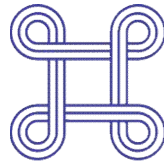




PUBLIC ENTERPRISE FOR STATE ROADS
Republic of Macedonia



**Resettlement Policy Framework (RPF) for Rehabilitation of State Roads
Program with World Bank (First year projects, 2014)**

March 2014



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List of abbreviations

| | |
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| RM | - Republic of Macedonia |
| GoM | - Government of Republic of Macedonia |
| PESR | - Public Enterprise for State Roads |
| MOEPP | - Ministry of Environment and Physical Planning |
| RPF | - Resettlement Policy Framework |
| RAP | - Resettlement Action Plan |
| PAPs | - Project-Affected Peoples |
| LAR | - land Acquisition and Resettlement |
| RP | - Resettlement Plan |
| WB | - World Bank |
| OPs | - Operational Policies |
| BPs | - Bank Procedures |
| PS | - Performance Standard |
| AP | - Affected People |
| AHs | - Affected Houses |

1. Introduction and Project Description

The road network in the Republic of Macedonia comprises 3.781km of regional roads and 8.496km of local roads and is considered to provide adequate coverage for the most part of the country. However, the road network conditions are below the standards of those in European road networks and in most of the neighboring countries.

The Government of Macedonia (GoM) intends to receive a loan/credit from the World Bank (WB) in connection with the Republic of Macedonia Regional and National Roads Rehabilitation Program.

The Program/Projects is to be implemented by the Public Enterprise for State Roads (PESR) under the aegis of the Ministry of Transport and Communications.

The rehabilitation of some road sections should include pavement rehabilitation, drainage rehabilitation, small repairs of bridges and structures and installation of road safety equipment/signs.

In the first year the Program is expected to cover rehabilitation of at least 3 different road sections¹ with the length of approx. 42 km, as follows which are referred to as 'sub projects':

- Rehabilitation of national road A3 from Bitola to Makazi (23km);
- Rehabilitation of national road A3 from Resen to Bukovo (11km).

On the section Resen – Bukovo (existing road with approximate length of 11 km) of the State road A3 (old mark M5) enormous damage is determined by supervision engineers of PESR and Public Enterprise for the maintenance and protection of national and regional roads "Makedonija pat". Actually there is existing significant net of road breaks, by length and rutting. From reasons mentioned it was decided to conduct an improvement of this section of the state road A3, respectively rehabilitation of following aspects of the current carriageway: structure, dimensions and constructive details. The beginning of the section Resen – Bukovo is at the mountain pass Bukovo (km 28 + 903 on A3), and the end is at the entry of the village Jankovec.

- Rehabilitation of regional road P1202 from Boskov Bridge to Debar (8 km). The route begins on the junction from the road P1202 with P2246 (km 45 + 475) and ends at the entrance of city of Debar. On this section significant damage was also determined. Selected road sections are located in 2 neighboring regions of the Republic of Macedonia (Southwest region and Pelagonija region).

According the functionality and the purpose, the these roads serves to:

- Regional and national connectivity of the road infrastructure (the settlements in the region);
- deliveries of goods and materials;
- provide a space for regional connectivity with continuity to the wider region in this part of the state.

The activities of these projects embrace rehabilitation of the current roads in both directions. They need to produce optimal solution and improved technical and useable features of this road oriented toward safe, fast, economic and comfortable road traffic and after rehabilitation of these sections, the road features will be improved. Transit transportation will run better than in the past, thus promoting the trade and economic relations, and traffic safety conditions of the population living in those 2 regions will be improved.

¹ This Resettlement Policy Framework will include and be relevant for other projects for rehabilitation of roads sections agreed between PESR and WB to be part of the First Year rehabilitation program in the Republic of Macedonia.

World Bank OP 4.12 Involuntary Resettlement includes safeguards to address and mitigate impacts as result of project activities. Involuntary resettlement may cause severe long-term hardship, impoverishment and environmental damage unless appropriate measures are carefully planned and carried out. To address the impacts the borrower prepares a resettlement plan or Resettlement Policy Framework.

If the impacts include physical relocation, the resettlement plan, or in case that there is expectation for resettlement but the impact is not determined, resettlement policy framework, includes measures to ensure that the displaced persons are provided assistance (such as moving allowances) during relocation and provided with residential housing, or housing sites, or, as required, agricultural sites for which a combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the old site. In the situations where the impact is loss of assets than appropriate compensation at replacement level or market level, whichever is higher, is provided to the affected persons.

The current project activities foresee rehabilitation of abovementioned road sections in the first year and financing road rehabilitation program during the life span of the project and most likely there will be no need for land acquisition or/and resettlement. Therefore Resettlement Policy Framework should be prepared. Resettlement Policy Framework is one of the important documents under "safeguard policy" and its role is to be a framework for any involuntary, temporary or permanent land acquisition or involuntary resettlement caused by the projects during the rehabilitation activities of the rehabilitation program.

Resettlement Policy Framework is prepared to adjust laws of the Republic of Macedonia in addition to the requirements of the World Bank (WB) - International Bank for Reconstruction and Development (IBRD).

The document provides the World Bank's and Macedonian Regulation for land acquisition and resettlement issues considering the best international practice. The document prepared by Public Enterprise for State Roads is a general framework manual to ensure consideration of interests of all involved parties and problematic issues arisen by them and introduction of such an attitude that most strict and reasonable demands of any party be reviewed with due diligence and taken into account.

Resettlement Policy Framework defines the procedures of involuntary land acquisition, resettlement, also sets out objectives, principles, compensation entitlements, legal frameworks, consultation procedures and grievance redress mechanisms during rehabilitation process of above mentioned roads.

2. Legal and Policy Framework

2.1 Macedonian Laws and Regulations on Land Acquisition and Resettlement

In the Republic of Macedonia, the legislative acts given below regulate the issues of obtaining State ownership rights to privately owned land parcels based on the necessary public needs caused due to road constructions activities:

- Expropriation Law ("Official Gazette of Republic of Macedonia" No. 95/12, 131/12, 24/13);
- Law on Property Cadastre ("Official Gazette of the Republic of Macedonia" 40/08, 158/10, 51/11);
- Law on Survey and Land Cadastre ("Official Gazette of the Republic of Macedonia" 34/72, 13/78);

- Law on Ownership and Other Material Rights (“Official Gazette of the Republic of Macedonia“ 18/01);
- Law on acting upon complaints and proposals (“Official Gazette of Republic of Macedonia“ no. 82/2008, 13/13);
- Rulebook on the manner of action upon complaints and proposals (“Official Gazette of the Republic of Macedonia“ no. 2/09);
- Law on Public Roads (“Official Gazette of the Republic of Macedonia“ no. 84/08; 52/09; 114/09; 23/11;168/12);
- Law on Construction (Official Gazette of Republic of Macedonia“ no. 130/09; 124/2010; 18/11; 36/11; 54/11; 144/12; 13/13; 25/13 and 79/13).

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

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

The Law on expropriation (“Official Gazette of Republic of Macedonia“ No.95/12, 131/12, 24/13) regulates the procedure for the expropriation of property for projects that are of public interest and the connected rights for real estates (immovable properties). Rehabilitation of the road sections falls under a project of national/public interest. The legal justification of why the project is believed to be in the public interest is submitted together with the request for expropriation (as part of the same process), by the expropriation beneficiary. The justification is submitted to the relevant offices for legal and property affairs which govern the project. According to Macedonian Law on expropriation, compensation cannot be lower than the market value of the affected properties; compensation is assessed against recent market transactions in neighboring areas.

Public interest established by this law is the management, rational use and humanization of the space, environmental protection by building structures and performing works of relevance to the country and to the local government units, provided with the Acts for Spatial Planning.

For expropriated property fair compensation must be introduced which is not allowed to be lower than the market value of the property. The market value of the property is determined with conditions defined in this law, according to the methodology, rules and standards pursuant to the Assessment Law. The right to seek compensation for expropriated property does not expire.

The compensation for expropriated property and the costs of the proceedings shall be borne by the proposer of expropriation.

The Proposal for expropriation is submitted by Republic of Macedonia or by units of the local self-government or the City of Skopje (proposer of expropriation), by previous initiative of the legal entity that

intends to realize the public interest. The proposal is submitted to the governmental administration authority responsible for property legal issues (Authority for Expropriation).

In instance of expropriation due to the realization of public interest, the expropriation proposal is submitted by the Republic of Macedonia over the State Attorney of the Republic of Macedonia, who also represents public companies, funds, agencies, departments, public institutions, trade companies and other institutions established by the Government.

Expropriation Authority, upon the proposal for expropriation, schedules debate where owner of the property or the holders of other property rights of the property that is subject to expropriation and Proposer of the expropriation are invited. At the hearing the existence of public interest is determined, than the right of ownership and other property rights, as well as the type and amount of compensation and other facts and circumstances relevant to the process of expropriation.

The Authority must, after submission of the proposal for expropriation to the owner of the property or the holders of other property rights of the property, to schedule and hold a hearing on the proposal within 15 days of submission of the proposal to the owner of the property or the holders of other property rights of the property.

The hearing may end up with an agreement for compensation (payment in money or providing other suitable property), and for the amount of the fee if it is determined in money, as well as timeframes for payment. This agreement as an executive document and by signing of the agreement is considered the expropriation process and procedure for the determination of compensation as completed and final.

If agreement is not reached the Expropriation authority, relying on the facts set out in the procedure will issue a decision on expropriation. The decision on expropriation can be appealed to the Administrative Court within 15 days of receipt of the decision.

The market value of the expropriated property and of the property that is given as compensation is determined by an authorized Assessor pursuant the Assessment Law. Compensation for expropriated property usually is determined in financial means if the former owner or the possessor of other property rights and proposer of expropriation agree otherwise.

The owner of the property, land users and tenants are entitled for compensation for the crops, forest and fruits on the land, if not entered in the market price of land.

The owner of the property in process of expropriation is not entitled to compensation for investments made after the Cut-off date.

If another property is offered as exchange for expropriated property, it should be as same value as the expropriated property. If there is a difference among the value of the property given and taken, than the advanced party will pay to the aggrieved party for the difference in values.

The proposer of expropriation and the owner of the property that is subject to expropriation can reach agreement on compensation before beginning of the validity of decision for expropriation. If such agreement is not reached the expropriation authority shall, within 8 days after the decision on expropriation, schedule a hearing for setting the compensation means.

If after the hearing there is no agreement on compensation means and methods, the authority, within 8 days after the hearing, will submit the case with all of the documents to the competent Court for determination of compensation.

Ministry of agriculture, forestry and water economy leased the governmentally owned agricultural land to the tenants. This ministry during the process of transformation of agricultural into construction land terminates the contract with the tenant and sign a new one with the same terms as before. PESR will compensate these tenants, by using the same compensation methodology as for the land owners.

Stages of expropriation process are shown in a following chart:

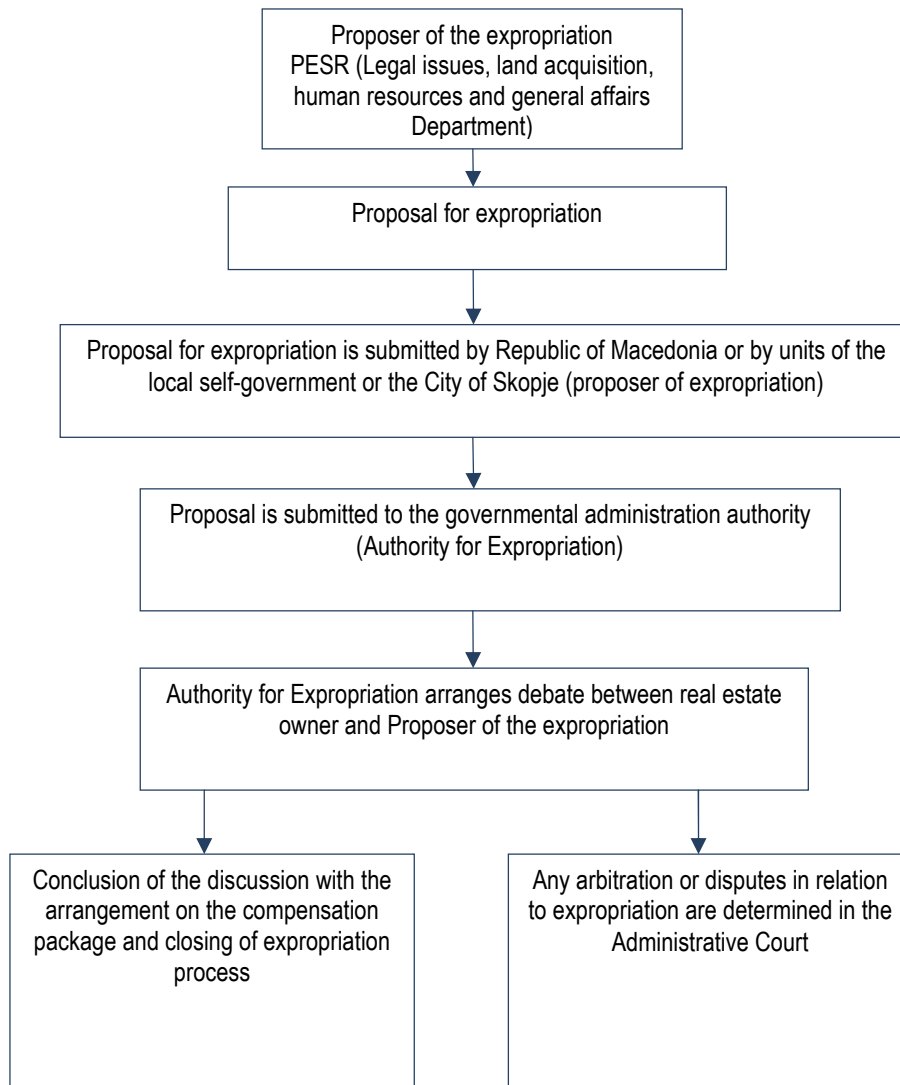


Chart 1 Expropriation Process according to national legislation

2.2 Involuntary Resettlement requirements under the World Bank Involuntary Resettlement Policy (OP 4.12)

The World Bank OP 4.12 Involuntary Resettlement is based on the following principles:

- Involuntary resettlement is to be avoided or at least minimized;
- Compensation/Rehabilitation provisions will ensure the maintenance of the APs' pre-project standards of living;
- APs should be fully informed and consulted on LAR compensation options;
- APs' socio-cultural institutions should be supported/used as much as possible;
- Compensation will be carried out with equal consideration of women and men;

- Lack of legal title should not be a bar to compensation and/or rehabilitation;
- Particular attention should be paid to households headed by women and other vulnerable groups, such as Indigenous Peoples and appropriate assistance should be provided to help them improve their status.

2.3 Gap analyses – Macedonian legislation for expropriation and World Bank Safeguard Policies

Macedonian legislation for expropriation

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

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

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

World Bank Requirements

Requirements of World Bank in regards with the Involuntary Resettlement is covered with OP 4.12 Involuntary Resettlement. This policy includes safeguards to address and mitigate impoverishment risks: people face impoverishment when their productive assets or income sources are lost; people are relocated to environments where their productive skills may be less applicable and the competition for resources greater; community institutions and social networks are weakened; kin groups are dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished or lost.

The main points of OP 4.12 are the following:

- Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs;
- Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. Displaced persons³ should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs;

▪ Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

This policy applies to all components of the project that result in involuntary resettlement, regardless of the source of financing.

To achieve the objectives of this policy, particular attention is paid to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the elderly, women and children, indigenous peoples, ethnic minorities, or other displaced persons who may not be protected through national land compensation legislation.

The main gaps between the national legal expropriation framework in Macedonia and World Bank Safeguard Policies are described below. A full Gap Analysis prepared by WB is presented in Table 1.

Involuntary Resettlement

The term involuntary resettlement refers to physical displacement and economic displacement. Displacement can be full, partial, permanent or temporary.

Macedonian legislation in general, including the Expropriation Law of the Republic of Macedonia, does not recognize the term involuntary resettlement. However, expropriation terminology includes resettlement as well.

Issues related to land acquisition in the public interest are regulated by the Expropriation Law of the Republic of Macedonia.

Scope of impact

Consideration of feasible alternative project designs to avoid or at least minimize physical and/or economic displacement, while balancing environmental, social and financial cost and benefits.

There are no legal requirements in Macedonian legislation for avoiding or at least minimizing physical and/or economic displacement.

However the Law on Spatial and Urban Planning, states that the aim of such planning is to improve living and working conditions for citizens.

Planning process

Implementation of a census and a social-economic baseline assessment within an affected area, to identify the persons who will be displaced and determine who will be eligible for compensation and assistance.

According to the Expropriation Law, the request for determining public interest and subsequently the proposal for expropriation, have to include a detailed list of properties to be expropriated, their location information about individuals who have formal legal rights on these properties.

Compensation at replacement cost

The market value of the expropriated property and of the property that is given as compensation is determined by an authorized Assessor pursuant the Assessment Law. Compensation for expropriated property usually is determined in financial means if the former owner or the possessor of other property rights and proposer of expropriation agree otherwise.

The owner of the property that is expropriated is entitled to compensation for the crops, forest and fruits on the land, if not entered in the market price of land.

The owner of the property in process of expropriation is not entitled to compensation for investments made after the date of submission of the proposal for expropriation.

If another property is offered as exchange for expropriated property, it should be as same value as the expropriated property. If there is a difference among the value of the property given and taken, than the advanced party will pay to the aggrieved party for the difference in values.

The proposer of expropriation and the owner of the property that is subject to expropriation can reach agreement on compensation until the validity of decision for expropriation. If such agreement is not reached the expropriation authority shall, within 8 days after the decision on expropriation, schedule a hearing for setting the compensation means.

If after the hearing there is no agreement on compensation means and methods, the authority shall, within 8 days after the hearing, the case with all of the documents to submit it to the competent court for determination of compensation.

Timing of compensation

Compensation (alternative housing and/or cash compensation) has to be provided prior to relocation as per Operaton Policy and Brank Procedures on Social Safeguards 4.12

According to the Expropriation law, a condition to start expropriation is a bank guarantee with a commercial bank (or in the case of government authorities, proof of funds allocated in the budget) in the assessed total sum for payment. Compensation has to be paid/provided within 15 days from the day when a compensation agreement has been signed or the decision on compensation has become final.

Grievance procedure

The grievance mechanism will be set up as early as possible in the process, to receive and address in a timely specific concerns about compensation and relocation that are raised by displaced persons and/or members of host communities, including a resources mechanism designed to resolve disputes in an impartial manner, according to World Bank social safeguard policies

According to Expropriation Law (“Official Gazette of Republic of Macedonia” No.95/12, 131/12, 24/13) if agreement is not reached the Expropriation authority, relying on the facts set out in the procedure will issue a decision on expropriation. The decision on expropriation can be appealed to the Administrative Court within 15 days of receipt of the decision.

Information disclosure and public consultation

The Public Enterprise for Rods should summarize the information contained in the RAP for public disclosure to ensure that affected people understand the compensation procedures and know what to expect at the various stages of the project (for example, when an offer will be made to them, how long they will have to respond, grievance procedures, legal procedures to be followed if negotiations fail).

Consultations will continue during the implementation, monitoring and evaluation of compensation payment and resettlement.

Those who have formal legal rights are informed throughout the expropriation process (i.e. that a request for expropriation has been submitted), before the decision on expropriation is passed, the

municipal office in charge of expropriation has to invite the affected person with formal legal rights to a meeting to present any facts which may be relevant for expropriation.

Vulnerable groups

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

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

People without Formal Rights

Macedonian law does not recognise persons who do not have formal legal title and therefore does not foresee the provision of adequate housing with security of tenure for this category of affected people.

According to OP 4.12 Involuntary resettlement displaced persons may be classified in one of the following three groups:

- those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country);
- those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets--provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan;
- those who have no recognizable legal right or claim to the land they are occupying.

The census should take into account:

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

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

2.4 Comparison of Macedonian Laws and WB Policy Requirements

WB Safeguards policy on Involuntary Resettlement complement the Macedonian legislation/regulation with additional requirements related to (i) the economic rehabilitation of all AP (including those who do not have legal/formal rights on assets acquired by a project); (ii) the provision of indemnities for loss of business and income, (iii) and the provision of special allowances covering AP/AH expenses during the resettlement process or covering the special needs of severely affected or vulnerable AP/AHs.

Also, in addition, the legislation of Macedonia does not require any specific measure regarding the need to prepare RAPs based on extensive public consultations.

The differences between Macedonian law/regulation and WB policy are outlined in Table1 below.

Table 1 Comparison of Macedonian Laws and WB Policy Requirements

| Issues | WB Policy Requirements | Provision of Macedonia Law | Gap analyses – Macedonian legislation for expropriation and World Bank Safeguard Policies |
|----------------------------------|--|--|---|
| Scope of impact | Consideration of feasible alternative project designs to avoid or at least minimize physical and/or economic displacement, while balancing environmental, social and financial cost and benefits. | There are no legal requirements in Macedonian legislation for avoiding or at least minimizing physical and/or economic displacement. However the Law on Spatial and Urban Planning, states that the aim of such planning is to improve living and working conditions for citizens. | This is not relevant for this program, because the program is to finance road rehabilitation. |
| Planning process | Implementation of a census and a social-economic baseline assessment within an affected area, to identify the persons who will be displaced and determine who will be eligible for compensation and assistance. Preparation of the Resettlement Action Plan. | According to the Expropriation Law, the request for determining public interest and subsequently the proposal for expropriation, have to include a detailed list of properties to be expropriated, their location information about individuals who have formal legal rights on these properties. | The implementation of a census/survey and development of RAP for each project which requires land acquisition (physical or economic displacement) is necessary. This process needs to ensure all categories of affected people (not only those with formal legal rights) are informed and consulted in a meaningful way. If vulnerable groups are identified during the survey, it may be necessary to make special provisions to include them in the consultation process. The site specific RAP if needed will be prepared and submitted for approval before starting of the works. |
| Compensation at replacement cost | Compensation for lost assets will be provided at replacement cost, usually calculated as the market value of the assets plus the transaction costs related to restoring such assets (registration and transfer taxes). Depreciation of structures and assets should not be taken into account. | Compensation under the Expropriation law is determined in accordance with the prevailing market price after taking into account the value of land, cost of structures (residential and business) & installations, crops, forest land and timber. | The RAP should describe the valuation method in detail and specify that compensation will include the registration cost in the Cadastre Office or other relevant register any administrative fees and/or transfer taxes. Depreciation of structures and assets should not be taken into account during valuations. |
| Timing of compensation | Compensation (alternative housing and/or cash compensation) has to be provided prior to relocation. | According to the Expropriation law, a condition to start expropriation is a bank guarantee with a commercial bank (or in the case of government authorities, proof of funds allocated in the budget) in the assessed total sum for payment. Compensation has to be paid/provided within 15 days from the day when a compensation agreement has been signed or the decision on compensation has become final. | The works will not be start before the compensation is provided to the affected persons. In the situation where the compensation offered is at the replacement costs or market value and the affected persons do not agree with the payments that the funds are deposited in escrow account and the works could start. The Roads Rehabilitation program will not encounter resettlement cases. |



| | | | |
|--|---|--|--|
| Grievance procedure | The grievance mechanism will be set up as early as possible in the process, to receive and address in a timely specific concerns about compensation and relocation that are raised by displaced persons and/or members of host communities, including a resources mechanism designed to resolve disputes in an impartial manner. | According to Expropriation Law ("Official Gazette of Republic of Macedonia" No.95/12, 131/12, 24/13) if agreement is not reached the Expropriation authority, relying on the facts set out in the procedure will issue a decision on expropriation. The decision on expropriation can be appealed to the Administrative Court within 15 days of receipt of the decision. | The Public Enterprise for State Roads has already well-established system for redressing grievances. Project Affected People will be able to submit grievances directly with the PESR or the Contractor on paper. Grievance will not be needed for potential cases of the land acquisition. Eventual risks are during the works. The grievance mechanism will be established for eventual damages caused by the contractors during the works. |
| Information disclosure and public consultation | The client should summarize the information contained in the RAP for public disclosure to ensure that affected people understand the compensation procedures and know what to expect at the various stages of the project (for example, when an offer will be made to them, how long they will have to respond, grievance procedures, legal procedures to be followed if negotiations fail). Consultations will continue during the implementation, monitoring and evaluation of compensation payment and resettlement. | Those who have formal legal rights are informed throughout the expropriation process (i.e. that a request for expropriation has been submitted), before the decision on expropriation is passed, the municipal office in charge of expropriation has to invite the affected person with formal legal rights to a meeting to present any facts which may be relevant for expropriation. | Plans for consultations with all project affected people, including host communities should be with them and incorporated in the RAP. |
| Vulnerable groups | The RAP should take into account any individuals and groups that may be disadvantaged or vulnerable – consultations and relocation assistance. | The law does not include special requirements for organising consultations and relocation assistance for vulnerable groups. | During the census, it is necessary to identify vulnerable groups and assess their needs related to resettlement and relocation assistance, including access to specific services. |
| People without Formal Rights | Displaced persons may be classified in one of the following three groups: those who have formal legal rights to land, those who do not have formal legal rights to land at the time the census begins, those who have no recognizable legal right or claim to the land they are occupying. | Macedonian law does not recognise persons who do not have formal legal title and therefore does not foresee the provision of adequate housing with security of tenure for this category of affected people. | The census should take into account: Category 2 – those who do not have formal rights to the land but who have a claim to land that is recognised under the national law; and Category 3 – those who have no recognisable legal rights or claim to the land they occupy, and are not recognised by the law. Assistance should be provided to category 2 to acquire a formal legal status before expropriation. For category 3, in case of physical displacement, some form of social housing must be provided. However in this particular project there will be no resettlement because the program will finance rehabilitation. Thus there will be no affected persons falling under the category 3. |

2.5 Principles and Procedures of Land Acquisition adopted in this RPF

The overarching objective of the Project in relation to land and asset acquisition is to assist the project affected populations (PAPs) in restoring their livelihoods at least to the level equal to the pre-project level. Specific principles that apply include:

- Rehabilitate the road to avoid residential areas wherever possible to minimize physical relocation of people, and select alignments that minimise acquisition of privately or publicly held productive land;
- Adopt design standards that minimise the need to impose land use restrictions on adjoining areas;
- Develop fair and transparent procedures, as defined in the Entitlement Matrix in this RPF, to determine compensation for (i) temporary loss of land/ assets during construction; (ii) permanent acquisition of land and assets; and (iii) restrictions on use of land that may be applied to areas adjoining the corridor;
- Acquire land (or right to use land) through negotiated agreements and with the use of the power of eminent domain only as a last resort;
- Upon completion of construction (rehabilitation), restore land as best as possible to its original condition in the event of temporary disruption so as to enable landowners/users/lessees to resume their pre-project activities;
- Keep affected people and communities fully informed about the project, the process that will be followed to acquire and compensate for land, and their related rights and avenues for redress;
- Ensure that grievances PAPs may have will be redressed adequately, and that solutions in line with principles laid out in this RPF be employed;
- All Project Affected People (PAP), without regard to legal status of property, will receive support of various kinds, as per the principles set out in the Entitlement Matrix, to assist them in their efforts to maintain their livelihoods and standards of living prevailing prior to the Project. Those who illegally own land will not be compensated for loss of land, but will receive compensation for loss of other assets which had been established on their own finance and for loss of income such that they are also assisted in their efforts to maintain their livelihoods. Detailed measures to be implemented (if any) will be determined based on the census and socio-economic survey to be carried out when Resettlement Action Plan is developed.
- PAP will be notified of the project implementation schedule and consulted regarding the principles of land acquisition and loss of or damage to assets.
- Damages to assets, such as standing crops, trees, fences and kiosks, and loss of income, including loss of harvest, will be minimized, and where inevitable, will be compensated without regard to legal status of ownership according to the Entitlement Matrix provided in this RPF.

This RPF refers to rehabilitation of the road sections financed by the Road Rehabilitation Project. If expropriation is necessary, application of expropriation procedure will be developed according to Macedonian legislation (based upon findings and records of Elaborate for expropriation) as well as Resettlement Action Plan (RAP) per this RPF and Bank OP 4.12 Involuntary Resettlement.

3. Compensation eligibility and entitlements

The process of creation of Entitlement Matrix has followed WB procedures for eligibility criteria; all persons/families with or without a legal title to their property are eligible for compensation.

Three types of people that may be affected by land acquisition process:

- 1) Those who have formal legal rights to the land (including customary and traditional rights recognised under national laws);
- 2) People who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under the national laws; or
- 3) Those who have no recognisable legal right or claim to the land they occupy.

Compensation entitlements for different categories of eligible persons and assets (properties) are summarized in the following table.

Table 2 Entitlement Matrix

| Category of PAP | Property | Type of Project affected right or property or loss | Entitlement | Process and specific conditions | Remarks |
|-------------------|---------------------|--|--|--|---|
| Owner (1) | Land | Loss of fraction of agricultural land and the rest of the parcel is viable | Registration of land parcels according to Macedonian legislation, prior to expropriation, free of costs Cash compensation for affected land at replacement cost (equivalent to the market value of the property, sufficient to replace the lost assets and cover transaction costs) | Transfer of property right through amicable agreement during expropriation process. | Loss of land and or agricultural land is not expected, since the road sections will be only rehabilitated. |
| Owner (1) | | Loss of fraction of agricultural land rest of the parcel is not usable | Registration of land parcels according to Macedonian legislation, prior to expropriation, free of costs Cash compensation for all affected land at a replacement cost or Land plot of similar size and characteristics, with a secure tenure status | Transfer of property right through amicable agreement during expropriation process. | Loss of land and or agricultural land is not expected, since the road sections will be only rehabilitated. |
| Tenant (1) | | | Assistance in lease of alternative land/property to re-establish use | Finding alternative location of similar characteristics given for use with security of tenure (e.g., lease) | Loss of land and or agricultural land is not expected, since the road sections will be only rehabilitated. |
| Owner (1) | Commercial property | Loss of business and/or rent | Compensation for loss of income incurred as a result of relocation including any discrepancies in livelihood | Compensation for loss of business/rent not foreseen by the Macedonian Law on Expropriation. | Loss of commercial properties (business and/or rent) is not expected, since the road sections will be only rehabilitated. |
| Owner /Tenant (1) | Standing crops | Loss of annual crops | The right to harvest crops or Cash compensation for annual crops at replacement value | Cash compensation for the possible crops if the annual crops could not be harvested within the period of notice. | Loss of standing crops is not expected. |



| | | | | | |
|--|------|--------------|--|---|--|
| Claim to ownership (2) | Land | Loss of land | Cash compensation for affected land at replacement cost | Providing help to transfer the property into their name | Loss of land and or agricultural land is not expected, whereas the road sections will be only rehabilitated. |
| No recognisable legal right or claim (3) | Land | Loss of land | No cash compensation for affected land at replacement cost | | Loss of land and or agricultural land is not expected, whereas the road sections will be only rehabilitated. |

4. Public consultation, participation and documents disclosure

Concerned citizens from the concerned areas, municipalities' officials and citizens from villages will be informed about the Project/s and their assistance will be solicited in the conduct of the inventory of affected assets.

The aim of the this program is rehabilitation of the abovementioned road sections, without need for additional land acquisition and resettlement, therefore public consultations will not be performed, but the citizens could be more informed about the project activities via responsible person from Public Enterprise for State Roads, on below contact information.

Contact information:

Mrs. Biljana Todorova

Public Enterprise for State Roads

Dame Gruev str. 14

1000 Skopje, Macedonia

Tel: +389(0)2 3118-044

Fax: +389 (0)2 3220-535

E-mail: biljanal@roads.org.mk

Web: www.roads.org.mk

5. Grievance Mechanism

Registers of grievances will be established by the investor. The investor will be responsible for handling the grievances in a timely fashion. It should be possible to register grievances in headquarters, websites and grievance leaflet prepared to tell people about the process. The grievance applies to any other issue, not only to Social Safeguards related issue, such as: no proper disposal of trash, noise, schedule of the works that does not suit nearby residents etc.

The Public Enterprise for State Roads has already well-established system for redressing grievances. Project Affected People will be able to submit grievances directly with the PESR or the Contractor on paper (a sample grievance form is attached as Appendix 1 to this RPF), as the preliminary,

extra-judicial state of amicable review and settlement, with the involvement of the PESR and relevant Government departments.

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

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

All grievances will be recorded in a register and assigned a number, and acknowledged within seven (7) days, and tracked until it is closed.

The PESR will make all reasonable efforts to address the complaint upon the acknowledgement of grievance. If the PESR is not able to address the issues raised by immediate corrective action, a long-term corrective action will be identified. The complainant will be informed about the proposed corrective action and follow-up of corrective action within 15 days upon the acknowledgement of grievance.

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

- If the complainant is not satisfied with the implemented corrective action and/or a justification on why the corrective action is not required, the complaint will be directed to the Grievance Commission. And one representative per each municipality affected by the Project and selected by the municipality officials;

- Additionally, the Commission may include a representative of Ministry of transport and Communication, if found necessary.

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

Resorting to the amicable mechanism of grievance management does not preclude the aggrieved person to resort to justice at any point in the process. Grievances need to be sent to the address provided below.

According to the Law on expropriation ("Official gazette of the Republic of Macedonia" no. 95/12, 131/12, 24/13), any unresolved grievance maybe appealed by the affected party through the secondary commission of the Government of Republic of Macedonia, against the decision brought by the expropriation body, within a time limit of eight (8) days from the receipt of the decision. Against the decision of the secondary commission of the Government of Republic of Macedonia a law suit can be submitted to the Administrative court. The decision of the Administrative Court is mandatory and executive.

6. Monitoring and reporting

6.1 Monitoring

Monitoring measures are designed to endure that at a minimum livelihood and standard of living of displaced persons are restored to pre-project levels.

Environmental Protection and Social Aspects Unit at Public Enterprise for State Roads (PESR) will follow whether the process is properly enforced.

The following table presents a list of indicators to be gathered during the life of the Project.

Table 3 Monitoring Indicators

| Indicator | Source of Information | Frequency |
|---|---------------------------------|-----------|
| Input indicators | | |
| Overall spending on expropriation and compensation (if any) | Financial records | Quarterly |
| Number of PAPs by categories (if any) | Census and grievance management | Quarterly |
| Output indicators | | |
| Number of individual compensation agreements signed in the period (if any) | Data management system | Monthly |
| Number of people having received cash compensation in the period with distribution by compensation type and by classes of amounts (if any) | Data management system | Monthly |
| Number of individual compensation agreements signed in the period (if any) | Data management system | Monthly |
| Number of households harvesting agricultural products for personal consumption in the post resettlement situation against the pre resettlement situation (if any) | Data management system | Quarterly |

6.2 Reporting

PESR shall provide periodical Monitoring Reports annually thereafter during the life of the project as part of the Annual Reporting to WB.

7. Resettlement Action Plan (RAP) Structure

Resettlement Action Plan will be prepared for the Project on the base of Resettlement Compensation Framework. A Resettlement Action Plan (RAP) will be drafted by the client, specifying the procedures it will follow and the actions it will take to properly resettle and compensate affected people and communities. The RAP must identify the full range of people affected by the project and justify their displacement after consideration of alternatives that would minimize or avoid displacement. The RAP outlines eligibility criteria for affected parties, establishes rates of compensation for lost assets, and describes levels of assistance for relocation and reconstruction of affected households. The Resettlement Action Plan should contain:

- Record of any measures taken to reduce land acquisition and resettlement impacts through changes in the design of the project will be shown in consideration.

- Identify key stakeholders and conduct meaningful consultations with them about the project and resettlement effects. Identify any vulnerable groups who might require special assistance and consult with them.
- Conduct a census of the people affected and property affected. Establish a baseline of incomes and expenditures. Consult with the agencies (central as well as local-level) responsible for land acquisition, land replacement, valuation of assets, and compensation rates.
- Review laws, regulations and directives that apply to land acquisition, resettlement, and compensation. Prepare an entitlement matrix listing all effects of permanent as well as temporary land acquisition. Establish criteria for the eligibility of resettlement assistance and benefits of affected households.
- Prepare a framework for participation of PAPs. All PAPs should be meaningfully consulted when designing entitlements and the implementation of land acquisition and resettlement. Prepare an institutional framework that designates responsibilities to provide compensation, undertake relocation work, take responsibility for income restoration, supervise, manage and monitor the implementation of land acquisition, land replacement and resettlement activities.
- Prepare a monitoring and evaluation plan, identifying the responsibilities, time frame, and key indicators. Specify the time framework for monitoring and reporting.
- Prepare a time bound implementation schedule for land acquisition and resettlement in conjunction with the agreed implementation schedule for project components, showing how APs will be compensated before actual acquisition of the affected land, or before demolition of any affected structures.
- Prepare an individual budget. Prepare indicative land acquisition and resettlement costs (if any). Prepare budgetary allocation and timing. Specify sources of funding and approval process. Prepare an annual budget estimate for resettlement by major category of expenditures.

All abovementioned points for the separate RAPs shall be prepared for rehabilitation of road sections within the first year program projects, where no land acquisition and resettlement is expected, so the RAPs shall be modified and prepared accordingly.

8. Conclusion

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



Appendix 1: GRIEVANCE FORM

Resettlement Action Plan Public Grievance Form

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