

**ALBANIA**

**POWER RECOVERY PROJECT**

***'FINAL'***

**RESTELEMEN T POLICY FRAMEWORK (RPF)**

**CEZ Shperndarje  
(PIU)**

**Date: April 23, 2014**

**Framework for Environmental Assessment Procedures  
for Power Recovery Project Financed by World Bank in Albania**

## 1. INTRODUCTION

This Resettlement Policy Framework has been prepared by CEZ Shperndarje-Electric Distribution Company of Albania and covers the issues related to involuntary resettlement and land acquisition. It is one of the important documents under “safeguard policy” prepared to support Power Recovery Project in Albania.

Since the project is expected to be financed by the World Bank, above mentioned document has been prepared to comply with Involuntary Resettlement Policy of the Bank (OP 4.12).

The document provides the World Bank’s Operational Policy and Albanian Government’s guidance for land acquisition and resettlement issues. The document prepared by Implementing Agency-CEZ Shperndarje is a general framework manual to ensure consideration of interests of all involved parties and problematic issues arisen by them and introduction of such an attitude that most strict and reasonable demands of any party be reviewed with due diligence and taken into account.

Main objective of Resettlement Policy Framework is to guide to address impacts such as land acquisition or resettlement/displacement, if project impacts are likely to occur, and provide assistance to project affected people.

Resettlement Policy Framework defines the procedures of land acquisition and involuntary resettlement, also sets out objectives, principles, compensation entitlements, legal frameworks, consultation procedures and grievance redress mechanisms that during implementation of the Albania Power Recovery Project, in case of likely impact of the project, will be used for preparation of specific Resettlement Action Plans (RAPs),

## 2. PROJECT DESCRIPTION

The proposed project will support the implementation of the Government's Power Sector Recovery Plan, which is centered around four main pillars: a) enhancing security of supply through diversification of generation sources and strengthening regional integration; b) improving system efficiency in the distribution sector by reducing losses and improving cash collection; c) supporting improvements of the electricity market and d) introducing priority power reforms in the power sector. To support the Government reforms the project consists of four components: i) enhancing reliability of supply, ii) Improving distribution infrastructure, iii) Transmission meter/data center upgrade; and iv) Introduce priority power sector reforms and project implementation support.

### **Component 1 –Securing short term power supply-Power Imports**

Albania lacks firm generation capacity to manage weather volatility, furthermore, the Komani HPP on the Drin cascades is being maintained and has a capacity gap of about MW 150/yr over a 3 year period. Therefore through this component of the project will support electric power import.

### **Component 2 – Improving distribution infrastructure**

This component will support GoA’s and Distribution Company’s plan to reduce losses, improve cash collection and reliability in the MV and LV level. The distribution company has finalized a study, conducted by international consultants, assessing the areas of high losses and low collections. The report also includes a proposed action plan to reduce losses over the next six years. The investments are estimated at about \$275 million over the next six years (2015-2020).

The investments will be focused on: i) upgrading the sub-transmission distribution system to improve reliability; ii) targeted investments in the medium voltage grid (6-20 kV); and iii) Targeted investments in the low voltage grid (0.4kV; and iv) upgrading of the company's management and billing and collection system.

Five proposed subcomponents will include:

- a) *Upgrading of the sub-transmission distribution system:* Investments in the sub-transmission level are required to upgrade system reliability in Tirana center by reinforcing two existing 35/MV to 110/MV systems.
- b) *Targeted investments in the medium voltage grid (6-20kV):* The proposed investment will include MV cable lines and MV/LV distribution cabins, as well as associated LV metering facilities at cabins.
- c) *Targeted investments in the low voltage grid (0.4kV):* Recent CEZ Shperndarje reports show that approximately 250,000 customers have damaged meters or have no meters at all. Under this subcomponent the project will provide financing for the purchase and installation of: (i) approximately 230,000 single and three-phase meters; (ii) low voltage concentric cables; (iii) ABC cables; and (iv) three-phase regular conductor cables.
- d) *Upgrading billing and collection system.*

### **Component 3 –Transmission meter/data center upgrade**

In 2011, GoA moved high voltage industrial customers to the deregulated market, this had the effect of reducing the GoA's obligation, through KESh/WSP, to provide guarantees of about US\$ 50 million/yr to KESh (WSP), and put Albania at the forefront of market reforms required by EU directives. The next step in the market reform is to open the market for medium voltage commercial customers, further reducing the public obligation to guarantee supply for regulated tariff customers. To facilitate this process, the project will support OST's to: (i) install meters for medium voltage customers and IPPs and the establishment of a data/meter center at OST, and (ii) facilitate the future deregulated market for eligible suppliers and consumers, and IPPs.

### **Component 4 –Introduce priority power sector reforms and project implementation support**

GoA recognizes that investments alone will not be sufficient to turn the sector around without critical power sector reforms that will address structural, institutional and operational issues of the sector. In addition to project implementation support, this component will finance technical assistance required to initiate priority reforms to enable the recovery of the power sector.

As per the project design the concrete investments and the footprints are not yet defined. Potential impacts that could trigger The Operational Policy 4.12 the Involuntary Resettlement Policy – could be investments under the second components if the project will finance new substations and if the location of the new substations is determined to be on the private land or any land that is in use from private persons or entities. Potentially, also investments such as laying underground cables could lead to temporary land acquisition or right of way agreements with the users of the land if the cable will pass through a private land. Though, the practice is to lay underground cable parallel with the streets and roads. Given the programmatic nature of the project design, the project will finance a set of the investments to be defined during the project implementation, by the appraisal of the project exact impacts cannot be determined, if there will be any impact on private land or land in use or any displacement. If it is the case the impacts will be marginal. Thus, the project cannot prepare Resettlement Action Plan – RAP but has prepared the Resettlement Policy Framework-RPF

and this Framework will guide any potential impact which will result on land acquisition either permanent or temporary or displacement or loss of income land or assets being taken or restriction of access. During the project implementation if any investment, financed by this project or activities not financed by the project but associated/related, will result into land acquisition or displacement the project will prepare site specific Resettlement Action Plan as defined in this Framework.

The Project is not required to prepare at this stage a Resettlement Action Plan and Compensation Plan for the *20kV MV Underground Power Cable and LV network Investments* since the sub-projects and areas affected have not yet been identified. Same applies also for the sub-station investments for the first year. Based on the preliminary location estimates there will be no impact on private land or land in use.

The procedure for screening investment components for both construction phase and post-completion phase impacts related to land acquisition/expropriation; impacts on livelihoods and related compensation, and main social safeguard measures and guidance for preparing Resettlement Action Plans (RAPs) are given below in this RPF.

### **3. IMPACTS, LAND ACQUISITION AND RESETTLEMENT PRINCIPLES**

World Bank Operational Policy on Involuntary Resettlement (OP 4.12) requires that social impacts of all its supported projects should be mitigated according to operational polices that spell out the principles and planning methods for mitigation work. This applies whenever property must be acquired, or its use modified, for a project, and that acquisition or modification results in the loss of income, residence or access to resources, either permanent or temporary whether the occupation is legal or illegal. Land acquisition or any displacement of Project Affected People - PAPs in the project zone will therefore be carried out in accordance with the Laws of Albania taking into consideration the World Bank Involuntary Resettlement Policy Framework. Whenever there will be no fit between the World Bank Operational Policies and Albanian Laws the Bank Operational Policy rule will apply.

#### ***3.1 Possible types of impacts and scope***

Based on the nature of the sub projects envisaged under the project description document, it might happen that subproject activities will lead to either land acquisition, restriction to or loss of access to economic assets and resources and therefore, ultimately to the land acquisition and compensation. It is envisioned that only small numbers of people and area will be impacted by subproject activities. When this occurs, relevant provisions in the Albanian laws and the World Bank Operational Policy (OP) 4.12 on Involuntary Resettlement will be applied. It should be mentioned that currently the plan is to only finance rehabilitation works. Potential rehabilitation works are planned in the sites such as posted in the pictures in the Annex 1. Likelihood to trigger 4.12 Operational Policy will exist only if the project during the implementation will finance new sub-stations and laying of underground cable.

If during the project implementation there will be need for land acquisition than most probably there will be plots of about size (max 100-200 sq meters) of LV substation in urban inhabited or rural inhabited areas. Other possible impacts will be temporary impacts during the laying of the underground cables. These impacts will be of limited times scope and size

given that the cables are laid on the edge of the local urban or local roads. Usually the underground cable will pass in front of the entry door of the houses or apartment blocks and thus there will be temporary inconvenience with the entry. In this situation temporary entries are provided and necessary marking and fencing. Third potential impact could be to displace a kiosk or selling tends because of the installation of a substation. Given that the substations are located in the inhabited urban/rural areas there might be a possibility that installing of the sub-station could cause need for the displacement of a kiosk or selling tend. The kiosks or tends could also be of a permanent or temporary impacts. Thus potential and possible impacts from this project could be (i) permanent land acquisition of a urban/rural in inhabited settlement with size to maximum 100-200 sq meters or (ii) temporary land impacts and limited size of right of way because of the laying of underground cables and (iii) displacement of a kiosk or selling tend.

### **3.2. Basic Principles of the Resettlement Program**

The RPF seeks to ensure that affected persons are meaningfully consulted, have participated in the planning process and, are adequately compensated to the extent at least to their pre-impact time. In case of the livelihood impacts than incomes have been restored and that the process is a fair and transparent one.

- i. Consultation and participation of affected persons:** the rights and interests of the PAPs are to be heard and considered in the site specific Resettlement Action Plans-RAPs or Land Acquisition Plans-LAPs. Participation and consultation of PAPs is essential for a transparent and effective compensation and mitigation of adverse impacts. The RPF seeks to ensure that affected persons, communities and local authorities (depending of severity of impacts) are regularly and genuinely informed and meaningfully consulted; are encouraged and assisted to participate in the compensation planning and implementation process; and PAP are adequately compensated to the extent that their incomes have been restored( in case of loss of livelihoods) and that the process is a fair and transparent one.
- ii. Minimization of resettlement:** The implementing agency will try as much as possible to ensure that the project design will avoid or minimize land acquisition and physical displacement of households or any business
- iii. Ensure and guarantee the timely provision of any necessary compensation before beginning civil works** for people whose land will be affected. This will be done in line with the World Bank policies and guidelines.
- iv. Negotiated compensation options:** A consensus must be reached with those who will be affected so that a fair and equitable compensation made for loss of assets and compensation paid according to the prevailing markets rates of the local areas or replacement costs whichever is higher
- v.** Those who are affected should be given priority in employment opportunities that arise from the project.

- vi. Establishment of impact baseline data:** The following activities aim to inventory affected property.
- *An Inventory of affected assets and land*, its use and size, needed to help determine fair and reasonable compensation levels or other mitigation measures agreed by the affected person(s).
  - *A census – socio-economic* status of affected persons.
  - Establishment of a *data-base* which will: facilitate implementation, enable monitoring and adaptive management, and provide adequate data to carry out a final evaluation with the aim of reaching closure on any outstanding issues and timely disengagement from World Bank supervision.
- vii. Vulnerable social groups:** These are groups that include those with minimal assets, the illiterate, and the aged. These are often physically weaker, and usually need special help in the relocation/disturbance phase. In particular, female headed households may lose out to more powerful households.
- viii. An independent grievance procedure:** An independent Team comprising local administration, central government officials and the locals will play key roles in establishing a grievance mechanism needed to solve problems and manage unforeseen issues which may arise during implementation. It will be organized in such a way that they are accessible to all, with particular concern for the situation of vulnerable groupings.
- ix. Potential Social Safeguard Risks and Mitigation Measures:**
- The implementing Agency through the legal department and the Ministry of Energy and Industry (MoEI) to verify at the time of project implementation, if any of the residents has ownership claims on the property in case where this is a public land. If someone has such ownership claims, the Ministry must assist them to obtain property titles and compensate them for the expropriated property.
  - To include an additional expropriation reserve fund relative of the total compensation amount, for any unexpected claim on land compensation from PAPs, who may require additional compensation and win the case at the Court.
  - A pre –disclosure phase is recommended in case when PAPs are not identified as they could no longer reside in the expropriated areas (migrated in another region of the country or emigrated abroad). The notification should be done by Implementing Agency – Cez Shperndarje through publication of PAPs name at the site-project are level, and at least in two newspapers with a nationwide and local distribution for a period of one month (every Sunday).
- x. World Bank’s operational procedure on involuntary resettlement:** The World Bank’s operational policy 4.12 on involuntary resettlement requires that involuntary resettlement be avoided where feasible, or minimized, exploring all viable alternative project designs. Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as *sustainable development programs*, providing sufficient investment resources to enable the persons displaced (if any) by the project to share in project benefits. Affected persons should be *meaningfully consulted* and should have *opportunities to participate* in planning and implementing resettlement/compensation programs. They should *also be assisted in their efforts to*

*improve their livelihoods* and standards of living or at least to restore them, in real terms, to predisplacement/impact levels or to levels prevailing prior to the beginning of the project implementation, whichever is higher.

- xi. Where relocation or loss of shelter occurs**, the policy requires that measures to assist the displaced persons be implemented in accordance with the resettlement and compensation plan of action (entitlement matrix).

***The methodology followed is based on national legislation and on the best international practice.***

- i. Firstly, there have to be ***informed the project affected persons*** about the project implementation and impacts, and receive feedback from them, so as to choose the best alternative to minimize the negative effect of the project in their livelihood. Secondly, the authority in favor of which it will be done the expropriation will negotiate with affected people for an agreement on expropriation. If the affected counterparts don't agree with the agreement, it is proceed with the unilateral expropriation after all alternatives project designs to avoid impact have been assessed
- ii. ***Permanent land expropriations:*** Permanent expropriations for works with public interest are requested when we deprive totally the owner's land of using it. The prices of permanent expropriations for specific regions are specified with a map approved by a decision of the Council of Ministers. (Land values must be current market prices; real estate agents should be consulted on actual land prices in the area, these prices should be actual amounts paid, not reduced amounts used to reduce taxes on land sales. Essential that the values are objectively established; use of the zonal map can only be done if the values correspond to actual current values for land sales.
- iii. ***Temporary expropriations:*** Temporary expropriations are requested for temporary use of land during construction (access roads or repository areas). The expropriation prices are paid to the owner on a monthly basis for as long as the land is occupied. The price varies upon the type of land functionality. The price references can be taken from the Agricultural Directorate of the Region where the project is located. However the amount for monthly compensation will be determined by independent evaluator. The land/plot after the works will be restored to pre-project condition
- iv. **Provision of resettlement measures to affected persons without recognized property rights (squatters)** as per OP 4.12, requires that affected persons without recognized rights to compensation ("nonland owners" e.g. tenants and unlawful land users or occupiers) should be provided with assistance such as: cash compensation for the loss of permanent structures, trees and crops that belong to them personally, but no land compensation.
- v. ***Damages payout:*** Additionally to the temporary expropriation compensation is given to the land owner for any damages caused during construction activities. The reference prices can be taken from the relevant institution of the region.

#### **4. LEGAL FRAMEWORK**

On Article 41/4 of the Albanian Constitution it is provided: *"The expropriations or limitations of a property right that are equivalent to expropriation are permitted only against fair compensation"*

Furthermore, on the European Convention on Human Rights, it's provided in the Art. 1 "Right to property" of the Protocol 1: "Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided by the law and by the general principles of international law..."

In this spirit it's in power Law no. 8561, dated 22. 12. 1999 "On Expropriations and Temporary Takings of the Private Property for Public Interest". The mentioned law provides the entire procedure how an expropriation procedure begins, for which reason, from which subject and the right of the owners to contest the evaluation of the property made unilaterally from the state institutions.

Anyway, an international agreement ratified by law has priority on application in front of a common law. (Art. 116 of the Albanian Constitution) Furthermore, if a law creates a collision with an international agreement ratified by law, it will be applied the international agreement. This principle it's a guarantee that the international agreement between the Albanian Government with the WB, for the loan, it will be applied in priority in front with the legislation in force, especially in front of the mentioned law "On expropriation....".

Let's make a short resume of the principles provide by law "On expropriation...":

- The project aims public interest, since it is **an investment on electrical power sector;** (Art. 8/c of Law "On Expropriation...");
- The beneficiary subject in the expropriation process will be **Private ownerships,** relevant **Municipality and also relevant Ministries**(Art. 9 of the Law "On Expropriation...")
- **Interested institution,** Cez Shperndarje in this case needs to submit the request with a list of necessary documents to the Ministry of line, which is the Ministry of Industry and Energy (with the structure of actual government); (Art. 10 and 11, of the Law);
- The line Ministry has to follow the legal procedure, on publishing the request for expropriation, collecting the complaints of the affected owners, and preparing the draft of the sub legal act for the Council of Ministers;
- The procedure will be considered complete, when the owners through a statement approve the transaction of the property in favor of the State;
- The decision for the expropriation (for the owners that do not agree with the expropriation) will be approved by the Council of Ministers and will enter into force immediately, also it will be published in the Official Journal;
- The owners affected have the right of complaint to the Court for the compensation and if they don't follow this procedure, the decision of the Council of Ministers will be an executive title.

Almost the same procedure "*mutatis mutandis*", needs to be followed for other institutions, on the:

***1/ the devaluation of property; (Art 18, of the Law "On Expropriation...")***

***2/the provisional taken on possession of the property; (Art. 27- 37 of the Law "On Expropriation...")***



- **The devaluation of property:** During the construction for public interest it might happen that some properties will not be necessary to be taken from the owner, but in the same time the owner will not be able to enjoy the property like earlier and thus he has the right to be compensated for the devaluation of his property. This institution is not applied so often in practice, but it is provided by law, if owners are affected in this manner during the project implementation.
- **The provisional taking on possession of the property:** During construction it might happen that certain properties are needed to be taken in possession for temporary use. The request to take on provisional possession a property needs to be addressed to the Ministry of line, describing the property, the reason, the term and the compensation for the owner. The owner has the right to raise a complaint to the court against such decision.

#### 4.1. *Legal Criteria on the Evaluation of Properties*

The Council of Ministers Decision No. 138 dated 23. 3. 2000 provides the legal criteria for the evaluation of properties affected by expropriation.

- **Land:** The estimation of expropriated land shall be determined for urban lands, lands within the yellow line town and commune properties according to the prices approved by Council of Ministers Decision deriving from Law No. 9235, dated 29.7.2004 “On restitution and compensation of private properties” (See the price map).
- **Residential properties:** Value of expropriation compensation for **residential properties** is considered the average sales price according to the records of the Real Estate Registration Office (ZRPP).
- **Industrial and Agricultural properties:** The value of expropriation compensation for industrial and agricultural properties is considered the average sales price according to the records of the Ministry of Public Works, Transportation and Telecommunication or the Ministry of Agriculture. Depreciation of property must be subtracted from the price.
- **Agricultural land, forested areas, etc:** The estimate value of agricultural lands, forested areas, pastures and grasslands is determined from the prices approved by Council of Ministers Decision complementary to the Law No. 9235, dated 29. 7. 2004 “On restitution and compensation of private properties”. In cases where there are no prices approved for certain regions, the evaluation for agricultural lands, forested areas, pastures and grasslands is determined by the average sales price available at ZRPP.
- **Fruit trees:** For fruit trees the estimated value is calculated considering costs of investment and expenses. This value is calculated per unit (number of fruit trees) or unit per land surface (m<sup>2</sup> of vineyard, nursery etc). The investment present in the land, the total expenses and different amortization factors are foreseen by special Ministry of Agriculture directives.
- **Crops:** For crops the estimated value is calculated based on the expected yield and market unit price.
- **Illegal constructions:** For investments on national highways the owners of properties, who are not registered at the ZRPP (without a title), are also expropriated. The entity, which initiates the expropriation has the right to complete the procedure if: the owners of the property have started an administrative process at the Agency for Legalization and Integration of Informal Properties (ALUIZNI) according to Law Nr. 9482, dated

3.4.2006 "On legalization, urbanization and integration of informal properties"; in case the illegal building (or additional works on the existing building) have been previously declared and have been qualified later for legalization permit from ALUIZNI, based on the criteria set in the Council of Ministers Decision No.438, dated 28.6.2006 "On the criteria, procedures and required documentation that determine legalization of informal properties"; in case when the owners of the property are in the process of taking a legalization permit, etc.

## **5. ECONOMIC REHABILITATION**

Projects leading to inconveniences to the society within which the projects located requires adequate economic rehabilitation no the affected people with due vetting of the entitlements. The project proponent will compel at effected people for loss of physicals sets, revenue, and income resulting from economic displacement or physical relocation whether the losses are temporary or permanent. The project proponent will establish transparent methods for the evaluation of all assets affected by the project as required under the Albanian laws and Operational Policies 4.12 of the World Bank. The methods include consultation with the affected individual's together with the representatives, to as sass the adequacy and acceptability of the proposed compensation to ensure the economic rehabilitation of all the affected people. Economic rehabilitation will be part of the compensation alternatives if the livelihoods of the PAPs apart from assets are affected

## **6. IDENTIFICATION AND CLASSIFICATION OF AFFECTED POPULATION GROUPS**

Identification of the affected target group will be conducted first on the basis of set criteria if the target group (HH, businesses etc) are resident in project areas or non- resident, so as not directly affected by the project implementation. Then, there will be identified the different categories of people affected by the project, as a basis for **(i) establishing the terms of their eligibility for support, and (ii) better specifying the terms of assistance.** Below it is provided a list of typologies of affected groups.

**Table 1. Typologies of Project Affected Groups**

Typology of Affected Persons	Definition
Private Property Owners:	Are those who have legal title to land, structure and other assets
Unlawful resident (squatters):	Are those who have illegally (informal settlements) occupied municipality/commune lands for residential, business and or other purposes.
Encroachers	Encroachers are persons who have extended their building, agricultural lands, business premises or work places into municipality/commune lands.
Tenants	Tenants are those persons having tenancy agreements, written or unwritten, with a private property owner with clear property titles, to occupy a structure or land for residence, business or other purposes.
Project-Affected Families	Are defined to include each adult displaced person, his/her spouse, minor children and other dependents who habitually reside in one household or losing some of the assets
Project-Affected Persons	Are persons who have economic interests or residence within the project impact corridor and who may be adversely affected directly by the project? Project-affected persons include those displaced, those losing commercial or residential structures in whole or part, those losing agricultural land or homesteads in whole or part, and those losing income sources as a result of project action.
Project Affected Groups:	Are groups or communities outside the immediate impact of water supply system to be established, that may be affected by the project with a focus on the more vulnerable or weaker groups in society.
HH living above the Poverty Line	Based on social assistance schemes acquired at the Regional Department of Social Insurances.
Vulnerable groups:	Are those groups such as women-headed households, handicapped/disabled and landless families, who will be dealt with on a case to case basis

## 7. EXPROPRIATION PROCEDURE

**Table 2. Description of Expropriation Procedure Steps according to Albanian Legislation**

STEPS	INSTITUTION	DESCRIPTION	REMARKS
<i>STEP I</i>	Interested Institution, i.e. Cez Shperndarje, and Ministry of Industry and Energy	<ul style="list-style-type: none"> <li>➤ Request for expropriation for public interest;</li> </ul>	Fulfill of criteria provided by law, especially the necessary documents that prove the expropriation needs;
<i>STEP II</i>	Ministry (MoEI)	<ul style="list-style-type: none"> <li>➤ Commission for expropriation at MoEI has to examine the request and documents;</li> <li>➤ If the legal criteria are fulfilled the MoEI starts the expropriation procedures;</li> <li>➤ If not, the request will be rejected;</li> </ul>	
<i>STEP III</i>	MoEI	<ul style="list-style-type: none"> <li>➤ Agreement with the subjects about expropriation;</li> <li>➤ Publication of the notice for the expropriation;</li> <li>➤ Examine the suggestions and the complaints of persons affected by the process;</li> <li>➤ Prepare the draft decision for the Council of Ministers;</li> </ul>	<ul style="list-style-type: none"> <li>➤ Important: the fair evaluation of the properties;</li> <li>➤ The procedure must be followed carefully and respecting the right of the third persons to prevent the complaint to the Court;</li> <li>➤ The expropriation it will be done for the persons will accept with free will to be compensated with the conditions published.</li> </ul>
<i>STEP IV</i>	Council of Ministers	<ul style="list-style-type: none"> <li>➤ Approve the decision of the expropriation for public interest;</li> <li>OR</li> <li>➤ Reject the proposal to MOEI with the suggestion to review, if it is not in conformity with the law;</li> </ul>	
<i>STEP V</i>	MOEI	<ul style="list-style-type: none"> <li>➤ Pay the compensation to persons affected by the expropriation, before the civil works begin;</li> </ul>	

## 8. GAPS BETWEEN LOCAL LAWS AND WORLD BANK (IFC) POLICIES

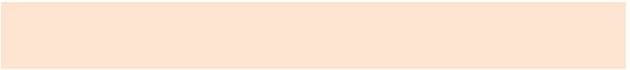
Category	NATIONAL LEGISLATION	WORLD BANK POLICY	RECOMMENDATIONS TO BRIDGE GAPS
<p>A. Loss of Land</p> <p><b>Families, households</b></p>	<ul style="list-style-type: none"> <li>• Compensation with the price defined before for urban land and agriculture land</li> </ul>	<p>Compensation at full replacement cost.</p> <ul style="list-style-type: none"> <li>• For agriculture land pre-project or pre displacement, whichever is higher, market value of land of equal productive potential within the same vicinity.</li> <li>• For urban land, pre-displacement market value of land of equal size and use, with similar facilities and sources within the same vicinity.</li> <li>• Replacement land of equivalent productive potential.</li> </ul>	<ul style="list-style-type: none"> <li>• Full compensation with the market prices. In cases where there is no developed market than the compensation will be determined through replacement value. Compensation whichever is higher.</li> </ul>
<p><b>Non-title holder who are legalizable</b></p>	<ul style="list-style-type: none"> <li>• Compensation with the price defined before for urban land and agriculture land</li> </ul>	<p>Compensation at full replacement cost. Assistance to legalize the property will be provided</p> <ul style="list-style-type: none"> <li>• For agriculture land pre-project or pre displacement, whichever is higher, market value of land of equal productive potential within the same vicinity.</li> <li>• For urban land, pre-displacement market value of land of equal size and use, with similar facilities and sources within the same vicinity.</li> </ul> <p>Replacement land of equivalent productive potential.</p>	<ul style="list-style-type: none"> <li>• Full compensation with the market prices. In cases where there is no developed market than the compensation will be determined through replacement value. Compensation whichever is higher</li> </ul>
<p><b>Non –title holder</b></p>	<ul style="list-style-type: none"> <li>• No compensation provided</li> </ul>	<p>Resettlement assistance in lieu of compensation for land occupied (land, cash, and other assets, employment) to at least restore their livelihoods and standards of living to pre-displacement levels.</p>	<ul style="list-style-type: none"> <li>• Resettlement assistance to restore pre-displacement level livelihoods. Vulnerable groups may include but not be limited to: poor or landless, women headed households, disabled and elderly.</li> <li>• Encroachers will not be entitled to any</li> </ul>

			compensation for their affected unauthorized/illegal, land plot, but for extensions over public land they will be compensated for the construction material. Encroachers with economic losses are entitled to assistance for livelihood restoration.
B. Loss of Homes, Structures <i>Families, households, Structure owners</i>	<ul style="list-style-type: none"> <li>• Compensation at the prices referred by the Register of Real Estate Office;</li> <li>• Compensation for the structure without title with the condition to have applied before for legalization at the Legalization Agency;</li> </ul>	Compensation at full replacement cost. For houses and structures the market cost of the materials and labor to build a replacement structure of a similar quality or better than the affected structure. If in the settlement and the neighboring settlements there is developed real estate market than compensation could be determined through market value.	Compensation at the replacement value or market level compensation whichever is higher.
C. Loss of Economic Assets <i>Families, households</i>	<ul style="list-style-type: none"> <li>• Compensation with the cost method of evaluation of object.</li> </ul>	Compensation at full replacement cost	<ul style="list-style-type: none"> <li>• Compensation at replacement cost or market price whichever is higher.</li> </ul>
D. Loss of Income	<ul style="list-style-type: none"> <li>• No provisions</li> </ul>	Measure to assist affected people in improving their former living standards, income earning capacity, and production levels, or at least restoring them	<ul style="list-style-type: none"> <li>• Rehabilitation assistance for lost or diminished livelihoods.</li> <li>• In the case of landless families who suffer partial or total loss of livelihood, provide income generating options and support mechanisms.</li> </ul>
E. Loss of Community Resources	<ul style="list-style-type: none"> <li>• Compensation by the Government with market value.</li> </ul>	Measures to assist impacted communities to re-establish or re-develop lost Community resources.	<ul style="list-style-type: none"> <li>• Compensation for re-establishing or reconstructing lost community resources such as religious and cultural structures, irrigation structures.</li> <li>• Restore partially affected structures.</li> </ul>
F. Consultations	<ul style="list-style-type: none"> <li>• The Environment Impact Assessment Act features some consultative activities</li> </ul>	Systems for comprehensive consultations, full documentation and grievance redressed mechanisms to be in	<ul style="list-style-type: none"> <li>• Comprehensive consultations with full documentation and grievance redresses mechanisms to be in place.</li> </ul>



to be carried out with  
impacted populations

place



## **9. INFORMAL GRIEVANCE MECHANISM IN ADDITION TO FORMAL LEGAL GRIEVANCE SYSTEM**

Informal grievance mechanism will be established for residences in the settlements where site specific projects will be implemented. This mechanism will be available for the sub-project affected persons to be able to address their issues and be able to solve prior to use formal legal grievance system. Once the sub-project is defined and the preliminary foot prints of the site specific project are defined public consultation will be organized with the neighboring residents. In these meetings residents and interested citizens will be informed about grievance mechanism as well. Grievance mechanism will be a committee with representatives from the Ministry of Energy and Industry, a person from the department that will be a project related counterpart, a person from the Implementing Agency – CEZ Shperndarje and a person appointed from the commune where the settlement belongs. (a) The committee will facilitate about the issues that residents have with the Implementing Agency during the works period. Through this mechanism residents will react on any damages occurred during the works or any other issue that might arise during the work. (b) In case the site specific project has impacts that will result on loss of assets or displacement of small business than the task of the committee will be to facilitate between the PAP and the Implementing Agency to come up with the fair compensation for the PAP.

## **10. COMPENSATION ELIGIBILITY AND ENTITLEMENTS**

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

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

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

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



Category of PAP	Property	Type of Project affected right or property or loss	Entitlement	Process and specific conditions	Remarks
Owner(1)	Land	Loss of fraction of land and the rest of the parcel is viable	<p>Registration of land parcels according to Albanian legislation, prior to expropriation, free of costs</p> <p>Cash compensation for affected land at replacement cost (equivalent to the market value of the property, sufficient to replace the lost assets and cover transaction costs) plus transaction costs and any taxes to register the land.</p>	Transfer of property right through expropriation process.	During the life time of the project this is probable situation and if it happens it could be in the edge of big parcel because the small base of the sub-stations. This could happen in highly dense settlements and if building new sub-stations and there is no available parcel
Owner		Loss of fraction of land rest of the parcel is not usable	<p>Registration of land parcels according to Albanian legislation, prior to expropriation, free of costs</p> <p>Cash compensation for all affected land at a replacement cost</p> <p>or</p> <p>Land plot of similar size and characteristics, with a secure tenure status</p>	Transfer of property right through amicable agreement during expropriation process.	Loss of all land is not expected, since the foot-print is small. In inhabited settlements usually sub-stations are put in edge of public area such as a park.

Tenant			Assistance in lease of alternative land/property to re-establish use	Finding alternative location of similar characteristics given for use with security of tenure (e.g., lease)	This is unlikely situation
Owner(1 and 3)	Commercial property (kiosk or selling tent)	Loss of business and/or rent	Compensation for loss of income incurred as a result of relocation including any discrepancies in livelihood. Assistance to displace the kiosk or selling tent	Compensation will be provided until recovery of the income stream.	This is also unlikely situations because small space of kiosk or selling tent. But if it happens the reallocation assistance would be available and help to find another location
Claim to ownership (2)	Land	Loss of land	Cash compensation for affected land at replacement cost	Providing help to transfer the property into their name	Same as above
No recognizable legal right or claim (3)	Land or Business	Loss of land	No cash compensation for affected land at replacement cost. Compensation for the structures at the replacement cost and assistance to find new place to establish same business		Encroachers prior to cut off date will be entitled for compensation to displace a structure or small business

Owner	Land	Temporary loss of land or access to land because of cable laying	Rent payment for the time the land is not available to owner or user	In circumstances if part of the land could be used by the owner/user or imposed restricted use than relevant compensation will be provided.	Given that the land for cable is very narrow the impacts will be negligible.
Owner	Business	Temporary interruption of business activity because of cable lying.	Compensation for the business interruption		

## **11. PUBLIC CONSULTATION, CUTOFF DATE PARTICIPATION AND DOCUMENTS DISCLOSURE**

Concerned citizens from the concerned areas, municipalities' officials and citizens from villages will be informed about the site specific project/s. Public consultation will be organized in the settlements where the works such as rehabilitation of sub-stations and possible new sub-stations will be done. The public consultations will be organized to inform the neighboring citizens about the type and purpose of works and especially to avoid any need for land or small business impact. Site specific public consultation will be considered as cutoff date in case impacts on ownership of any asset or use of any asset cannot be avoided. Once the public consultation are finalized and site specific project footprints will be discussed pictures will be taken and actual situation will be recorded. The content of the public consultation will be part of the RAP/LAP which will be disclosed in the www of the implementing agency as well as in the public space of the settlement where the site specific project will be implemented.

In addition during this public consultation the neighbouring residents will be informed with the contact information in the Project Implementing Agency for any additional question and during the carrying out the works, as well as with the contact person, name and contact of person in charge from the relevant ministry. The contact information will be important to enable citizens to express any concern that will arise during the carrying out the works. Through this contact the neighbouring citizens will be able to address their grievance to informal arrangements for the issues during the works without any need to go to the courts i.e. if damage happens during the works period.

## **12. RAP PREPARATION, REVIEW AND APPROVAL**

As stated earlier, the World Bank policy on Involuntary Resettlement OP4.12 is triggered because the project will finance investments that may require the involuntary taking of land, other assets or economic impact. Once, the location of the areas where investments will be made are known at the time of the preparation of the sub-projects, the identification of these areas will be made. In case that there will be a need for land to be acquired and people will be affected, at that stage, OP4.12 calls for the preparation of individual RAPs that must be consistent with this RPF.

To address the impacts under this policy, resettlement and compensation plans must include measures to ensure that displaced persons are:

- (a) Informed about their options and rights pertaining to resettlement and compensation.*
- (b) Consulted on, offered choices among, and provided with technically and economically feasible compensation alternatives.*
- (c) Provided prompt and effective compensation at full replacement cost for losses of assets and access, attributable to the project.*

## **12.1. PROCESS FOR SCREENING AND OF RAP- PREPARATION**

The RAP will be prepared by the Project Management Unit (PMU), in coordination with the Legal Department, in CezShperndarje. PMU has the responsibility and will take all the necessary steps in coordination with Ministry of Industry and Energy for resolving any case of the private lands impacts or land use by private persons.

- Once, the investment and the preliminary footprint of the site-specific project is defined the PMU will determine whether there is any impact such as private land acquisition or any land in use by private persons or any displacement.
- First public consultation will be carried out to discuss the alternatives for the exact location of the investments.
- In case there is a need for preparation of RAP than the PMU will prepare a screening report where the impacts will be defined (this is the situation where impacts such as loss of assets or displacement cannot be avoided)
- The PMU will carry consultation with the affected persons and record minutes of the consultations. As per principles set above the consultation with the affected persons will be about the modes of compensation and level of compensation
- The PMU will prepare a RAP laying the plan, budget and time frame for implementation of the RAP.
- The PMU will submit the RAP for no objection to the Bank and will continue with the implementation upon obtaining of the NoB.
- The procurement of the goods and works cannot start prior to the satisfactory implementation of the RAP

The Project Management Unit of CezShperndarje in coordination with the Ministry of Industry and Energy will implement expropriation when needed (or land purchase from private sector)

## **12.2. FUNDING RESETTLEMENT, COST ESTIMATES, THE FLOW OF FUNDS, AND CONTINGENCY ARRANGEMENTS;**

Costs for any potential social impacts such as land impacts on temporary base or permanent or any need for dislocation of a business will be financed by the funds of the implementing agency. The company for electric distribution will set a fund for the compensation if the investments will have impacts such as loss of assets or displacement. As mentioned above in the section for the potential impacts the estimates for the potential impacts are as set below

- Permanent loss of assets because of building of a new-substation in a private land would impact a plot of maximum 200 sq meters. In case all plot needs to be expropriated the range of the plot could cost from couple hundreds of euro up to 10,000 or 20,000 Euro depending of the location.
- Temporary loss of assets mostly for the laying of the cable would most probably cost marginally
- Potential displacement of the kiosk and selling tend could be between couple hundred euro and go up to 10,000 euro

Nevertheless, if there will be a need for some expropriation or displacement average costs will be much smaller than the range provided in the section. The implementing agency will earmark fund, of about 20,000 euro to be used in case needed for expropriation or to be used as contingency if damages happen during the work performance. These earmarked funds will be used to pay either for potential expropriation or to pay if any damage is caused during the performance of works. The compensation for the expropriation will be paid once the LAP is prepared and NoB is obtained by the Bank and the expropriation process completed. Afterwards, the PIU and the legal department will authorize payment from the earmarked funds to the affected persons.

### **12.3. TEMPLATE OF THE RAP**

Resettlement Action Plan will be prepared for the Project on the base of Resettlement Policy Framework. A Resettlement Action Plan (RAP) will be drafted by the Project Implementing Agency or more specific it's Project Management Unit with the legal department, specifying the procedures it will follow and the actions it will take to properly resettle and compensate affected people and communities. The RAP must identify the full range of people affected by the project and justify their displacement after consideration of alternatives that would minimize or avoid displacement. The RAP outlines eligibility criteria for affected parties as per this Resettlement Policy Framework, establishes rates of compensation for lost assets, and describes levels of assistance for relocation and reconstruction of affected if there will be any displacement. The Resettlement Action Plan should contain:

- Record of any measures taken to reduce land acquisition and resettlement impacts through changes in the design of the project will be shown in consideration.
- Identify key stakeholders and conduct meaningful consultations with them about the project and resettlement effects. Identify any vulnerable groups who might require special assistance and consult with them.
- Conduct a census of the people affected and property affected. Establish a baseline of incomes and expenditures. Consult with the agencies (central as well as local-level) responsible for land acquisition, land replacement, valuation of assets, and compensation rates.
- Review laws, regulations and directives that apply to land acquisition, resettlement, and compensation. Prepare an entitlement matrix listing all effects of permanent as well as temporary land acquisition. Establish criteria for the eligibility of resettlement assistance and benefits of affected if there will be any form of displacement.
- Prepare a framework for participation of PAPs. All PAPs should be meaningfully consulted when designing entitlements and the implementation of land acquisition and displacement if any. Prepare an institutional framework that designates responsibilities to provide compensation and for displacement undertake relocation work, take responsibility for income restoration, supervise, manage and monitor the implementation of land acquisition, land replacement and resettlement activities.
- Prepare a monitoring and evaluation plan, identifying the responsibilities, time frame, and key indicators. Specify the time framework for monitoring and reporting.

- Prepare a time bound implementation schedule for land acquisition and resettlement in conjunction with the agreed implementation schedule for project components, showing how PAPs will be compensated before actual acquisition of the affected land, or before demolition of any affected structures.
- Prepare an individual budget. Prepare indicative land acquisition and resettlement costs (if any). Prepare budgetary allocation and timing. Specify sources of funding and approval process. Prepare an annual budget estimate for resettlement by major category of expenditures.

All abovementioned points for the separate RAPs shall be prepared for investments during the project implementation, if land acquisition and displacement is expected. The World Bank will need to clear the document before the disclosure.

Annex 1 – Pictures of the potential areas of rehabilitation





