

Republic of Macedonia
Public Enterprise for State Roads



LAND ACQUISITION & RESETTLEMENT
FRAMEWORK (LARF)

Shtip – Radovish Expressway,
Republic of Macedonia

FINAL

Date: 04/11/15



Table of Contents

1. INTRODUCTION	3
2. THE PROJECT	3
2.1 Summary Project Description	3
2.2 Project Area & Land Use Context	5
2.3 Summary of Project Impacts	7
3. SUMMARY OF AFFECTED LAND, PEOPLE & ASSETS	9
4. LEGAL & POLICY FRAMEWORK FOR LAND ACQUISITION & RESETTLEMENT	11
4.1 Macedonian Legal Framework	11
4.2 EBRD Policy Framework	13
4.3 Gaps Analysis between Macedonian Legal Framework & EBRD Requirements	14
5. Eligibility & Entitlements	15
5.1 LARF Objectives	15
5.2 LARF Principles	15
5.3 Land & Assets Inventory and Socio-economic Survey	17
5.4 Eligibility Criteria & Categories	17
5.5 Entitlements Matrix	20
5.6 Entitlements - Associated Considerations	26
6. PUBLIC CONSULTATION & DISCLOSURE	28
7. GRIEVANCE MECHANISM	29
8. LARF IMPLEMENTATION, TIMETABLE, BUDGET, MONITORING & REPORTING	30
8.1 Implementation, Timeline & Budget	30
8.2 Monitoring	32
8.3 Reporting	33
9. LARF CONTACT DETAILS & RESPONSIBILITY FOR IMPLEMENTATION	33
Annex A Public Grievance Form	34

Abbreviations & Acronyms:

EBRD	European Bank for Reconstruction and Development
ESP	Environmental & Social Policy
km	kilometre, used to identify chainage (distance along road corridor) and length
LARF	Land Acquisition and Resettlement Framework
NTS	Non-Technical Summary
OGRM	Official Gazette of the Republic of Macedonia
PAP	Projected Affected Person
PESR	Public Enterprise for State Roads
PR	Performance Requirement
RAP	Resettlement Action Plan
SEP	Stakeholder Engagement Plan



1. INTRODUCTION

The Macedonian Public Enterprise for State Roads (PESR) is proposing to undertake improvement works to approximately 40 km of the existing A4 highway between the cities of Shtip and Radovich in the eastern region of the Republic of Macedonia ('Macedonia'). The improvement works will create the 'Shtip to Radovich Expressway' (the 'Project'). The Project has been developed by PESR in line with the national legislative requirements and those of the European Bank for Reconstruction and Development (EBRD). The EBRD is considering providing finance for the Project.

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

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

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

2. THE PROJECT

2.1 Summary Project Description

The national road network in Macedonia's eastern region lacks capacity to meet the Government's programme for promoting regional economic growth. Therefore the upgrade of the national road network in the eastern region has been assigned a high priority by the Government.

The proposed Expressway lies within the Municipalities of Shtip and Radovich. This area is currently served by poor road infrastructure and the existing A4 road presents clear road and community safety risks. The current A4 road between Shtip to Radovich is a 2-lane single carriageway pavement over its full length, with a width of between 6.5 m and 7.0 m.

The local economy in the Project area is heavily dependent on agriculture and related food processing industries, with some textile and garment production and mining industries also being found in the area. Locally people are migrating out of the local area to the cities or further afield seeking employment opportunities. Overall, the Project

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



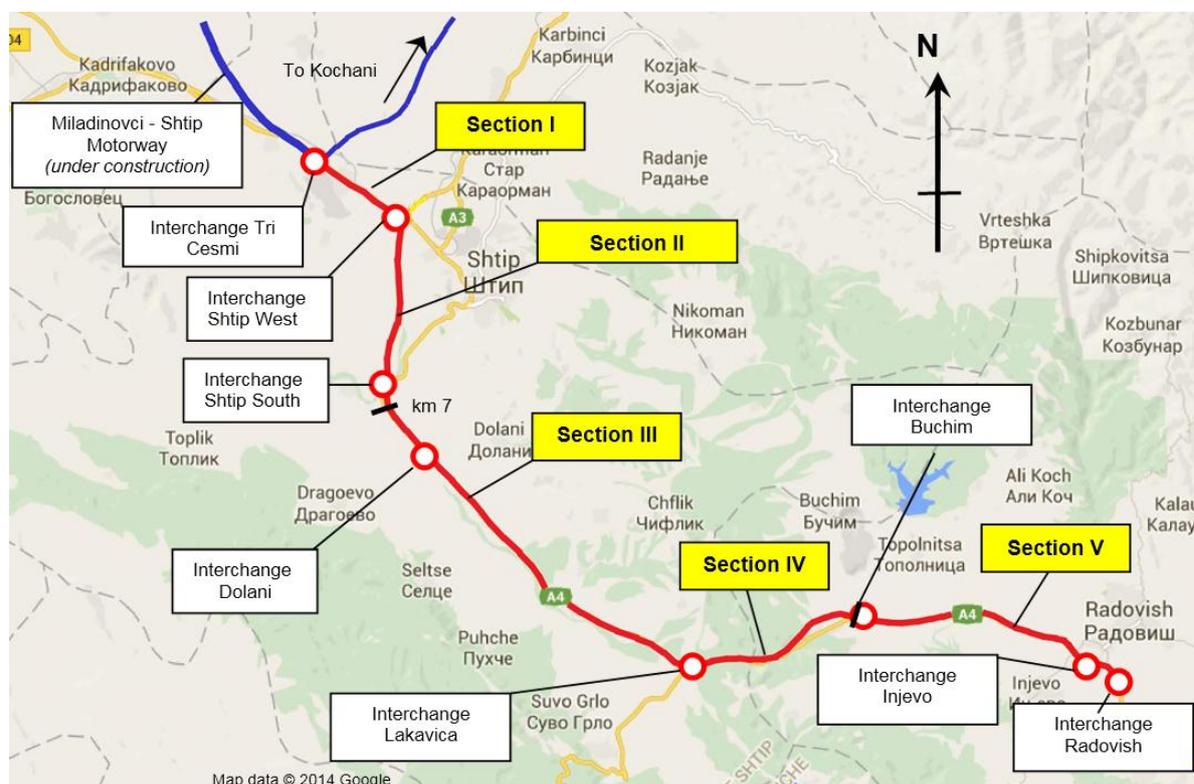
will improve connectivity, reduce journey times, and improve road safety along the road, as well as improving access to community services to the settlements along the route. Some short-term local employment opportunities may be seen during construction, and the improved connectivity will potentially contribute to stimulating growth and investment in the area in the long-term.

Figure 1 illustrates the proposed 40 km Expressway Project alignment and its key elements. For 20 km of the corridor, the improvement Project involves the rehabilitation and widening of the existing A4 road, and the remaining 20 km involves creation of a new Expressway, constructed on a new alignment to the north-east of the existing A4 highway. The existing road will continue to act as a local access road for this new aligned Expressway stretch.

The Expressway Project is made up of the following 5 sections:

- **Section I** – 3.2 km section running from the **Interchange Tri Cesmi** to **Interchange Shtip West** comprising of rehabilitation and widening of the existing A4 highway;
- **Section II** – 7.4 km section running from the **Interchange Shtip West** through **Interchange Shtip South** terminating approximately 2 km from this interchange/junction comprising of rehabilitation and widening of the existing A4 highway;
- **Sections III & IV** – 20.1 km of new Expressway which will be constructed on an alignment north-east of the existing A4 highway running from the end of Section II to **Interchange Dolani** to **Interchange Lakavica** then onto **Interchange Buchim**; and
- **Section V** – 8.6 km section running from **Interchange Buchim** through **Interchange Injevo** to **Interchange Radovish** comprising of rehabilitation and widening of the existing A4 highway. This section includes parallel access roads for the local community, agricultural vehicles and other non-Expressway vehicles/users to use.

Figure 1 Shtip-Radovish Expressway Project Alignment & Sections





Sections I, II & V involve rehabilitation and widening of the existing road pavement along the existing A4 alignment to provide two 3.5 m wide traffic lanes and two 2.2 m wide hard shoulders. Sections III and IV - in the central 20 km long section of the Expressway - will be constructed on a new improved alignment to meet the requirements of the current Macedonian road design standards.

The design speed for the Expressway is 110 km/hr. The new hard shoulders along the entire Expressway alignment, will act as emergency lanes to provide refuge for broken-down vehicles. The Project will along its full length have new safety barriers, road markings, road signs and road drainage and be lit at interchanges, all in accordance with national design standards. For safety reasons, protection fencing will be installed along the entire Expressway route on both sides.

The existing A4 road is used by local communities and for agricultural vehicles, therefore access must be maintained to local lands and villages. Several new grade-separated interchanges and access/local side road arrangements are therefore included in the Project design. In addition, several structures - bridges, underpasses, culverts and retaining walls - will be installed along the route. A 'Shelter Belt' (or 'road reserve') 40 m each side of the Project Expressway will be established with restrictions being placed on certain activities within this 40 m width.

2.2 Project Area & Land Use Context

The proposed road alignment follows the existing A4 two-lane single carriageway road, which is situated largely in the flat terrain of a shallow river valley, with hills rising up from the valley corridor on both sides. The hills in the wider area are mostly forested (natural and plantation), with areas of dry grassland interspersed between them. Several watercourses – mostly intermittent - cross the road corridor from north to south, the most significant of which is the Bregalnica River crossing, which is perennial.

Land along the route comprises of mostly agriculture (*in use with some abandoned*) and pasture/grassland. There are some forestry areas (natural and conifer plantations) and pockets of other uses, such as small-scale cropping (e.g. tobacco, maize etc.), vineyards and orchards.

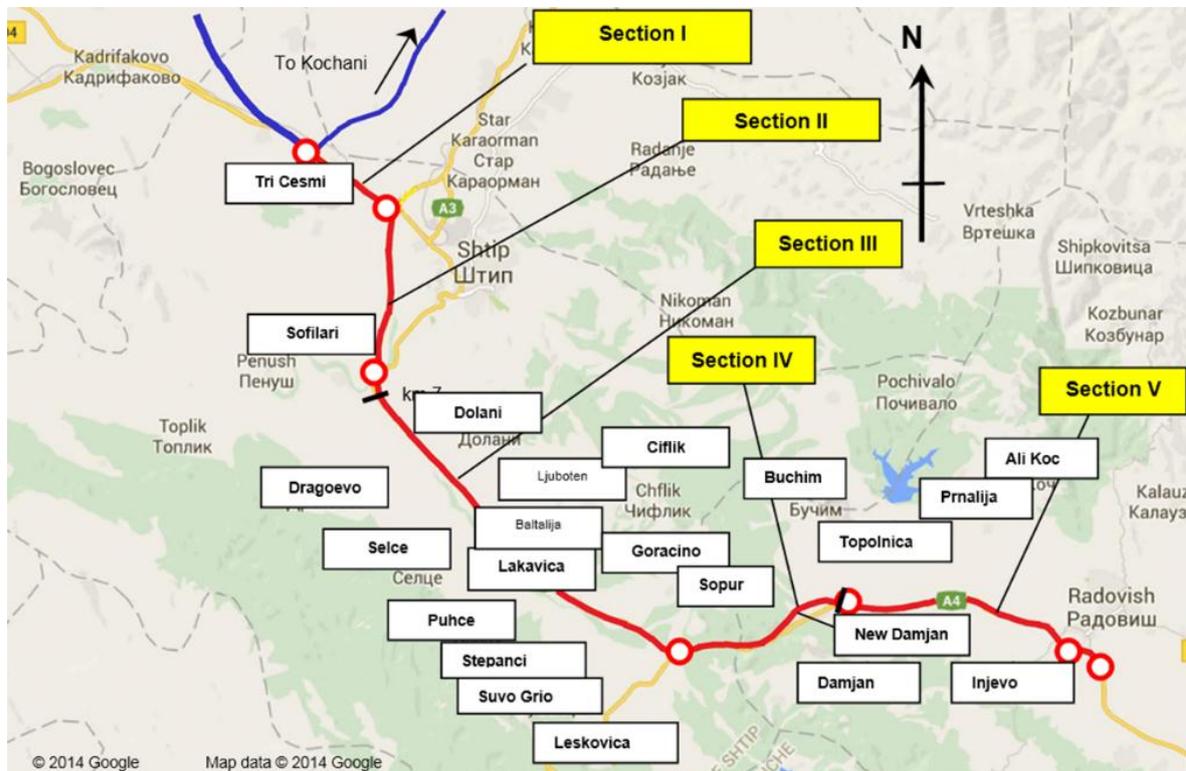
Local Communities – within the Project Area

Along the existing road, there is one main village of Lakavica, and a small scattered area of houses referred to as 'New Damjan' as it is near the junction with the access road to the village of Damjan. A number of small villages are located in the hills surrounding the road, accessed up the escarpment via small roads and tracks. There is one mine operating in the area and populations have been reducing drastically over time as a result of young people out-migrating, leaving the remaining population in some villages increasingly elderly.

The main local communities in the Project area are indicated on the schematic figure below, except for the regional centres of Shtip and Radovich, these communities are small or very small villages. Lying directly on the existing A4 route is the village of Lakavica which will be bypassed by the proposed Expressway (Section III). A relatively new small settlement of houses known as 'New Damjan' is located on the existing road. There are over 20 small and very small villages situated up the hillsides within 5 km of the existing road. These villages are generally accessed using small local roads/tracks, some of which are not asphalted. These villages are generally dependent on the existing A4 road corridor for access, including to public transport and the centres of Shtip and Radovich where the main community related services are located.



Figure 2 Schematic Map of Indicative Location of Local Villages/Communities²



The villages within the Project affected area are generally small with some only having a few households remaining. Some of the local villages in the area are comprised of an increasingly elderly population due to the out-migration of younger generations for work, such as Damjan where only a few elderly residents permanently live with younger generations living in Shtip or Radovish or further afield. Overall the rate of out-migration is relatively high in the local area. These residents are increasingly vulnerable due to the prevalence of elderly residents remaining in the villages.

In the local communities between Shtip and Radovish generally residents' livelihoods are partially or fully land-based with small-scale tobacco, maize (etc.) and small vineries being amongst the key crops, and small-scale livestock keeping; with some people accessing additional low-paid employment in Shtip and Radovish. Access to agricultural lands on both sides of the existing roads is essential, along with having a route for agricultural vehicles (e.g. including tractors, animal drawn carts etc.). Some villages may potentially farm land on a customary basis, but this needs to be confirmed in the future land acquisition process. Over recent decades some land which was previously farmed has been abandoned.

There are a mixture of Macedonian (e.g. Dolani & Damjan) and Turkish villages (e.g. Topolnica) with a few villages having a mix of residents (e.g. Lakavica), this appears to be specifically in the villages in the Municipality of Shtip. Generally the communities get on well and in harmony. Some of the Turkish villages are relatively conservative and it may be that some of members of these communities (e.g. woman) would not feel comfortable travelling to other communities to public meetings etc.

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



2.3 Summary of Project Impacts

Project Land Requirements

Permanent Land Take: Permanent land acquisition will be required for the construction of the Expressway, including junctions, associated structures and access/local road modifications & construction (*which fall within the remit of the Project scope*), etc. The permanent land area to be acquired still needs to be confirmed in the future studies. The Expressway will comprise of two 3.5 m wide traffic lanes plus 2.2m wide hard shoulders, making an approximate total pavement width of 11.4 m. Land take will also be required for verges and necessary earthworks. For 20 km of the widening for Sections I, II & V of the existing road only an additional 4.4 m strip of land for the widened pavement will be required plus any land for the parallel access roads (i.e. Section V) and earthworks modifications. For the new aligned Expressway in Sections III & IV land will be required for the full 11.4 m pavement width plus the verges and the earthworks.

An area for the disposal of spoil (i.e. excess excavated fill material) has been identified along the route which is within State land.

In accordance with the **Law on Public Roads** a 40 m safety buffer zone on each side of the Expressway will be established called a 'Shelter Belt or 'Road Reserve' which will be subject to some restrictions during the operational phase of the Expressway. Owners of land in the road reserve will have to request permission from PESR for the construction of new structures and for existing structures to remain in the road reserve. Existing structures within the safety zone road reserve will be able to remain.

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

Summary of Economic & Physical Displacement Impacts

During the route planning and design of the Project land acquisition requirements were a key consideration. In the selection of which side to undertake the widening on (Section I, II & V) and develop the new Expressway alignment in Sections III & IV consideration was given regarding land use effects. In Sections III & IV the majority of the small-scale farming in strips under current use is on the other side of the existing A4 road, therefore to a degree economic displacement has been minimised. Also, by choosing to realign the Expressway in Sections III and IV rather than widening impacts on the residential properties alongside the existing A4 road (i.e. in the settlements of Lakavica and New Damjan) have been avoided along with improving the quality of life and community safety in these communities by the Expressway bypassing these settlements. Therefore physical displacement of households has generally been avoided with a very small risk of physical displacement remaining which needs to be confirmed during the future land acquisition planning.

The Project land take requirements affect plots of State and privately owned land and assets. According to preliminary investigations a summary of the potential economic and physical displacement impacts is presented below. The precise list of impacts and refinement and detailed planning of entitlements to compensation and assistance for these impacts will be informed by the results of the socio-economic survey and included in the Project RAP:

**Table 1 Summary of Physical & Economic Displacement Impacts**

Phase/Type of Loss	Summary of Losses/Impacts
PRE-CONSTRUCTION - Prior to Construction³	
Permanent Land Take	<ul style="list-style-type: none"> • Loss of land (mainly agricultural, forest and/or pasture land – may be small amount of vineyards, orchards & construction land): The Project will result in the loss of land, predominantly agricultural (in-use and abandoned) and pasture/grassland areas with some forestry areas and pockets of small-scale cropping (e.g. tobacco etc.) and vineyards and orchards also being affected. The potential for occurrence of construction land is low but could be present (e.g. in the affected area in Section I & II where the Shtip Development Plan/Industrial & Commercial Zone exists). The land is split between private and State ownership. The land take involves a strip of land along the existing road for the widened sections and the full construction width of the Expressway for the new alignment sections (Sections III & IV). • Loss of annual/perennial crops (e.g. tobacco) and trees, including vines and trees within orchard (e.g. sweet almond trees). • Loss of Non-Residential Structures (e.g. sheds, barns, fences, irrigation systems etc.): Along the route there may be a few non-residential structures which could need to be demolished but this is minimal (e.g. a very small abandoned farm related structure near Tri Cesmi). The socio-economic survey combined with the land & asset inventory undertaken for the land acquisition process will identify any such structures. • Loss of Residential Structures (physical displacement): The risk of physical displacement of properties used for residential purposes has been largely avoided/minimised by the route alignment and the bypassing of the settlements of Lakavica and New Damjan. The ongoing land process needs to confirm the number of structures affected and any physical displacement of people. However, very few (if any) physical displacement is likely with the only risk identified to-date being a very small informal looking development within Section II (just north of the South Shtip Interchange) containing some informal structures which may be occupied. The proposed socio-economic survey combined with the land & asset inventory undertaken for the land acquisition process should enable any physical displacement to be confirmed. • Loss of Business Structures: There are very few structures that are potentially physically affected by the Project, including a fuel station near Tri Cesmi and some commercial structures, which will remain in the road reserve. • Loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods: Some of the households in the local villages are somewhat dependent on land-based livelihood activities which could be affected by loss of land or access to land they use (e.g. customary use with potentially no legal rights – which needs to be confirmed during the future land acquisition process). • Orphan Land: (i.e. part of an affected land plot which remains after expropriation and for which the owner has no more economic interest in using and/or is an economically unviable plot). Orphan land is often a small part of land that remains after expropriation of land which is split by the construction of the road into two or more economically unviable plots etc. During the future land acquisition planning and engagement process the potential occurrence of orphan plots will be confirmed. The occurrence of orphan land/potentially unviable plots and from severance impacts may specifically occur with this Expressway Project in certain stretches of Section III & IV where the new Expressway alignment will run close and/or parallel to the existing A4 land and there will be in places a strip of remaining land.
DURING CONSTRUCTION:	
Temporary Effects:	<ul style="list-style-type: none"> • Temporary loss of land (mainly agricultural, forest and/or pasture land – may be small amount of vineyards, orchards & construction land) - required during the construction period. • Loss/damage to annual/perennial crops (e.g. tobacco etc.) and trees, including vines and trees within orchard (e.g. sweet almond trees).

³ As payment of compensation for losses and resettlement has to occur prior to access to land being taken the effect of permanent loss of land and assets generally occurs in the Pre-Construction phase.



Phase/Type of Loss	Summary of Losses/Impacts
	<ul style="list-style-type: none"> • Damage/temporary disruptions to certain agricultural infrastructure (e.g. irrigation). • Temporary loss of and/or more difficult access to land for farming or other livelihood related land uses and disturbance to agricultural vehicles/livestock etc. using existing A4 and other existing routes to land etc.: <ul style="list-style-type: none"> ○ The Works for the new Expressway will during construction result in localised access effects and could if not properly managed result in severance of communities from areas of their productive land (or access to services in Shtip and Radovish). Retaining access to agricultural land and for agricultural vehicles & livestock movements etc. for the local villages is considered essential. ○ The Contractor will be required to have a good Traffic Management Plan supported with effective engagement with the local community and the careful sequencing of the works to ensure either the existing road is accessible or the local new parallel roads are available to ensure access is retained at all times. Assuming these measures are implemented no significant residual effects are anticipated during construction withstanding there may be a slight increase in journey length for some of the local communities. • Temporary loss of and/or more difficult access to commercial facilities or for businesses: There are a number of commercial businesses along the route including a reasonably large winery and associated vineyards. Retaining access during construction will be essential to ensure effects on these businesses are minimised. The Contractor's Traffic Management Plan along with engagement with the businesses along the route should minimise effects on access during construction. • Loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods and disruption to businesses.
DURING OPERATION:	
Permanent Access Effects	<ul style="list-style-type: none"> • Loss of and/or more difficult access to land, commercial facilities and/or the road network: <ul style="list-style-type: none"> ○ Some of the communities and local businesses are dependent on the existing A4 for access to land and services/facilities. Permanent changes in local access arrangements associated with the implementation of the Expressway could increase journey times etc. In the design of the Project there is sufficient provisions to ensure access to local communities is retained by the inclusion of underpasses, overpasses and in Section V parallel local roads. As the agricultural vehicles will not be able to use the Expressway this is essential. The local communities also travel to the regional centres of Shtip and Radovish to access essential services, such as education and healthcare, some using the bus service which runs along the existing A4. During operation of the Expressway access should generally be improved to these services. ○ Potentially a very small number of households may own or use land for agricultural livelihood activities on the opposite side of the existing road and/or Expressway to where they live. PESR will during the socio-economic survey if they identify this issue discuss with the affected parties the increase in journey time to their land and assistance options which will consider the vulnerability and dependency of the affected parties on land-based activities. This is covered in the entitlements matrix (see Section 5.5 below). However, the current design of the Project results in very minimal increases in journey times.

3. SUMMARY OF AFFECTED LAND, PEOPLE & ASSETS

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

Land will need to be acquired from 2 Cadastral Areas in Macedonia – Shtip and Radovish. The land acquisition process is in its early stages. Land elaborates have been prepared from the Cadastre for the 2 Municipalities of Shtip and Radovish covering **Sections III, IV and V only**. These elaborates need to be reviewed and the one for Shtip updated for the final Expressway design to include for **Sections I and II**.



Land take for Sections III, IV & V (only) based on the available Cadastral Elaborates is summarised below in Table 2⁴:

Table 2 Summary of Land Take (Sections III, II & V)

	Land Take m ² Per Route Section				
	Section I	Section II	Section III	Section IV	Section V
Cad. Municipality of Shtip	<i>To be confirmed & presented in updated LARF & RAP</i>		681,671		
Cad. Municipality of Radovich				500,542	

Available information on the type/categories of land affected per Cadastral Municipality for Sections III, II & V is provided below in Table 3:

Table 3 Summary of Type of Land Affected per Cadastral Municipality for Sections III, II & V

	Cadastral Municipality of Shtip	Cadastral Municipality of Radovich
Land Use Types/Categories	m²	m²
Pasture (grazing)	221,076	51,486
Forest	173,905	35,835
Meadow	-	-
Orchard	-	14,767
Vineyard	6,091	39,214
Field/Agricultural Land (in use)	239,462	152,482
Field/Agricultural Land (abandoned) ⁵	-	29
Channels, Streams & Rivers	2,649	11,709
Streets/Roads	7,613	195,020
Uncategorised Roads	23,993	-
Urban Areas: Commercial Use	-	-
Urban Areas: Residential Use	106	-
Unused Areas	6,776	-

A breakdown of the number of plots affected per Cadastral Municipality for Sections III, IV & V, and the type of ownership of these plots and numbers of owners is provided below in Table 4:

Table 4 Summary of Affected Plots & Ownership Type (Sections III, IV & V)

	Cadastral Municipality of Shtip	Cadastral Municipality of Radovich
Total Number of Plots	227	343
Type of Ownership:	No. Plots	No. Plots:
State/Rep. Of Macedonia	166	148
Private Owner	58	195
Mixed Owner (State & Private)	3	-
Unknown	-	-
No of Private Owners	55	205

No structures have been identified to-date in Sections III, IV & V as being affected and needing to be demolished. The future land acquisition planning will confirm the number of structures affected (*permitted and those without valid permits*) in all routes sections of the Expressway.

⁴ Geodetic elaborates for geodetic works for special purposes (for permanent expropriation) of the both municipalities Shtip and Radovich have been used as a source of information for the number of land plots affected per Municipality and summary of land take m². The Elaborates were provided by PESR and produced by PRO-GEO DOO ,company for geodetic works and design services from Kumanovo, R. Macedonia on 15.10.2014 (Geodetic elaborate for municipality of Stip- number 09-175/4 and Technical number 211/15; Geodetic elaborate for municipality of Radovich number 09-175/5 Technical number 212/15)

⁵ This reflects the 'official' figure in the Cadastre of abandoned agricultural plots; however this may not be an actual representation of the abandoned agricultural plots in the affected area. This will be confirmed during the further land acquisition planning activities outlined in the LARF.



There may be land being used (e.g. for agricultural purposes) in the area informally (i.e. users may have no legal rights), some on a customary basis. This will be reviewed during the socio-economic survey and land & asset inventory. Also, there is the slight chance a few affected structures could not have valid permits and that these are being occupied (*e.g. there is a very small informal farm related development in Section II near Shtip South Interchange*).

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

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

4. LEGAL & POLICY FRAMEWORK FOR LAND ACQUISITION & RESETTLEMENT

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

4.1 Macedonian Legal Framework

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

- ***Expropriation Law***⁶
- ***Law on Obligations***⁷

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

The process for expropriation is summarised below in Figure 3. The first step is the preparation of the Proposal for Expropriation which relies on information from various studies, including in the case of PESR the Expropriation Study. Once the final Project design is completed PESR outsource the development of an Expropriation Study which will contain a list of all the affected land, plots, registered assets (i.e. structures) and their owners, as recorded in the Cadastre. A land & assets inventory is then completed by certified evaluators from the Bureau for Assessment

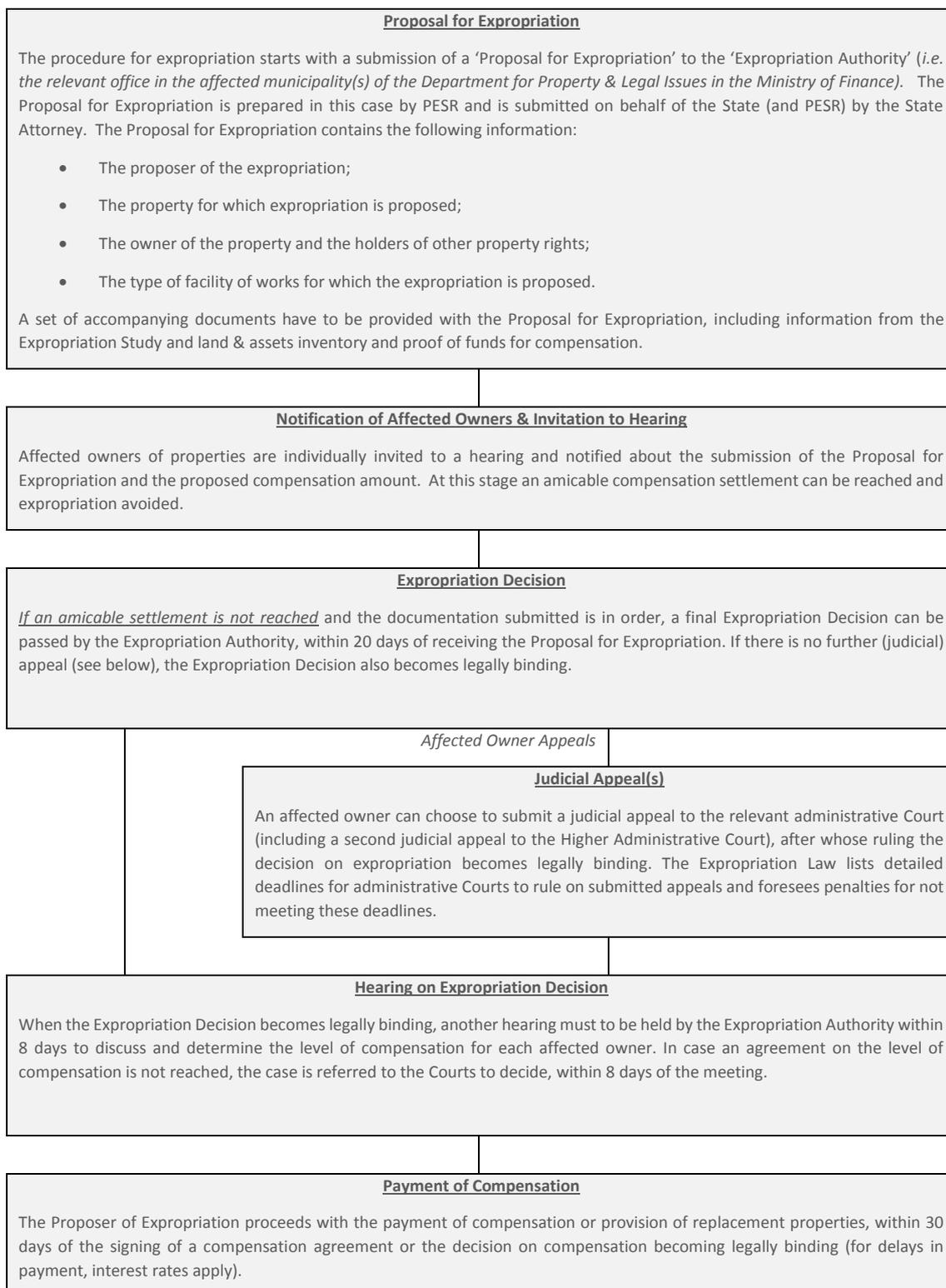
⁶ OGRM Nos. 5/12, 131/12, 24/13, 27/14

⁷ OGRM Nos. 18/01, 78/01, 04/02, 59/02, 05/03, 84/08, 81/09, 161/09



& Valuation. The inventory will provide basic information on affected land plot (i.e. total area and area to be acquired, land use & land category) and all assets located on it (e.g. structures, crops, trees, orchards, businesses etc.). Both assets that are registered in the Cadastre and those that are not will be recorded.

Figure 3 Summary of Expropriation Process





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

Compensation under Law on Obligations:

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

Key Legal Framework/Social Assistance Options for Resettlement Assistance

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

Municipal Centres for Social Welfare can provide some assistance, under the *Law on Social Welfare*⁸. This law enables provision of social welfare payments and services to vulnerable residents, as defined by the law. One of the available social welfare payments under the law is a one-off financial payment for those who find themselves in a situation of sudden and temporary need, including the need for accommodation. Assistance from social workers can be used to address the needs of persons with disabilities, single headed households, households with low incomes, etc. The Republic of Macedonia also has a set of laws under which affected people can be assisted to improve their living standards (e.g. access to health care, education, personal documentation, social housing etc.) and these laws can be used as a basis for developing resettlement/livelihood restoration programmes, particularly for vulnerable groups.

Legal assistance can be provided to vulnerable people under the *Law on Free Legal Assistance*⁹ by lawyers from the Ministry for Justice and selected citizens' associations.

4.2 EBRD Policy Framework

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

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

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

- to avoid or, when unavoidable, minimise, involuntary resettlement by exploring alternative project designs; measures to mitigate adverse impacts on displaced persons and host communities should be carefully planned and implemented;
- to mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to land by: (i) Providing compensation for loss of assets at replacement cost, prior to taking

⁸ OGRM Nos. 79/09, 36/11, 51/11, 166/12, 15/13, 79/13, 164/13, 187/13, 38/14, 44/14, 116/14, 180/14, 33/15

⁹ OGRM Nos. 161/09, 185/11, 27/14



- possession of acquired assets; and (ii) Ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- to restore or, where possible, improve the livelihoods and standards of living of displaced persons, including those who have no legally recognisable rights or claims to the land (present in the project affected area at the time of the cut-off date), to pre-project levels and support them during the transition period;
 - to make special provisions for assisting disadvantaged or vulnerable individuals or groups (present in the project affected area at the time of the cut-off date) that may be more adversely affected by displacement than others and who may be limited in their ability to claim or take advantage of livelihood assistance and related development benefits;
 - to establish a grievance mechanism to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons, including a recourse mechanism designed to resolve disputes in an impartial manner.

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

4.3 Gaps Analysis between Macedonian Legal Framework & EBRD Requirements

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

- **Informal Land Rights:** Macedonian law focuses on compensation for formal land rights, whereas EBRD also covers compensation, livelihood restoration and consultation for persons with no formal recognisable legal right or claim to land they occupy.
- **Livelihood Restoration:** EBRD PR5 includes requirements for livelihood restoration to restore incomes and standards of living of displaced persons to pre-project levels (both for persons with formal and informal land title). Whilst Macedonian law requires compensation for lost profit / income of affected formal economic activities resulting from displacement, this only applies to people with formal land rights. Neither does Macedonian law require assistance for resettlement or alternative livelihood assistance such as training or provision of favourable loans or employment opportunities.
- **Participation and Consultation:** EBRD PR5 sets greater requirements than Macedonian law for giving affected persons the opportunity to participate in the negotiation of the compensation packages, eligibility requirements, livelihood restoration and resettlement assistance.
- **Socio-Economic Surveys:** Conducting socio-economic surveys to assess impacts on livelihoods is required by EBRD, but not required by Macedonian law. Instead, Macedonian law focuses on the development of expropriation studies which represent inventories of affected properties and involve basic information about registered owners of these properties (i.e. names, addresses, and ID numbers etc.) so that they can be identified and compensated. Such reports do not generally apply to people with informal land rights or unregistered land/assets.
- **Vulnerable Individuals & Groups:** Macedonian law does not stipulate special measures relating to vulnerable groups. EBRD, however, requires particular attention to be paid to vulnerable groups, including during consultation, identification of entitlements and appropriate resettlement assistance.
- **Resettlement Action & Livelihood Restoration Frameworks & Plans:** Macedonian law does not require the preparation of resettlement action or livelihood restoration frameworks/plans. However, these are



required for EBRD financed projects involving land acquisition and resettlement resulting in physical and/or economic displacement.

- **Valuation of Expropriated Assets:** EBRD states that compensation for loss of assets is calculated at **full replacement cost**, i.e. market value of the assets plus transaction costs, and that depreciation of structures and assets should not be taken into account. However, Macedonian law states that compensation is established according to the market value of the material and the labour necessary for construction of facilities, decreased by the relevant amortization amount.
- **Grievance Mechanisms:** Although Macedonian law establishes rights of affected citizens (those with formal land rights) to appeal to Courts during the expropriation process, it does not require development of specific grievance mechanisms. EBRD, however, requires grievance mechanisms to be set up as early as possible in the process, to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons, including a recourse mechanism designed to resolve disputes in an impartial manner. A summary of complaints and the measures taken to resolve them should be made public on a regular basis.
- **Access to Land/Property Prior to Payment of Compensation:** There are several options for the Proposer of Expropriation to acquire the right of accessing land/property prior to payment of compensation, under the Expropriation Law and the Construction Law.
- **Cut-off Date for Affected Persons with No Legal Right or Claim to Land they Occupy/Use:** Persons who have no recognisable legal right or claim to the land they occupy and/or use are not recorded by a census and survey; consequently there is no cut-off date for determining eligibility for compensation for this affected group.
- **Monitoring & Evaluation:** There are no requirements for monitoring and evaluation of the resettlement and the livelihood restoration process and outcomes.

5. Eligibility & Entitlements

5.1 LARF Objectives

The objectives of the Land Acquisition & Resettlement Framework (LARF) will be as follows:

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

5.2 LARF Principles

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

- **LARF Requirements:** Resettlement and compensation of affected persons shall be carried out in accordance with the applicable Macedonian legal framework and EBRD's Environmental and Social Policy Performance Requirement 5 (2014). In the case of inconsistency between national legislation and EBRD requirements, the



higher standards will be adopted. Both, loss of land and assets (physical displacement) and loss of livelihoods (economic loss, i.e. “economic displacement”) shall be taken into account and mitigated within the LARF.

- **Construction Impacts:** Short-term impacts related to temporary occupation of land for construction purposes and loss of and/or disruption in access may also entail compensations or other assistance to affected persons. Construction related activities will be organised in a way to avoid and minimise economic displacement, i.e. by ensuring access is retained to villages and agricultural lands and effects during harvest periods are very carefully managed.
- **Project Affected Persons:** All owners, occupants/tenants and users of affected structures and land at the time of the relevant cut-off date, whether with or without fully recognised legal rights or claim, are eligible for compensation and assistance as specified in the Entitlements Matrix in the LARF. Entitlements of all categories of Project Affected Persons (PAPs) will be established.
- **Valuation of Assets:** Methods will be used to value affected assets or resources, or the access thereto, and livelihood impacts, involving authorised experts who are independent qualified parties.
- **Socio-economic Survey:** A socio economic survey of affected people/households shall be implemented, to assess all individual impacts, provide baseline information and design appropriate resettlement / livelihood restoration measures which will be described in the RAP. The socio economic survey will serve as a census of persons who have no recognisable legal right or claim to the land they occupy; the date of the census shall be the cut-off date for eligibility for this category.
- **Vulnerable Groups/Individuals:** Specific assistance shall be provided to vulnerable groups/individuals identified through the socio economic survey.
- **Resettlement Action Plan:** A Resettlement Action Plan (RAP) shall be prepared, disclosed and implemented.
- **Compensation & Assistance Measures:** Affected properties shall be compensated in cash and resettlement assistance will also be provided where identified in the Entitlements Matrix. Given there is sufficient replacement land and the limited (*if any*) physical displacement cash compensation rather than like-for-like compensation is considered appropriate for this Project. Compensation shall be paid to the PAP provided prior to any relocation or access to land, as far as possible (*see 5.6*). Compensation for all affected assets will be provided at full replacement cost. All compensation and livelihood restoration assistance will be provided equally to men and women.
- **Livelihood Restoration:** Livelihoods and standards of living of affected persons shall be improved or at least restored to the level prior to project related displacement, in as short a period as possible.
- **Unknown/Deceased PAPs:** A mechanism will be established to provide compensation to persons with recognisable rights to land and property where owners are unknown and/or deceased.
- **Consultation:** Affected persons and communities (including vulnerable groups and individuals) will be consulted to facilitate their early and informed participation in decision-making processes related to resettlement and ensure that acquisition and compensation activities are implemented with appropriate disclosure of information and consultation. This shall be carried out in line with the provisions contained within the SEP and allow for targeted consultation with vulnerable and *potentially* marginalised groups.
- **Grievance Management:** A grievance management mechanisms will be established for the Project by PESR (and the Contractor(s)). It is assumed that these parties will work together to ensure the appropriate party deals with land acquisition and resettlement related grievances.
- **Monitoring & Record Keeping:** PESR will establish appropriate procedures to monitor and evaluate their responsibilities in the implementation of the LARF and the RAP, and corrective actions will be taken as necessary. All transactions to acquire land rights, as well as compensation measures, relocation activities and resettlement assistance will be documented. A Project Implementation Unit (PIU) will be established and part



of their remit will be to support the preparation of the RAP and monitor implementation of relevant provisions of the LARF and RAP.

5.3 Land & Assets Inventory and Socio-economic Survey

Once the Final Design for the Project is completed during the 4th Quarter of 2015 PESR will outsource the development of an Expropriation Study which will contain a list of all the affected land, plots, registered assets (i.e. structures) and their owners, as recorded in the Cadastre. A land & assets inventory will then be completed by certified evaluators from the Bureau for Assessment & Valuation. The inventory will provide basic information on affected land plots (i.e. total area and area to be acquired, land use & land category etc.) and all assets located on it (e.g. structures, crops, trees, orchards, businesses etc.). Both assets that are registered in the Cadastre and those that are not will be recorded.

A socio-economic survey/census will be undertaken of Project Affected Persons (including local villages who are dependent on A4 for access) in order to inform the RAP and help identify PAPs with no legal rights or claims to the land they occupy or use. Discussions will be held with the Municipalities in planning these surveys. The surveys shall be timed ideally to occur in parallel or in a similar timeframe as the land & assets inventory. The survey shall assist in identification and recording of persons who have no recognisable legal claim to the land they occupy or use in the affected area.

During the socio-economic surveys information should be gathered to confirm which villages use and/or own land, including any abandoned agricultural land. The survey shall encompass villages who are on the escarpment along the A4 between Shtip and Radovish who may be affected by loss of land and/or access to land they own or use (e.g. there may be villages/households on the south of the A4 who own or use land which is on the other side). The strategy for the surveys will ensure that vulnerable groups are included (i.e. cannot just be reliant on people coming to public meetings) and any customary use of land by certain villages is captured.

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

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

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

The survey will also include questions on the basic household information (e.g. names, ages, sex, educational status of household members and any vulnerabilities, etc.), as well as questions in relation to existing standard of living and sources of income/livelihoods, with preferred choices for compensation and assistance. Initial research will be undertaken and the planned public consultation meetings used to identify any villages/households:

- Who have land on the other side of the A4 and/or planned Expressway and whilst not directly affected by loss of land and/or assets their access may be affected; and
- Who may be subject to significant access impacts during construction and/or operation.

5.4 Eligibility Criteria & Categories

All individuals / households occupying or using project affected land, recorded in the survey/census (owners and users, both formal and informal) are entitled to compensation and/or livelihood restoration or other assistance as



outlined in the Entitlements Matrix in Section 5.5. The following categories of Project Affected Persons (PAPs) have been identified:

- Owners of land (*formal with legal rights or claims over the land*);
- Formal users of land (*e.g. a tenant with formal legal right over the land they occupy/use*);
- Informal users of land (*with no formal legal rights or claims over the land they use – this may also refer to areas of State land (or other land) which has been used on a customary or long-term basis but right of use not registered*);
- Owners of crops and tress (including vines and trees in orchards);
- Owners of businesses (formal or informal business/economic activity);
- Owners of non-residential structures/assets and infrastructure;
- Owners of residential structures/houses;
- Formal users (i.e. tenants) of residential structures/houses;
- Informal users of residential structures/houses;
- Owners of business structures/assets;
- Local community and individual/households affected by loss of access and/or disruption on access;
- Local community and individual/households affected by loss of access and/or disruption on access which may potentially cause significant effects on livelihood that due to their vulnerability and/or livelihood dependency of these activities may cause a disproportionate affect;
- Vulnerable Groups/Individuals.

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

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

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

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

Cut-off dates

The cut-off date for eligibility and the **value of affected properties** for those with formal rights is defined as the date of notification of an owner that a Proposal for Expropriation has been submitted. The cut-off date **for valuation** for



affected persons with no legal rights will be the date at which the valuation of their property/assets occurs. The date of the survey will be the cut-off date for **eligibility to compensation/entitlement** for those with no legal rights.

Vulnerable Groups

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

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

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

Engagement measures will be applied as indicated in the SEP to target both elderly and woman (in the more conservative Turkish villages) which may be affected and could form part of the socio-economic survey area.

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

Mechanisms for Dealing with Gaps & Issues in the Cadastre

The gaps and issues in the Cadastre will be considered when determining eligibility and where such instances are found the RAP shall contain clear mechanisms to ensure these issues do not affect an eligible Project Affected Persons claim to entitlements:

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



5.5 Entitlements Matrix

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

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



Table 5 Entitlements Matrix

Type of Loss/Impact	Category of Project Affected Persons	Entitlements ¹⁰
PRE-CONSTRUCTION IMPACTS– Permanent Land Take		
Loss of land (mainly agricultural, forest and/or pasture land – may be small amount of vineyards, orchards & construction land). <i>For both formal & informal users of land – this refers to privately owned land and State land.</i>	Owners of land (formal with legal rights or claims over the land)	Cash compensation at full replacement cost.
	Formal users of land (e.g. a tenant with formal legal right over the land they occupy/use)	Information about the acquisition of land at least three months in advance of land entry to enable tenant to find other land for lease – <i>if during socio-economic survey specific vulnerabilities of formal tenants are identified then support will be sort from the Municipalities to find alternative land to lease formally and provide access to available support services.</i>
	Informal users of land (with no formal legal rights or claims over the land they use – this may also refer to areas of State land (or other land) which has been used on a customary or long-term basis but right of use not registered)	Information about formal acquisition/expropriation of land and project at least three months in advance of land entry to enable user to find other land. Assistance to identify replacement land / resources for use prior to land entry - <i>support will be sort from the Municipalities to find alternative land and to provide access to available support services, especially if during socio-economic surveys vulnerabilities are identified for the affected PAP. Security of tenure or formalisation of a tenancy options etc. will be considered where possible within the legal framework.</i>
Orphan Land: i.e. part of an affected land plot which remains after expropriation and for which the owner has no more economic interest in using and/or is an economically unviable plot.	Owners of land (formal with legal rights or claims over the land)	<i>If a request of the affected owner of land has been made in accordance with the Expropriation Law (Article 20) and has been declared as being justified based on the expert valuation report:</i> Cash compensation at full replacement cost.
Loss of annual/perennial crops (e.g. tobacco) and trees, including vines and trees within orchard (e.g. sweet almond trees).	Owners of crops and trees	Cash compensation for lost annual / perennial crops / plants at full replacement cost.
Loss of Non-Residential Structures (e.g. sheds, barns, fences, irrigation systems etc.)	Owner of non-residential structure and infrastructure	Cash compensation at full replacement cost and moving allowance for movable assets or assistance to move them.

¹⁰ See Section 5.6 for further details.



Type of Loss/Impact	Category of Project Affected Persons	Entitlements ¹⁰
Loss of Residential Structures	Owners of residential structure/house	Resettlement assistance, including moving allowance or assistance to move and cash compensation at full replacement cost ----- If the owner has no other place of residence and the value of the house is so low that the affected person and his/her household cannot resettle to adequate housing as required by EBRD, the affected household shall be entitled to: A choice of options for securing adequate housing with security of tenure (e.g. social housing) – <i>support will be sought from the Municipalities if this instance arises.</i>
	Formal users (i.e. tenants) of residential structure/house	Information about the acquisition of the house at least six months in advance of demolition, to enable the tenant to find other accommodation and moving allowance or assistance to move
	Informal users of residential structure/house	Information about the acquisition of the house/structure at least six months in advance of demolition. Resettlement assistance, including moving allowance or assistance to move and if the user has no other place of residence (<i>or the socio-economic survey identifies specific vulnerabilities</i>): A choice of options for adequate housing with security of tenure (e.g. social housing) - <i>support will be sought from the Municipalities if this instance arises.</i>
Loss of Business Structures	Owner of business structure	Moving allowance for movable assets or assistance to move them and cash compensation at full replacement cost.
Loss of sources of income and/or livelihoods associated with any of the above losses and particularly 'Agricultural' Livelihoods	Owner (formal or informal business or economic activity) – <i>could include agricultural livelihood activities</i>	Cash compensation for lost net income during the period of transition (until the re-establishment of business/economic activities in another location) and livelihood restoration assistance.
DURING CONSTRUCTION IMPACTS - Temporary Effects		
Temporary loss of land (mainly agricultural, forest and/or pasture land – may be small amount of vineyards, orchards & construction land) - required during the construction period.	Owners of land (formal with legal rights or claims over the land)	Cash compensation at full replacement cost for the right to use land under contract/agreement for an agreed period and reinstatement of land after use.
	Formal users of land	Information about the acquisition of the land at least three months in advance of land entry, to enable the tenant to find other land for lease.



Type of Loss/Impact	Category of Project Affected Persons	Entitlements ¹⁰
<i>For both formal & informal users of land – this refers to privately owned land and State land.</i>	(e.g. a tenant with formal legal right over the land they occupy/use)	
	Informal users of land (with no formal legal rights or claims over the land they use – this may also refer to areas of State land (or other land) which has been used on a customary or long-term basis but right of use not registered)	Information about temporary use of land at least three months in advance of land entry to enable user to find other land. Assistance to identify replacement land to use for period / resources for use prior to land entry - <i>support will be sort of the Municipalities to find alternative land.</i>
Loss/damage to annual/perennial crops (e.g. tobacco etc.) and trees, including vines and trees within orchard (e.g. sweet almond trees).	Owner of crops and trees	Cash compensation for lost or damaged annual / perennial crops / plants at full replacement cost.
Damage/temporary disruptions to certain agricultural infrastructure (e.g. irrigation).	Local community and individual/households affected by loss.	Repairs, compensation or other measures agreed with affected people and local communities.
Temporary loss of and/or more difficult access to land for farming or other livelihood related land uses and disturbance to agricultural vehicles/livestock etc. using existing A4 and other existing routes to land etc.	Local community and individual/household affected by loss of access and/or disruption on access.	Avoidance of impact through good Traffic Management, good engagement with affected PAPs and careful sequencing of works. Cash compensation for lost net income during the period of transition (until the re-establishment of income level/livelihood activities ¹¹) and livelihood restoration assistance.
	Local community and individual/household affected by loss of access and/or disruption on access which may potentially cause significant effects on livelihood that due to their vulnerability and/or livelihood dependency of these activities may cause a disproportionate affect.	Cash compensation for lost net income during the period of transition (until the re-establishment of business/economic activities) and livelihood restoration assistance and if deemed necessary due to vulnerabilities due to project impacts, the Contractor & PESR (or their representative) will in discussion with the relevant support services at the Municipality identify additional assistance for the period of impact (i.e. this group may be specifically vulnerable to such disruption during the winter period and harvest periods etc.).

¹¹ Annual incomes from certain livelihood activities based on the preceding 3 years will be gathered (as far as possible) during the Socio-Economic surveys and used as one metric for determining lost net income. Effects on harvest periods will be given specific consideration in determining entitlement.

Type of Loss/Impact	Category of Project Affected Persons	Entitlements ¹⁰
		<i>In planning the Work during winter and harvest periods there are anticipated effects on access arrangements for PAPs/villages identified as vulnerable the Contractor & PESR will pre-emptively discuss additional assistance for the potential period of impact.</i>
Temporary loss of sources of income and/or livelihoods associated with any of the above losses and particularly ‘Agricultural’ Livelihoods and disruption to businesses, including loss of and/or more difficult access.	Owner of business (formal or informal business/economic activity)	Cash compensation for lost net income during the period of transition (until the re-establishment of business/economic activities) and livelihood restoration assistance.
DURING OPERATION IMPACTS – Permanent Access Effects		
Loss of and/or more difficult access to land, commercial facilities and/or the road network.	Local community and individual/household affected by loss of access and/or disruption on access.	<p><i>No permanent difficulties with access are anticipated therefore at this stage no additional entitlements for compensation are proposed assuming the following mitigation measure is met as part of the Project design:</i></p> <p><i>Mitigation Incorporated into Design: Avoidance of impacts through the creation of local access roads (e.g. Expressway Section V), overpasses and underpasses for movement of people and animals, as discussed with local community during consultations and other measures agreed with local communities.</i></p>
	Local community and individual/household affected by loss of access and/or disruption on access which may potentially cause significant effects on livelihood that due to their vulnerability and/or livelihood dependency of these activities may cause a disproportionate affect.	<p><i>No permanent difficulties with access are anticipated therefore at this stage no additional entitlements (beyond the situation noted below) for compensation are proposed assuming the following mitigation measure is met as part of the Project design:</i></p> <p><i>Mitigation Incorporated into Design: Avoidance of impacts through the creation of local access roads (e.g. Expressway Section 5), overpasses and underpasses for movement of people and animals, as discussed with local community during consultations and other measures agreed with local communities.</i></p> <p>Potentially there are a very small number of households that may own or use land for agricultural livelihood activities on the opposite side of the existing road and/or Expressway to where they live. PESR will during the socio-economic survey if they identify this issue discuss with the affected parties the increase in journey time to their land and assistance options which will consider the vulnerability and dependency of affected parties on land-based activities. If the impacts on an individual PAP in this category are found to be of a significant nature PESR will review assistance measures</p>



Type of Loss/Impact	Category of Project Affected Persons	Entitlements ¹⁰
		and whether (if requested by the PAP) purchase and/or compensation for the affected land can be offered. A significant nature would be a permanent diversion of route 50 % longer in length or journey time to access their land. This entitlement will only be triggered if the circumstances described exist. However, the current design of the Project results in very minimal increases in journey times so the risk of this being triggered is thought to be low.
LOSSES/IMPACTS ON VULNERABLE GROUPS		
Any other specific losses / impacts on vulnerable groups, associated with land acquisition for the Project, identified during the development of the RAP	Vulnerable groups / individuals	Special measures for effective participation, compensation, resettlement and livelihood restoration, to be defined in the RAP.



5.6 Entitlements - Associated Considerations

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

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

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

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

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

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

Cash Compensation: Compensation for an expropriated property will be provided in cash. Given there is sufficient replacement land and the limited (if any) physical displacement cash compensation rather than like-for-like compensation is considered appropriate for this Project.

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

1. The amount intended as compensation will be placed in an escrow account
2. In the event that a residential property is no longer usable, alternative and adequate housing will be provided. Adequate housing or shelter can be measured by quality, safety, affordability, habitability, cultural appropriateness, accessibility and locational characteristics. Adequate housing will allow access to employment options, markets and basic infrastructure and services, such as water, electricity, sanitation, health care and education.



3. In the event that the land /part thereof is used for agricultural and/or other livelihood purposes, alternative land/property with the same characteristics will be provided or compensation will be provided to cover for the economic loss to be incurred.
4. Other assistance will be provided and to be determined on a case by case basis.

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

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

Resettlement Assistance: Resettlement assistance will be defined based on the outcome of the socio-economic survey, in accordance with the specific needs of affected people. This assistance is very often provided to vulnerable households which are physically or economically displaced by a project and can include the following:

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

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

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

Livelihood Restoration Assistance: In case the implementation of the Project and loss of land and other assets or access to assets, leads to loss of income sources or means of livelihood (economic displacement) of PAPs, alongside compensation for affected land and assets, PESR will implement livelihood restoration measures which will be defined in greater detail in the RAP. Such measures may include:

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



- compensation for or assistance to transport equipment or machinery.

Livelihood restoration assistance will be provided to those identified as needing it during the socio-economic survey. PESR will cooperate with institutions and organisations that can provide this assistance, such as the Municipalities for Shtip and Radovish, agricultural development agencies operating in the area (e.g. Agency for Promotion of Agricultural Development; Turkish International Cooperation Agency (TIKA); and Elbirliqi) and local service providers, etc.

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

Rehabilitation of Temporarily Land

All land temporarily occupied under agreement for the Project will have to be fully rehabilitated and reinstated once the contractual period for land use has ended. This means that all sites will be cleared of waste and that all equipment will be removed. It may also include top soil conservation in some areas to preserve the quality of the affected land, which will be the responsibility of awarded Contractors and monitored by PESR/PIU. Undertaking these measures will enable owners / users of land to continue using it in the same way they used it before the implementation of the Project.

Assistance for Vulnerable Groups

Specific measures to assist any vulnerable groups identified through the socio-economic surveys will be defined in accordance with their needs. For example, certain groups may need legal or other assistance to restore their livelihoods, such as assistance to improve their businesses, some vulnerable households may need additional services from social workers, etc.

6. PUBLIC CONSULTATION & DISCLOSURE

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

- PESR in Skopje [Dame Gruev str. 14, 1000 Skopje]
- Municipality of Shtip [Str.Vasil Glavinov 4B; 2000 Stip, Macedonia; e-mail: info@stip.gov.mk]
- Municipality of Radovish [Bul.Aleksandar Makedonski 7; 2420 Radovish, Macedonia e-mail: contact@radovis.gov.mk]

There is a Project wide Stakeholder Engagement Plan (SEP) also disclosed on the PESR and EBRD websites and deposited at the above locations. This contains the engagement activities for the Project and includes the engagements with affected owners and users of land and assets (*including those with legal and no legal rights or claims to land they occupy or use*). These activities include:

- Consultation meetings for the development of the Resettlement Action Plan, to present the detailed project footprint and affected land and assets, to announce the socio economic survey/census and valuations of properties, present the LARF & entitlements matrix and type and method of compensation.
- Socio-economic survey and valuation of properties – this will require direct engagement with affected parties.
- Individual meetings as required under Macedonian legislation as part of the expropriation process (*see Section 4.1 above*).



ZYL Consulting Ltd

- Consultation will be carried out on certain specific issues including: effects on access to land (e.g. agricultural land during construction & operation etc.); A series of public consultation meetings will also be undertaken on the Project to which affected owners and users will be welcome and are encouraged to attend. These public consultation meetings are planned in the following locations, these will be confirmed in discussion with the municipalities:
- Municipality of Shtip: Shtip, Lakavica & Sofilari & possibly Selce.
- Municipality of Radovish: Radovish, Buchim, Topolnica and Injevo.

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

7. GRIEVANCE MECHANISM

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

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

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

Mrs Biljana Lazevska, Department for Legal Affairs

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

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

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

The Grievance Form (in Macedonian and English) will be made available on the web site www.roads.org.mk and all the concerned municipalities (i.e. Municipalities of Shtip and Radovish) will receive pre-printed forms to be readily-available for the public.

PESR will monitor the process of comments and complaints and the information will be summarised in Annual Environmental, Health & Safety and Social (EHSS) reports, which will be prepared and posted on its website. PESR is obliged to respond to all complaints according to procedures prescribed in national legislation. The response time for grievances will be in accordance with national legislation for the particular issue in question. PESR will endeavour to acknowledge receipt of the Grievance within 5 working days, and to respond within 15 days of receiving the grievance.

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



8. LARF IMPLEMENTATION, TIMETABLE, BUDGET, MONITORING & REPORTING

8.1 Implementation, Timeline & Budget

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

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

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

**Table 6 Summary Table of Key Activities & Timeline for Implementation of the LARF**

Activity	Resp. Party	2015	2016				2017-2019	2019 - onwards
		Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Construction	Operation
Pre-Construction: Main Acquisition/Expropriation Activities								
Expropriation Study (inc. update of Cadastre land elaborates etc.)	Designer/PE SR							
Socio-economic survey work	Consultant/PESR ¹²							
Land & Asset Inventory/Valuation of property	Independent valuers/PESR							
Establishment of Entitlements	PESR							
Preparation & Disclosure of RAP	Consultant/PESR ¹³							
Payment of compensation	PESR							
Delivery of livelihood restoration & resettlement assistance	PESR or other relevant body							
Planned commencement of construction:	PESR				Summer 2016			
Temporary land occupation agreements required for construction needs, if required	Contractor							
Activities Undertaken Throughout Project Life								
Grievance management	PESR							
Consultation & Disclosure	PESR/EBRD							
Monitoring & reporting	PESR							

¹² The Project Implementation Unit (PIU) will contain a relevantly experienced social consultant to undertake the socio-economic surveys, support PESR in the preparation the RAP and support the land acquisition planning (including the consultation with affected parties)

¹³ See footnote ¹⁰



8.2 Monitoring

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

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

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

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

Table 7 Monitoring Indicators

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



Indicator	Source of Information	Frequency of Measurement
Does compensation represent full replacement cost?	Investigate whether recipients of cash compensation were able to purchase a similar property	Annually
Use of compensation	PESR resettlement database	Annually
Physical displacement - satisfaction with new homes / assets	Individual meetings with people/households PESR resettlement database	Annually
Income / livelihoods: <ul style="list-style-type: none"> Changes in income level (maintained, increased, decreased) Reinvestment in livelihood activities (purchase of land, equipment, skill training, etc.) 	Individual meetings with people/households PESR resettlement database	Annually

8.3 Reporting

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

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

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

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

9. LARF CONTACT DETAILS & RESPONSIBILITY FOR IMPLEMENTATION

PESR are responsible for the implementation of the LARF and preparation of the RAP. The responsible person in PESR for fulfilment of the Land Acquisition & Resettlement Framework is:

Public Enterprise for State Roads

Mrs Biljana Lazevska, Department for Legal Affairs

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

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



Annex A Public Grievance Form

Public Grievance Form	
Reference No:	
Name and Surname	
Contact Information:	<input type="checkbox"/> By Post: Please provide mailing address: _____ _____ <input type="checkbox"/> By Phone: _____ <input type="checkbox"/> By E-mail _____
Please note how you like to be contacted (mail, phone, e-mail)	
Preferred language for communication	<input type="checkbox"/> [Macedonian] <input type="checkbox"/> [Other: _____]
Description of Incident or Grievance: What did happen? Where did it happen? Who did it happen to? What is the result of the problem?	
Date of Incident/Grievance	
	<input type="checkbox"/> One time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)
What would you like to see happen to resolve the problem?	
Signature: _____ Date: _____	
Please return this form to:	
<u>Ms Biljana Lazevska</u> Tel: + 389 (0)2 3118-044 ext.119 Fax: + 389 (0)2 3220-535 email: biljana@roads.org.mk	Public Enterprise for State Roads Dame Gruev str. 14 1000 Skopje, Republic of Macedonia