



*Resettlement and Compensation  
Framework*  
**WHSD Central Section Construction**  
Final Version

October 2011

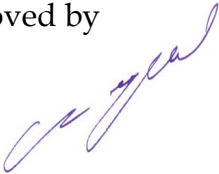
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# ***Resettlement and Compensation Framework*** **WHSD Central Section Construction**

**Final Version**

12 October 2011

Project Manager, ERM Technical Director		Mikhail Popov
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<p>Approved by</p>  <p>Sergey Bourtsev</p> <p>Managing Partner ERM Eurasia, Moscow Office</p> <p>12 October, 2011</p>
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*ERM Eurasia Ltd* confirms that this Report has been prepared with all reasonable skill, care and diligence and in conformity with the professional standards as may be expected from a competent and qualified consultant acting as Environmental Consultant having experience in providing services for projects with similar scope of work, complexity, issues and scales.

This Report has been prepared in accordance with the terms of the contract concluded with the Client and the generally accepted environmental consulting practices and for intended purposes stated in the Contract. The conclusions and recommendations made in this Report are based upon information obtained directly by *ERM Eurasia Ltd*, as well as information provided by third parties, which we believe to be accurate.

This Report has been prepared for the *EBRD* and we accept no responsibility for third parties whatsoever who may use all or portions of the information contained in this Report.

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## **LIST OF ABBREVIATIONS**

<b>Abbreviation</b>	<b>Full name</b>
EBRD	The European Bank for Reconstruction and Development
ESIA	Environmental and Social Impact Assessment
CJSC	Closed Joint Stock Company
JSC	Joint Stock Company
NGO	Non-governmental organization
PAP	Project-Affected People
PPP	Public-Private Partnership
PR	Performance Requirement (EBRD)
PCR	Public Compensation Receptions
RAC	Resettlement Action Plan
RCF	Resettlement and Compensation Framework
SPZ	Sanitary Protection Zone
VOA	All-Russian Association of Automobile Owners

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## **1 SCOPE OF THE RESETTLEMENT AND COMPENSATION FRAMEWORK AND PROJECT DESCRIPTION**

### **1.1 SCOPE OF THE RESETTLEMENT AND COMPENSATION FRAMEWORK**

The European Bank for Reconstruction and Development (EBRD) is considering participation in the financing of the construction of the Central Section of the Western High-Speed Diameter (WHSD) herein the Project. The Project will link the WHSD Southern Section (which is almost constructed and has been partly in the operation since early 2011) and the WHSD Northern Section (which is currently under construction).

The construction of the WHSD Central Section will be implemented in Public-Private Partnership (PPP) by a Partner company to be selected following a tendering process.

The construction of the WHSD is considered to be a major project that could result in potentially significant and diverse future environmental and social impacts and issues. According to the EBRD's Environmental and Social Policy (2008), the Project therefore falls into the *category A projects* for which the EBRD requires a full Environmental and Social Impact Assessment (ESIA) process and associated public consultation.

This Resettlement and Compensation Framework (RCF) document is one of a number of outputs prepared as part of the ESIA for the Project. It has been developed to guide further development of a Resettlement Action Plan (RAP) as well as acquisition of land and other assets, resettlement and compensation of affected people and businesses in accordance with the EBRD's Environmental and Social Policy (2008) and, particularly, its Performance Requirement 5 (PR5).

This Resettlement and Compensation Framework includes:

- A categorization of Project-Affected People (PAPs) and affected assets;
- Key principles of a resettlement and compensation strategy;
- Key principles for public consultation, grievance management and monitoring.

The proposed Framework is not intended to replace the existing legal mechanisms in Russia but to act as a supplementary framework for action alongside existing legal processes to achieve compliance with the EBRD standards.

### **1.2 PROJECT DESCRIPTION**

The construction of the WHSD is a strategic investment Project of city and federal significance. It complements the Ring Road by closing the first transport ring around St. Petersburg. The WHSD aims at linking the transport hub, including the freight and passenger ports, to the national road network and alleviating the pressing transport issues of St. Petersburg.

It will provide a solution to some of the main transport problems by:

- linking the Port of St. Petersburg directly or via the road network to other regions of Russia and Baltic and Scandinavian countries;
- linking the future residential and social development area and a newly opened passenger ferry complex on Vasilievsky Island to other districts of St. Petersburg;
- linking southern, western and northern parts of the city by-passing the historic centre, thus, reducing the impact on streets, bridges, culture and architectural monuments of St. Petersburg;

- reducing traffic load of the main city roads.

### 1.3 KEY DEFINITIONS

The following definitions are used in the present document:

**Affected Area:** an area subject to change as a result of the Project.

**Compensation:** payment in cash or in kind at replacement value for an asset or a resource that is acquired or affected by the Project.

**Cut-Off Date:** day after which persons or fixed assets (e.g. build structures) found in the project area will not be eligible for compensation or other benefits.

**Economic Displacement:** loss of income or livelihood due to land acquisition or obstructed access to resources (land/water) caused by the Project or associated facilities.

**Physical Displacement:** loss of shelter and assets resulting from acquisition of structures (e.g. residential buildings) or the land associated with the Project that requires affected person(s) to move to another location.

**Host Communities:** people living in/around areas to which people physically displaced by the Project will be resettled, who may be affected by the resettlement or be displaced.

**Project:** the construction of the Central Section of the Western High-Speed Diameter (WHSD).

**Project-Affected Person (PAP):** person who, as a result of the project, loose the right to own/benefit from structure or land (residential or unused land or any other fixed or movable asset, in full or in part, permanently or temporarily). PAP includes physically and economically displaced persons.

**Project-Affected Businesses** – a business is any economic entity affected by the loss of land or assets including formal enterprises (shops, cafes, etc.) and informal enterprises such as market and roadside traders.

**Replacement Value:** market value of the asset plus transaction costs, taxes, registration fees, cost of transport. Must reflect the cost of the item at the time it must be replaced.

For land and structures, it is defined as follows:

- o Urban land: market value or equal size/use, of similar/improved public infrastructure facilities and services, preferably in the vicinity, cost of registration and transfer tax.
- o Household & public structures: cost of purchasing/building a new structure/flat of similar or better area/quality, or of repairing a partially affected structure, including labour and contractors fees, registration, transfer tax.

**Resettlement:** it encompasses displacement and resettlement. The EBRD policy refers to physical (relocation/loss of shelter) and economic (loss of assets/access to assets and loss of income/livelihood) displacement as result of project-related land acquisition.

**Resettlement Assistance:** support provided to people who are physically displaced by the Project. It includes transportation, social and other services during relocation such as cash allowance for moving expenses and loss of working days, etc.

**Vulnerable groups:** 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 resettlement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits. Vulnerable groups in the context of displacement also include people living below the poverty line, the landless, the elderly, women- and children-headed households, ethnic minorities or other displaced persons who may not be protected through the Russian Federation land compensation and titling legislation.



## 2 LEGAL FRAMEWORK

The following requirements were taken into account for this Resettlement and Compensation Framework:

- Legislation of the Russian Federation.
- EBRD's Environmental and Social Policy (2008) and Performance Requirement 5.

### 2.1 OVERVIEW OF THE RUSSIAN LEGISLATIVE REQUIREMENTS

The responsibility for land acquisition required to build the Central Section of the WHSD and compensation for the associated physical and economic displacement rests with the relevant committees and municipalities of the St. Petersburg government.

The following legal acts regulating land acquisition issues are applicable to the Project:

- **The Constitution of the Russian Federation** enacted on 12 December, 1993 with subsequent amendments and supplements, specifying that land can be in private, state, municipal and other types of ownership (par. 2 of Article 9); the right to inheritance is guaranteed (par. 4 of Article 35); ownership, usage and management of land and other natural resources can be executed by their owners on a free basis provided that it does not inflict any damage to the surrounding environment and encroach on the rights and legitimate interests of other persons (par. 2 of Article 36); conditions and procedures for land use are to be determined on the basis of federal laws (par. 3 of Article 36); issues related to ownership, usage and management of land are under the joint competence of the Russian Federation and the respective member territories of the Russian Federation (Clause *c*, par. 1 of Article 72).
- **The Civil Code of the Russian Federation (Part I)** enacted on 21 October, 1994 (No.51-FZ), with subsequent amendments and supplements, specifying the basic principles and procedures for land acquisition for state needs (Articles 279-282), as well as specific aspects of termination of the ownership rights and the right for use of a land plot in case of its acquisition for state needs (Article 283).
- **The Land Code of the Russian Federation** enacted on 25 October, 2001 (No.136-FZ), with subsequent amendments and supplements, specifying the basic principles and procedures for compensation for losses in case of acquisition of land plots for state needs (Article 57).
- **The RF Urban Development Code of the Russian Federation** enacted on 29 December, 2004 (No.190-FZ), with subsequent amendments and supplements, forbidding any governmental authorities to take decisions aimed at land reservation, acquisition (also by means of buyout) of land plots for the needs of the state, as well as reclassification of lands from one category to another if territory planning documents are not in place, with an exception of cases specified in respective federal laws (Part 4 of Article 9).
- **The RF Federal Law "On State Registration of Rights for and Transactions with Real estate property"** enacted on 21 July, 1997 (No.122-FZ), with subsequent amendments and supplements, specifying among others the procedure for state registration of rights to acquisition of real estate property for the needs of the state.

- **The RF Federal Law “On State Cadastre of Real estate property”** enacted on 24 July, 2007 (No.221-FZ), with subsequent amendments and supplements, determining among other matters that the State Cadastre of real estate property should also contain additional information referring to any limitations of proprietary rights for real estate property objects and to the persons, in whose favour such limitations are valid, within the scope of the information provided in the United State Register of rights for real estate property and transactions with real estate property (par. 9 of Part 2 of Article 7).
- **The RF Federal Law “On Valuation Activities in the Russian Federation”** enacted on 29 July, 1998 (No.135-FZ), with subsequent amendments and supplements, specifying among other matters the procedures for acquisition of land plots for state needs on the basis of effective judgments of legal courts.
- **The RF Federal Law “On Executive Procedures”** enacted on October 02, 2007 (No.229-FZ), with subsequent amendments and supplements, specifying procedures for execution of judgments issued by legal courts in relation to acquisition of land plots for state needs.
- **RF Government’s Decree No. 219** of 18 February, 1998, with subsequent amendments and supplements, approving the Rules for keeping the United State Register of ownership Rights for and Transactions with real estate property.
- **RF Government’s Decree No. 262** of 07 May, 2003, with subsequent amendments and supplements, approving the Rules of compensation to be paid to land owners, land users, lessees of land plots for any damage caused as a result of land acquisition or temporary occupation of land plots, limitations of ownership rights for land plots, usage and renting of land plots, or by deterioration of the land quality as a result of activities of other parties.
- **Law of St. Petersburg “On the Housing Policy of St. Petersburg”** enacted on 4 July, 2004 (No.572-73), with subsequent amendments and supplements, specifying the instances, whereby the transfer of residential real estate property into the category of non-residential (dilapidated) premises takes place.
- **Law of St. Petersburg “On Procedures and Conditions of the Transfer of Residential Real Estate Property to the Category of Non-residential Premises”** enacted on 9 April, 1997 (No.69-21), with subsequent amendments and supplements, specifying the transfer of residential premises to non-residential ones due to unsatisfactory conditions of residential premises (dilapidated housing), or due to the implementation of investment projects requiring such a transfer in accordance with planning ,construction, sanitary and hygienic and fire-protection norms and rules (Articles 4 and 5). The Law determines the procedures for the decision-making process concerning such a transfer.

## 2.2 *EBRD REQUIREMENTS*

According to the EBRD’s requirements any project financed by the EBRD and requiring land acquisition and resettlement should meet the requirements of the EBRD PR 5 “Land Acquisition, Involuntary Resettlement and Economic

Displacement". The main applicable requirements of the PR 5 to the Project are listed below:

- All feasible alternative project designs should be considered to avoid or, at least minimize, involuntary resettlement.
- Where 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 restore the previous level of livelihoods and standards of living.
- Compensation in kind will be offered in lieu of cash compensation where possible.
- Standards for compensation should be transparent and consistent within the Project.
- The Absence of an officially registered ownership should not be a bar to compensation.
- Particular attention will be paid to the needs of the poor and the vulnerable or "at-risk" persons.
- A census of the population should be carried out by a suitably qualified specialist identifying relevant baseline socio-economic data.
- The cut-off date should be established to discourage the inflow of persons who are not eligible for compensation.
- The Resettlement Action Plan (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).
- Consultations should be provided and the informed participation of affected persons (including host communities) facilitated in decision-making processes related to resettlement.
- A grievance mechanism should be established as early as possible to receive and address specific concerns about compensation and relocation. The grievance mechanism should include a procedure designed to resolve disputes in an impartial manner.
- A procedure for monitoring and evaluation of the implementation of the RAP will be developed, as well as corrective measures will be taken, if required.
- Where land acquisition and resettlement are the responsibility of the host government the client will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with the objectives of this PR. In addition, where government capacity is limited, the client will play an active role during resettlement planning, implementation and monitoring.

### 3 AFFECTED ASSETS AND AFFECTED PEOPLE

#### 3.1 AFFECTED LAND

In total fifteen land plots were allocated by the Committee for Land Resources and Land Management of St. Petersburg for the construction of the WHSD Central Section. All these plots fall under the category of the land of urban settlements.

Five of them totaling 27.3 ha are intended for the permanent use for the WHSD and are all state property. The rest will be occupied on a temporary basis as technical zones during the construction stage of the WHSD Central Section.

Only one land plot allocated for the technical zone is a private property of CJSC "Farvater". Detailed characteristics of all land plots and their ownership status are described in the Table 3.1-1.

*Table 3.1.-1 Detailed characteristics of all land plots and their ownership status*

No.	Land Plot Address	Cadastré No.	Total Space, Sq. m	Category of Land Plot	Current Owner	Ownership Status
<b>Land Plots Intended for Permanent Use</b>						
1	Land plot 68 (from the river Ekateringofka to Kanonersky Island)	78:15:8123:16	18313,00	Land of Urban Settlements	Government of St. Petersburg	Ownership
2	Land plot 69 (from the river Ekateringofka to Kanonersky Island)	78:15:8106:16	32608,00	Land of Urban Settlements	Government of St. Petersburg	Ownership
3	Land plot 70 (from the river Smolenka to Shkipersky Protok)	78:6:06:1	111529,00	Land of Urban Settlements	Government of St. Petersburg	Ownership
4	Land plot 72 (from the river Bolshaya Nevka to the Smolenka River)	78:6:2203B:2	83508,00	Land of Urban Settlements	Government of St. Petersburg	Ownership
5	Land plot 73 (from the Smolenka River to Shkipersky Protok)	78:6:2204B:1	27189,00	Land of Urban Settlements	Government of St. Petersburg	Ownership
Sub-total:		273 147				
<b>Technical Zones (Land Plots Intended for Temporary Use)</b>						
6	1A Volny Island	78:15:8106:5	28914,00	Land of Urban Settlements	CJSC "Farvater"	Ownership
7	Railway zone from the Ekateringofka River to Novy Port station (21 km 700m to 24 km 540m)	78:15:8112:28	6017	Land of Urban Settlements	RZHD Ltd.	Long-term Lease
8	2 <sup>nd</sup> zone of the Marine Port, VSh	78:15:8112:2003	416,00	Land of Urban Settlements	JSC "Marine Port"	Long-term Lease
9	2 <sup>nd</sup> zone of the Marine Port, VL	78:15:8112:2002	718,00	Land of Urban Settlements	JSC "Marine Port"	Long-term Lease
10	2 <sup>nd</sup> zone of the Marine Port, Land plot 9	78:15:8112:15	74	Land of Urban Settlements	JSC "Marine Port"	Long-term Lease
11	2 <sup>nd</sup> zone of the Marine Port, Land plot 5	78:15:8112:11	1779	Land of Urban Settlements	JSC "Marine Port"	Long-term Lease
12	2 <sup>nd</sup> zone of the Marine	78:15:8112:	5278	Land of	JSC "Marine	Long-term

	Port, T	13		Urban Settlements	Port"	Lease
13	21A Kanonersky Island	78:15:8123:12	488	Land of Urban Settlements	JSC "Baltic Customs"	Long-term Lease
14	The Neva Bay, Land plot 1 (to the West of Vasilievsky Island)	78:43:043:1	661285,00	Land of Urban Settlements	CJSC "Terra-Nova"	Long-term Lease
Sub-total:		704 969				
Total:		978 116				

The garages subject to demolition due to the construction of the motorway occupy land plots owned by city municipalities. These land plots are leased by district divisions of the All-Russian Association of Automobile Owners (VOA) from city authorities on a basis of short-term land lease agreements. VOA, in its turn, allocates land plots for garages.

Land lease agreements with the Kirovsky and Vasileostrovsky District divisions of VOA (Central Section) will be revoked by the St. Petersburg Committee for City Property Management.

### 3.2 AFFECTED STRUCTURES

The following structures were identified on the land allocated for the construction of the WHSD Central Section:

- A warehouse that belongs to CJSC "Farvater" and is located on the land plot intended for temporary use during the construction stage of the WHSD Central Section;
- In total 1065 garages located on the land acquired for the WHSD Central Section, are to be demolished for the Project. 411 garages are located on a section between the embankment of Ekateringofka river and the Marine channel on a land plot intended for temporary use during the construction of the WHSD Central Section . 654 garages are located on the Makarova embankment which is on Vasilievsky Island (see Table 3.1-1);
- Four residential houses on Kanonersky Island are to be affected by the implementation of the WHSD Central Section. Some flats in these houses are shared by several families (communal flats). Table 3.2-1 presents a number of flats located within the sanitary protection zone of the Project. However, more residents may need to be displaced from Kanonersky Island due to noise levels;
- Building 20 (20, Kanonersky Island.) of the Kindergarten No.74 is situated on the land plot 69 and is to be relocated to another place (no decision on its new location has been made to date);
- Sports ground was also observed within the sanitary protection zone of the WHSD Central Section on Kanonersky Island. It is to be placed in another location.

**Table 3.2-1 Flats located within the sanitary protection zone (SPZ) of the Project**

Address	No. flats to be vacated	No. of flat/room owners to be resettled	No. of flat/room tenants to be resettled
12/2 Kanonersky Isld.	39	18	25
15 Kanonersky Isld.	70 (entire building)	38	35
16 Kanonersky Isld.	16 (entire building)	10	16
17 Kanonersky Isld.	15	10	11

### 3.3 *AFFECTED BUSINESSES*

Three cafes “Yumi”, “Morskoy Dvor” and “Brig” located on the land plot 70 on Vasilievsky Island were physically observed in the WHSD Central Section footprint based on the walk over the area.

These businesses were not identified during the process of land allocation and acquisition for the WHSD Central Section. Hence, at the moment they are not entitled to any compensation, according to the Russian legal requirements. Their legal and ownership status is not clear and must be investigated during the census process undertaken as part of the implementation of the RAP.

### 3.4 *AFFECTED PEOPLE AND VULNERABLE GROUPS*

It is currently estimated that residents of 140 flats on Kanonersky Island are to be resettled as a result of the construction of the WHSD Central Section. The total number of affected people and households will be determined by census to be conducted as part of the RAP. The census will identify socio-economic conditions of the people to be resettled, in particular, health conditions, economic situation, education and income levels, etc.

It is anticipated that the census will also identify people that may be more adversely affected by resettlement than others and maybe limited in their ability to claim or take advantage of resettlement assistance and related development benefits. These people belong to vulnerable groups.

The following groups of affected people were so far identified as potentially vulnerable in relation to the Project:

- Elderly people;
- Single parents (women);
- Orphans;
- People with mental and physical disabilities;
- Infirm or ill people;
- Persons below the poverty line;

## 4 RESETTLEMENT REQUIREMENTS

### 4.1 RESETTLEMENT AND COMPENSATION PRINCIPLES

In developing the WHSD Central Section the following principles will be adhered to with regard to the resettlement process:

1. Resettlement and compensation of Project-Affected Persons (PARs) shall be undertaken in accordance with (a) the applicable Russian legislation and (b) applicable EBRD Performance Requirements, specifically PR 5.
2. The Resettlement and Compensation Framework (RCF) (and further the RAP) will apply to all owners and users – whether they have legal property rights or not – affected by the involuntary acquisition of land and assets resulting in:
  - Relocation or loss of shelter (physical displacement);
  - Loss of assets or access to assets;
  - Loss of income sources or means of livelihood (economic displacement), whether or not the affected persons must move to another location.
3. The date of completion of census and assets inventory represents the Cut-Off Date for eligibility for compensation.
4. Removal of assets, displacement or restriction of access will not occur before necessary measures for compensation and resettlement are in place.
5. Affected livelihoods shall be at least restored in real terms to pre-displacement levels or improved where possible.
6. Mitigation measures will include provision of financial compensation or compensation in-kind at replacement value and of other assistance prior to, during or after relocation.
7. Temporary impacts related to the temporary occupation of land (e.g. for construction purposes) shall be compensated.
8. A Grievance Mechanism will be implemented for the affected persons and businesses. Affected parties will also have ultimate recourse to the Courts in accordance with the provisions of the Russian legislation.
9. Affected parties and communities will be engaged, informed and meaningfully consulted in fair and transparent way in the course of development, implementation and evaluation of the RAP.
10. Monitoring of the resettlement and compensation process shall be carried out by independent parties.

The responsibility for acquisition of the land required to build the Central Section of the WHSD and compensation for the associated physical and economic displacement rests with the relevant committees and municipalities of the Saint-Petersburg government. However, where possible, JSC “WHSD” and the Partner will seek to complement city authorities’ work to reach full compliance with the EBRD PR 5, including contributing to consultation with affected parties and supporting the development and implementation of a detailed RAP based on this Framework and on the requirements of PR5.

### 4.2 ELIGIBILITY FOR COMPENSATION

Eligibility for compensation shall be based on (a) the inventory of affected land and (b) the census of affected assets to be carried out as part of the development of the RAP.

The exact cut-off date for eligibility for compensation will be determined upon establishing the timeframe for conducting the census and inventory.

The cut-off date will be communicated to PAP and businesses by formal notification in writing and/or in person and will be advised to the local municipalities by appropriate means. The cut-off date will also be widely publicized on the Project website.

#### 4.3 CENSUS AND INVENTORY

The census and inventory process will identify affected people and assets as well as economic interests affected by the acquisition and temporary lease of the identified land. During the census the following categories of affected parties will be identified:

- Project-affected persons;
- Project-affected households;
- Project-affected businesses;
- Vulnerable groups (including those listed in Section 3.4).

The census process and asset inventory will determine the legal, socio-economic status and affected assets of each affected party by identifying:

- Number of persons living on or using the land or property;
- Demographic information about PAPs and information about their socio-economic conditions and activities (as per 3.4);
- The land use (including sports ground) and any effect on the viability of the remaining area;
- Number, type, size and condition of buildings to be affected (including the kindergarten);
- Number, type, size, condition and use of other structures to be affected;
- The details of any businesses affected and of their turnover and incomes generated;
- Type of property ownership (owned, rented, or illegally occupied).

The process of census and inventory will involve:

- Visits to the affected area;
- Interviews with affected parties;
- Gathering official and other documents pertaining to each property (certificate of ownership, technical passport, etc.);
- Carrying out the census;
- Recording of assets in a census database.

Any buildings, other structures and other physical assets will be photographed and recorded.

The type and quantity of materials used in their construction will be recorded.

To carry out the census and socio-economic baseline assessment for the Central Section of the Project a qualified specialist will be engaged.

#### 4.4 VALUATION OF AFFECTED ASSETS AND COMPENSATION

The following table presents an overview of types of entitlements to compensation for each category of affected entity. Details are provided in further paragraphs.



Table 4.4 Entitlement Matrix

Project Affected Entity	Impact	Entitlement under Russian/ St. Petersburg Legal Requirements	Additional Project Specific Measures
Public land owner (e.g. Government of St. Petersburg)	Occupation of land registered in public ownership. Re-location of a kindergarten and a sports ground on Kanonersky Island	Transfer of property from the balance-sheet of a public entity to the balance-sheet of JSC WHSD without compensation payment and Re-establishment of a kindergarten and a sports ground in other places on Kanonersky Island	Maintain access to the kindergarten and sports ground during construction and operation of the motorway
Private tenants of public land	Temporary occupation of land plots for construction purposes	Compensation in monetary terms to land tenants for temporary occupation of land and immovable assets	Compensation to cover reasonable costs of transaction
Private owner	Temporary occupation of land with subsequent demolition of a warehouse for construction of the WHSD Central Section	Compensation in monetary terms to the owner for the value of land and immovable assets and Compensation in monetary terms for lost net income	Compensation to cover reasonable costs of transaction and moving, if necessary, that are not covered by the legal compensation payment
Garage owners with title documents	Demolition of garages	Compensation for the loss of property to the owner in monetary terms based on the Methodological Recommendations applicable to the WHSD Central Section	The Partner will collaborate with the city authorities to the extent possible to seek and provide alternative parking solutions to the affected garage owners
Garage owners without title documents	Demolition of garages	Compensation for the loss of property to the owner in monetary terms through judiciary procedure. Based on the Methodological Recommendations applicable to the WHSD Central Section	
Tenants of flats and their households	Vacation of flats	Compensation in-kind for the flats to be vacated (18 m <sup>2</sup> of property space per family member or 33 m <sup>2</sup> of property space in total if a person occupies a property on his own)	Relocation allowance to cover transport costs and any legal or other transaction costs associated with the relocation. Assistance with establishing access to equivalent and acceptable resources and earning opportunities. Additional resettlement
Owners of flats and their households	Vacation of flats	Compensation in monetary terms at the full replacement value	

			assistance, where required as per Section 4.4.3 of this document
Business owners/tenants	Closure of businesses (cafes) and demolition of structures as a result of construction of the motorway.	None.	Ownership and legal status and subsequent compensation entitlements to be determined during the census and assets inventory. Compensation in monetary terms for demolished business structures at the full replacement value and business immovable assets other than buildings

#### 4.4.1 *Land and Structures*

The valuation of land (including its temporary use) and other assets (e.g. warehouse) is conducted in accordance with the Federal Law № 135 “On the valuation activities in Russian Federation” (29.07.1998) and Federal Valuation Standards approved by orders № 254, 255, 256 of the Ministry of Economic Development (20.07.2007). It is undertaken by an independent valuation organization.

The valuation is required for the temporary use of land for construction of the WHSD Central Section and acquisition (and subsequent demolition) of a warehouse of CJSC “Farvater” located within the technical zone.

The compensation will be determined on the basis of the above valuation and will include the compensation of lost net income. Negotiations will be conducted and amicable agreements with the current occupiers of land plots will be concluded after the budget for construction of the WHSD Central Section will be formed.

#### 4.4.2 *Garages*

In total 1065 garages are to be demolished due to the construction of the WHSD Central Section.

All garage owners will be compensated for the loss of their properties in monetary terms.

The compensation will be based on the Methodological Recommendations applicable to WHSD Central Section to be developed by the State Administration Office of Inventory and Property Valuation, which will be updated to reflect the economic and legal conditions at the time of the actual acquisition.

Garage owners, who will not have title documents, will apply to the district VOA division for ownership documentary evidence and then undertake the judiciary procedure for compensation. In this case, compensation will be paid in accordance with the aforementioned Methodological Recommendations.

All garage owners will be notified at least two months in advance about the demolition of garages.

Public Compensation Receptions (PCRs) will be set up close to garage associations. The PCRs will provide information support to garage owners and assist in collecting of documents required for compensation.

In order to alleviate the negative impact associated with the acute shortage of parking spaces along the Project affected areas the Partner will collaborate with the city authorities to the extent possible to seek and provide alternative parking solutions to the affected garage owners.

#### 4.4.3 *Residential Properties and Other Structures*

The compensation process for the owners and tenants of flats to be vacated due to the construction of WHSD Central Section will account for the following:

- Project-affected tenants of flats and their households will be provided with the compensation in-kind for the flats to be vacated. According to housing norms of St. Petersburg every family member is entitled to 18 m<sup>2</sup> of property space. If a person occupies a property on his own he or she is entitled to 33 m<sup>2</sup> of property space in total;
- Project-affected owners of flats and their households will be provided with the monetary compensation for the flats to be vacated. The monetary compensation will be calculated at the full replacement value and will allow the affected persons to purchase a similar property in St. Petersburg;
- Owners and tenants will be given at least three months written notice before the displacement takes place;
- Owners and tenants and their families will be provided with the relocation allowance that will cover transport costs and any legal or other transaction costs associated with the relocation;
- Where losses cannot be easily valued or compensated for in monetary terms (*e.g.* limited access to public services), every attempt shall be made to establish access to equivalent and acceptable resources and earning opportunities;
- Where required, additional resettlement assistance shall be provided to all PAPs and, particularly, to vulnerable persons in the form of:
  - Medical assistance during the relocation;
  - Prioritization with the job placement and skills training in the new location, where possible;
  - Incubation of business activities, where possible;
  - Counselling;
  - Health care assistance, if required at critical periods during post-resettlement period.

A kindergarten and a sports ground will be re-located within the territory of Kanonersky Island. Budgetary and other additional provisions will be made by city and municipal authorities to re-establish the equivalent facilities in other places on the island.

All the necessary provisions will be made to ensure that these elements of social infrastructure will be easily accessible to all residents of Kanonersky Island.

The RAP will specify the exact schedule and procedures for re-establishment of the facilities, as well as their new location which is to be determined by the municipal authorities of the Kirovsky district.

#### 4.4.4 *Affected Businesses*

The census and assets inventory will identify the legal status of the businesses located along the Marine Embankment (three cafes) and subsequent compensation entitlements pertinent to their physical and economic displacement according to federal and municipal requirements.

## 5 *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 last quarter of 2011 and the first quarter of 2012.

On the basis of the RCF the draft RAP will be developed.

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 Russian on the Project website, at the local municipalities' offices and Public Receptions (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.

## 6 *GRIEVANCE MECHANISM*

Throughout the RAP preparation and resettlement process, affected parties will have access to the Grievance Mechanism for filing and seeking to resolve complaints associated with the resettlement.

The Grievance Mechanism will be managed at the municipality level and will include the following procedures:

- Aggrieved persons will be able to lodge a grievance in writing, online via the municipality and project websites, via an hot-line or verbally to dedicated municipality staff at municipality's premises;
- A grievance will be logged in a complaint log;
- The acknowledged receipt in writing of a complaint will be directed within five working days to the relevant person;
- The complaint will be reviewed and a written response will be delivered to the aggrieved person within 30 days of receiving the grievance.

In the event that the aggrieved person is not satisfied with the initial response, he will be able to appeal to a specifically established Reconciliation Commission which will investigate the grievance initially reviewed and addressed by the Municipality. The decision upon the grievance will be made by the Commission no later than three months after the grievance has been submitted.

The Commission will include two members of the Municipality, two representatives of the affected persons and one representative of an independent NGO or a highly regarded lawyer.

The affected parties will be notified on the work of the Reconciliation Commission during public consultations on the draft RCF and the RAP.

If either the Municipality or the aggrieved person is not satisfied with the Commission's decision, either party will be able to resort to the judiciary system.

## 7 *MONITORING AND REPORTING*

To ensure that the objectives of the RCF are met, monitoring will be undertaken to track progress. This will be undertaken jointly by the municipal authorities and the Partner.

A Progress Report will be prepared six months after the signing of the PPP Agreement and provided to Lenders on:

- The progress on planning and conducting the census and asset inventory;
- Any additional arrangements made and planned for involuntary resettlement, including compensation arrangements;
- Progress on the development of the RAP, including public consultations and information disclosure as per Section 5 of the RCF;
- The establishment of the Grievance Mechanism for the resettlement process;
- Any grievances and their resolution.

In the process of development of the RAP a series of monitoring input and output indicators will be developed in order to evaluate the progress of and allow for the timely amendments to the resettlement process.

## **ERM's Moscow Office**

Office 1  
11/13 Tryokhprudny Per.  
Moscow 123001, Russia  
T: + 7 495 234 31 77  
F: + 7 495 234 31 78

[www.erm.com](http://www.erm.com)