both men and women (specify in the RAP/LRF).
Legal assistance	Displaced people should be provided, where possible, with legal assistance to enable them to complete administrative requirements prior to land acquisition and, if needed, to seek redress from the courts.	There is no requirement for providing free legal assistance to persons affected by expropriation or resettlement, under the Expropriation law. However, each court or administrative decision must contain instructions on available legal		Affected people should be informed about and provided with access to free legal aid, either through municipal departments or through associations / NGOs (specified in the RAP/LRF).
Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
		remedies. The Government of the FYR Macedonia adopted a Law on the provision of free legal aid to citizens, through municipal offices and certified associations. Services include provision of legal advice but also court representation.		
Timing of compensation	Compensation (alternative housing and/or cash compensation) has to be provided prior to relocation.	According to the Expropriation law, a condition to start expropriation is a bank guarantee with a commercial bank (or, in the case of government authorities, proof of funds allocated in the budget), in the assessed total sum for payment. Compensation has to be paid / provided within 15 days from the day when a compensation agreement has been signed or the decision on compensation has become final (Article 40).		
Loss of public amenities	Where a project involves the loss of public amenities, the client shall undertake meaningful consultation with the locally affected community to identify and agree upon a suitable alternative where possible.		There is no specific requirement in Macedonian legislation for consulting affected communities regarding loss of public amenities.	The institutions tasked with setting up and maintaining specific public amenities which are affected by land acquisition, should consult local communities on how to replace them (specify in the RAP).
Eligibility for compensation / livelihood restoration and entitlements in case of economic displacement	If land acquisition causes loss of income or livelihood Category 1²⁵ and Category 2 , should receive: • compensation for loss of assets or access to assets, at full replacement cost • replacement property of equal or greater value, or cash compensation at full	The Expropriation law foresees cash or in kind compensation for land (including agricultural land, orchards and vineyards, crops, forest land and timber) and business structures / physical assets, for those who have formal legal rights (Category 1).	Those who belong to Category 2 and Category 3 are not entitled to any compensation or livelihood restoration assistance, including lost net income and moving allowance (transfer of equipment) by	Provide assistance to persons in Category 2 to acquire a formal legal status before expropriation (over land and structures), in which case they move into Category 1 and are entitled to compensation as per the Expropriation law. At present the

²⁵ For definitions of Category 1, 2 and 3, see "Eligibility for compensation / resettlement and entitlements in case of physical displacement", earlier in the table.

Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
	<p>replacement cost</p> <p>Category 3, should receive:</p> <ul style="list-style-type: none"> Loss of assets, other than land, at full replacement cost <p>All three categories should receive:</p> <ul style="list-style-type: none"> compensation for the cost of re-establishing commercial activities elsewhere compensation for lost net income during the period of transition compensation for the costs of the transfer and reinstallation of the plant, machinery or other equipment transitional support based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living additional targeted assistance (credit facilities, training, or job opportunities) and opportunities to affected persons whose livelihoods or income levels are adversely affected (owners of businesses and employees are eligible) 	<p>The owner of illegally constructed structures (Category 3) is not entitled to compensation (explicitly stated in the law). The owner can tear down the structure and salvage the materials, if not, he/she will bear the costs of clearing the affected land (Article 45).</p> <p>According to Article 31 of the Expropriation Law, those who have formal legal rights (Category 1) are also entitled to compensation for any damages (i.e. lost income) incurred until they were able to re-establish their economic activity. The rate of compensation is to be determined separately in each case.</p> <p>Provision of compensation for transport costs (moving allowance) is foreseen by the Expropriation law for those who have formal legal rights (Article 36).</p> <p>The FYR Macedonia is about to adopt the Law for the Treatment of Illegally Constructed Objects, which will specify terms and conditions for legalisation of objects constructed without building permits</p>	<p>the Expropriation law.</p> <p>In addition, all three categories are not entitled to costs of re-establishing commercial activities, transitional support, or other targeted assistance.</p> <p>Assistance to off-set any loss of a community's commonly held resource is also not specifically regulated by Macedonian legislation.</p>	<p>only applicable law is:</p> <ul style="list-style-type: none"> Law on Property Rights (acquiring property rights over land and/or structures erected on someone else's land) <p>Once the Law for the Treatment of Illegally Constructed Objects is adopted, it should be used as a basis for the legalisation of structures erected by the owner of the land.</p> <p>In case of economic displacement, provide those belonging to Categories 2 and 3 with access to adequate commercial space, with security of tenure, to restore their economic activities and livelihoods.</p> <p>Ensure that all categories are promptly compensated in cash or in kind (before they lose access to their properties / assets), so that lost net income and the need for transitional support are minimized / avoided.</p> <p>Arrange for relocation costs to be compensated in cash or organise transport of equipment and other assets for all categories of affected people.</p> <p>Facilitate access to existing services which could assist the</p>

Issue	EBRD policy requirements	Provisions of Macedonian law	Gap / Comment	Proposed response
Grievance procedure	<p>The grievance mechanism will 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 and/or members of host communities, including a recourse mechanism designed to resolve disputes in an impartial manner.</p> <p>The grievance mechanism, process, or procedure should address concerns promptly and effectively, using an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, at no cost and without retribution.</p>	<p>There is no specific requirement for establishing an independent grievance mechanism, according to the Expropriation Law or other Macedonian legislation. The law does foresee rights of affected citizens (those with formal legal rights) to appeal at many stages of the expropriation procedure to relevant administrative authorities and courts.</p>	<p>In practice, affected people communicate with the expropriation beneficiary (a designated person / department), in connection to their specific grievances and with the aim of reaching a compensation agreement, before filing appeals with the relevant administrative authorities or courts.</p>	<p>affected persons whose livelihoods or income levels are adversely affected to restore their living standards. This could be done in cooperation with the Macedonian Employment Service Agency.</p> <p>Define a project specific grievance mechanism in the RAP/LRF. Depending on the scale of the project or the general vulnerability status of affected families, involve any available institutions in the process, e.g. the ombudsman, human rights groups, etc.</p>
Information disclosure and public consultation	<p>The client should summarize the information contained in the RAP and/or the LRF for public disclosure to ensure that affected people understand the compensation procedures and know what to expect at the various stages of the project (for example, when an offer will be made to them, how long they will have to respond, grievance procedures, legal procedures to be followed if negotiations fail).</p> <p>Consultations will continue during the implementation, monitoring and evaluation of compensation payment and resettlement.</p>	<p>Those who have formal legal rights are informed throughout the expropriation process (i.e. that a request for expropriation has been submitted (Article 16); before the decision on expropriation is passed, the municipal office in charge of expropriation has to invite the affected person with formal legal rights to a meeting to present any facts which may be relevant for expropriation (Article 17)).</p>	<p>The Expropriation law does not require public consultations to be held with any categories of project affected people, prior to expropriation.</p> <p>Once the expropriation process is initiated, only those with formal legal rights are informed and consulted through a one on one negotiation process.</p>	<p>Plans for consultations with all project affected people, including host communities, should be agreed with them and incorporated in the RAP/LRF.</p>
Monitoring	Monitoring of the RAP / LRF will be carried out in accordance with PR 1.		There are no requirements for monitoring the	Define indicators and monitoring mechanisms in the RAP / LRF.
			expropriation / resettlement / livelihoods restoration process, under Macedonian legislation.	

18 GRIEVANCE FORM

Resettlement Action Plan Public Grievance Form

Reference No:	
Full Name	
Contact Information Please mark how you wish to be contacted (mail, telephone, e-mail)	Address: _____ Telephone: _____ Email: _____
Description of Incident or Grievance:	
What happened? Where did it happen?	
Who did it happen to?	
What is the result of the problem?	
Date of Incident/ Grievance	
One time incident/ grievance(date-----) Happened more than once (How many times-----) Ongoing (Currently experiencing problem.....)	
What would you like see happen to solve the problem?	
Signature: Date:	
Please return this form to: to define this later	

