

European Bank for Reconstruction
and Development

**Croatia Corridor Vc Motorway
Completion (50712) – ES Gap
Analysis & Disclosure Pack**

Land Acquisition and Resettlement
Framework

4-04

Issue | 19 April 2019

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Appendices

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List of Abbreviations

Abbreviation	Full Name
AP	Affected Person
BoE	Beneficiary of Expropriation
CFD	Central Feedback Desk
EBRD	European Bank for Reconstruction and Development
EUR	Euro
GoRC	Government of Republic of Croatia
HAC	Hrvatske Autoceste (Croatian Motorways Ltd)
HRK	Croatian Kuna
IFI	International Financial Institutions
LARP	Land Acquisition and Resettlement Plan
LRP	Livelihood Restoration Plan
MoF	Ministry of Finance of Republic of Croatia
MoMATI	Ministry of Maritime Affairs, Transport and Infrastructure
MoPA	Ministry of Public Administration of Republic of Croatia
NGO	Non-Governmental Organisation
PAP	Project Affected Person
PIU	Project Implementation Unit
PR5	EBRD Performance Requirement 5 - Land Acquisition, Involuntary Resettlement and Economic Displacement
RAP	Resettlement Action Plan
RC	Republic of Croatia
SIA	Social Impact Assessment
VG	Vulnerable Group

Glossary

When used in this document, following terms are defined as follows:

"Compensation" - Refers to any and all payments made in cash or in kind to replace the value of assets or acquired resources affected by the Project.

"Compensation agreement" - Refers to the concurrence of compensation, under the Law of expropriation before the municipal administration or before the competent court, reached between BoE and expropriated property owner on in-kind compensation, the amount of cash benefits, mutual additional payments for differences in the property value, building entrances, passages and access roads on the property, as well as other actions permitted by Law.

"Cut-off Date" - Date of beginning of the census of persons and inventory of assets affected by the Project. If a person(s) should occupy the project area after the cut-off date, they will not be eligible for compensation and/or resettlement assistance. Similarly, fixed assets (such as built structures, crops, fruit trees, and woodlots) established after the cut-off date will not be compensated. Before the census, information about the cut-off date would need to be publicly published.

"Economic Displacement" - Includes all loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood as a result of Project implementation, regardless whether affected persons must move to another location or not. It includes, among other things, the demonstrated decreases in agricultural, livestock, forest, hunting and fishing yields resulting from project-related disturbance and/or pollution.

"Expropriation" - It refers to a dispossession or a limitation of ownership rights on property with compensation pursuant to market price of the property.

"Expropriation resolution" - The formal decision of the relevant government entity, passed in accordance with the Law of Expropriation, that declares expropriation of certain, individual property. The Expropriation resolution includes the designated Beneficiary of Expropriation, details of property to be expropriated, identification of owner(s), purpose of the expropriation, as well as the number and date of the decision establishing the public interest for expropriation and the name of the authority that issued this decision, legal remedy and obligations of the BoE.

"Involuntary resettlement" - Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood) as a result of Project-related land acquisition and/or restrictions of land use. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition, or restrictions on land use, that result in displacement, like in case of lawful expropriation; or in all cases of negotiated resettlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

"Land Acquisition and Resettlement Framework" - Refers to this document which describes overall resettlement policy structure for the Project.

"Law of Expropriation" - Refers to Law on Expropriation and Determination of Compensation of Republic of Croatia, published in the Official Gazette RC No. 74/14, and amended by 69/17 dated 22.07.2017.

"Livelihood restoration" - Includes all efforts to be undertaken to assist PAPs impacted by physical or economical displacement to improve their livelihoods and standards of living, or at least to restore to level before displacement or to level prior to the beginning of Project implementation, whichever is higher. Assistance in livelihood restoration will continue in a transition period, based on a reasonable estimate of the time likely needed.

"Moving allowance" - The moving allowance is a cash compensation for expenses directly associated to moving/relocation of the household.

"PAP - Project Affected Person" - PAP is any person who, as a result of the implementation of the Project experiences loss of assets or access to assets.

"Physical displacement" - Loss of shelter and assets resulting from the expropriation of land associated with the Project that requires PAPs to move from home, work place or business premises to another location.

"Project" - When used in this LARF the Project refers to the process of construction of the two road sections along the Vc motorway in Croatia: section Hungarian border – Beli Manastir and section Beli Manastir – Halasnica bridge

"Project implementation" - When used in this LARF includes planning, execution, monitoring and evaluation of the Project.

"Project Promoter" - Refers to the responsible state agency for Project implementation, in this case Croatian Motorways Ltd. (Hrvatske Autoceste – HAC) and their PIU, if established.

"LARP – Land Acquisition and Resettlement Plan" - The document prepared in case of the Project implementation involves land acquisition, economic or physical displacement of people, regardless of their number, consistent with the principles and objectives of EBRD PR5 performance requirements and with this LARF in which responsible entity specifies the procedures that it will follow and the actions that it will take to mitigate the negative impacts of displacement, identify potential benefits and establish the entitlements of all categories of Affected Persons (including host communities), with particular attention paid to the needs of the Vulnerable Groups.

"Resettlement" - Relates to all cases of land acquisition and compensation for loss of assets, whether it involves actual relocation, loss of land, shelter, assets, property, to all cases of economic displacement or other means of livelihood and includes all the measures taken to mitigate any and all adverse impacts of the Project on PAP's property and/or livelihood, including compensation, relocation (where relevant), and rehabilitation.

"Replacement cost" - Refers to a method of valuation of assets that helps determine the amount sufficient to replace lost assets and cover transaction costs as defined by PR5 resettlement policies. "Replacement cost" is defined as follows: for agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes. For land in urban areas, it is the pre displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes. For houses and other structures, it is the market cost of the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labour and contractors' fees, plus the cost of any registration and transfer taxes. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures so as to meet the replacement cost standard.

"Stakeholders" - Any and all individuals, groups, organizations, and institutions interested in and potentially affected by a Project or having the ability to influence the Project.

"Transitional allowance" - Describes one-off cash compensation as an additional financial assistance to facilitate PAP adjustment in the area to which they are relocated. It is determined on a case to case basis, depending on information gathered during social survey and by obtaining relevant data on income and livelihood. Transitional allowance shall then be determined commensurate with the loss.

"Vulnerable groups" - Refers to people who are exposed to higher risks of poverty and can include people living below the poverty line, the landless, the elderly, women and children, and those who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status may be more adversely affected by resettlement than others or who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits.

1 Introduction

1.1 Project Background

The Croatian road network consists of approximately 30,000 km of public roads, including 1,314 km of motorways and semi-motorways. A significant share of Croatian motorways is part of the Pan-European motorway network and belongs to Pan-European corridors Vb, Vc and X, thus being strategically important to the entire region.

Motorway A5 (State border with Hungary - Beli Manastir - Osijek – Svilaj) is part of the international Pan-European corridor Vc and is one of the most important sections of the TEM/TER Project. The section in question is a part of the European network marked E73 which connects north of Europe with the Adriatic and represents the backbone of the road transport infrastructure in the eastern part of Croatia.

Hrvatske Autoceste d.o.o. (“Croatian Motorways Ltd” or “HAC”) is a state-owned limited liability company in charge of construction, maintenance and tolling of the motorways in Croatia, established in 2011. HAC secured a - sovereign-guaranteed loan of up to EUR 77.0 million from the European Bank for Reconstruction and Development (EBRD) to finance the investment.

Up to EUR 52 million of the EBRD loan will be used to finance construction of a 22.5 km motorway section between the border with Hungary and Halasica Bridge on Motorway A5, divided into two sub-sections (the “Project”). The remaining funds are expected to be utilized for the modernization of the HAC lighting system under an exploratory loan tranche. EIB is expected to co-finance both sub-sections in an amount equal to EBRD (i.e. providing an additional EUR 52.0 million for the motorway construction) and participate in the energy efficiency capex with a further EUR 25.0 million.

Hungarian border - Beli Manastir (chainage km 0+000.00 to km 5+000.00, L=5.0 km):

The beginning of the subsection is on the Croatian-Hungarian border at Branjin Vrh border crossing, 200 meters to the north from the Travnik Drainage Channel. The route extends to the south, passing west of the Branjin Vrh and Sumarina settlements and east of the Luc settlement towards Beli Manastir, bypassing the town from its west side. It reaches the railway line and the Karasica River which it crosses via the Karasica viaduct. Then it reaches the local road L 44006 between the Luc (west) and Sumarina (east) settlements, upon which the section ends, just before reaching the Beli Manastir Interchange. The largest structure on the alignment is the Karasica Viaduct across the railway line (L=294 m) and two bridges, 7.1 m in length each.

Beli Manastir - Halasica Bridge (chainage 5+000.00 to km 22+480.00, L=17.5 km):

This subsection begins with the Beli Manastir Interchange, the intersection with the D517 state road to Beli Manastir and extends south passing west of Beli

Manastir, towards Jagodnjak, which it bypasses to the east, near Novi Ceminac. It comes across the river Drava and crosses it via a Halasica Bridge across the dike on the Baranja side, the left flood zone, which is the end of the EBRD funded project. This subsection has five bridges (the longest ones are 31 m), one viaduct and four wildlife crossings.

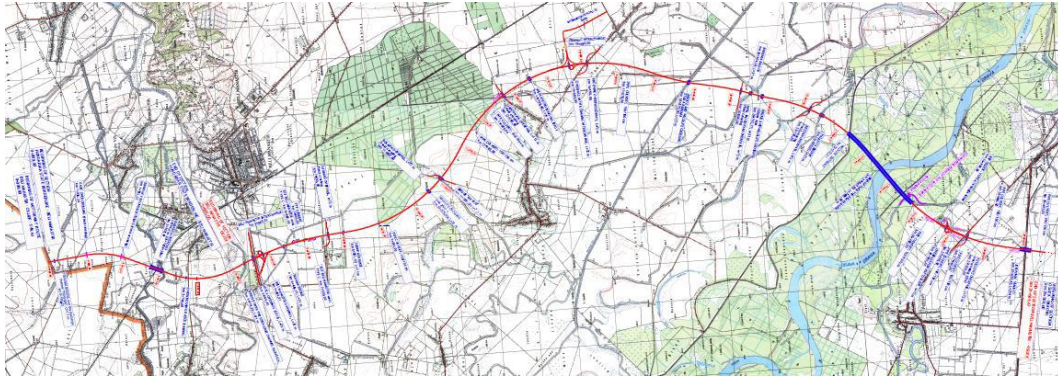


Figure 1 - Alignment of the Project sections

The project section has been designed as dual carriageway, dual lane motorway separated by a central reserve, and with one emergency lane each.

As this Project involves the construction of new road over 10 km in length, the EBRD has assigned it a Category A, which means that a comprehensive Environmental and Social Impact Assessment (ESIA) and review of associated documents must be carried out, followed by their public disclosure for a minimum period of 120 days.

1.2 Land use context

Taking into consideration construction processes required for the construction of the road, the permanent land acquisition is expected to result from the route itself (direct occupation of area for the alignment), and access roads. Additional land may be required by the contractor for construction works, borrow pits, landfills, storage areas, etc. which is expected to result in temporary land acquisition only.

The preliminary assessment indicates that no physical displacement will occur and that the total disturbed land-area amounts roughly to 260 ha of land, affecting approx. 560 land parcels. This estimation is based on the initial design scoping and the full extent of impact will be known only after the detailed designs for both sections are completed. The expropriation of land required for the section Beli Manastir – Halasica bridge includes 200 ha of land, affecting 437 land parcels. The land acquisition process for this section began in 2010 and is currently 89% complete. Acquisition of land required for the section Hungarian border - Beli Manastir has not yet started, pending completion of the preliminary design and the development of the expropriation studies.

It is reasonable to expect that the total area affected will be downscaled compared to the assessment presented in the initial design, since the detailed design requires that more thorough land plan schedules are prepared.

The planned motorway route passes through the Osijek-Baranja County, whose surface area is around 415.200 ha, 64.12% of which (ca. 266.245) are agricultural areas. A high 91% of agricultural areas is arable land.

It should be noted that the motorway route passes through a very arable area where more than 90% of surfaces are intensively farmed (crops are farmed primarily, but industrial plants as well), and only a small part of areas along the route is covered by forest vegetation, which is mostly in the area of the Drava flood zone in the length of 2.5 km. The motorway route passes through one water district and numerous water catchment areas.

The motorway route passes through the Osijek Baranja County which is not very densely populated, the population density tends to increase only in urban areas. Regardless of their significance, urban settlements in the wider area of the project have not developed into larger agglomerations which would be significantly different from their traditional environment and economic activity. The only larger urban settlement is the city of Osijek with its urban agglomerations, out of which Josipovac is located nearest to the motorway route (approx. 1.5 km away). Other settlements along the motorway route include Beli Manastir (a local urban centre), at the beginning of the motorway, and Jagodnjak and Novi Čeminac, and affects municipalities of Čeminac, Darda, Jagodnjak, Petlovac and Petrijevci.

Given the geographic and economic structure of the area, it can be expected that the main impact of the Project will be on the land-ownership, i.e. expropriation of arable land and the associated crops, perennial trees, auxiliary structures and rural infrastructure. With dominating agricultural activity, it is necessary to point out the issue of access to arable areas, which will be rendered somewhat more difficult during the construction of the motorway. For all agricultural areas with access roads, the access will be ensured during construction and after the motorway construction is completed. However, since the baseline socio-economic study had not been conducted, the number of affected households that engage in agricultural activities as a source of income or for subsidiary production cannot be determined. Additional assessment of past land acquisition will be conducted during the preparation of the LARP. It is expected that the project will not result in physical relocation and no business will be affected consequently to the project.

All the negative impacts on agricultural soil also indirectly affect the land owners because the original purpose of their land will be permanently changed by the construction of the motorway.

Some temporary land occupation might also occur as part of the project, specifically for the deposit of earth materials required for the construction of the highway which are not available locally (estimated at approx. 1,000,000 m²) and the provisions of this LARF shall be implemented to mitigate any negative impacts to land owners.

Meanwhile the land that had been previously expropriated and compensated for, is still being used for the agricultural activities. The previous owners have been compensated for land as well as for crops and perennial plants recorded at the property at the time of expropriation, in the amount defined by the court certified valuator's assessment. In cases when parcels were leased for agricultural activities, crops were compensated at market prices to leases to compensate for

their investment, while the land owners received compensation for the value of land. The local community is informed about the project implementation through the local municipalities. Due to this it can be considered that the beginning of construction will not have a negative impact on those owners and/or leases.

More details on the livelihoods of the affected persons will be acquired and existing data verified during the socio-economic surveys informing the Land Acquisition and Resettlement Plan (LARP) which will be developed once the preliminary design for the section towards the Hungarian border is complete.

1.3 Project Impacts

The social impact assessment for the Project has not been conducted at this time and there is no socio-economic baseline information available for the affected communities. As such the Project impacts at this stage can only be estimated based on the expected Project activities.

The table below includes some of the potential impacts from the Project. As part of the development of the LARP the table will be updated with actual impacts and adequate remediation measures will be introduced.

Impact	Description	Positive / Negative	Likelihood 5-Very high 1-Very low
Pre-Construction Phase			
Loss of land	Construction land	N	4
	Agricultural land (cultivated and not cultivated)	N/P ¹	5
Loss of crops	Annual and perennial plants	N	5
Physical displacement	Loss of housing resulting in physical relocation	N	1
Economic displacement	Inability to continue with agricultural production	N	4
	Loss of income from land lease	N	3
	Loss of rural infrastructure (irrigation systems, informal access roads)	N	3

¹ In case of uncultivated land expropriation could result in benefits due to favorable compensation rates

Impact	Description	Positive / Negative	Likelihood 5-Very high 1-Very low
	Loss of auxiliary structures	N	2
	Loss of agricultural activities for subsistence production	N	3
	Loss of grazing areas for livestock	N	2
	Loss of business facilities	N	1
Construction Phase			
Economic displacement	Encroachment – construction activities outside of site boundaries (Construction machines, works, excess deposit materials, waste, etc.)	N	5
	Excess dust impacting crop development	N	4
	Temporary loss of access to property due to disconnected rural roads	N	4
	Damage to existing rural infrastructure (irrigation systems, informal access roads)	N	4
	Increased travel time and cost due to damaged or disrupted local roads	N	4
	Damage to private property and failure from contractor to remedy damages (fences, auxiliary structures, houses, etc.)	N	3
	Loss of agricultural production due to soil contamination	N	3
Temporary land acquisition	Additional income from land lease	P	4
	Loss of potential for agricultural production due to soil contamination (failure to reinstitute land)	N	3

Impact	Description	Positive / Negative	Likelihood 5-Very high 1-Very low
Employment opportunities	Local recruitment for construction	P	5
	Local suppliers of good and services	P	5
	Indirect employment – Higher turnover due to increased workforce in the area (catering, accommodation providers, cafes, restaurants, gas stations, etc.)	P	5
Operational Phase			
Loss of access to property	Permanent loss of access to property due to disconnected or severely damaged rural roads	N	3
Economic displacement	Loss of agricultural production from traffic nuisances and inadequately designed/performed construction works (dust, flooding due to poor drainage systems, land contamination)	N	2

1.4 Principles and Objectives

HAC has prepared this Land Acquisition and Resettlement Framework (LARF) with the aim of outlining the general principles, procedures and entitlement framework with regard to the potential impacts of land acquisition required for the Project, in conformance with the national laws and EBRD requirements, in particular EBRD's Performance Requirement (PR) 5 of EBRD's Environmental and Social Policy (2014): Land Acquisition, Involuntary Resettlement and Economic Displacement.

This LARF is made to serve as additional guidance to bridge any gaps between the national legislation and the EBRD and EIB requirements related to land acquisition and livelihood restoration.

This LARF serves as a basis for the development of detailed Land Acquisition and Resettlement Plans (LARPs) for the Project, which will be developed once the exact nature and magnitude of the land acquisition or restrictions on land use related to the Project are known. The LARPs will provide more precise details on the Project Affected People, the eligibility criteria and the procedures to be applied for the Project in line with this LARF and in compliance with EBRD PR5.

A sample annotated outline for LARP is provided in Appendix A of this document.

1.4.1 Guiding Principles of LARF

During implementation of the Project, the need for land acquisition will occur as a result of civil works planned under the Project. This document provides basic and binding principles to be applied in any and all cases of land acquisition (permanent or temporary) and all other adverse social impacts caused by Project implementation in any of its phases (like physical resettlement, economic displacement, etc.). These principles should govern all actions of the Project Promoter and its representatives, contractors, and all other state and local institutions involved in the Project implementation. The fundamental principles guiding land acquisition in this Project are:

- If possible, all resettlement should always be avoided by exploring all viable alternatives during Project design and selection of alternatives.
- If this proves to be impossible, all adverse effects should be rendered to the bare unavoidable minimum.
- When unavoidable adverse effects and social impacts occur, all loss of property shall be compensated at the value of replacement costs and PAPs livelihood restored at least to the level before the Project implementation or improved.
- PAPs will be assisted in all phases of the Project in their effort in restoration of livelihood and living standards in real terms to the level prior to Project implementation.
- All land acquisition needs to be managed in accordance with national laws, EBRD PR5 performance requirements, accepted international best practices and provisions of this document. As a fundamental rule under this LARF, during the implementation of the Project, the policy that is most beneficial to the PAPs will always prevail.
- Project Promoter will be involved in all land acquisition activities and during project design, in order to provide cost-effective, efficient and timely implementation of principles and objectives set by this LARF, as well to promote innovative approaches for improving the livelihoods and standard of living of those affected by land acquisition.
- Special support and concern in the land acquisition process, as well as during implementation off all phases of the Project under this LARF is provided for affected vulnerable groups, according to their specific vulnerability. Inclusion of women from affected households in all public consultation, specific mitigation measures gender tailored, and other measures with the goal to provide women the possibility to participate in mitigation measures provided for resettlement impact, will be guaranteed under this LARF. The documentation for ownership or occupancy, such as title deeds and lease agreements (including the bank accounts established for payment of compensation), will be issued in the names of both spouses, if the expropriated assets are part of marital property of both spouses. Any other assistance, such

as skills training, access to credit and job opportunities will be made equally available to men and women and adapted to their needs.

- In accordance with this LARF, LARP will be prepared once the concept design for section Hungarian Border – Beli Manastir is complete. LARF and the LARP will be publicly disclosed during public consultations held prior to its final approval to allow affected persons and stakeholders to participate in Project development, planning and implementation of resettlement programs.
- During the Project implementation and resettlement cycle, stakeholders will be provided with full information about their grievance rights, possibilities and procedures. All grievances will be taken into account during Project implementation and resettlement activities.
- All land acquisition activities should be conceived and conducted as sustainable projects by providing sufficient investment resources to enable principles and goals of land acquisition defined by this LARF and LARP to be applied.

1.4.2 Objectives of LARF

The main objective of LARF is to define overarching principles, procedures, actions, organizational structures and capacity requirements during resettlement and its impact attributable to Project implementation. It also provides the framework for the development of LARP under the Project. LARF specific objectives are:

- to classify RC legal solutions in all events of land acquisition, including legal and administrative procedures and compensation paid for loss of assets; compare them to EBRD PR 5 performance requirements and international best practices; and provide the way to bridge the gaps, if any;
- to identify key institutions of RC, besides the Project Promoter, involved in Project implementation, including especially legally authorized state institutions implementing the procedures and safeguards of land acquisition; who can support the Project Promoter implement measures and monitoring in order to provide compliance with PR 5, international best practices, this LARF and LARP;
- to identify stakeholders and ways of their engagement in course of Project implementation;
- to present PAPs eligibility criteria and compensation entitlement matrix according to type of lost assets;
- to define the process of identification and evaluation of affected assets and the value of compensation to replace the loss of assets;
- to provide procedures that allow prompt and effective compensation at full replacement cost for loss of assets or access to assets;
- to describe mitigation measures under this LARF and LARP, including procedures in order to minimize impacts on PAPs during Project

implementation, including specific mitigation measures provided for vulnerable groups and women;

- to define grievance and complaint rights, process, bodies and procedures available to PAPs during the whole course of Project implementation, including feedback reporting;
- to describe and provide directions for preparation of LARP and approval procedure, future LARP outlines and their implementation process;
- to specify requirement of public disclosure, disclosure of documents, public and local community involvement in all phases of Project preparation; including development of LARF and LARP; especially including public consultation in the PAP communities during process of land acquisition and Project implementation that may result in loss of assets;
- to establish a gender-sensitive framework for resettlement in order to determine differential impacts since economic and social disruption do not result in equal hardship for women and men;
- to specify monitoring activities during all phases of the Project, especially regarding resettlement issues, safeguarding the legal process and processes defined under this LARF, and evaluation of the resettlement process.

1.4.3 Development of LARP and implementation

Based on this LARF, considering the extent of the impact in terms of land acquisition and resettlement, LARP will be prepared. The objective of the LARP shall be to specify what procedures to follow and what specific actions to take to properly acquire land and compensate people affected by the Project. The actions from the LARP will allow and provide for adequate participation of the affected people in the displacement process, consultation during all phases and full functioning of the grievance mechanism. LARP shall be based on up-to-date and reliable information about the proposed land acquisition and shall include at minimum the following:

- Description of the project and identification of the project area,
- Identification of project activities that give rise to displacement,
- Identify the Cut-off date
- Consider alternatives to avoid or minimize displacement and establish meaningful consultations with affected people with regards to acceptable alternatives,
- Establish mechanisms to minimize displacement adverse effects on persons and communities, to the extent possible, during project implementation,
- Provide a comprehensive socio-economic baseline assessment including:
 - census survey covering current owners of land in the affected area to establish a basis for the design of the resettlement program and to exclude subsequent inflows of people from eligibility for compensation and displacement assistance,

- the magnitude of the expected total or partial loss of assets, and the extent of displacement, physical or economic, information on vulnerable groups or persons,
 - standard characteristics of physically displaced households, including a description of production systems, labour, and household organization;
 - baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population.
- Establish a database of PAPs with information on all affected people and property (including contact details)
 - References to the gaps in the legal framework as noted in this LARF, as well as to any changes in the legislation which came into force after the LARF is published that cover eminent domain and resettlement; note the gaps between the changed legislation and PR 5 requirements, and the mechanisms to bridge those gaps,
 - Establish an institutional framework, institutional responsibility for implementation, eligibility, valuation of and compensation for losses and the methodology to be used in valuing losses,
 - Establish grievance procedures, implementation arrangements, monitoring, evaluation and cost and budget.

The objectives of the LARP are:

- To minimize possible adverse impacts of displacement on population and property,
- To mitigate adverse social and economic impacts of expropriation and temporary or permanent losses by providing compensation for losses of property on the basis of replacement costs and ensure implementation of the activities of displacement with appropriate data disclosure, consultations and participation of PAPs;
- Re-establish or even improve sources of income and living standards of resettled persons to the level before Project impact,
- To establish organizational systems and procedures for monitoring the realization of resettlement plan and to take corrective measures
- To assess past land acquisition and identify any remedial measures required to achieve compliance with EBRD's performance requirements.

Activities on the preparation of the LARP will be disclosed in the way to enable significant participation of PAPs. That assumes the phase of preliminary preparation, disclosure of information for population census, disclosure of census results while respecting the privacy of personal information, disclosure of socio-economic baseline assessment, as well as disclosure of draft LARP. The purpose of public disclosure and discussions is to ensure meaningful participation of PAPs

in the process of preparation, implementation and monitoring of resettlement instruments.

The first draft of LARP shall be submitted to the EBRD for review and confirmation. After it has been confirmed, it will be disclosed (version in Croatian language) by the Project Promoter in the communities affected by the Project and on the internet portal of the Project Promoter, and advertised in the local newspapers, followed by public consultations with local communities and stakeholders. Project Promoter shall also issue summarized information contained in the LARP for public disclosure to ensure that affected people understand the compensation procedures and know what to expect at 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). Public consultation outcome shall be documented and reported with the final LARP document and sent to EBRD for "no objection". Upon receiving the "no objection", final LARP will be again advertised in the local newspapers and published in the community(s) affected by the Project and on the internet portal of the Project Promoter and EBRD and made available throughout the Project.

Implementation of LARP is an obligation of the Project Promoter. The Project Promoter shall monitor overall implementation, collaborate with the municipalities where construction works and construction related activities are taking place, collaborate with contractors and disclose information to PAPs and communities.

2 National legal framework and EBRD requirements

2.1 National Legal Framework

The key law governing the land acquisition process for the Project is the Law on Expropriation and Determination of Compensation of Republic of Croatia, published in the Official Gazette RC No. 74/14, and amended by 69/17 dated 22.07.2017.

However, at the start of the land acquisition process for the project the governing law was the Expropriation Law from 1994 (OG 9/94, 35/94, 112/00, 114/01, 79/06, 45/11, 34/12).

Other relevant laws include:

- Law on General Administrative Procedure (Zakon o općem upravnom postupku) Official gazette No 47/09
- Law on National Surveys and Property Cadastre (Zakon o drzavnoj izmjeri i katastru nekretnina) Official gazette No 112/18 dated 22.12.2018.
- Construction Law (Zakon o gradnji) Official gazette 153/13, 20/17 dated 09.03.2017
- Law on agricultural land (Zakon o poljorpi vrednom zemljištu) Official gazette 20/18, 115/18 dated 01.01.2019.
- Law on assignments and activities of spatial planning and construction (Zakon o poslovima i djelatnostima prostornog uređenja i gradnje) Official gazette 78/15, 118/18 dated 01.01.2019.
- Real Property Value Assessment Law (Zakon o procjeni vrijednosti nekretnina) Official gazette 78/15 dated 25.07.2015.
- Law on the regulation of property rights for the purpose of construction of infrastructure buildings (Zakon o uređivanju imovinskopravnih odnosa u svrhu izgradnje infrastrukturnih građevina) Official gazette 80/11 dated 21.07.2011
- Ownership and other real property law (Zakon o vlasništvu i drugim stvarnim pravima) Official gazette 91/96, 68/98, 137/99, 22/00, 73/00, 129/00, 114/01, 79/06, 141/06, 146/08, 38/09, 153/09, 143/12, 152/14

2.1.1 Key Institutions in the Process of Land Expropriation and Resettlement

Institutions that may be involved in the land acquisition process, including the legal expropriation process, are presented in the overview below. These institutions have assigned responsibilities and arrangements for implementing the requirements of this LARF and the LARP itself.

Table 1 Key Institution in the Process of Land Expropriation and Resettlement

Institutions	Key responsibilities during resettlement/expropriation
General assembly of RC	Declares public interest by law
Government of RC (GoRC)	Declares public interest for expropriation (if not done by law as above)
Ministry of Maritime Affairs, Transport and Infrastructure	Proposes, prepares and coordinates RC spatial plan and regional planning documents Manages the register of spatial plans
HAC – Croatian Motorways Ltd.	<p>As the Project Promoter:</p> <ul style="list-style-type: none"> - applies and coordinates all resettlement activities under this LARF and LARP - discloses Cut-off date in public announcement for relevant municipality, as part of expropriation process; - prepares the LARP and other documents; - Implements the LARP; - discloses LARF, and all other documents; holds public consultations in all Project phases - engages relevant stakeholders; - applies resettlement mitigation measures - establishes and administrates the grievances mechanism to redress all grievances from PAPs and other stakeholders - monitors and evaluates process of land acquisition - prior review and approvals of negotiated agreements between contractors and land owners impacted by temporary land-occupation - monitors the process of temporary land occupation until the land is given back to their owners in accordance with this LARF - reports to EBRD on all issues under this LARF <p>As BoE manages the process of evaluation of expropriated property and pays compensation for the expropriated assets and if needed, additional compensation to bridge the gap with PR 5</p>
Ministry of Finance (MoF)	Borrower
Accredited experts	Valuation for all types of land, structures, and any attachments to the land
Local-Self Governments, including their administration	Local municipalities govern and steer the expropriation process (Department of property affairs)
Ministry of Agriculture	Provides information about available replacement land
Republic Geodetic Authority, State Cadastre of immovable property, decentralized units	<p>Provides official information on all immovable, including land, structures, houses, etc.</p> <p>Provides official legal information on owners of immovable properties</p> <p>Provides information on possessors of immovable property</p> <p>Includes annotation of expropriation process</p>

Institutions	Key responsibilities during resettlement/expropriation
	Executes legal title changes of immovable property owners after land acquisition, expropriation etc.
Relevant municipal courts	Determines compensation if amicable agreement has not been reached

2.2 EBRD Requirements

The Project has been screened as a Category A 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), specifically:

- PR 5 Land Acquisition, Involuntary Displacement & Economic Displacement
- PR 10 Stakeholder Engagement

The full text of the EBRD policy can be found at <http://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>

2.3 Key differences between local legislation and PR5

Projects, which are fully or partially sponsored or funded by support of EBRD, triggering land acquisition and involuntary resettlement are subject to PR 5 performance requirements. These policies are not restricted to case of physical resettlement, but also to economic displacement consequential from land acquisition or restricted access to resources (land, water, or forest), resulting from Project implementation or its associated facilities. EBRD PR 5 applies to all components of the Project causing involuntary resettlement, regardless of the source of Project component funding. It further applies to other activities that cause involuntary resettlement, which are directly and significantly attributable to this Project, necessary to be accomplished according to the goals defined in Project documents, and implemented, or are planned to be implemented with the Project.

However, all infrastructural and other projects executed in RC are subject to national legislation provisions and requirements, the overarching law being the Law of Expropriation and Compensation Determination. During many years of practice in implementing projects funded by different International Financial Institutions it has been noted that RC courts, national and local authorities in some cases show impotence in directly implementing any provisions not included in the national legislation. However, the RC Constitution states that all general accepted rules of international law and ratified international treaties shall be an integral part of the legal system in the Republic of Croatia and applied directly. This provision allows direct implementation of IFI's resettlement policies, provisions of this LARF and LARP in addition to the existing Croatian laws, and most importantly a way of legally bridging of the gaps between them.

This chapter highlights some of the key differences between the national legislation and PR5 resettlement policies. They were chosen here because they refer to the differences in which the compensation is determined. The summary of all gaps and differences between the Law and PR5 is presented in chapter 2.4 below.

2.3.1 Rights and Informal/Legal Users

The RC legislation doesn't fully recognize the rights of informal possessors (owners/users) in the process of expropriation according to the Law on Expropriation Compensation Determination. As that Law is the only legislation treating resettlement impacts that occur during infrastructure or public construction projects declared for public interest, it is safe to say that RC legislation does not recognize the status of PAPs to informal possessors that are in fact affected by such projects. However, PR 5 entitles all persons that are affected by the Project to compensation and assistance, including possessors that have no recognizable rights over the property they are occupying. In the case of physically displaced persons who have no recognizable legal right or claim to the land they occupy the Project Promoter is required to offer them a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction. Compensation in kind will be offered in lieu of cash compensation where feasible, unless the payment of cash compensation for lost assets may be more appropriate, such as cases where: (1) livelihoods are not land-based; (2) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (3) active markets for land, housing and labour exist, displaced persons use such markets, and there is sufficient supply of land and housing. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.

In practice, this group mainly refers to persons who constructed buildings without permits that cannot be subject to legalization as they were built on state owned land, or persons that are occupying private, public or state owned construction or agricultural land. RC legislation entitles such possessors to compensation of costs of structures and installations in terms of made investment – the assessed value of materials used, crops, woods, trees, fruit bearing trees, vineyards, the age of crops and the time needed to reproduce them. However under the Croatian legislation such compensation is not treated under the Law on Expropriation but under the Law on Fundamentals of Property Relations. PR 5 requirements maintains the same approach for all affected persons, protecting all persons that are suffering loss of property, actual or economic displacement and decline of livelihood due to Project implementation regardless of their legal title on the property they are using. As PR 5 are most beneficial to the PAPs, it will prevail following the previously proclaimed fundamental rule.

2.3.2 Gap Between Market Price and Replacement Costs

The national legislation uses a general term "market value" or "market price" when referring to the compensation assessment. This value is calculated based on prices of similar property or asset in the area, which can be achieved for a

particular property or asset on the market, depending on the supply and demand at that moment of setting the price. For assessment of agricultural land (if replacement land cannot be found which is most often the case) and construction land the Law states that the compensation price will be determined by the local Tax Administration offices, working under the Ministry of Economy (MoF). For other assets, like structure or crops, expert appraisers are appointed. As per PR 5 “Replacement cost” is defined as the market value of the assets plus the transaction costs related to restoring such assets. Where national laws does not meet the standard of compensation at full replacement cost, compensation under domestic law will be supplemented by additional measures so as to meet the replacement cost standard. Under this LARF, during the Project implementation process, the PR 5 will also prevail in a principle of “replacement value” as it is more beneficial for the PAPs.

2.3.3 Assistance During Resettlement Process

The most substantial difference between the Law on Expropriation and PR 5 is that according to the national legislation the former owners are not entitled to any further assistance or compensation during and after relocation, other than the replacement cost. The owners do not get any support for re-establishing their assets (no fast track administration procedure for permits, licences or utility connections). Also the tax and administration fees are not included in the compensation and depreciation of property value (amortization, except for land) is included in the assessment of compensation.

2.4 Gap Analysis

For the most part the national legislation is in line with EBRD PR5. The table below refers only to the gaps between the resettlement solutions envisaged by national legislation and EBRD PR 5 policies, and the way these gaps will be bridged. The complete overview of entitlements, compensation and mitigation measures of adverse effects are provided in the Entitlement matrix in chapter 3.4.

Table 2 Gap Analysis

Subject	RC laws	PR 5 requirements	Gaps and measures for bridging the gaps according to PR requirements, best international practices and this LARF
Additional assistance to PAPs after physical and/or economic resettlement, livelihood restoration	Only vague references to assistance without clear particular legal provision	<p>It is necessary to provide additional assistance during and after resettlement. Particular attention is to be paid to the needs of the poor and vulnerable individuals and groups.</p> <p>Measures should be included to provide displaced people with legal assistance to enable them to complete administrative requirements prior to land acquisition and, if needed, to seek redress from the courts.</p> <p>Provide relocation assistance sufficient for PAPs to restore, and where possible improve, their standards of living.</p> <p>In case of economic displacement provide additional targeted assistance and opportunities to restore, and if possible improve, income-earning capacity, production levels, business opportunities and standards of living.</p>	HAC will monitor PAPs readjustment after physical and/or economic resettlement based on a reasonable estimate of the time likely to be needed to restore their livelihood and standard of living. Displaced persons and vulnerable individuals and groups affected by the Project will receive compensation for costs of relocation and any additional costs regarding relocation for the purpose of livelihood restoration and bridging the transitional period after resettlement or by virtue of vulnerability. The site specific RAP shall include measures and design of adequate support and assistance commensurate to the impact, as a way to bridge the gap.

Subject	RC laws	PR 5 requirements	Gaps and measures for bridging the gaps according to PR requirements, best international practices and this LARF
Resettlement instruments, census and social impact assessment	The only document prepared is the Expropriation study which includes recording of the land parcels required for the Project and identification of owners through the cadastre. There is no socio-economic assessment or baseline collected	Preparation of this LARF, LARP, socio-economic baseline assessment and census survey.	LARP, Census Survey and Socio-economic impact assessments shall be prepared in addition to the national requirements.
Public consultations	The public in general is notified about the project through the process of general spatial or specific urban detailed plan approvals and/or Environmental impact assessment and presentation of the Expropriation study. However there is no requirement to consult the potential PAPs directly prior to the start of expropriation. There are no provisions on public discussions, census, socio-economic baseline assessment or any sort of involvement of stakeholders and communities potentially affected by the Project.	Meaningful consultations with affected persons and communities, local authorities, and, as appropriate, nongovernmental organizations need to be carried out. All resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected. From the earliest stages and through all resettlement activities the client will involve affected citizens (men and women), including host communities. This will facilitate their early and informed participation in the decision-making processes related to resettlement.	The Project Promoter shall disclose and consult publicly on this document and every other individual resettlement instrument. PAP's and stakeholders will be informed and consulted during the planning phase and during all the implementation phases of the Project to bridge the gaps, insuring that PR 5 requirements are fully met.
Timing of compensation payments and taking possession of	At the request of the BoE taking possession of the expropriated property can be allowed before	The compensation should be provided before construction work start and before taking possession of the assets	Taking possession over the affected property is possible only once the compensation is paid or a formal court process or grievance registered, and original compensation

Subject	RC laws	PR 5 requirements	Gaps and measures for bridging the gaps according to PR requirements, best international practices and this LARF
expropriated property	the payment of compensation on the basis of public interest following the issue of the final decision on expropriation, provided that the BoE defined the basis for compensation under the provisions of the Expropriation law.		amount deposited on an escrow account or similar.
Unviable land parcels	Owners can request expropriation of the remaining land parcel on the pretext of economic unviability until the expropriation decision becomes valid. The only remedy after that is to initiate a formal court procedure		Economic unviability of the remaining property can become evident only after the start of construction, or even later during implementation. The Project Promoter should be ready to advise the land owner of all the potential impacts which could jeopardise the viability of the remaining land plot, and also be ready to facilitate a swift resolution of the court procedures (should any be initiated)
Resettlement of formal owners of immovable property (houses, including construction land) and those who do not have formal legal rights to land or property at the time of the census, but who have a claim to land that is recognized or recognizable under national laws	Option 1: Cash compensation at market value + Moving costs (methodology for determination of moving cost is not defined in the law, but included in practice in the property evaluation reports. or Option 2: Compensation in kind - Appropriate replacement property is offered if the owner agrees to this type of compensation and if certain legal terms are met.	Resettlement - Replacement property is offered, of equal or higher value and similar traits + Moving and transitional allowance + Administrative and tax fees If appropriate replacement property cannot be found, cash compensation at replacement cost.	Option 1: Cash compensation - at replacement costs as defined in PR 5 will be paid to property owner - market price of property + moving costs + registration of ownership, administrative and tax fees + transitional allowance. or Option 2: Replacement property - will be possible only at owner request and if legal terms are met, as defined by Law on Expropriation. In that case transitional and moving costs shall be paid to the property owner.
Displacement of formal	Appropriate (equal in value,	Displacement - Replacement property of	If livelihood of property owner is agriculturally based,

Subject	RC laws	PR 5 requirements	Gaps and measures for bridging the gaps according to PR requirements, best international practices and this LARF
owners of agricultural land	<p>quality, cultivation type, class and area) replacement land offered in the vicinity.</p> <p>But, the Law further defines that if appropriate land cannot be found cash compensation at market value will be paid, as assessed by the official land evaluation experts.</p>	<p>equal or higher value and similar productivity + Administrative fees + Loss of income.</p> <p>If appropriate (payment of cash compensation for lost assets may be appropriate if: (i) livelihoods are not land-based; (ii) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (iii) active markets for land, housing and labour exist, displaced persons use such markets, and there is sufficient supply of land and housing), compensation at full replacement costs is paid, including market price for property, moving costs, transitional allowance, and registration, administrative and tax fees.</p>	<p>according replacement property should be offered + Moving and transitional allowance + Administrative fees</p> <p>If appropriate land cannot be found, cash compensation at full replacement value will be paid: market price of property + moving costs + registration, administrative and tax fees + transitional allowance.</p>
Resettlement of users, without any rights, on building or land for housing – squatters	No particular legal provision	Project Promoter will offer an option for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction.	The Project Promoter will, if possible, locate and offer to PAP replacement property - similar state owned land or property for off-market lease in the vicinity. (Not likely on this project)
Displacement of the lessee of agricultural land	<p><u>Lease of public land:</u></p> <p>The lessee is entitled to cash compensation for any improvements made on the land, such as irrigation, drainage, perennial crops, objects, woods, trees, fruit bearing trees,</p>	The lessee is entitled to cash compensation for any improvements made on the land i.e. Irrigation, drainage, perennial crops, objects etc. at replacement cost, provision of lease to corresponding public owned property for an equivalent period of time, lost net income during the period of	National legislation does not provide for transitional allowance nor replacement land for lease, if land was leased from state, and no compensation if land was leased from private owners. Support shall be offered to bridge the gap based on reasonable estimate of the time likely to be needed to restore livelihood, and Project Promoter will coordinate efforts with Ministry of agriculture to find and

Subject	RC laws	PR 5 requirements	Gaps and measures for bridging the gaps according to PR requirements, best international practices and this LARF
	vineyards, crops and the time needed to reproduce them etc. <u>Lease of private land:</u> No legal provisions	transition; and the costs of the transfer and reinstallation of the plant, machinery or other equipment, as applicable, and support after displacement for a transition period to restore livelihood.	offer corresponding public owned agricultural land for lease. Compensation for all investments will be paid + moving costs if applicable + transitional allowance which will bridge the gap between RC laws and PR 5.
Business property (building used for business purpose like shops and offices)	Option 1: Cash compensation at market value + Moving costs (that are not defined in the law, but included in practice as "costs of expropriation process". or Option 2: Compensation in kind - Appropriate replacement property at owner request offered if certain legal terms are met.	Option 1. Alternative adequate property with adequate tenure arrangements, full relocation cost, including the inventory, and the replacement cost for any investment in the property, transitional allowance, lost net income during the period of transition; the costs of the transfer and reinstallation of the plant, machinery or other equipment, as applicable and appropriate level of support for skill upgrading training if necessary to restore livelihood. Option 2. Cash compensation at replacement cost for the property + the cost of re-establishing commercial activities elsewhere + lost net income during the period of transition + the costs of the transfer and reinstallation of the plant, machinery or other equipment, as applicable and appropriate level of support for skill upgrading training if necessary to restore livelihood.	Option 1: Cash compensation - at replacement costs as defined in PR 5 will be paid to property owner - market price of property + moving costs + registration of ownership, administrative and tax fees + loss of income (as evidence by previous tax returns) for the period the business wasn't operational + transitional allowance for bridging the gap. Option 2: Replacement property - will be possible only at owner request and if legal terms are met, as defined by Law. In that case transitional and moving costs shall be paid to the property owner. Project Promoter will also design the skill upgrading program, to be determined during social surveys for the LARP, if applicable.

Subject	RC laws	PR 5 requirements	Gaps and measures for bridging the gaps according to PR requirements, best international practices and this LARF
Loss of a community commonly held resources (i.e. rangeland and pasture, non-timber forest resources)	No particular legal provision	Project Promoter needs to provide assistance that will offset any loss of a community's commonly held resources. This could take the form of initiatives that enhance the productivity of the remaining resources to which the community has access, in-kind or cash compensation for loss of access or provision of access to alternative sources of the lost resource.	The Project Promoter will bridge this gap by giving attention to commonly held community resources during social impact assessment and LARP. If applicable, appropriate measures will be included. The Project Promoter will fully adopt all PR 5 policies and provisions.
Loss of public amenities	No particular legal provision	Project Promoter shall undertake meaningful consultation with the locally affected community to identify and, where possible, agree upon a suitable alternative.	The Project Promoter will bridge this gap by giving attention to public amenities during social impact assessment and in the LARP.
Loss of benefits (salary or other similar income)	No particular legal provision	Cash compensation for net loss of income during the period of resettlement + provide additional targeted assistance (credit facilities, training or job opportunities) and opportunities to restore, and where possible improve, their income-earning capacity, production levels and standards of living.	The LARP shall define the transitional payment to compensate net loss of income during the reasonable transitional period and include additional targeted assistance (credit facilities, training or job opportunities) and opportunities to restore, and where possible improve, their income-earning capacity, as a way to bridge the gap.
Grievance mechanism and dispute resolution	The Law prescribes the possibility of appealing throughout expropriation phases but only within the existing state and court institutions and with statutory limits.	The Project Promoter will establish an effective grievance mechanism as early as possible in the Project. It will be consistent with this PR and with the objectives and principles of EBRD Performance Requirements 10 in order to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced	Appropriate, accessible and affordable grievance mechanism shall be established in addition to legal rights of PAPs to claim protection in proper court of RC. Structure of proposed grievance mechanism is provided in chapter 4 of this LARF.

Subject	RC laws	PR 5 requirements	Gaps and measures for bridging the gaps according to PR requirements, best international practices and this LARF
		persons and/or members of host communities. It will include a recourse mechanism designed to resolve disputes in an impartial manner.	
Monitoring of resettlement and livelihood restoration implementation	No particular legal provision	Monitoring of the resettlement and livelihood restoration process will be carried out in accordance with EBRD Performance Requirements 1 and should involve the participation of key stakeholders such as affected communities. Depending on the scale of a project's resettlement, it may be appropriate for the client to commission an external completion report of the RAP to determine that the provisions have been met. The completion report should be undertaken after all inputs in the process, including any developmental initiatives, have been completed. The report may identify further actions to be completed by the Project Promoter. In the majority of cases, the completion of corrective actions identified by the completion report should bring the Project Promoter obligations for resettlement, compensation, livelihood restoration and development benefits to a close.	This LARF defines the plan of monitoring and reporting the resettlement process and mitigation of adverse effects of the Project.
Vulnerable groups	Compensation for expropriated property can be determined in a	The Project Promoter will take into account any individuals or groups that may be	The Project Promoter will bridge this gap by giving special attention to vulnerable group and individuals. They will be

Subject	RC laws	PR 5 requirements	Gaps and measures for bridging the gaps according to PR requirements, best international practices and this LARF
	<p>higher amount than the market price, taking into account financial and other personal and family situation of the previous owner, if those conditions essential for its existence (the number of household members, number of household members who are capable of earning, or who are employed, the health status of household members, monthly household income, etc.)</p>	<p>disadvantaged or vulnerable. In particular, the Project Promoter will take necessary actions to ensure that vulnerable groups are not disadvantaged in the resettlement process, are fully informed and aware of their rights, and are able to benefit equally from the resettlement opportunities and benefits. These groups should be identified through the process of environmental and social assessment (as outlined in EBRD Performance Requirement 1). Also, additional requirements apply to consultations which involve individuals belonging to vulnerable groups</p>	<p>offered additional compensation, legal assistance during resettlement and help during physical relocation, as well as priority of employment as appropriate and assessed during the social impact assessment for the LARP. The Project Promoter will fully adopt all PR 5 policies and provisions regarding vulnerable groups.</p>

3 Eligibility, Evaluation and Entitlement

At the time of preparation of this LARF the design for the section Hungarian border – Beli Manastir was still in concept stage and the full impact from the land acquisition couldn't be fully assessed.

Taking into consideration construction processes required for the construction of the road, the permanent land acquisition is expected to result from the route itself (direct occupation of area for the alignment), and access roads. Additional land may be required by the contractor for construction works, borrow pits, landfills, storage areas, etc. which is expected to result in temporary land acquisition only.

However, considering the geographic conditions, the land acquisition is expected to include land, crops and perennial trees, as well as some auxiliary structures and rural infrastructure. It may affect access to land, however, it is not expected that the land acquisition process for this section will affect any business or cause any physical displacement.

On the other hand the expropriation of land for the section Beli Manastir – Halasica bridge is 89% complete, with most of the remaining land parcels to be expropriated located in the Belje cadastre municipality. The expropriation began in 2010 and was conducted in line with the Law on expropriation (which has since been amended) and was over 80% complete when the project was put on hold. The expropriation of the remaining land parcels resumed in 2018 and is expected to finish in Q2 2019. The expropriation on this section includes land, crops and perennial trees, small area of forests, some auxiliary structures and rural infrastructure, and no physical displacement and no affected businesses (unrelated to agriculture).

LARF has been prepared to capture the entitlements based on the estimated impacts.

3.1 Persons and Entities Eligible for Compensation and Assistance

According to this LARF, the following persons and entities are entitled to compensation as prescribed in the LARF, if present in the Project area prior to the cut-off date:

- Persons or legal entities who are formal owners of any affected property
- Persons or legal entities that are recognized users under the provisions of RC laws of any affected property
- Persons or legal entities who are formal lessees of any affected property
- Persons or legal entities that are unregistered² owners and informal users³ of privately or publicly owned affected agricultural or construction land, or part of the land;

² Owners with recognisable legal right or claim

- Persons that are users of affected property but have no legal rights to the property - squatters;
- Persons or legal entities owners of the crops that are affected by the Project (regardless of the status of land where it is planted);
- Persons or legal entities owners of the perennial plants and trees such as fruit bearing trees and vineyards, that are affected by the Project (regardless of the status of land where it is planted);
- Persons or legal entities owners of vineyards and orchards that have not given yield yet, and are affected by the Project (regardless of the status of land where it is planted);
- Persons or legal entities owners of the nursery which has not given yield yet, and are affected by the Project (regardless of the status of land where it is planted);
- Persons or legal entities owners of the structures affected by the Project (auxiliary buildings, fences, wells, irrigation systems, etc.) regardless of the status of land on which the structures are located
- Workers, agricultural possessors and farmers on the affected property, whose incomes and livelihoods are permanently or temporarily under the impact of the Project;
- Communities or households whose access to their buildings, commonly held resources and amenities are affected by the Project;
- Persons or legal entities that are formal owners, or lessees, or legal users under the provision of RC law, or unregistered owners and informal users of land, and who are affected by the Project because of the temporary occupation of the land;
- Persons or legal entities owners of property who are not citizens/residents of Republic of Croatia
- Vulnerable groups, and individuals belonging to those groups, persons below the poverty line in accordance with national laws, women led households, single parents, elderly, disabled persons or those with long-term health problems) which are affected by the Project;
- Persons or legal entities whose losses cannot be determined or foreseen at this stage of the Project (includes persons who have title over buildings affected by the project).

3.2 Cut-off Date

The cut-off date is a moratorium date for all claims against the property within the Project affected area. Persons encroaching into the Project area after the Cut-off date are not eligible for compensation or for any other mode of displacement assistance. Also, any investments in fixed assets (such as structures, crops, fruit,

³ Persons who have established usage of public or private land and have immovable objects, crops, woods, trees, fruit bearing trees, vineyards etc.

trees, woodlots, etc.) as a result of activities incurring after the Cut-off date will not be eligible for compensation. This cut-off date policy will not include persons who became owners of a property after the cut-off date by court decision if the court case existed prior to cut-off date. This Cut-off date provisions counters opportunistic claims from those moving into the Project area solely in anticipation of benefits.

In order to support the cut-off date for determining the eligibility of PAPs for displacement compensation and assistance, a census of persons and inventory of assets shall be produced, as soon as the Project area is identified, to enumerate all likely impacts, supported, if possible, by video and photographic evidence. The report on the surveys shall be signed off by the PAPs and BoE. The date of beginning of census will be considered as cut-off date. Before the census, BoE will publish notifications about the cut-off date in the local newspapers, informing all owners and users of the initiation of the expropriation process. The cut-off date will also be publicly disclosed on notice boards in local communities and relevant municipalities and at consultation meetings, with an accompanying explanation. The public announcement will also be posted, as necessary, on frequently visited locations throughout the affected areas.

3.3 Associated Considerations for entitlements

Rehabilitation of Temporarily Occupied 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 RSM. 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

Socio-economic survey should aim to identify any vulnerable persons that are or will become vulnerable during the project implementation. Various characteristics can be used as indicators of vulnerability: employment, age, sex, health, household size and structure, access to lifelines, etc. It is important to note that, although the project affected population might have the similar characteristics, not everyone experience the same level of vulnerability, as not everyone experience the same exposure to the project related change, nor have the same coping capacities.

Particularly vulnerable groups include:

- Women
- Elderly/Pensioners
- Persons with disabilities

- Minority communities
- Single-headed households living in rural areas
- Persons receiving income support
- Illiterate persons.

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. Some vulnerable PAPs may need assistance to access social welfare payments which they are entitled to, RSM will liaise with the Municipality over assistance and support to vulnerable PAPs.

Owners who are not citizens/residents of RC

The sections are located in the area close to the border where there is likely going to be a significant number of land owners who are foreigners and presumably live outside of Croatia. Additional time and effort will be needed to identify and contact these owners.

Loss of game (hunting)

There are several areas around the Project impacted area which are registered hunting and gaming areas. Design includes solutions to allow communication in the affected habitats. Although it is expected that the hunting in this area is recreational, claims for loss of income/livelihood sources could also be presented by the local community. They will be addressed under the appropriate category in the entitlement matrix.

Entitlements related to past land acquisition

Land acquisition process for subsection Halasica bridge – Beli Manastir was conducted for the most part in line with the 1994 Expropriation law and only partly in line with the Law on Expropriation and Determination of Compensation from 2014.

Due to the gaps noted in chapters 2.3 and 2.4 between the national legislation and the EBRD requirements, additional remedial measures are introduced in the entitlement matrix below to achieve full compliance with PR5.

3.4 Entitlement Matrix

Table 3 Entitlement Matrix

Type of loss	Person with rights	Compensation policy	Remedial measures / additional actions required for past land acquisition
A – ECONOMIC DISPLACEMENT			
LAND			
Agricultural land regardless the severity of loss (whether partial or complete loss of property)	Owner with formal title (including those that have a claim to land that is recognised or recognisable under national laws)	Replacement land of equal or higher value and similar productivity in direct proximity or in the surroundings of the expropriated land together with all costs of resettlement and administrative fees needed for transfer of ownership rights, if any. Or Cash compensation at replacement costs: market price of property + market price for improvements + labour and time to install improvements at market price + moving costs + registration, administrative and tax fees.	HAC to provide confirmation that compensation paid to all previous owners fully covers replacement cost for land as defined in the entitlement matrix Or Compensate the difference between the received compensation and equivalent replacement cost to the previous owners
	Lessee with valid documents of the right of lease who cultivates agricultural land pursuant to agreement	Compensation for all improvements made to the land (such as irrigation). Compensation will be paid at replacement cost: market price for improvements + labour and time to install improvements at market price + costs of equipment relocation and installation, if any. and Replacement land for lease, if land was leased from state, if possible	HAC to provide confirmation that compensation paid to all previous lessees fully covers replacement cost of the investment as defined in the entitlement matrix Or Compensate the difference between the received compensation and equivalent replacement cost to the previous lessees
	PAPs without formal title (in possession of land prior to cut-	Compensation for all improvements on land (such as irrigation). Compensation will be paid at replacement cost: market price for improvements + labour and time to install improvements at	HAC to provide information on any identified PAPs without formal title.

Type of loss	Person with rights	Compensation policy	Remedial measures / additional actions required for past land acquisition
	off date)	market price + costs of equipment relocation and installation, if any + transitional allowance and Replacement land for lease from state, if possible	And HAC to provide confirmation that compensation paid to all PAPs without formal title fully covers replacement cost of the investment as defined in the entitlement matrix Or Compensate the difference between the received compensation and equivalent replacement cost to the PAPs
Construction land regardless to severity of loss (whether partial or complete loss)	Owner with formal title (including those that have a claim to land that is recognised or recognisable under national laws), or legal users of publicly/state owned construction land	Cash compensation at replacement costs: market price of property + market price for improvements (such as infrastructure) + labour and time to install improvements at market price + moving costs + registration of ownership, administrative and tax fees, if any + transitional allowance or; At property owner demand, if legal terms are met, replacement land of equal or higher value and similar traits, in direct proximity or in the surroundings of the expropriated land + market price for improvements (such as infrastructure) + labour and time to install improvements at market price + moving costs + registration of ownership, administrative and tax fees, if any + transitional allowance	HAC to provide confirmation that compensation paid to all previous owners fully covers replacement cost for land and transitional allowance as defined in the entitlement matrix Or Compensate the difference between the received compensation and equivalent replacement cost and transitional allowance to the previous owners
	Lessee with valid documents of the right of lease	Compensation at replacement cost: market price for improvements (such as infrastructure) + labour and time to install improvements at market price + moving costs + registration of ownership, administrative and tax fees, if any + transitional allowance + compensation for all rent paid in advance, for the	HAC to provide confirmation that compensation paid to all previous lessees fully covers replacement cost of the investment, the transitional allowance or any compensation for rent paid in advance as defined in the entitlement

Type of loss	Person with rights	Compensation policy	Remedial measures / additional actions required for past land acquisition
		<p>period not expired</p> <p>And</p> <p>Replacement land for lease, if land was leased from state, if possible</p>	<p>matrix</p> <p>Or</p> <p>Compensate the difference between the received compensation and equivalent replacement cost, transitional allowance and rent paid in advance to the previous lessees</p>
	PAPs without formal title (in possession of land prior to cut-off date)	<p>Compensation: market price for improvements (such as infrastructure) + labour and time to install improvements at market price + moving costs + registration of ownership, administrative and tax fees, if any + transitional allowance</p> <p>And</p> <p>Replacement land for lease, from state, if possible</p>	<p>HAC to provide information on any identified PAPs without formal title.</p> <p>And</p> <p>HAC to provide confirmation that compensation paid to all PAPs without formal title fully covers replacement cost of the investment and transitional allowance as defined in the entitlement matrix</p> <p>Or</p> <p>Compensate the difference between the received compensation and equivalent replacement cost and transitional allowance to the PAPs</p>
Unviable land, agricultural or construction (In case the remaining area of land is not viable, it can be expropriated upon PAPs request)	Property owners, lessee or users regardless of their formal title or rights on private or publicly/state owned agricultural or construction land	Compensation according to type of property, defined the same way as above, in this section	<p>HAC to provide confirmation of requests for expropriation of unviable land, and the confirmation of accepted requests</p> <p>And</p> <p>HAC to provide confirmation that compensation was paid according to type of property, defined the same way as</p>

Type of loss	Person with rights	Compensation policy	Remedial measures / additional actions required for past land acquisition
			above Or Compensate the difference between the received compensation and equivalent replacement cost and transitional allowance to the PAPs
PLANTS AND STRUCTURES ON AGRICULTURAL LAND (but not physical relocation)			
Loss of annual crops, that could not have been harvested prior to land repossession	Owners of crops (it is not of importance if the owner of crops is owner of land, or lessee, or informal owner/user of land providing that they bore costs of planting crops or acquired ownership in some other, recognizable way)	Cash compensation at replacement cost: market value of expropriated crops decreased by costs of harvesting crops	HAC to provide information on any identified PAPs without formal title. And HAC to provide confirmation that compensation paid to all PAPs regardless of formal title fully covers replacement cost of crops as defined in the entitlement matrix Or Compensate the difference between the received compensation and equivalent replacement cost to the PAPs
Loss of perennial plants and trees (fruit bearing trees, vineyards and fruit bearing plants)	Owners of plants (it is not of importance if the owner of plants is owner of land, or lessee, or informal owner/user of land providing that they bore costs of planting or acquired ownership in some other, recognizable way)	The right to harvest fruits and Cash compensation at replacement cost: market price of seedlings on the basis of type, sort and productive value + the net loss for the time needed to grow such plants according to year production market value + costs of investment (labour force, soil preparation etc.) to plant a new vineyard, orchard or similar + transitional allowance	HAC to provide information on any identified PAPs without formal title. And HAC to provide confirmation that compensation paid to all PAPs regardless of formal title fully covers replacement cost of perennial plants and trees as defined in the entitlement matrix

Type of loss	Person with rights	Compensation policy	Remedial measures / additional actions required for past land acquisition
Affected vineyards and orchards not yet fruit bearing		Cash compensation at replacement cost: market price of seedlings on the basis of type, sort and productive value + the net loss for the time needed to grow such plants according to year production market value + costs of investment (labour force, soil preparation etc.) to plant a new vineyard, orchard or similar + transitional allowance	Or Compensate the difference between the received compensation and equivalent replacement cost to the PAPs
Wood mass (mature or nearly mature)		Cash compensation at replacement cost: market price of wood determined based on the value of the “wood on the stump” + transitional allowance	
Forests without mature wood mass		Cash compensation at replacement cost: investment needed for planting a new forest (labour, seedlings) + net loss for the time needed to reproduce a replacement forest + transitional allowance	
Nursery not yet yielding		Cash compensation at replacement cost: investment in planting material (seedlings, labour and other reproductive material) + net loss for the time needed to grow same nursery + transitional allowance	
Buildings used for keeping and raising livestock (sheds, stables, etc.)	Owners of structures used for keeping livestock (it is not of importance if the owner of structures is owner of land, or lessee, or informal owner/user of land providing that they bore costs of construction or acquired ownership in some other, recognizable way)	Cash compensation at replacement costs; market price of the structure + moving costs + administrative fees needed for transfer of ownership rights, if any + transitional allowance At property owner demand, if legal terms are met, appropriate replacement property + moving costs + administrative fees needed for transfer of ownership rights, if any + transitional allowance	HAC to provide information on any identified PAPs without formal title. And HAC to provide confirmation that compensation paid to all PAPs regardless of formal title fully covers replacement cost of buildings and transitional allowance as defined in the entitlement matrix Or Compensate the difference between the

Type of loss	Person with rights	Compensation policy	Remedial measures / additional actions required for past land acquisition
			received compensation and equivalent replacement cost of buildings and transitional allowance to the PAPs
All immovable property on land (such as irrigation, fences, wells, etc.).	Owners of improvements (it is not of importance if the owner is an owner of land, or lessee, or informal owner/user of land providing that they bore costs of improvements)	Cash compensation at replacement costs: market price for improvements + labour and time to install improvements at market price	HAC to provide information on any identified PAPs without formal title. And HAC to provide confirmation that compensation paid to all PAPs regardless of formal title fully covers replacement cost of buildings and transitional allowance as defined in the entitlement matrix Or Compensate the difference between the received compensation and equivalent replacement cost of buildings and transitional allowance to the PAPs
Impact on agricultural employees, or processors	Workers, employees	In case of temporary disturbance of income source compensation on a one-time basis will be paid commensurate net income loss	HAC to confirm whether any agricultural employees or processors have been identified And HAC to confirm what compensation or support was offered for loss of livelihood
		In case of permanent income disturbance transitional allowance on one-time basis will be paid to assessed on reasonable time needed to restore livelihood means + Training for alternative jobs if possible + Priority in employment on the Project, if possible and on a case by case basis (In accordance with social assessment processed in LARP)	
BUSINESS (but not agriculture)			
Business structures	Owners with formal title	Cash compensation at replacement costs: Structure at market	HAC to confirm whether any businesses

Type of loss	Person with rights	Compensation policy	Remedial measures / additional actions required for past land acquisition
(shops, office buildings) etc.	(including those that have a claim to structure that is recognized or recognizable under national laws)	<p>price + Costs of equipment and inventory relocation and re-installation and moving costs + administrative fees needed for transfer of ownership rights, if any + Transitional allowance + employee salaries (in the amount equivalent to 6 monthly salaries in cases of permanent displacement or in the amount equivalent to monthly salaries of the duration of the temporary displacement)</p> <p>or;</p> <p>At property owner demand, if legal terms are met, replacement property of equal or higher value and similar feature, in direct proximity or in the surroundings of the expropriated building + Costs of equipment and inventory relocation and re-installation and moving costs + administrative fees needed for transfer of ownership rights, if any + Transitional allowance + employee salaries (in the amount equivalent to 6 monthly salaries in cases of permanent displacement or in the amount equivalent to monthly salaries of the duration of the temporary displacement)</p>	<p>were affected in the land acquisition process.</p> <p>And</p> <p>HAC to provide confirmation that compensation paid fully covers replacement cost for the business and employee salaries as defined in the entitlement matrix, regardless of formal title</p> <p>Or</p> <p>Compensate the difference between the received compensation and equivalent replacement cost for the business and employee salaries to the PAPs</p>
	Lessee with valid documents of the right of lease who uses premises according to rent agreement	<p>Cash compensation at replacement costs: Compensation for all improvements on premises (such as reconstruction, refurbishment etc.) calculated at replacement cost (material + labour + other costs needed to make same improvements elsewhere, if any) + Costs of equipment and inventory relocation and re-installation and moving costs + administrative fees needed for transfer of ownership rights, if any + Transitional allowance + employee salaries (in the amount equivalent to 6 monthly salaries in cases of permanent displacement or in the amount equivalent to monthly salaries of the duration of the temporary displacement)</p> <p>And;</p> <p>Replacement premises for lease, if premises were leased from</p>	

Type of loss	Person with rights	Compensation policy	Remedial measures / additional actions required for past land acquisition
		state, if possible	
	Owners without formal title (building constructed without building permit on one's own plot of land, or on somebody else's land - usually state owned)	Cash compensation at replacement costs: Structure at market price + Costs of equipment and inventory relocation and re-installation and moving costs + administrative fees needed for transfer of ownership rights, if any + Transitional allowance + employee salaries (in the amount equivalent to 6 monthly salaries in cases of permanent displacement or in the amount equivalent to monthly salaries of the duration of the temporary displacement) And; Replacement premises to be leased from state, if possible	
Loss of non-agricultural businesses	Owner of business including owners of unregistered, but legal businesses	Moving costs + Transitional allowance + Any registration taxes or fees + Appropriate level of support for improving the skills if necessary to perform restoration of income source and livelihood + employee salaries (in the amount equivalent to 6 monthly salaries	
B – OTHER RESETTLEMENT SITUATIONS			
Private, publicly or state owned buildings (abandoned public buildings, schools, kindergartens, or part of buildings)	Informal users, squatters	Moving allowance + Transitional allowance And; help in locating replacement property - similar state owned property for off-market lease in the vicinity	N/A
Loss of access to usual resources, amenities, community held resources and buildings	Communities or households	Renewing public ownership or services (roads, buildings of public interest or similar). Restoring access to conveniences or services to previous levels.	HAC to confirm if any grievances were received noting loss of community assets and amenities

Type of loss	Person with rights	Compensation policy	Remedial measures / additional actions required for past land acquisition
Impacts caused by temporary or partial occupancy of land and any damages to the property made during temporary occupancy	Property owner (including those that have a claim to land that is recognized or recognizable under national laws)	Market price of lease for duration of the occupancy + Replacement cost value in accordance with this matrix for affected crops, orchards, nurseries etc. + Compensation for any damages to the property evaluated at replacement cost And; The land must be returned to original condition. Improved quality of the land due to top soiling work should not be removed, except if agreed upon differently with owner.	HAC to confirm if any grievances were received noting temporary or partial occupancy of land and any damages to the property made during temporary occupancy (regardless of formal title)
	PAPs without formal title (in possession of land prior to cut-off date)	Compensation for all improvements on land (such as irrigation). Compensation will be paid at replacement cost: market price for improvements + labour and time to install improvements at market price + costs of equipment relocation and installation, if any + transitional allowance + Replacement cost in accordance with this matrix for affected crops, orchards, nurseries etc. and Replacement land for lease from state, if possible.	
Impact on vulnerable groups	Vulnerable persons, belonging to VG, with social status that may lead to more adverse effect by resettlement than others or who may be limited in their ability to claim or take advantage of resettlement assistance and related develop	On top of all rights defined in this matrix, vulnerable PAPs will be provided additional assistance including legal assistance and help during physical relocation. Any additional support required for any affected vulnerable households will be determined on case-to-case basis during socio-economic survey. These PAPs are given priority of employment on the project if that is possible.	HAC to confirm what additional support, if any was provided to affected communities
Undetermined impact	Any person affected by impact	Any undetermined impact will be mitigated in accordance with principles and aims of this LARF	N/A

4 Grievance Redress Mechanism

Respecting the grievance panels and its authorities made available under the national legislation, a Project specific Grievance Mechanism shall be designed. In addition to existing channels of communication with HAC, given the type of potential Project impacts, , in order to fully monitor the Project will have a central redress mechanism i.e. the Central Feedback Desk (CFD) at the level of HAC as the Implementing Entity. The CFD shall serve as both Project level information centre and grievance mechanism, available to those affected by implementation of the Project throughout the Project Cycle.

The CFD shall be established and effective within 30 days upon disclosure of the final SEP. Within the same period HAC shall appoint suitable qualified persons fully knowledgeable about the Project, to act as reach out specialists and CFD members. The CFD procedure will help to improve the Project social performance since the number and nature of the received complaints is an indicator of the manner in which the Project is conducted.

CFD shall have one member from HAC appointed to act as a permanent member with authorities exercised over all activities, and a corresponding replacement member to act in their absence, another member shall be a representative from the Local Municipality/City impacted by a specific subsection. The third member will be representing the PAPs from the immediate area of impact (best practice has proven that well-known, respected and well-absorbed members of the local community serve as most effective members). This means the third member will be either the secretary of the local municipal office or a representative of the PAPs and local community chosen in consultation and agreement with the community (Figure 2).

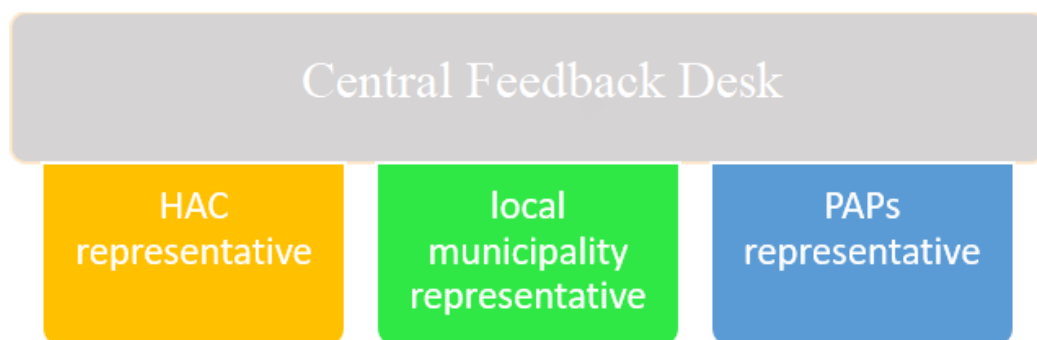


Figure 2 CFD structure

4.1 Grievance Procedure

An updated Grievance procedure has been set up for the Project to strengthen the grievance redress process implemented so far. The procedure is summarised here

but is also available in the Stakeholder Engagement Plan (SEP) which was also developed for the Project.

The grievance procedure is designed to be effective, easy, understandable and without associated costs to the complainant. Information on the procedure, as well as the Public Grievance Form, will be available on notice boards in the affected communities, on local communities' websites and will be distributed during the consultation meetings.

Any grievance can be brought to the attention of the CFD personally or by telephone or in writing by filling in the grievance form (by post, email or personal delivery) to the addresses/numbers given below:

	HAC existing channels of communication	HAC CFD Contacts in main office responsible for land acquisition	HAC CFD Contacts on site
Name	Mr. Zdravko Marčinko, Main Engineer	Jelena Krolo	Mr. Zdravko Marčinko, Main Engineer
Address:	HRVATSKE AUTOCESTE D.O.O. Širolina 4, 10000 Zagreb, Croatia	HRVATSKE AUTOCESTE D.O.O. Širolina 4, 10000 Zagreb, Croatia	Site office
e-mail:	info@hac.hr	Jelena.krolo@hac.hr	zdravko.marcinko@hac.hr
Phone no.:	Free Info line +385 1 6504 899 Toll free number: 0800 0422 Telephone: +385 – 1 – 4694 – 168	+385 1 4694 226	+385 1 4694 168

All grievances will be recorded in the Grievance Log register and assigned with a number, and acknowledged within 3 days. The Grievance Log register will have all necessary elements to disaggregate the grievance by gender of the person logging it as well as by type of grievance. Each grievance will be recorded in the register with the following information:

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

The CFD will make all reasonable efforts to address the complaint within 14 days upon the acknowledgement of grievance. If the grievance/complaint is vague and not clear enough, the CFD is obliged to help and provide counsel and even help in redrafting the submission, in order for the grievance/complaint to become clear, for purposes of an informed decision by the CFD, in the best interests of persons affected by the Project. If the CFD is not able to address the issues raised by immediate corrective action, a long-term corrective action will be identified and communicated to the complainant. The decisions shall give a clear assessment on the grievance/complaint, clear ruling and recommendations for fair remedy and propose measures to modify future conduct that caused the grievance as well as proposed measures to compensate if mitigation measures cannot remedy the harm or injury. The decision shall be in writing and shall be delivered to the person who filed the grievance as well as to any other person or entity to which the recommendation and measures shall apply or is under obligation by Law. The person who filed the grievance can express his/her personal satisfaction to the outcome of the grievance resolution procedure.

If any grievance cannot be addressed or if action is not required, a detailed explanation / justification will be provided to the complainant on why the issue was not addressed. The response will also contain an explanation on how the person / organization that raised the complaint can proceed with the grievance in case the outcome is not satisfactory.

At all times, complainants may seek other legal remedies in accordance with the legal framework of Republic of Croatia.

The CFD will publish one intermediate report on the number and type of grievances received, comments addressed and closed-out, disaggregated by gender and type of grievances/comments every 6 months after establishment and one final report after completion of works. Although formal taking over of works shall be recorded the CFD shall be kept operation during the Defect Notification Period for each contract for construction works.

During the Construction Phase the Contractor shall, as per requirements of the national law and provisions of the contract for construction works, assign the role of a Grievance officer to complement the existing grievance mechanism. The CFD and the Contractors grievance officer shall liaison closely and publish reports on grievance jointly semi-annually following the procedure and tools, and covering the range of stakeholders as designed in the SEP.

A sample Grievance Form is presented in Appendix B.

The CFD will be applicable to all Project activities and relevant to all local communities affected by project activities implemented within individual sections.

The CFD shall be responsible for receiving and responding to grievances and comments of the following two groups:

- A person directly affected by the project including the impact due to land acquisition, resettlement and rehabilitation measures,

- Residents interested in and/or affected by the project living in the affected communities.

The grievance resolving process is summarized in the Figure 2 below.



Figure 3 Grievance Resolving Process

5 Consultation and Disclosure

5.1 Disclosure of Documents

All documents identified for public disclosure will be prepared and published in Croatian and English language. As per the EBRD requirements the ESIA disclosure package, which includes this LARF, will be publicly disclosed for 120 days for commenting. After the disclosure period all comments received will be evaluated and incorporated into the final LARF.

ESIA disclosure package must be available to the public throughout the duration of the Project including its evaluation. Versions in Croatian will be published on the websites of the Project Promoter and of the relevant local municipalities. All announcements in local newspapers and media will be made in Croatian in non-technical vocabulary. All documents shall be presented to PAPs in the process of expropriation, particularly to vulnerable groups. Project impacts to their property and their rights must be explained, as mentioned in previous chapters. Hard copies of the documentation shall be available in the affected municipalities. Project Promoter is responsible for all disclosures of the documents.

5.2 Public Consultation

The Project Promoter will establish an ongoing relationship with the affected communities from as early as possible in the project planning process and will maintain it throughout the life of the Project.

The engagement process will ensure their meaningful consultation in order to facilitate a common understanding of the nature and duration of the impacts; informed participation on matters that affect them directly; proposed mitigation measures; sharing of development benefits and opportunities; and implementation issues. Further and more detailed information on public consultations is presented in the Stakeholder Engagement Plan.

Documents shall be disclosed and available for public insight no later than 14 days prior to public consultations and sufficient time shall be left for submitting remarks after public consultations. All public consultations shall be announced through local newspaper and media and on the internet portal of the Project Promoter. Additional activities are also recommended, depending on the scope of the project:

- Public meetings with advisory groups, relevant stakeholders, relevant international or local institutions, local municipalities etc., are recommended occasionally during Project planning and implementation. Such consultations can be helpful if a problem is encountered during project design or implementation, as advice and remarks given at such consultations can lead to reaching mutually acceptable solutions.
- Meetings with local communities with an aim to include all comments and concerns of PAPs (individuals, households, business subjects) in the earliest stages of the Project.

- Individual meetings with PAPs regarding specific cases. These meetings can also be organized when needed upon request by PAPs.

HAC will publish a Project description which includes the grievance form and contact details for submitting grievances, on its website (<http://hac.hr/hr>).

Land Acquisition and Resettlement Plan will be publicly disclosed to the local communities at least 30 days prior to the start of the expropriation process.

In line with the construction timeline, HAC will organise meetings in local communities and with the affected owners of land parcels along the corridor where works will be carried out, to present the planned construction works, safety risks (during construction and operation) and expected construction nuisances, as well as foreseen mitigation measures and the grievance mechanism. These meetings will also serve as platforms for potentially affected people to ask questions and provide suggestions for further mitigation measures. The meetings will be announced through the local media, on the HAC website and as recommended by local communities (e.g. through letters, announcements on bulletin boards, by phone).

Project leaflets will be developed and disseminated to residents living or working in the affected communities, before construction. The leaflets will include a brief overview of the Project, dates when the works are expected to commence, possible construction related nuisances, a description of the grievance management procedure and contact details for submitting grievances.

HAC will continue to inform the public through its website, the media and in other appropriate ways on all significant project achievements and issues (environmental, H&S and social).

6 Monitoring and Evaluation

6.1 Institutional Monitoring

Efficient expropriation and resettlement depends on dedication and capacities of all institutions responsible for preparation and implementation of the process of displacement. Project Promoter will appoint a person responsible for resettlement and preparation of the expropriation and resettlement process, to coordinate the activities of expropriation between the government agencies, municipalities and ministries.

Project Promoter will also keep a database of resettlement and expropriation with all information about the affected persons and property (including contact information), which would include all cases of expropriation and the stage of completion in the process of expropriation for each case (expropriation proposition submitted and/or signed, compensation offers prepared and/or delivered to PAPs, agreements regarding the compensation, compensation payment, additional assistance provided, grievances or initiated court procedures, etc.).

Some institutions have additional obligations in monitoring of the resettlement process, particularly the Project Promoter and the Local Municipalities (LM), as shown in the table below.

Table 4 Monitoring Responsibilities

Task	Responsibility
Disclosure of the LARF	Project Promoter
Public notification about the start of expropriation and associated actions during all phases of expropriation	Project Promoter and LM
Communication and consultation with PAPs	Project Promoter and LM
Activities prior to commencement of works	Project Promoter and LM
Providing assistance during land acquisition and resettlement	Project Promoter and LM
Compensation payment, /Payment of additional assistance for bridging the gaps (national vs. EBRD standards)	Project Promoter
Grievances management	Project Promoter
Monitoring and reporting on expropriation and resettlement	Project Promoter / External consultant
Monitoring and reporting during construction works	Contractor and Project Promoter / External consultant

6.2 Monitoring of Land Acquisition Process

The Project Promoter will conduct internal periodical monitoring to ensure that efficiency of the expropriation process and level of satisfaction of PAPs could be assessed. The frequency of the monitoring will be adjusted to reflect the external reporting required by the financing institutions and the stage of the expropriation process.

The key performance indicators to be collected through the monitoring process to access the land acquisition and resettlement process, are as follows:

- Number of public discussions and consultations scheduled and held on the RAP;
- Issue of expropriation studies and LARP
- Percentage of purchased land in relation to needed land acquired for the purposes of the Project, including total expropriated land area, and land area per person;
- Number of completed compensation payments;
- Number of replacement properties given and houses provided;
- Number of PAPs affected by exercising its right of ownership on buildings and land;
- Number and amount of payment for loss of income;
- Amount and type of assistances provided to vulnerable groups; and
- Number and type of grievances, including legal actions arising from expropriation (submitted cases, resolved cases, time needed for their resolution).

Additionally, the outcome of measures implemented to demonstrate effective restoration of livelihoods shall be tracked against the data from the socio-economic census. Particular effort should be made to determine whether vulnerable PAPs had been able to effectively restore their livelihoods. The outcome indicators to monitor livelihood restoration are listed below:

- Number and % of persons with improved household income;
- Number and % of persons with improved housing conditions;
- Number and % of persons with increased monthly expenditure level;
- Number and % of persons with improved asset ownership;
- Number and % of persons still living below poverty line (applying the same criteria as was used to determine vulnerability).

The Project Promoter shall monitor the implementation of the land acquisition process through internal, official institutional arrangements and prepare quarterly summaries. Based on these quarterly reports the Project Promoter shall prepare a completion report within two months of completion of the land acquisition process to summarize the overall implementation and impacts. The report should verify that all physical inputs committed in the LARP have been delivered and all services provided. In addition, the report should evaluate whether the mitigation actions prescribed have had the desired effect. The socioeconomic status of the affected population should be measured against the baseline conditions of the population before displacement, as established through the census and socioeconomic baseline studies. Particular efforts shall be made to validate that the vulnerable groups and persons amongst the affected have been able to

effectively restore their livelihoods especially if they had the option to choose the compensation package with the lowest risk.

6.3 Monitoring of temporary land access for construction works

During construction works the Contractor may need to temporarily occupy privately owned land. Particularly with regard to storing the surplus earth material required for the construction of the highway. This process is going to be managed by the Contractor, however certain provisions will be introduced in the works and supervision contracts to ensure the temporary lease of land does not negatively affect the land owners, particularly as the land affected is mostly high class arable land and restoring it back to original condition for future agricultural productions is essential.

The Project Promoter will include provisions in the Tender Documents which will subsequently be transferred into the Contract for Construction works setting as mandatory compliance with the provisions of this LARF to the extent applicable. Such arrangements shall be included in the Contract for Consultancy services also.

As a minimum, the Contractor will be obliged to notify the Promoter via the Supervision Consultant of any upcoming need for temporary occupancy of land along with the draft lease agreement with the land owner. The lease agreement will be subject to Promoter's prior No Objection to ensure that the provisions of the contract follow the principles of this LARF.

The Consultant engaged to supervise the civil works will have the obligation to monthly monitor the implementation of these contracts (regular payment, restoration of land as per the lease contract once the lease has ended) and report back to the Project Promoter.

Appendix A

Structure of Land Acquisition and Resettlement Plan (LARP)

A1

- 1. SCOPE OF THE LAND ACQUISITION AND RESETTLEMENT PLAN**
- 2. PROJECT DESCRIPTION AND PROJECT POTENTIAL IMPACTS**
- 3. LEGAL FRAMEWORK**
- 4. PRINCIPLES, OBJECTIVES, AND PROCESSES**
 - 4.1. PRINCIPLES AND OBJECTIVES
 - 4.2. PROCESS OVERVIEW
- 5. AFFECTED ASSETS, AFFECTED PEOPLE AND ENTITLEMENTS**
 - 5.1. CENSUS OF AFFECTED ASSETS AND AFFECTED HOUSEHOLDS AND EXPROPRIATION STUDY
 - 5.2. SOCIO-ECONOMIC BASELINE SURVEY
 - 5.3. AFFECTED LAND
 - 5.4. AFFECTED STRUCTURES
 - 5.5. BUSINESSES
 - 5.6. PEOPLE
 - 5.7. ENTITLEMENTS
 - 5.7.1. Eligibility to Compensation
 - 5.7.2. Entitlement Matrix
- 6. RESETTLEMENT AND COMPENSATION**
 - 6.1. METHODS FOR VALUATION OF AFFECTED ASSETS
 - 6.2. RESETTLEMENT
 - 6.3. CASH COMPENSATION
 - 6.3.1. Rates
 - 6.3.2. Payment
 - 6.4. ADDITIONAL ASSISTANCE
- 7. CONSULTATION AND DISCLOSURE**
 - 7.1. MAIN RESULTS OF CONSULTATION CARRIED OUT FOR PREPARING THE RAP

7.2. DISCLOSURE

8. GRIEVANCE MANAGEMENT MECHANISMS

9. VULNERABLE PEOPLE

9.1. IDENTIFICATION OF VULNERABLE PEOPLE

9.2. POTENTIAL ASSISTANCE ACTIVITIES TO VULNERABLE
PEOPLE

10. MONITORING AND EVALUATION

11. IMPLEMENTATION RESPONSIBILITIES AND FUNDING

11.1. IMPLEMENTATION RESPONSIBILITIES

11.2. BUDGET

11.3. ARRANGEMENTS FOR FUNDING

Appendix B

Sample Grievance Form

B1 Public Grievance Form

Reference No:		Date :	
Full Name			
Contact Information Please mark how you wish to be contacted (mail, telephone, e-mail).	<input type="checkbox"/> By Post: Please provide mailing address: _____ _____ _____ <input type="checkbox"/> By Telephone: _____ <input type="checkbox"/> By E-mail _____		
Description of Incident or Grievance:	What happened? Where did it happen? Who did it happen to? What is the result of the problem?		
Date of Incident/Grievance			
	<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: _____			
Please return this form to: Attention: Zdravko Marcinko, Main Engineer Postal Address: HAC Sirolina 4, 10000 Zagreb, Croatia Telephone: +385 – 99 – 3111 - 168 E-mail address: zdravko.marcinko@hac.hr			