

Republic of Macedonia

Resettlement Policy Framework (RPF)

World Bank
Municipal Services Improvement Project 2

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The Resettlement Policy Framework (RPF) was prepared by the Center for Promotion of Sustainable Agricultural Practices and Rural Development – CeProSARD.



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Executive Summary

The Resettlement Policy Framework (RPF) provides the World Bank's and Macedonian Regulation for land acquisition and resettlement issues considering the best international practice. The document is a 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.

This Resettlement Policy Framework defines the procedures for involuntary land acquisition, resettlement, also sets out objectives, principles, compensation entitlements, legal frameworks, consultation procedures and grievance redress mechanisms for remaining property that needs to be acquired for successful realization of this Project.

In accordance with the World Bank resettlement policy (OP 4.12), a RPF needs to be prepared if the extent and location of resettlement cannot be known at appraisal because the project has still to determine the exact amount of land that needs to be acquired.

Given the scale of the project there will most probably be no resettlement of homes or displacement of people. Types of impact could include partial temporary or permanent expropriation of either agricultural or construction land or establishment of right of way for the underground infrastructure. There is also a possibility for temporary displacement of small business such as a kiosk or selling tent or temporary facility serving as a business. The RPF will offer ways how to compensate according to OP/BP 4.12 for all possible types of impacts. Through the RPF illegality will not be base for exclusion of the resettlement assistance.

Abbreviations

ARAP	-	Abbreviated Resettlement Action Plan
CSEs	-	Communal Service Enterprises
EU	-	European Union
IBRD	-	International Bank for Reconstruction and Development
LAR	-	Land Acquisition and Resettlement
MSIP	-	Municipality Service Improvement Project
NGOs	-	Non Governmental Organizations
OP	-	Operational Policy
PAP	-	Project Affected Persons
PIU	-	Project Implementation Unit
RAP	-	Resettlement Action Plan
RIU	-	RAP Implementation Unit
RPF	-	Resettlement Policy Framework
TA	-	Technical Assistance
WB	-	World Bank



1.

INTRODUCTION

1.1 Project Background

The Government of the Republic of Macedonia has requested the World Bank's support for continuing MSIP project and for that purpose plans to borrow loan in amount of 25 Mil Euro. Since this loan will be used to finance program, the Government should prepare Resettlement Policy Framework (RPF). This document will be a framework upon which the local authority will prepare Resettlement Action Plan (RAP) in case when there will be a need of resettlement of project affected persons and/or land acquisition.

The proposed project development objective is to support sustainable delivery of municipal services. The project would focus on infrastructure and services under the responsibility of participating municipalities and their communal service enterprises (CSEs), such as water supply, sanitation, and solid waste management; but may also include other municipal functions such as urban planning, urban transport, and other services under municipal provision (investments in local roads, waste water treatment plants, landfills, water supply network, storm water network, sewage network, and electrification and (re)construction of buildings owned by the municipality). The broader development objective of the project would be to promote continued strengthening of local self governance and help Republic of Macedonia meet its requirements for EU accession.

The project would finance investments in basic local infrastructure and municipal services; provide Technical Assistance (TA) to municipalities and CSEs; and support institutional reforms in municipalities through performance grants.

In implementation of the infrastructural projects it is not expected resettlements of local population. However, in case of either resettlement or expropriation of assets the local authorities will be bound to prepare and abide with version of RAP that will be as a part of the complete documentation required for application for receiving the loan.

1.2 Rationale for Preparation of a Resettlement Policy Framework

This document represents the Resettlement Policy Framework (RPF) for the proposed MSIP project. It describes the policies, procedures and processes that will be followed throughout the project in the course of mitigation of adverse social impacts due to project activities among the project affected persons, with and without legal title, whose land/properties, businesses and other assets are expropriated for the execution of the construction works.

Resettlement Policy Framework is prepared to guide potential land acquisition and potential resettlement for the construction of infrastructural projects in accordance to the requirements of the World Bank (WB) - International Bank for Reconstruction and Development (IBRD) and its Operational Policy 4.12 and fit with the national legislation.

WB OP 4.12 indicates that a Resettlement Policy Framework (RPF) needs to be prepared at appraisal if the extent and location of resettlement cannot be known because the project has multiple components.

By the time of preparation of this document the type of the infrastructural projects which will be supported by this program is unknown. Thus framework is being prepared and not Resettlement Action Plan.

1.3 Objectives and Principles of the Resettlement Policy

The Resettlement Policy Framework (RPF) provides details on the likely impacts resulting from land acquisition for the above mentioned activities and the mitigatory measures that will be put in place to address these adverse impacts.

The objective is to guide the preparation of Resettlement Action Plans (RAP) that will ensure that, future land acquisition and potential resettlement issues, all persons affected by it will be properly consulted, made available to affordable and accessible grievance mechanisms and properly and in time compensated at replacement cost or market value (which ever higher) for their losses, and provided with rehabilitation measures so that they are at least as well off as they would have been in the absence of the Program.

The main objectives of the RPF are to:

- Provide details on the policies governing land expropriation, the range of adverse impacts and entitlements;
- Present a strategy for achieving the objectives of the resettlement/ land acquisition policy;
- Provide a framework for implementation of the stated strategies to ensure timely acquisition of assets, payment of compensation and delivery of other benefits to project affected persons (PAP);
- Provide details on the public information, consultation and participation, and grievance redress mechanisms in project planning, design and implementation;
- Provide identified sources and estimates of required resources for implementation of the RAP;
- Provide a framework for supervision, monitoring and evaluation of resettlement implementation.

The principle is that involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternatives in project design. If unavoidable, resettlement activities should be conceived and executed as sustainable development Programs, providing sufficient investment resources to enable the person displaced by the project to share in the benefits of the project. Furthermore, displaced persons should be meaningfully consulted and should be involved in planning and implementing resettlement Programs and be assisted in their efforts to improve their livelihoods and standards of living; or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of Program implementation, whichever is higher.

1.4 Process for Preparation and Approval of Resettlement Action Plan

1.4.1 Resettlement Action Plan

This RPF guides the preparation of Abbreviated Resettlement Action Plan (ARAP). Project's ARAP, consistent with this RPF, will be created and submitted to the World Bank for its approval.

According to WB OP 4.12, all projects that entail land acquisition or/and resettlement require a RAP. The scope and level of detail of the resettlement plan vary with the magnitude and complexity of land acquisition or/and resettlement impact, i.e. a full RAP is required whenever land acquisition in a project affects more than 200 people, takes more than 10 percent of any holding, and involves physical relocation of population. An abbreviated RAP is acceptable if fewer than 200 people are displaced. Even if more than 200 people are affected, if all land acquisition is minor (10 percent or less of all holdings is taken) and no physical relocation is involved, an abbreviated RAP is acceptable. This project does not include displacement of any PAPs.

An Abbreviated RAP will include the following elements:

- A census survey of affected PAP and valuation of assets;
- Description of compensation and other resettlement assistance to be provided;
- Consultations with affected PAPs about acceptable alternatives;
- Institutional responsibility for implementation and procedures for grievance redress;
- Arrangements for monitoring and implementation; and
- A timetable and budget.

In case some of the affected PAPs lose more than 10% of their productive assets or require physical relocation the plan will also covers a socioeconomic survey to determine the livelihood provision impact and, if needed, income restoration measures.

First, draft version will be shared with WB for no objection before disclosure and then last version of Abbreviated RAP will be submitted by the local government to WB in order to obtain no objection and afterwards implementation will start. ARAP implementation will be completed prior to commencement of the works. After no objection has been obtained, compensation, resettlement and rehabilitation activities will be initiated, and will be

completed before awarding contracts of construction works. Once the implementation of the ARAP is completed, local authorities will prepare ARAP completion report and the report will be submitted to the Bank for NoB. Once the ARAP completion report is done then the awarding of the contracts for the works can be finalized

1.4.2 Resettlement (Land expropriation) Screening Process

The following steps describe the Resettlement process:

1. Completing the final design of the project (Civil engineering design company);
2. After completing the final design local government will engage external company if needed for conducting Expropriation Report which will serve as a cut-off date;
3. Local government informs general public on the period for conducting of Geodetic Survey (Land Survey) for the Expropriation Report;
4. After completed Expropriation report is used to prepare the draft ARAP and determine the magnitude of the potential impacts on PAPs.
5. Draft ARAP is prepared and send to WB through the PIU for review;
6. WB will review and provide no objection draft ARAP;
7. Local government will disclose draft ARAP and organize consultations with impacted PAPs to determine the magnitude of impacted PAPs, means of compensation and the proposed mitigation and compensation measures;
8. Conclusions implemented in draft ARAP;
9. Final ARAP send to WB for no objection;
10. Disclosure of ARAP;
11. ARAP is part of the sub-project PAD-Project Appraisal Document/Package
12. Completing the expropriation process.

2.



INSTITUTIONAL AND LEGAL FRAMEWORK

2.1 Institutional and Legal Framework

2.1.1 Institutional Framework

Following institutions, each with different roles and responsibilities, are main actors in the process of expropriation are .

State Attorney's Office of the Republic of Macedonia is an Governmental institution which takes a measures and legal means for legal protection of property rights and interests of the Republic of Macedonia and performs other duties prescribed by law.

Ministry for Transport and Connections is the governmental body responsible for issuing permits for construction and monitoring the process of expropriation in means of completion of the process of expropriation.

The Real Estate Cadaster Agency of the Republic of Macedonia holds and registers the information on ownership rights of the land in Republic of Macedonia. It can be consulted during the process of obtaining valuable and valid information on ownership and current land use/leasing.

Ministry of Agriculture, Forestry and Water Supply conducts transformation of agricultural land into construction land.

The following institutions offer wide spectrum of assistance that can enable, support and facilitate the consultation process for implementation of RAP.

National level:

Ministry of Agriculture, Forestry and Water Supply can be consulted during the process of creation of packages for compensation. Also it can be consulted in the process of estimating compensation for lost crops.

Ombudsman can be consulted on various legal advices related to litigations of PAPs with the governmental bodies.

Local level:

The Inter-municipal Centre for Social Work established by the Government that can be consulted during the process of realization of RAP. The Center can give valuable input into identification, communicating and addressing of the vulnerable social groups, thus giving appropriate direction for setting compensation means/packages for such groups.

Local community level: Official representatives of the municipalities can be consulted for and actively involved in the preparation and execution of resettlement processes in their area of jurisdiction. They might be consulted and involved as mediators in the processes of redressing the complaints/grievances, before those are deposited with the Grievance Redress Committee.

2.1.2 Legal Framework

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

- Law on Expropriation (Official Gazette of Republic of Macedonia No. 95/12, 131/12, 24/13, 27/14, 104/15);
- Law on Public Roads (Official Gazette of the Republic of Macedonia No. 84/08; 52/09; 114/09; 124/10; 23/11; 53/11; 44/12; 168/12; 163/13; 187/13; 39/14; 42/14; 166/14, 44/15, 116/15 and 150/15);

- Law on Construction (Official Gazette of Republic of Macedonia No. 130/09, 124/10, 18/11, 36/11, 54/11, 13/12, 144/12, 25/13, 79/13, 137/13, 163/13, 27/14, 28/14, 42/14, 115/14, 149/14, 187/14 and 44/15 and 129/15);
- Law on Assessment (Official Gazette of the Republic of Macedonia No. 115/10, 158/11, 185/11, 64/12, 188/14 and 153/15);
- Methodology for assessment of the market value of the real estate (Official Gazette of the Republic of Macedonia No. 54/12);
- Rulebook on the method of cadastral classification and determination and registration of the change of cadastral culture and land class (Official Gazette of Republic of Macedonia No. 144/13);
- Law on acting upon illegally constructed buildings (Official Gazette of the Republic of Macedonia No. 23/11, 54/11, 155/12, 53/13, 72/13, 44/14, 115/14, 199/14, 124/15 and 129/15);
- Law on Property and Other Real Property Rights (Official Gazette of the Republic of Macedonia No. 18/01, 99/08, 139/09 and 35/10);
- Law on acting upon complaints and proposals (Official Gazette of Republic of Macedonia No. 82/2008, 13/13, 156/15);
- Rulebook on the manner of action upon complaints and proposals (Official Gazette of the Republic of Macedonia No. 2/09);
- Law on Property Cadaster (Official Gazette of the Republic of Macedonia No. 40/08, 158/10, 51/11, 55/13, 41/14, 115/14, 116/15, 153/15);
- Law on Borrowing by the Republic of Macedonia from the International Bank for Reconstruction and Development - World Bank under the Loan Agreement for the project cadastre and registration of real estate (Official Gazette of Republic of Macedonia No. 38/05, 118/10);
- Law on the use and disposal of goods owned by the state and the municipalities (Official Gazette of Republic of Macedonia No. 78/15).

2.1.3 Expropriation Process

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

The Law on expropriation dated since 1995 and governs the expropriation process in Macedonia. This Law ("Official Gazette of Republic of Macedonia" No. 95/12, 131/12, 24/13, 27/14, 104/15) regulates the procedure for the expropriation of property for projects that are of public interest and the connected rights for real estates (immovable properties). Construction of linear infrastructure, in this case Express road, falls under a project of national/public interest. The legal justification of why the project is believed to be in the public interest is submitted together with the request for expropriation (as part of the same process), to the State Attorney, by the expropriation beneficiary. The State Attorney of the Republic of Macedonia also represents public companies, funds, agencies, departments, public institutions, municipalities, trade companies and other institutions established by the Government. For this project, the Government of Republic of Macedonia accepts the initiative for expropriation, the State Attorney conducts it.

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

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

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

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

Ministry of agriculture, forestry and water economy leased the governmentally owned agricultural land to the tenants. This ministry terminates the existing contract with the tenant and sign a new one with the same terms as before, but without the amount of land that will be acquired.

Other key aspects of the Expropriation Law are shown below:

Compensation - Article 18 “for the expropriated property there is a fair compensation that cannot be lower than the market value of the property. The market value of the property shall be established under conditions determined by this law, according to the methodology, rules and standards pursuant to the Law on Assessment. The right to seek compensation for expropriated property cannot become obsolete”. Article 37 states that the market value of expropriated property and property that is given as compensation shall be determined by a qualified appraiser, pursuant to the Law on Assessment. Compensation for expropriated property usually is determined in financial means if the former owner or the possessor of other property rights and proposer of expropriation agree otherwise.

The owner of expropriated property shall also be entitled to compensation for crops, seeds, forests on the land and fruits, if they were not incorporated in the market value of the land. The owner of the property shall not be entitled to compensation for investments made after the date of submission of the proposal for expropriation.

If economic activity is performed in a property which is to be expropriated, the effect of interruption of this activity should be taken into account when determining the compensation due for expropriation. This amount shall be determined by an expert, pursuant to the Law on Assessment.

Proposal for expropriation, separate for each individual property, contains information on:

- The proposer of the expropriation;
- The property for which expropriation is proposed;
- The owner of the property (personal name or title, residence, main office);
- The holders of other real property rights (personal name or title, residence, main office);
- The type of facility or performing works for which expropriation is proposed.

The Proposal for expropriation is accompanied by the following documentation:

- An extract of the spatial planning act or approved project for infrastructure;
- A geodesic report with numerical data for the property which is proposed for expropriation;
- An offer of compensation equivalent to the market value of the property determined by a qualified appraiser pursuant to the Law on Assessment;
- A list of property under proposal for expropriation;
- Proof the funds for compensation are in place.

In addition to the Expropriation Law, provisions of the Constitution and the Law on Property and Other Real Property Rights are also relevant to land acquisition and resettlement:

- The **Constitution of the Republic of Macedonia** guarantees legal protection of ownership and states

that no person may be deprived of his/her property or of the rights deriving from it, except in cases concerning the public interest determined by law. If property is expropriated or restricted, rightful compensation not lower than its market value is guaranteed.

- According to the **Law on Property and Other Real Property Rights**, no person may be deprived of his/her property or of the rights deriving from it, except in cases concerning the public interest determined by law and the acts for spatial planning. In case of deprivation (complete expropriation) or restriction (incomplete expropriation), rightful compensation for the property not lower than its market value at the time of expropriation is guaranteed.

2.2 WB Principles and Procedures of Resettlement Adopted in this RPF

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

The main objectives of OP 4.12 are the following:

- Involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs;
- Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. Displaced persons should be meaningfully consulted and should have opportunities to participate in planning and implementing resettlement programs;
- Displaced persons should be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

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

2.2.1 The World Bank Safeguards and Involuntary Resettlement Policy

All projects funded by WB must comply with the WB social and environmental safeguards. The WB financed projects, in their turn, require compliance with the WB safeguards and guidelines.

WB OP 4.12 Involuntary Resettlement is one of the most important safeguards guiding land acquisition and related resettlement/compensation issues during project implementation. In line with the WB principles and procedures, Republic of Macedonia is committed to implement the WB financed projects in compliance with the requirements of WB OP 4.12.

In particular, appropriate planning/management instruments must be developed prior to project appraisal, like Resettlement Policy Framework (RPF) and Resettlement Action Plan (RAP), as appropriate.

Resettlement Policy Framework (RPF). A policy framework needs to be prepared if the extent and location of resettlement cannot be known at appraisal because the project has multiple components, as typically happens in projects with financial intermediaries or multiple subprojects. The policy framework establishes resettlement objectives and principles, organizational arrangements, and funding mechanisms for any resettlement operation that may be necessary during project implementation. The framework also assesses the institutional capability to design, implement, and oversee resettlement operations.

Resettlement Action Plan (RAP). All projects that entail involuntary resettlement require a **RAP**. “The scope and level of detail of the resettlement plan vary with the magnitude and complexity of resettlement” (OP 4.12, Annex A, para. 2). RAP is location-specific and comprehensive action plan including preliminary studies (socio-economic assessment, sociological survey, census, valuation of impacts, and consultation with affected persons), a set of compensation/mitigation measures for each affected person/household, and detailed implementation plan with indication of responsible parties and schedule.

The WB Policy on Involuntary Resettlement, as defined in the OP 4.12, is based on the following principles:

- Involuntary resettlement is to be avoided or at least minimized;
- Compensation/Rehabilitation provisions provide affected persons with opportunity to improve, or at least restore, pre-project incomes and living standards;
- Affected Persons should be fully informed and consulted on Land Acquisition and Resettlement compensation options;
- Affected Persons’ socio-cultural institutions should be supported/used as much as possible;
- Compensation will be paid at replacement cost to affected persons, without deduction for depreciation or any other purpose;
- Lack of legal title should not be a bar to compensation or alternative forms of assistance as needed to achieve policy objectives;
- Particular attention should be paid to households headed by women and other vulnerable groups;
- Land Acquisition and Resettlement should be conceived and executed as a part of the project, and the full costs of compensation should be included in project costs and benefits;
- Compensation and resettlement subsidies will be fully provided prior to clearance of right of way/ ground leveling and demolition.

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

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

Table 1: Differences between Macedonian law/regulation and WB policy

Macedonian legislation	WB Involuntary Resettlement Policy	Conclusion on gaps	Actions to address the gaps
Eligibility			
Macedonian law does not recognize persons who do not have formal legal title	a) those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country); b) those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets provided that such claims are recognized under the laws of the	In general the provisions of the Macedonian legislation and WB’s OP 4.12 are the same, except of provision on persons lacking the formal legal right over the property.	It is recommended WB OP 4.12 is followed although it is not expected (c) category PAPs. The governmental initiative for legalization of objects without proper building permits starts in 2010 and end in June 2014. The initiative for legalization of illegally occupied land (backyard) started in 2011 and ended in October 2014.

	country or become recognized through a process identified in the resettlement plan c) those who have no recognizable legal right or claim to the land they are occupying.		
Entitlements			
Macedonian laws does not include socio-economic assessment in order to determine the real magnitude of impact to the PAP	Implementation of a census and a social-economic assessment within an affected area, to identify the persons who will be displaced and determine who will be eligible for compensation and assistance. As well as to determine the magnitude of impacts.	The difference between OP 4.12 practice and national legislation is that by OP 4.12 apart from inventory of losses, a socio-economic assessment is done to determine how and whether the losses are impacting the livelihood of project affected person.	Law does not forbid getting more information from all affected persons those with and without title. Thus not only the lost assets will be surveyed but also other features that will help in profiling of the affected persons. WB OP 4.12 to be followed
Compensation under the Expropriation law is determined in accordance with the prevailing market price after taking into account the value of land, cost of structures (residential and business) & installations, crops, forest land and timber, also it covers compensation for transaction costs.	Compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.	The difference between OP 4.12 practice and national legislation is that by OP 4.12 gives beneficiary to the PAP in means of improvement of quality of life or restoration to a previous condition.	Compensation will be at replacement value.
Timing of Compensation Payment			
According to paragraph 48 of the law Compensation has to be paid/provided within 30 days from the day when a compensation agreement has been signed or the court decision on compensation has become final. Construction permit can not be obtained without solved property issues, however in some cases construction permit is provided.	Taking of land and related assets may take place only after compensation has been paid and, where applicable, resettlement sites and moving allowances have been provided to the displaced persons.	There is a gap of 15 days where the land can be acquired before it is paid. In some cases even more.	Local authorities must deposit funds equal to the offered amount in a secure form of escrow or other interest bearing deposit acceptable to the Bank in case where affected person does not accept proposed compensation and if compensation is equivalent to at least replacement value. Compensation of land and assets must be fully paid prior to taking of land.

Information and consultation			
Those who have formal legal rights are informed throughout the expropriation process (i.e. that a request for expropriation has been submitted), before the decision on expropriation is passed, the municipal office in charge of expropriation has to invite the affected person with formal legal rights to a meeting to present any facts which may be relevant for expropriation.	Information related to quantification and costing of land, structures and other assets, entitlements, and amounts of compensation and financial assistance are to be disclosed in full to the affected persons. Displaced persons and their communities are provided timely and relevant information, consulted on resettlement options, and offered opportunities to participate in planning, implementation and monitoring of resettlement.	There is no legal obligation for Local Authorities to conduct early Information dissemination and consultation with PAPs prior to the process of expropriation. PAPs are not consulted or offered opportunity to participate in planning, implementation and monitoring of resettlement.	Plans for consultations with all project affected people, including host communities should be incorporated in the ARAP. Also, the draft ARAP itself must be subject to public consultation. The law of expropriation does not regularize public consultation. Thus, World Bank practices will guide the process

2.3.1 Legal framework for land expropriation in Macedonia and fit with WB OP 4.12

For land acquisition in municipal services improvement projects, the Municipalities submit expropriation proposals to the Local/ Regional Offices of Property Administration (within the Ministry of Finance). The expropriation proposal shall contain information about the purpose of expropriation, details on the real estate to be expropriated, the names and addresses of the owners of the real estate, evidence of the ownership over the real estate that is offered as replacement for the expropriated real estate and evidence for the secured funds that shall be used as compensation for the expropriated real estate.

Eight days from the submission of the expropriation proposal, the Local/ Regional Offices of Property Administration shall invite the owner, the carriers of other property rights over the real estate and the user of the expropriation for negotiations. The purpose of the negotiations is to determine the existence of a public interest, the veracity of ownership/ property rights, the nature and amount of the compensation etc. The law provides scope for appeal against the decision for expropriation to be submitted to the Commission of the Government of the Republic of Macedonia. These consultations go on until agreement is reached on the amount of compensation – if the concerned parties cannot agree, appeals are made to the Supreme Court regarding the amount of compensation and date of expropriation. The Municipalities shall acquire the tenure right over the expropriated real estate 15 days after the date of the settlement (agreement).

The compensation price is determined with the help of qualified property assessment experts. The offer price for land is calculated based on a situation-specific formula that takes into account the market value of the affected property.

There is also a process of open and transparent negotiation before expropriation proceedings begin that ensure that the final agreed price corresponds to the World Bank's requirement of "replacement value" enabling the project affected person to purchase land of similar quantity and quality. Owners also have the right to receive market-price based compensation for trees, seedlings, crops and forests, etc.

Depreciation is used in calculating the offer price of structures. This is not consistent with the principle of replacement value as suggested by OP 4.12. It is not expected that there will be major structures that will need to be acquired in the project site. In the event that there are structures (barns, kiosks, small commercial buildings etc.) that will need to be demolished, "depreciation" will not be used while calculating the compensation payable

for affected structures, so that affected people will be able to replace their structures with the compensated amount.

The Municipality is obliged to make the compensation payments within 30 days from the date of signed agreement or court decision, if any. If compensation cannot be paid or deposited within the deadline, interest will be paid at market rate on the amount awarded from the date of award till the date of payment. Compensation for lost assets shall be provided before these are taken into possession.

While World Bank OP 4.12 embodies the principle that a lack of legal land title does not disqualify people from resettlement assistance, under relevant Macedonian legislation, discrepancies with this principle arise. However, within the scope of this project, the sites are not occupied by large illegal settlements; neither are there individuals that have multiple or competing or illegal claims to land in the project area. All project affected people in the area whose land have to be acquired have legal titles, according to the updated land ownership report prepared by the State Cadastre Office. Especially this is due to legalization process whereby all the non legal structures got legalized. However if such case arises than OP 4.12 principles will be followed.

2.3.2 Consultations with PAP

Information dissemination and consultation with the PAPs reduces the potential for conflicts, minimizes the risk of project delays, and enables the project to include resettlement and rehabilitation as a comprehensive development program to suit the needs and priorities of the PAPs. Specific objectives of the public information campaign and public consultation are: to fully share information about the proposed project, its components and its activities, with affected people, to obtain information about the needs of the affected people, and their reactions to proposed policies and activities, to ensure transparency in all activities related to land acquisition and compensation payments.

In the cases of Land acquisition the Municipalities will organize meetings with the local population to discuss the process. At the meetings there should be presented the following issues: basic technical characteristics of the routes and of the structures; the expropriation line of the routes, associated with detailed geographical maps; access of the settlements with the motorway; amount of the compensation for the expropriated land; the manner and the procedures of the expropriation process, including the method for assessing value or payment of compensation.



3.

ELIGIBILITY AND ENTITLEMENTS

3.1 Eligibility

The basic principle followed in this RPF is that PAPs should be assisted in their efforts to improve their former living standards, income earning capacity, and production levels, or at least to restore them to pre-Program level whereby lack of legal title does not exclude individuals from the eligibility to receive compensation and/or rehabilitation assistance.

PAPs eligible for compensation will include those who have formal legal rights to land or other assets, and those who initially do not have formal legal rights to land or other assets but have a claim to legal rights based upon the laws of the country; upon the possession of documents such as land tax receipts and residence certificates; or upon the permission of local authorities to occupy or use the project affected plots.

Those who have no recognizable legal right or claim to the land they are occupying are also eligible for compensation for immoveable assets. If there are cases occupying illegally public land than no compensation will be offered for the land but they will be eligible for compensation of the immoveable assets and potential loss of livelihood. It is not anticipated that there will be any such PAPs.

Affected items could include, but may not be limited to, the following:

- Permanently or temporarily affected land;
- Houses or other structures, crops, trees, or other assets;
- Small kiosk or any other small business or production; and/or,
- Suffered income losses as a result of the Project.

The WB's OP 4.12 recognizes that individuals and households who occupy project-affected areas after the cut-off date are not eligible for compensation. All people moving into the project area and/or people conducting construction works, planting trees, etc. after the cut-off date are non-eligible PAPs and thus will not receive any compensation. Advance notice will be given, requesting them to vacate their premises and dismantle affected structures prior to project implementation.

3.2 Entitlements and valuating affected assets

Land acquisition and resettlement will be implemented according to a compensation and entitlements framework in line with Macedonian laws and regulations and WB OP 4.12. Where they are different, the entitlements most favorable to the PAPs will apply, as set out in the Entitlement Matrix below. During compensation identification at Project preparation, the entitlement matrix and description of compensation entitlements shall be revised and updated accordingly.

The definitions used in this RPF are:

- "Census" means the head count of the persons affected by land acquisition in terms of asset loss, together with an inventory of the assets lost by these persons. The census also includes basic socio-economic data. The date of the census establishes the cut-off date to record the persons in a community project area, who can receive compensation for lost assets, and/or resettlement and rehabilitation assistance.
- "Compensation" means the reparation at market rates (which is equivalent to replacement cost) in exchange for assets acquired by the Project.
- "Cut-Off Date" means the date after which no person moving into the project area will be eligible to receive compensation related to land acquisition and resettlement. The cut-off date is the date of the census of the persons affected by land acquisition.
- "Rehabilitation Assistance" means assistance comprising job placement, job training, or other forms of support to enable displaced persons, who have lost their source of livelihood as a result of the

displacement, to improve or at least restore their income levels and standard of living to pre-project levels.

The entitlement matrix is based on the premise that resettlement, rehabilitation and compensation programs should improve or, at a minimum, maintain the PAPs pre-Project living standards and ensure their participation in Project benefits. This is reflected in the following principles of compensation:

Eligibility

- All PAPs living in the Project area before the cut-off date will be considered for compensation for their losses and/or rehabilitation assistance. Lack of legal rights or titles do not make them ineligible for entitlements.

Compensation

- PAPs will be compensated at full replacement and substitution costs without depreciation, and relocated or resettled in and after due consultation with them. The preliminary compensation rates for replacement and substitution cost will be proposed to the PAPs to give them an opportunity to compare those with the prevailing market rates.
- All fees and taxes on land and/or house transfers will be waived or otherwise fees and taxes will be included in a compensation package for land and/or house. The competent government authorities will give preferential treatment to PAPs reconstructing their houses on their own, and to obtain the necessary property titles and official certificates. This in case there are cases for displacement of homes.

Cash compensation

- Payment of cash compensation for lost assets may be appropriate where livelihoods are land-based but the land taken for the project is a small fraction¹ of the affected asset and the residual is economically viable, active markets for land, housing, and labor exist, PAPs use such markets, and there is sufficient supply of land and housing; or livelihoods are not land-based. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets, calculated as of the cut-off date.
- Compensation in cash for all residential, commercial or other structures will be paid at replacement cost of these structures, without any depreciation of the structure and without deduction for salvageable materials.

Consultation and Planning

- Resettlement plan will be developed and implemented in consultation with the PAPs.
- Effective and timely design, planning and implementation of resettlement and rehabilitation measures will be conducted to avoid unnecessary delays and consequent inconveniences to the PAPs.

Relocation

- PAPs will be provided full assistance for transportation of personal belongings, household inventory and salvaged material, and will be given a relocation allowance in addition to the compensation at replacement cost of their houses, lands and other properties, if there is such a case.

Timing

¹ As a general principle, this applies if the land taken constitutes less than 20% of the total productive area; see also WB OP 4.12, point 12, footnote 17

- Resettlement, compensation and rehabilitation Programs for PAPs will be timed so as to guarantee the availability of new land and residences, prior to commencement of project or construction activities.
- Land clearance will not be started before the PAPs have received compensation and rehabilitation assistance.

Monitoring

- Institutional arrangements will be made for internal and external monitoring of all important land acquisition activities².

The valuation of land is established by a committee of valuation experts hired for the purpose. Comparable data on prices are gathered through consultation with Public Revenue Office whose data from recently concluded contracts on sale and purchase of land in the region are extracted. The market value which the Municipality proposes to provide reflects adequate compensation for the asset to be expropriated. It must be noted that active markets for land and housing exist and not only people do use such markets, there is also sufficient supply of both land and housing. The Municipality considers that the market values proposed are fair and reasonable and will be adequate for the affected people to purchase alternative land of the same size and quality within the region.

Buildings are valued based on the price of construction material with which they have been built. The market price remains the most reliable way to evaluate buildings also having a commercial use, i.e. kiosks, shops, workshops or commercial enterprises.

The methodology of assessment of non-movable assets is described in the Methodology for assessment of the market value of the real estate (Official Gazette of the Republic of Macedonia No. 54/12)

The Market Value of agricultural land, forests and pastures is determined in accordance with the average price of conducted purchases of land during the previous year. If no purchases are made in the concrete municipality in the previous year, as a market value is considered the average compensation for m² expropriated agricultural land in the municipality. If there is still lack of information on the purchased and expropriated land in the previous year, in the concrete municipality, than the prices of neighbouring municipalities will be taken into consideration.

During the valuation process, PAPs, local officials and relevant government offices (such as the Cadaster) will be consulted. The following guiding principles for the valuation will be taken into account:

Replacement valuation

With regard to land and structures, the replacement value 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 near settlement 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 labor and contractors' fees, plus the cost of any registration and transfer taxes.

² For further details see section 6 below

In determining the replacement cost to be compensated to the PAP, 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, World Bank guidelines and technical specifications for compensation at replacement cost will be applied.

Compensation for land, structures, business, fixed improvements and other temporary assets will be based on market valuation, productivity valuation, negotiated settlements, material and labor valuation, disposition of salvage materials and other fees paid. It should be noted that lack of title, license or permit is not a bar to compensation.

Asset Acquired	Type of impact	Entitled person	Compensation entitlement
Agricultural or construction land	No displacement: Less than a fraction of land holding affected The remaining land remains economically valuable	Farmer/tenant	Cash compensation for affected land equivalent to market value or replacement which ever is higher
	Displacement: More than a fraction of land holding lost. Remaining land is not valuable	Farmer/tenant	Cash compensation equivalent to replacement value of land Income restoration package (access to credit/allowance until next first harvest/alternative job training) if the livelihoods are affected
Commercial property	Loss of business and/or rent	PAP (whether owner, tenant or squatter)	Compensation for loss of income incurred as a result of relocation including any discrepancies in livelihood. Support to reestablish the business in other suitable location.
Residential property	Not applicable		
Structures	Support structure such as a garage	Owner/user	Compensation at replacement value
Trees/crops	Trees/crops lost	Owner/user/tenant	Cash compensation based on type, age and productive value of affected trees/crops
Temporary acquisition	Temporary acquisition	PAP (whether owner, tenant or squatter)	Cash compensation for any assets affected (e.g. boundary wall demolished, trees removed)

Project affected people (PAP) includes any household who at the cut-off date of the project (i.e. at the date of conducting the census and baseline survey) are residing or deriving an income from the project area, and because of the project, would lose land, or any other movable or fixed assets, in full or in part, temporarily or permanently, or have their business, occupation, place of work or residence adversely affected. Lack of legal rights will not bar affected people from entitlement to compensation for their lost assets (improvements including structures, houses, crops, trees and other fixed assets). The land ownership information prepared by the State Cadastre Office should clarify that there are no illegal encroachers on land, who occupy, reside and cultivate land that does not belong to them in the project area.

4.



ARAP INFORMATION REQUIREMENTS

4.1 Census and Inventory of Project Affected Persons

After completed institutional procedures for start of a Census and Inventory of Project Affected Persons, a cut-off date will be publicly announced and, where applicable, a census of families and persons adversely affected by the Project or sub-component will be undertaken. The census will include a complete inventory of all losses to be incurred by each PAP. This information will include as a minimum: (a) number of persons, main occupation and level of income; (b) number, type, and dimension of the houses; (c) number, quality, and area of all the residential plots; (d) number, category, type, and area of agricultural land held and to be lost by each PAP; (e) tenure status of agricultural land and amount of rent paid by tenant/lessee, where applicable; (f) quantity, category, and dimension of all rent of other fixed assets adversely affected; (g) productive assets lost as a percentage of total productive assets; (h) temporary damage to productive assets; (i) quantity, category, and quality of non-agricultural livelihood adversely affected; (j) quantity, type, and quality of community resources to be acquired³.

4.2 Identification of Losses

If the Projects involve physical relocation of PAPs, data will be collected on the location, area, type, and category of the replacement land available for residential and/or agricultural purposes. Care will be taken to ensure that the relocation site or replacement land is in the vicinity of the PAPs previous location to avoid social dislocation and unrealistic division of the PAPs economic livelihood⁴.

4.3 Baseline Survey

The baseline survey will provide data on the existing social structure, tenure arrangements and resource use, access to common property resources, social services and infrastructure facilities by different social groups in the project area, and for the host population at the proposed resettlement site (if relevant), clearly identifying all special interest groups, particularly those who are poor and vulnerable (e.g. tenants, landless laborers, and female-headed households), and describing their special characteristics in relation to the project⁵.

4.4 Compensation offered

Apart from information for the losses of the affected persons, the magnitude of impact ARAP will contain information for the compensation offered to the PAPs. Separate section of the ARAP will contain entitlement matrix with the content and compensation to be offered. This section will be updated after the consultation and negotiation with PAPs.

4.5 Implementation Arrangements

ARAP will have section on implementation arrangements. Ex ante in the ARAP all institutions that have a role in the process will be listed with their responsibilities and time sequencing.

4.6 Monitoring and the Budget

ARAP will explain also the process how the monitoring of the process is going to be done. In the same section the approximate budget will be noted.

³ See also (i) **Annex 1**: Checklist for Census Information; and (ii) **Annex 2**: List of Data for Census Survey

⁴ See also **Annex 3**: List of Data for Inventory of Losses

⁵ See also **Annex 4**: Data for Baseline Survey

5.



IMPLEMENTATION ARRANGEMENTS

5.1 ARAP Development and Approval Process

ARAPs, as needed, will be developed by the municipalities. ARAP preparation will commence immediately after a cut-off date has been declared and main activities to be undertaken include – but may not be limited to – the following:

- Identification of and consultation with PAPs;
- Census survey and inventory of losses of PAPs;
- Valuation of lost assets;
- Development of compensation matrix;
- Preparation of indicative budget for implementation.

Draft ARAP will be submitted to WB for review and clearance, after which it can be disclosed by the municipality for public consultation. After the public consultation draft ARAP will be finalized and final ARAP will be submitted to WB. When approved by WB it will be disclosed by the municipality.

5.2 RAP Implementation Process

5.2.1 RAP Implementation Unit

A RAP Implementation Unit (RIU)⁶ within municipality will be established to implement approved RAPs. All activities indicated in the RAP shall be covered from municipality funds and be completed prior to commencing the construction activities. Municipality Project Implementation Unit (PIU) will be responsible for preparing and implementing approved RAPs, under the supervision of the World Bank.

Major responsibilities and activities of the RIU/ PIU include – but may not be limited to – the following:

- Verify the RAP census and asset inventory data on the demarcated parcel; or the affected structure
- Undertake cadastral and topographic surveys and ensure correction of data of measuring and inventory as required by possible design changes;
- Closely consult with PAPs and settlements representatives;
- Prepare documentation for registration of new land plots;
- Provide the public with necessary information;
- Negotiations and agreement with PAPs;
- Delivery of compensation and, as needed, implementation and supervision of rehabilitation measures. Cash compensations will be paid on bank transaction account;
- Observe grievance procedures;
- Court processing of cases where no agreement is reached;
- Expropriation proceedings through the court, as required;

⁶ Responsible person for social aspects from the Environmental and Social Aspects Unit within in Development Department and a person from the Legal Department. This is just a proposal. Each municipality will establish a unit to prepare and implement ARAP as per World Bank requirements. The PIU at the Ministry of Finance will support the Municipalities to meet the World Bank requirements

- Construction of infrastructure (in case resettlement is necessary) and arrangement of relocation of PAPs;
- Prepare quarterly reports.

Satisfactory completion of the RAP is a condition for any (physical) works to start.

5.2.2 Complaints and Grievances

Grievance Redress Committee: Tasks and composition

A Grievance Redress Committee at Program level will be established to address complaints and grievances pertaining to resettlement and to pre-empt all disagreements being referred to the court. The Committee will include a representative of each affected municipality a representative from the PIU and the representative from the sub-project area community. A Grievance redress committee will be convened by the municipality PIU on a case by case basis, to address complaints and grievances pertaining to any land acquisition resettlement.

Procedure

Under the supervision of the municipality, the RIU/PIU will make every effort to achieve an amicable settlement of all identified resettlement issues under the RAP at the Project. If this attempt fails, the PAP may at his/her discretion, deposit a complaint either with the court or Grievance Redress Committee. The proposed redress procedure and mechanisms will be presented to and discussed with the PAPs at the early stages of the RAP preparation process. In order to effectively collect all grievances from the potential PAPs, a specific site(s) may be designated for timely depositing and collection of all complaints. The PAPs can deposit complains orally (these shall be properly documented at the moment of depositing complain at the designated site) or in written. The response will be provided within a period of two weeks after receiving the complaint. If the case is not resolved at the level of the Grievance Redress Committee, it may be submitted by either party to the Court. Any fees required for this purpose will be paid by the municipality after verifying that the PAP is a recipient of Social Cash benefits. All other PAPs will be responsible for their own costs.

5.2.3 Expropriation Proceedings

If the RIU and the PAP fail to reach an agreement on the acquisition of private properties, municipality will pursue the expropriation proceedings in accordance with the Expropriation Law.

5.2.4 Court

The Court shall be the last resort for issues and concerns regarding the implementation of the RAP. In case of failure in the negotiation between the municipality and the PAP concerning the acquisition of private properties, General Attorney (on request of municipality) with the mandate for expropriation based on existing legislations will submit to the Court a request for expropriation. Upon Court approval and following prescribed procedures, the municipality will take over the concerned property after having been given the right of Expropriator by the Court.

In cases where complaints and grievances regarding the RAP implementation and compensation are not amicably settled and mediation by the Grievance Redress Committee remains also unsuccessful, the PAP will also have the right to appeal the case to the Court as a last resort. The Courts' decision shall be final and be executed.



6.

MONITORING AND EVALUATION

The main objective of implementation of RAP is to improve or at least restore the social and livelihood resources of the PAPs at their pre-project level. The process of implementation should ensure that this objective is achieved over a reasonable time with allocated resources. Therefore, monitoring of the process of updating RAP, its implementation and delivery of institutional and financial assistance to the PAPs has been designed as an integral part of the overall functioning and management of the Project. Resettlement activities will be regularly supervised and monitored by personnel of municipality (the PIU). Municipality PIU will ensure the execution of timely monitoring of the monitoring and evaluation indicators (process, delivery and impact indicators) of land acquisition and resettlement tasks. The purpose of the monitoring and evaluation is to provide feedback to all stakeholders on progress made in view of a timely and comprehensive implementation of the RAP and to identify problems as early as possible to facilitate well-timed adjustment of implementation arrangements. The objectives are to:

- a) Ensure that the standard of living of PAPs are restored or improved;
- b) Ascertain whether activities are in progress as per schedule and the timelines are being met;
- c) Assess whether the compensation, rehabilitation measures are sufficient;
- d) Identify problems or potential issues; and
- e) Identify methods to rapidly mitigate problems.

As a condition of appraisal of sub-projects involving resettlement, the borrower local government provides the World Bank through PIU with the relevant draft resettlement instrument which conforms to this policy, and makes it available at a place accessible to displaced persons and local NGOs, in a form, manner, and language that are understandable to them. Once the Bank accepts this instrument as providing an adequate basis for project appraisal, the Bank makes it available to the public through its InfoShop. After the Bank has approved the final resettlement instrument, the Bank and the borrower disclose it again in the same manner.

The borrower's obligations to carry out the resettlement instrument and to keep the Bank informed of implementation progress are provided for in the legal agreements for the project

The borrower is responsible for adequate monitoring and evaluation of the activities set forth in the resettlement instrument. The Bank regularly supervises resettlement implementation to determine compliance with the resettlement instrument. Upon completion of the project, the borrower undertakes an assessment to determine whether the objectives of the resettlement instrument have been achieved. The assessment takes into account the baseline conditions and the results of resettlement monitoring. If the assessment reveals that these objectives may not be realized, the borrower should propose follow-up measures that may serve as the basis for continued Bank supervision, as the Bank deems appropriate.

Monitoring process will be conducted in two phases: internal and external.

6.1 Internal Monitoring

Internal monitoring will be carried out routinely by PIU either directly or through the Local Resettlement Consultant. The results will be communicated to WB through the established semi-annual report whereby there will be a section on reporting progress of resettlement/land acquisition cases. Specific monitoring benchmarks will be:

- Information campaign and consultation with PAPs;
- Status of land acquisition and payments on land compensation;
- Compensation for affected structures and other assets;
- Relocation of PAPs;
- Payments for loss of income;

- Selection and distribution of replacement land areas;
- Income restoration activities, and
- Grievances and their resolution.

The above information will be collected by PIU through local governments which are responsible for monitoring the day-to-day resettlement activities of the sub-project through the following instruments:

- Review of census information for all PAPs;
- Consultation and informal interviews with PAPs;
- In-depth case studies;
- Sample survey of PAPs;
- Key informant interviews; and
- Community public meetings.

Reporting on internal monitoring will be carried out semi-annually by PIU and at the end of each RAP completion, a RAP completion report will be submitted to World Bank. Internal monitoring and supervision will:

- Verify that the census of all PAPs has been carried out;
- Verify that the RAP and baseline survey (as appropriate) has been prepared for Project;
- Verify that property valuation and resettlement has been carried out in accordance with the provisions of this RPF and the respective RAP;
- Oversee that all resettlement measures are implemented as approved;
- Ensure that funds for implementing resettlement activities are provided in a timely manner, are sufficient for their purposes, and are spent in accordance with the provisions of this RPF and the respective RAP.

6.2 External Monitoring

The World Bank will perform external monitoring from time to time. In addition, to verifying the reports generated by internal monitoring, external monitoring will:

- Evaluate the social and economic impact of resettlement on the PAPs;
- Verify if the objective of enhancement or at least restoration of income levels and standards of living of the PAPs has been met; and
- As needed, provide suggestions for improvement of resettlement implementation to ensure achievement of the principles and objectives set forth in this RPF and respective RAPs.

The following are main indicators for the investigations to be carried out in this external monitoring phase:

- Socio-economic conditions of the APs after project implementation;
- Communications and reactions from APs on entitlements, compensation, options, alternative developments and relocation timetables etc.;
- Changes in housing and income levels;

- Socio-economic conditions of Informal land owners;
- Effectiveness of property valuation for rehabilitation purposes;
- Effectiveness of Grievance procedures;
- Level of satisfaction of APs in the post resettlement period.
- Level of income of APs after implementation of livelihood restoration measures.

7.



PEOPLE'S PARTICIPATION

As indicated in the above sections, PAPs will participate throughout the development and implementation process of resettlement activities and in the land acquisition process. They will be consulted by the municipality and the RIU and will be invited to participate in public meetings held by municipality in the early stages of the process, as indicated above. The PAPs will be provided with reliable information on the project, its impacts and the proposed mitigation strategies and economic rehabilitation activities. The information made public and provided to each affected household will also include cut-off dates for each sub-project, eligibility criteria and entitlements, modalities of compensation, complaints and grievance redress procedures. The affected parties will be provided with an opportunity of presenting their ideas and suggestions as inputs into the planning and implementation of the resettlement activities. These will be achieved through a series of participatory exercises and focused discussions with the PAPs, thus ensuring that the affected parties have a stake in the outcomes of the process.

PAPs will be also involved in the committees to be established, which will ensure their participation in the decision-making process in various stages of the RAP process: preparation and implementation.

After completion of RAP, a brief survey will be undertaken by the RIU amongst PAPs to assess their satisfaction with the process and results of the RAP.

8.



COSTS AND BUDGETS

Based on the completed RAP, municipality will submit to the World Bank a detailed cost of resettlement, with a breakdown by agricultural land, residential land, houses, other assets, and livelihood to be affected. The cost estimates will make adequate provision for monitoring and supervision and for contingencies. All costs for resettlement will be funded through municipality funds.

All RAP preparation and implementation costs, including cost of compensation and LAR administration, will be considered an integral part of Project cost and will be contributed as a section indicating (i) unit compensation rates for all affected items and allowances, (ii) methodology followed for the computation of unit compensation rates, and (iii) a cost table for all compensation expenses including administrative costs and contingencies.

Costs for external monitoring tasks and for the preparation of surveys and RAPs can be allocated under the loan.

9.



ANNEXES

Annex 1: Checklist for Census Information

Persons:

- Aggregate number of individuals and households in each affected category;
- Age, gender, occupation of every individual.

Property:

Personal property including details of ownership of

- structures: houses, farm buildings, shops, industrial structures, grain drying area, latrines;
- land and type: irrigated or non irrigated, woodlots, grassland, wasteland, etc.;
- description and estimate of the value of standing crops on land;
- other (livestock, wells, trees).

Public and common property:

- land, village common lands, gathering and foraging areas, fishing areas, etc.;
- structures and facilities: schools, health facilities, burial grounds, temples, community centres, public transport, banks, co-ops;
- infrastructure: drinking and other water systems, access and internal roads, electricity and other power sources;

PAP incomes from other sources, including:

- farm-based income;
- off-farm labor;
- informal sector activities.

Annex 2: List of Data for Census Survey

1. Background Information

- (a) Questionnaire code and date of survey
- (b) Name of interviewer
- (c) Name of province, district and village/hamlet

2. Household Census

- (a) Name of household head and all household members
- (b) Relationship of household members to the household head
- (c) Age and sex of each household member
- (d) Information on ethnicity
- (e) Education level of each member
- (f) Primary occupation and monthly income of each member
- (g) Incomes from secondary sources for each member
- (h) Location of job or businesses as the case may be
- (i) Length of stay on present location

3. Tenure Status

- (a) Category of land
- (b) Type of land ownership and the name of the owner/HH member
- (c) Type of document possessed to certify ownership type
- (d) If not owned, name and address of owner
- (e) If informal use right, type of agreement
- (f) Number of years used
- (g) Rent per month paid by tenant
- (h) Deposits made by lessee

Note: In case census and inventory are conducted as separate exercises, some information on land use, affected structures and other fixed assets, and affected businesses should also be collected as part of census surveys.

Annex 3: List of Data for Inventory of Losses

1. Land Use

- a) Existing use of land
- b) Areas under different land usages, where applicable
- c) Total and affected area of land with breakdown by usages, if applicable
- d) Estimate whether the remaining area is viable for continued use
- e) Total area of land by type for compensation purposes

2. Structures

- a. Type of structure
- b. Number of floors
- c. Area by floor
- d. Name of owner of structure
- e. Year of construction
- f. Whether permit obtained for structure
- g. Use of structure and areas by usages, if applicable
- h. Description of building material used for roof, walls and floors by surface areas
- i. Type of foundation
- j. Description of any special features of structure
- k. Utility connections (electric meter, water supply, etc.)
- l. Charges paid for utility connections
- l. Affected area of structure
- m. Estimate whether the remaining structure is viable for continued use
- n. Total area of building for compensation purposes

3. Other Structures

- a. Types of structures (wells, boundary wall, fence, warehouse, etc.)
- b. Area of fish pond affected
- c. Average household income from fish pond
- d. Description of areas and construction material of affected structures
- e. Use of other structures

4. Agricultural Products

- a. Type of crops affected

- b. Owner of affected crops
- c. Total yearly production of crop on affected land
- d. Average yield of crop
- e. Any products that are sold at the market
- f. Number of employees/labour used for crop production
- g. Average value of crop
- h. Average yearly household income from agriculture

5. Trees

- a. Number and types of affected trees
- b. Age of tree
- c. Name of owner of trees
- d. Average yield of fruit bearing trees
- e. Average yearly income from fruit trees

6. Business

- a. Type of business affected
- b. Name of owner of business
- c. Registration/permit number of business (check document)
- d. Total yearly household income from business
- e. Average operating expenditure of business
- f. Number of employees in business
- g. Number of permanent and temporary employees
- h. Average income and profit as reported for income tax (check document)
- i. Whether the business needs to be relocated

7. Affected Public Utilities and Facilities

- a. Description of affected community infrastructure
- b. Description of affected facilities by area & building material used
- c. Estimated number of population adversely affected by the facilities/infrastructure

8. Preference for Relocation

- a. Whether there is a need for relocation or reorganization
- b. Preferred mode of compensation (cash or kind) for land
- c. Preferred mode of compensation for structure

- d. Preferred type of assistance for income rehabilitation

Annex 4: Data for Baseline Survey

Note: The background information, household status and land use information would be same as in ANNEX 3 above: List of Data for Census Survey

Additional information would include the following:

1. Access to Facilities

- a. Access to electricity
- b. Type of water supply available
- c. Type of sanitation facilities within the building
- d. Distance to school
- e. Distance to health facilities
- f. Distance to market

2. Household Assets

- a. Type and number of farm equipment and implements owned by the household
- b. Type of other business equipment owned by household
- c. Estimated value of affected equipment
- d. Type of transport owned (bike, motorcycle, truck, animal cart, car, other)
- e. Major kitchen equipment owned (stove, cooker, etc.)
- f. Ownership of fridge, radio, TV, etc.
- g. General condition of building (excellent, good, average, poor)
- h. General condition of household furnishing (furniture, cupboards, etc.)

3. Household Income and Expenditure

- a. Average annual household income from all sources
- b. Average expenditure on major items: food, transport, health, education
- c. Any loans taken from bank, friends or relatives
- d. Approximate savings, if any

4. Skills Possessed

- a. Skills of each household member
- b. Types of training or skills preferred for further upgrading

Summary of the public consultations meeting

Location	The Public consultations were held on October 8, 2015 at the premises of the Ministry of Finance, from 12am to 13.30pm
Objective	The public hearing and consultation meeting was aimed to present the main aims of MSIP2 project, WB environmental and resettlement policies and requirements prior loan decision-making and main aspects within the draft versions of Environmental Assessments and Management Framework Document (EAMF) and Resettlement Policy Framework (RPF) for the MSIP2 in front of relevant interested stakeholders. The open, transparent and active public participation was ensured with main aim to enable the stakeholders to provide their concerns, comments and remarks on the draft documents.
Invitees	The following interested stakeholders have been invited: WB Office in Skopje, Ministry of finance (MoF), Ministry of Environment and Physical Planning (MoEPP), Environmental Administration AE (MoEPP), Ministry of Transport and Communication (MoTC), ADKOM, ZELS, City of Skopje, several environmental NGOs, Ministry of local self-government units, City of Skopje, consulting companies and other concerned institutions. The public announcement was launched in daily national newspaper (copy attached in Annex 1), and it was posted on the website of MoF

(<http://www.finance.gov.mk/mk/node/1056>) – **Annex 2.**

Participants	15 participants (and 2 PIU representatives) attended the Public hearing and consultation event, The copy of the List of Participants is enclosed in Annex 3 . Several photos were taken during the event and are shown in Annex 4 .
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DISTRIBUTED MATERIALS

Summary conclusions and comments	The draft versions of the EAMF Report and RPF Report (in English) and presentations (in Macedonian). Both draft documents were sent by email to the all invited participants and hard copies of PP presentation (handouts) were distributed to all participants. The hard copies of both Reports were also available at the project office.
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CONCLUSIONS AND COMMENTS

The meeting was carried out according to the planned agenda. The Director of the MSIP project unit Mrs. Malgorzata Markiewicz-Bogov (**MMB**) welcomed the participants and she briefly introduced participants with main objectives of the project and the main aim of the event.

The social expert Mrs. Gordana Pecelj (GP) presented RPF for MSIP2. Then, the Environmental expert Mrs. Slavjanka Pejcinovska-Andonova (**SPA**) presented EAMF document, the main aim of the document and WB environmental safeguard requirements related to the preparation of the EAMF and its presentation on the public hearing and consultation event.

The Environmental expert **SPA** presented the main aim of MSIP1 project, the status of implementation the MSIP1 projects, necessity of development the MSIP2 Project Document and main type of projects expected to be submitted by the municipality.

She gave an overview of the national environmental legislation with emphases on the EIA

procedure for small projects (Category B projects refer to WB Environmental Safeguard Policy), sectorial legal acts related to waters and waste waters, air quality, waste management, noise and vibrations, OH&S and other aspects. SPA presented the relevant WB safeguard policies that should be followed during the developing the PAD for each sub-project within the MSIP2.

During the presentation **SPA** noted the importance of environmental impact assessment of the project activities, identification of the potential environmental and human health risks, impacts and necessity to propose the preventive, mitigation and compensation measures to be implement by the Contractor. Several positive examples were presented from MSIP1 already finished projects dealing with hazardous waste (waste from asbestos containing materials and mercury bulbs).

SPA explained that additionally to the national EIA requirements, the WB requires development of general Environmental Mitigation Plan and Monitoring Plan (EMPs) to be presented in the EAMF, and when the MSIP2 starts, for each sub-project, the site-specific Environmental Mitigation Plan and Monitoring Plan should be developed and EMPs will be a part of the Contract with Sub-Contractor and he/she need to implement them and the Supervisor needs to monitor their implementation.

The template for Site Visit Monitoring Report for site visits within the MSIP2 when the sub-projects will be carrying out was presented as well. At the end she opened the discussion.

Discussion

The discussion after the presentation of the document RPF document took place around the following points: (i) gap analysis between the World Bank and national regulation regarding the resettlement and expropriation process, (ii) compensation price during the expropriation prices.

First, representative of the Ministry of Transportation and Communications asked to get the matrix of compliance i.e. gap analysis between national regulations and WB policy in field of expropriation.

Namely, the consultant organization involved in preparation of RPF presented that according to the Operation Policy 4.12 and requirements of the WB so called Grievance Redress Committee should be established as an informal body to address complaints and grievances pertaining to resettlement and to pre-empt all disagreements being referred to the court.

In opinion of the speaker there are many such bodies in various institutions and the question is whether it is necessary to establish new bodies. The representative of the World Bank explained the necessity to establish such a body so that project affected persons to have another chance for agreement.

Second, representatives of the City of Skopje were interested how to reach higher compensation price during the expropriation process from the one gives from the authorized assessor. As was presented by the consultant affected persons who are more affected with the project, i.e. big proportion of their agricultural or construction land will be expropriated could be compensated with the higher unit price. This is due to different magnitude of social impact caused by expropriation process.

Employees in municipalities as a part of the team working on expropriation bound to follow the prices set by the assessor, so they have no legal base to offer higher price. Therefore, this issue should be considered further because it causes a bigger problem than the expropriation process.

The remaining issues are addressed most of those who should be members of Grievance Redress Committee - GRC. Representative from city of Skopje asked if mediator can facilitate relation between municipalities and project affected persons (according to the national

legislation Mediation is any arbitration to resolve dispute between parties by negotiation in a peaceful way through one or more licensed mediator). It was clarified that member of GRS will be representatives from the municipalities, PIU and project affected people.

The public debate finished after 40 minutes fruitful discussions and suitable explanations given by WB representative Mr. Bekim Ymeri based on Bank's and his own experience.

As concerns environmental issues, the first comment was provided by Mr. Ljubomir Jovanovski – **LjJ** (Councilor at the MoTC) who agreed with the presented environmental aspects pointing out that also the Law on Construction is very important as the law incorporates OH&S aspects and the Construction permit has been issued after receiving the Decision on approval the EIA Report-Elaborate issued by the relevant authority.

LjJ encouraged the municipalities saying that all these environmental related procedures have been implemented by the municipalities already for each project when the municipality is the project investor. He pointed out that the municipalities need to know the difference between the WB environmental and resettlement policies and national requirements and what additionally the municipality need to follow before applying for the WB loan. He expressed interest in seeing the matrix with correlation between national and WB environmental and resettlement policies.

The representative from the City of Skopje Mrs. Emilija Cvetkovska (**EC**) asked few questions about the resettlement policy documents that need to be developed and the legal basis for establishing the Resettlement Committee. Also, she commented that for all questions referring to environmental and resettlement issues they could contact the MSIP and relevant experts to support them during application process. SPA explained her role in the MSIP project supporting the municipalities to follow the national environmental legislation as well as the WB safeguard policies. SPA explained that the municipality should prepare the EIA Report – Elaborate and to submit it to the relevant authority. The EIA Report-Elaborate and the Decision for approval of the EIA Report-Elaborate should be submitted to the MSIP2 unit and additionally, the site-specific Environmental Mitigation Plan and Monitoring Plan will be developed by SPA as a part of Project Appraisal Document.

No specific comments or remarks on the draft EAMFD was provided by any participant and no need for any amendments is foreseen till now.

CLOSING REMARKS

The meeting was closed and closing remarks were given by MMB, expressing gratitude to all participants about their attendance the event, their active participation and interest concerning the MSIP2 project.

Responsi bility

Environmental expert (**SPA**) will prepare the final version of **Environmental Assessments and Management Framework Document** and also she will prepare Summary of the public consultation and discussion related to the draft EAMF and she will incorporate them within the final version of the EAMF. Social expert (GP) will prepare the final version of RPF document.

The final versions of EAMF and RPF documents will be delivered to MSIP project unit and to the Ministry of Finance and passed to the World Bank for final review and no-objection.

Annex 1: Public announcement concerning public consultation in the daily newspaper "Dnevnik" on October 3, 2015



Република Македонија
Министерство за финансии

ВТОР ПРОЕКТ ЗА ПОДОБРУВАЊЕ НА ОПШТИНСКИТЕ УСЛУГИ-МСИП-2

ЈАВЕН ПОВИК

ЗА ПРЕЗЕНТАЦИЈА НА ДОКУМЕНТИТЕ: РАМКА НА ПОЛИТИКИ ЗА ПРЕСЕЛУВАЊЕ ЗА ВТОРИОТ ПРОЕКТ ЗА ПОДОБРУВАЊЕ НА ОПШТИНСКИТЕ УСЛУГИ - МСИП-2 И РАМКА ЗА ОЦЕНКА НА ВЛИЈАНИЕТО ВРЗ ЖИВОТНАТА СРЕДИНА НА ВТОРИОТ ПРОЕКТ ЗА ПОДОБРУВАЊЕ НА ОПШТИНСКИТЕ УСЛУГИ - МСИП-2.

Во организација на Министерството за финансии на 8 октомври 2015 ќе се одржи презентација и јавна расправа на документите: рамка на политики за преселување за вториот проект за подобрување на општинските услуги - МСИП-2 и рамка за оценка на влијанието врз животната средина на вториот проект за подобрување на општинските услуги - МСИП-2.

Презентацијата ќе се одржи во просториите на Министерството за финансии, улица "Даме Груев", бр.12, кат 4, конференциска сала, Скопје со почеток во 12:00 часот. Министерството за финансии ги повикува сите заинтересирани страни, институции и поединци да присуствуваат на јавната расправа.

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ВТОР ПРОЕКТ ЗА ПОДОБРУВАЊЕ НА ОПШТИНСКИТЕ УСЛУГИ- МСИП-2

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