



**REPUBLIC OF AZERBAIJAN
MINISTRY OF JUSTICE**

**For the Judicial Services and Smart Infrastructure Project and
proposed Additional Financing to the Judicial Services and Smart
Infrastructure Project**

RESETTLEMENT POLICY FRAMEWORK

LOAN NO. 172787-AZ

September 2013

Updated January 31, 2020

Table of Content

ABBREVIATIONS AND ACRONYMS	3
1. INTRODUCTION	4
2. OBJECTIVES OF THE RESETTLEMENT POLICY FRAMEWORK	6
Involuntary Resettlement requirements under the World Bank Involuntary Resettlement Policy (OP 4.12)	6
3. LEGAL AND POLICY FRAMEWORK	7
4. INSTITUTIONAL ARRANGEMENTS	12
5. COMPENSATION ELIGIBILITY AND ENTITLEMENTS	14
6. GENDER IMPACT AND MITIGATION MEASURES	16
7. DOCUMENTS DISCLOSURE	17
8. MONITORING.....	17
9. CAPACITY BUILDING AND Training in RPF and RAP Implementation	18
10. Grievance mechanism	18

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
MOJ	Ministry of Justice
JLC	Judicial-Legal Council
EMP	Environmental Management Plan
ICT	Information and Communication Technologies
IBRD	International Bank for Reconstruction and Development
JSSIP	Judicial Services and Smart Infrastructure Project
PIU	Project Implementation Unit
RPF	Resettlement Policy Framework
RAP	Resettlement Action Plan
PAP	Project-Affected Person
WB	World Bank

1. INTRODUCTION

Azerbaijan has experienced a rapid increase in income and decrease in poverty over recent years, led by increasing oil revenues. But it has also experienced the global economic crisis from which the country has emerged relatively well. However, the drivers of growth and poverty reduction that served the country well in the recent past may not be available in the future, and the post-crisis world offers new challenges for the country and the justice sector. Azerbaijan's challenge is how to maintain its development momentum and to transform itself into a sustainable upper middle income economy with a justice system delivering services fully complying with the European and international standards the country has committed to.

The Republic of Azerbaijan has received a loan from the International Bank for Reconstruction and Development in the amount of US\$ 100 million toward the cost of the Judicial Services and Smart Infrastructure Project (JSSIP) and is envisaged to receive a loan in the amount of US\$ 50 million for the Additional Financing of JSSIP. The objective of the project is to improve the access, transparency and efficiency of delivery of selected justice services. Specifically, the project will scale up the delivery of key judicial services, modernize the associated infrastructure, and thereby improve citizen access to and satisfaction with the justice system.

Parent Project has RPF approved in September 2013. Current RFP updates the original RFP for JSSIP and it's valid for all activities of the Project as of January 22, 2020.

The Project is envisaged to consist of four components:

Component A: Judicial service delivery improvements;

Component B: Strengthening institutional capacity and efficiency;

Component C: Expansion and Modernization of Justice Infrastructure (Component C will not continue under AF JSSIP)

Component D: Project management and coordination;

Component E: Piloting of disruptive technology for justice sector performance and delivery improvements.

Component A: Judicial service delivery improvements. The component will (i) further expand the provision of electronic access to selected justice services by rolling out selected justice e-services (e-Courts) to two additional regions (see Figure 1 below), and (ii) support access to justice measures for equal access to women, small businesses and other vulnerable groups, through the provision of goods, consultants' services, and training and the carrying out of rehabilitation works.

Component B: Strengthening Institutional Capacity and Efficiency. This component will further strengthen information management and operational capacity of justice sector entities to support the provision of selected justice services and strengthen the professional capacity of judges and staff and other justice sector stakeholders and entities to promote reforms, all through the provision of goods, consultants' services and training, and the carrying out of minor rehabilitation works. This support would be informed by lessons learned under the parent project, to help consolidate ICT systems and promote new ones, and expand ongoing skills building efforts for justice sector officials and stakeholders.

Component D Project management and coordination. The component funds the PIU, including local and international experts, for the completion of parent project tasks and implementation of the AF activities. This includes (a) support for capacity building for service

delivery in justice agencies, courts, stakeholder entities and PIU: experts, trainings, technical visits, studies, and international conferences; (b) Incremental operating costs; (c) the Project Audit for the parent project and the AF; and (d) Preparation of the Implementation Completion and Results (ICR) report. It also supports project dissemination, user surveys and outreach to stakeholders, including the private sector, citizen groups, and justice sector entities.

Component E: Piloting of Disruptive Technology (DT) for Justice Sector Performance and Service Delivery Improvements. The component will pilot deployment of DT for improved performance management and justice service delivery to citizens, in line with best international practices of data privacy rules and standards, through the provision of goods, consultants' services and training. The AF will leverage the state-of-the-art data centers and other ICT capabilities of the justice sector that have been supported under the parent project to promote AI and BI for quality policy decision making and efficient service provision.

The potential long-term impacts of the project activities are expected to be positive as the areas surrounding newly constructed or renovated buildings will be generally improved and better maintained. The project also explicitly envisages that the buildings will be operated in an environmentally sustainable and energy-efficient manner (e.g. advanced heating systems with emission filtering features, improved drainage, paper material recycling practices, etc.). The project is expected to have positive long-term social impacts from a more efficient justice system, including improved service delivery, better access to information for users, and greater transparency.

2. OBJECTIVES OF THE RESETTLEMENT POLICY FRAMEWORK

The purpose of the RPF is to set out the policies, principles, institutional arrangements, schedules, and funding mechanisms for any land acquisition that may occur as the result of the project. Land acquisition is not expected under the Judicial Modernization Project, however in case of need to expand project sites or any other land issues, which might occur during project implementation, WB OP 4.12 will apply. Thus the RPF is prepared as a framework to guide those possible land acquisition transactions. Resettlement Action Plans (RAPs) providing detailed description of compensation and rehabilitation measures will be prepared separately for each site in compliance with the policy and principles set out in this Resettlement Policy Framework. RAP will be subject to approval by the World Bank and will be publically disclosed. The operational objective of the framework is to provide guidelines to stakeholders participating in the mitigation of adverse social impacts of the project, in order to ensure that the social and economic well-being of project-affected persons (PAPs) will not be worsened as a result of the project.

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

The WB Policy on Involuntary Resettlement is based on the following principles:

- Involuntary resettlement is to be avoided or at least minimized;
- Compensation/Rehabilitation provisions will ensure the maintenance of pre-project standards of living for those affected;
- Affected persons should be fully informed and consulted on compensation options;
- The socio-cultural institutions of affected should be supported/used as much as possible;
- Compensation will be carried out with equal consideration of women and men;
- Lack of legal title should not be a bar to compensation and/or rehabilitation;
- Particular attention should be paid to households headed by women and other vulnerable groups, such as Indigenous Peoples, and appropriate assistance should be provided to help them improve their status;
- The full costs of compensation should be included in project costs;
- Compensation and resettlement subsidies will be fully provided prior to clearance of right of way/ ground levelling and demolition.

3. LEGAL AND POLICY FRAMEWORK

3.1. AZERBAIJAN LAWS AND REGULATIONS ON LAND ACQUISITION AND RESETTLEMENT LEGAL FRAMEWORK ON MATTERS RELATING TO LAND ACQUISITION

Azerbaijan legislation has the following norms, which provide instruction on matters relating to land, land acquisition and compensation for other property losses:

- The Land Code (25 June 1999);
- The Civil Code (01 December 1998);
- Law on Acquisition of Lands for States Needs (20 April 2010);
- Law on Land Market (07 May 1999);
- Law on Land Reform (16 July 1996);
- Presidential Decree (10 January 1997, N534) on Rules about Selling and Buying the Lands;
- Presidential Decree (15 March 2002, N274) on Charter about Rules on Drafting and Approving of the Documents Relating to the Allocation of Municipalities` Lands;
- Presidential Decree (23 October 2003, N972) on Additional Steps Relating to Implementation of Law “On Land Rent” and Approving the Rules about the Aukcions Relating to the Allocation of Lands to the Ownership or Renting;
- Cabinet of Ministers Resolution N158 (1998) on Establishment of New Normative Prices for Land in the Republic of Azerbaijan;
- Cabinet of Ministers Resolution N110 (1999) on Approval of Regulations for an Inventory Cost Estimation of Buildings Owned by Natural Persons;
- Cabinet of Ministers Resolution N42 (2000) on Some Normative and Legal Acts Relating to the Land Code of the Republic of Azerbaijan;

❖ **Land Code dated June 1999**

When land is required for projects of national interest, compensation is initially offered on the basis of valuations made in accordance with a standard code (No. 158, dated 1998). If landowners are unhappy with this valuation, there is scope for agreeing on a revised valuation. In the event that such agreement cannot be reached, the acquiring authority can process its application for acquisition through the courts, but this is often a long and complex process. The landowner also has the option of seeking recourse through the courts. The Land Code also allows for an exchange of land that is equivalent to the land being acquired. When a relevant local executive authority decides a land case, the decision shall come into force immediately, and this decision will not be terminated by the lodging of a complaint with the relevant court. Articles 110 and 111 describe willful occupation of land plots and implementation of illegal construction on land plots as violations of the land legislation, and state that these are prohibited acts

❖ **Civil Code dated December 1998**

This Civil Code states that any rights to immovable properties must be registered with the state, and that land may be recalled from owners for state or municipal needs as approved by the relevant courts.

❖ **Law on Acquisition of Lands for States Needs dated 20 April 2010**

Law provides the detail procedure of acquiring the lands for state needs, calculating the amount of compensation, the rules of paying this compensation as well as stipulates the other relations between the parties relating the land acquisition.

- ❖ **Law on Land Market dated 1999 and Law on Land Reform dated 1996**
These laws stipulate that ownership, use and renting rights of owners on lands may be sold or bought only upon their personal consent and through land auctions.
- ❖ **Presidential Decree (10 January 1997, N534) - On Rules about Selling and Buying the Lands and Presidential Decree (15 March 2002, N274) - On Charter about Rules on Drafting and Approving of the Documents Relating to the Allocation of Municipalities` Lands**
These documents establish the main principles and procedures of buying and selling the lands, especially municipality lands through land auctions.
- ❖ **Presidential Decree (23 October 2003, N972) - On Additional Steps Relating to Implementation of Law “On Land Rent” and approving the Rules about the running of auctions relating to the allocation (ownership or renting) of state or municipality lands.**
These normative acts provide that the lands which are in state ownership may be allocated to ownership or rent through auctions by the decision of local executive power. The lands owned by municipalities or private individuals may be allocated through land auctions only upon the consent of owners.
- ❖ **Cabinet of Ministers Resolution N158 (1998) – On Establishment of New Normative Prices for Land in the Republic of Azerbaijan**
In this document are established the normative or cadastral rates for lands in each district.
- ❖ **Cabinet of Ministers Resolution N110 (1999) – On Approval of Regulations for an Inventory Cost Estimation of Buildings Owned by Natural Persons**
This resolution outlines procedures for acquisition and compensation valuation for affected buildings and immovable properties. It refers to the standard code No. 58 that is to be used for making valuations of land and property to be acquired. These valuations are made on the basis of standard unit rates for different types of construction in different regions of Azerbaijan. SNIP (Construction Norms and Regulations) defines norms and standards used for right of way and sanitary zones. (These norms were used in the former Soviet Union for design and construction and are currently still being accepted in Azerbaijan. There are different SNIPs for each type of construction, such as bridges, water treatment plants, and residences.)
- ❖ **Cabinet of Ministers Resolution N42 (2000) – On Some Normative and Legal Acts Relating to the Land Code of the Republic of Azerbaijan**
This resolution outlines procedures for the compulsory acquisition of land for state or municipal needs.

According to the legislation of the Republic of Azerbaijan, there are three possible scenarios for land acquisition:

1. The landowner is offered land of equal size and quality.
2. The landowner is compensated by proponents of the land acquisition on the basis of current market prices.
3. The dispute is the subject of court consideration.

The real situation with land reserves excludes the first scenario. Local authorities either have no land reserves, or the quality of these lands is much poorer than the land owned. The main avenue for land acquisition in actuality is the provision of cash compensation through a valuation method based on current market prices and timely payment of compensation. Land swap does not appear to be an option because of the poor quality of available land.

3.2. Compensation Valuation Methods in Azerbaijan

Land Compensation

Procedures for valuation for compensation and other purposes are laid down in the Law on Acquisition of Lands for States Needs, the Land Law, the Land Code, and the following legal instruments:

- Cabinet of Ministers Resolution N.42 (2000) - on Some Normative and Legal Acts Relating to the Land Code;
- Cabinet of Ministers Resolution N.110 (1999) - On Approval of Regulations for an Inventory Cost Estimation of Buildings owned by Natural Persons.

Permanent Acquisition of Land

The land compensation price must be based on the market price, provided that such price is not less than the cadastral or normative price for the subject land (*Land Code*, article 96.5). Normative or cadastral rates for lands in each district are established by *Cabinet of Ministers Resolution N158 on Establishment of New Normative Prices for Land in the Azerbaijan Republic*. The project will pay compensation for permanent acquisition of land based on negotiated rates from government share. The government normative or cadastral rates will be the minimum. The final agreed-on price paid as compensation for land lost to expropriation will correspond to the World Bank's requirement of "replacement value," enabling the affected person to purchase land of equivalent area and quality. During land privatization, land titles allocated to families had all members of the family in the land parcel ownership certificate. In such cases, the household head is responsible for signing project documentation relating to leases or assignment of rights. The household head must, however, obtain the written consent of all other people listed on the ownership documents.

Compensation for Immovable Assets and Land Attachments

This covers a range of items such as cabins, fences, walls, animal enclosures, small irrigation channels, drains, wells, hand pumps, artesian bores, water pumps, hay sheds, animal shelters, and roads. These items will be valued on the basis of full replacement cost. No demolition of structures is expected. However, should it occur, no "depreciation" will be used in calculating the compensation payable for affected structures, so that affected people will be able to replace their structures with the compensated amount.

3.3. Comparison of Azerbaijan Government Policy and WB Policy on Resettlement (WB OP 4.12 on Involuntary Resettlement)

Many requirements of the WB's OP 4.12 are covered in full or in part by current Azerbaijan legislation. These include:

- The requirement to pay compensation in advance where land is compulsorily acquired (*Land Code*, article 70.5)
- The need to compensate based on full market value or through grant of another land plot or building of equal quality, size, and value (*Land Code* articles 8 and 70.5)
- The need to avoid, wherever possible, impacts on agricultural land and forests (*Cabinet of Ministers Decree N42*, section I, article 2)

- The requirement to compensate for losses, whether temporary or permanent, in production or damage to productive assets and crops (Cabinet of Ministers Decree N42, Sections I and II)
- Provision for pre-judicial avenues for resolution of disputes and rights of appeal etc.

The OP 4.12 principle of avoidance or minimization or resettlement is addressed in Article 70.4 of the Land Code and article 3 of the Law on Acquisition of Lands for States Needs, which stipulate that lands can be withdrawn only for location of state, municipal, or public facilities of high importance. Under Article 22 of the Land Code, the state is required to establish protection zones with special (restrictive) regime for the purposes of construction and operation of industrial facilities. The law requires that landowners, users and lessees shall not lose their rights of access and use of such lands, other than in cases which require full withdrawal of land. There are, however, five broad areas where the borrower's obligation under OP 4.12 extends beyond those required under Azerbaijan legislation. These are as follows:

- Land acquisition (and or resettlement), planning, and procedural requirements;
- Public consultation and participation of project-affected communities;
- Extent of compensation and types of assistance to be offered;
- Categories of people eligible for compensation;
- Income restoration.

Resettlement Planning and Procedural Requirements

There is presently no requirement to prepare a formal Resettlement Action Plan (RAP) under Azerbaijan legislation, nor to undertake any of the component activities of a resettlement action plan such as, as a census, socioeconomic survey, consultation with project affected people, monitoring, or reporting. There are no specific references in the legislation to “involuntary resettlement.” Core WB planning requirements, such as the need for community participation in the resettlement planning process and the requirement to improve or enhance project-affected people's living standards and income and production levels, are not explicitly addressed in current legislation.

Measures that will be employed under the project to ensure compliance with OP4.12 will include:

- Consulting with potential project-affected people on feasible measures for land acquisition if applicable;
- Drafting and implementing a full public consultation strategy and disclosure plan before land acquisition procedure (funds will need to be allocated for consultation activities);
- Carrying out a social screening for each subproject to identify the need for an RAP if applicable;
- Informing PAPs of their rights to assistance and explaining this clearly, with supporting information and material, if appropriate;
- Full disclosure of the approved and agreed RAP.

Public Consultation and Participation

OP 4.12 specifies that PAPs should be informed about their options and rights pertaining to land acquisition and “...consulted on, offered choices and provided prompt and effective compensation at full replacement.” (Clause 6 (i), (ii)). Currently there is no explicit consultation requirement in Azerbaijan legislation.

Measures that will be employed under the project to ensure compliance with OP4.12 will include:

- □□public consultation meeting that will be carried out after social screening to inform the PAPs of the nature of the project, expected impact, entitlements for compensation, and measures for grievance redress;
- Disclosure of project environmental and social information as an integral part of the public consultation process, with information being provided about both benefits and disadvantages of the project;
- Information clearly presented in appropriate local languages and dialects and in modes that are sensitive to local communities;
- Information disclosed in locations that are open to the public and that are readily accessible to PAPs.
- Special measures to make sure that women are well represented in consultation and participation processes.

Compensation Eligibility

The categories of people who must be compensated under Azerbaijan legislation are narrower than those defined under OP 4.12. Under the legislation, the only individuals and entities entitled to compensation are those with registered property rights, for example, registered landowners, leaseholders, users and those with registered third-party rights, and those who have legally obtained the right to register their title but who have not completed registration. This potentially precludes many categories of affected people that would be entitled to compensation under WB Group policies.

World Bank OP 4.12 by contrast embodies the principle that a lack of legal land title does not disqualify people from resettlement assistance. Within the scope of this project, all attempts will be made to avoid investments on land, which is encumbered by non-legal owners. However should the case arise then non-formal users will be considered in RAP preparation and compensation.

Income Restoration

Some types of compensation fully or partly have been covered by the Civil Code. WB OP 4.12 specifies special compensation is planned for all those people, who might lose income because of loss of land or annual crops or perennial crops/plants loss because of resettlement. Should loss of income occur because of loss of annual crops or perennial crops/plants, then government counterpart funds will be used to provide for the loss of annual crops a one-year income compensation. Should loss of income for perennial crops/plants occur, then an assessment will determine the amount of income compensation for loss of perennial crops/plants, if any. Furthermore, households that lose a significant proportion of their total land holding (more than 50 percent), such that it is no longer economically viable to cultivate, will receive rehabilitation assistance such as access to employment or training facilities for employment and so forth, in addition to compensation for lost assets. No business closure is expected under the project.

4. INSTITUTIONAL ARRANGEMENTS

4.1 Responsible Agents

The Project Implementation Unit (PIU) in the MOJ will be responsible for the RPF and for any land acquisition issues that might occur in any of their project regions in Azerbaijan. In case of RAP preparation the PIU staff will be responsible for: (i) screening the projects and ensuring that the RAPs are properly prepared and sent to WB for review, (ii) supervising any consultants who may be hired to prepare the RAPs and assist in their implementation; (iii) ensuring proper monitoring. Depending upon the magnitude of impacts, necessary steps will be taken to strengthen the PIU to implement the land acquisition related impacts.

4.2 The Implementation Process

In case of need, Resettlement Action Plan (RAP) will be developed as per this RPF and Bank OP 4.12 and will define detailed compensation packages and implementation schedule. Since, as discussed above, there are gaps between OP 4.12 and Azerbaijan legislation and practice on expropriation, any land acquisition required for the Project will be carried out as per the principles and procedures laid out in this RPF.

A market survey will be conducted to assess the prevailing market prices of land, construction materials for affected structures, crops and other relevant items, which will be used as the unit prices to determine compensation. This will additionally ensure that the market prices will allow PAPs to purchase replacement land.

Loss of income and assets will be compensated on a net basis without tax, depreciation or any other deduction. The final RAP should be submitted to and cleared by the Bank prior to the execution of civil works for relevant sections.

The details of land acquisition procedure will be spelled out in RAP(s), but they will include:

- Initial consultation with PAP to notify the project and board impact;
- Census, geographic survey and socioeconomic survey of PAP;
- Determination of PAP and types/ scale of impact;
- Development of compensation package and drafting of RAP;
- Consultation with PAP;
- Negotiation with PAP and payment of compensation;
- Expropriation process where negotiation fails;
- Compensation/rehabilitation measures will be implemented as the civil works progress but prior to the start of the construction on a particular section.

The implementation of land acquisition activities will be linked to the implementation of the civil works to ensure that acquisition of land or other assets does not occur before compensation is made or other activities have been carried out.

The PIU will undertake social screening for each civil works contracts prior to invitation of bids to screen the potential impacts related to land acquisition and resettlement. In addition, the social screening will verify if any non-title owners are likely to be affected. Based on the screening, an appropriate abbreviated Resettlement Action Plan will be prepared if required. The Resettlement Action Plan will describe the affected persons, the potential negative impacts and the proposed compensation and assistance in line with the principals outlined in this RPF. The screening reports and RAP will be shared with World Bank for review and endorsement prior to invitation of bids for respective civil works contracts. Following the World Bank's endorsements, appropriate approvals within the Government will be obtained for the RAP to secure necessary

budget support for its implementation.

The screening process includes the following steps: (i) the PIU will do a social screening of the sites prior to construction/ rehabilitation works. For this, they will visit potential sites. Sites without any PAPs will be selected, and if this is not feasible, (ii) the PIU will make an inventory of encumbrances on the proposed site and will discuss these encumbrances with local possibly affected people; (iii) PIU will record all encumbrances in the screening format and will, for two weeks, publish list of all affected people in the area in which a facility will be constructed; (iv) during these weeks, the PIU is responsible to conduct a public consultation meeting with affected person(s); (v) afterwards the PIU will modify the list of infrastructure to be built and the construction schedule based on comments during the consultation and prepare a protocol, which will be signed by each affected beneficiary. This list of PAP will be considered the final census for the purposes of RAP reparation and the day it is signed will be the ‘cut-off’ date, the baseline date for RAP preparation; (vi) in case of minor impacts, a brief RAP will be prepared in line with the RPF provisions to mitigate the impacts and losses. Wherever, land acquisition impacts are triggered based on the social screening, a brief RAP will prepared in consultation with the affected people and the draft will be submitted to the World Bank for prior review in advance to the bidding process for the respective civil works contract. All actions entailed in the RAP will be completed before commencement of the civil works.

4.3. Expropriation and Legalization

Attempts should first be made to acquire private land on the basis of negotiation with individual affected entities. Should the negotiation fail, the expropriation process will start and relevant court will determine the case of public needs, and grant the expropriation entity rights to obtain land. The court will also appoint a third party to assess the market value of lost assets and determine the compensation payable to relevant land owners according to the value of assets thus found.

Acquisition of land through expropriation proceedings entails lengthy procedures often may be resisted. Such an approach will thus be pursued under the Program only in extreme cases when negotiations fail and no alternative land is available to implement a subproject. In these cases, however, the needed plots will not be occupied until: (i) the proper judicial process as defined by the law is initiated; (ii) a court injunction has been obtained and properly communicated to the PAPs; and (iii) the compensation/rehabilitation amounts are deposited in an escrow account.

PAPs who do not have proper registration or titles but are legitimate occupants of the plots they lose, will be legalized and registered in the land records. After this is done they will receive full compensation as the legal PAPs.

5. COMPENSATION ELIGIBILITY AND ENTITLEMENTS

5.1. Compensation Funds

All RAP preparation and implementation costs, including cost of compensation will be considered an integral part of Project cost and will be contributed as a counterpart fund by the Azerbaijan Government in JSSIP. Each RAP will include a budget 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.

5.2. Compensation Entitlements

Entitlement provisions for PAPs losing land, houses, and income and rehabilitation subsidies will include provisions for permanent or temporary land losses, buildings losses, crops and trees losses, a relocation subsidy, and a business losses allowance based on tax declarations and/or lump sums. These entitlements are detailed below:

Types of losses	Category of PAP	Proposed entitlement	Remarks
Loss of agricultural land	Legal owners, leaseholders, sharecroppers	Compensated at replacement value either with replacement plots of the same value of the land lost and at location acceptable to PAPs where feasible, or in cash free of transaction costs at current market rates or (if no land markets are active) based on the reproduction cost of the affected land.	When >10% of an agricultural land is affected, owners, leaseholders and sharecroppers will get an additional allowance for severe impacts equal to the market value of a 1 year's gross yield of the land lost. In case of severe impact on other income, the PAPs will be paid additional compensation corresponding to 3 months of minimum subsistence income.
	Non-legal owners	Legalizable PAPs will be legalized and paid as titled owners. Non-legalizable PAPs will be compensated with one time self-relocation allowances in cash equal to 1 year of minimum subsistence income.	
Loss of non agricultural land (Residential/commercial land).	Legal Settlers	Compensated at replacement rate either with replacement plots of same value as plots affected and at location	

		acceptable to PAPs where feasible, or in cash at current market rates, free of transaction cost.	
	Renters/Leaseholders	A 3 months rent allowance.	
	Non-legal users	Compensated with a 1 time self relocation allowance in cash equal to 1 year of minimum subsistence income.	
Demolition of residential houses, other facilities structures	Legal owners/non-legal owners	Compensated with provision of alternative area for reallocation or provided in cash at replacement cost free of deductions for depreciation, transaction costs or salvaged materials.	
Loss of crops	Legal owners, non legal users	All efforts to be made to sequence civil works to allow harvesting of crops. Otherwise Cash compensation at current market rates for the gross value of 1 year's harvest	
Trees	Legal owners, non legal users	Cash compensation at market rate based on type, age and productivity of trees	
Businesses	Legal and non legal business owners	Compensated in cash equal to a 1-year income based on tax declaration or, if unavailable, based on the official minimum subsistence income.	Temporary business losses will be compensated in cash for the business interruption period based on tax declaration or, if unavailable, official minimum subsistence income;

In addition the following provisions will apply:

- Affected business workers/employees: Indemnity for lost wages for the period of business interruption up to a maximum of 3 months;
- Relocation allowance: PAPs forced to relocate will receive a relocation subsidy sufficient to cover transport costs and living expenses for 3 months;
- Vulnerable Peoples Allowance: Vulnerable people (PAPs below poverty line and women or elder headed households without any other bread-winner member of

family) will be given an allowance corresponding to 3 months of minimum subsistence income and priority in employment in project-related jobs. The allowance is to be calculated based on a 5 people family and the monthly-updated benchmarks indicated by the State Statistical Committee of Azerbaijan at time of RAP approval;

- Severe Impacts Allowance; PAPs losing >10% of agricultural land or >10% of non-agricultural income will receive a severe impacts allowance. When >10% of an AP agricultural land is affected, AP (owners, leaseholders and sharecroppers) will get an additional allowance for severe impacts equal to the market value of a 1year's gross yield of the land lost. In case of severe impact on other income, the PAPs will be paid additional compensation corresponding to 3 months of minimum subsistence income. This allowance is to be calculated based on a minimum subsistence income for 5 people family and the monthly-updated benchmarks indicated by the State Statistical Committee of Azerbaijan at time of RAP approval;
- Community Structures and Public Utilities: Will be fully replaced or rehabilitated so as to satisfy their pre-project functions.

5.3. Assessment of Compensation Unit Values

The methodology for assessing unit compensation values of different items is as follows:

- (i) Agricultural land will be valued at replacement rates according to two different methodologies depending on whether in affected areas active land markets exist or not.
 - a. Where active land markets exist land will be compensated at replacement rate based on a survey of land sales in the year before the impact survey.
 - b. Where active land markets do not exist land will be compensated based on the reproduction cost of a plot with equal features, access and productivity to the plot lost. A clear valuation methodology for these cases will be detailed in the RAPs.
- (ii) Houses/buildings will be valued at replacement value based on construction type, cost of materials, type of construction, labor, transport and other construction costs. No deduction for depreciation and transaction costs will be applied.
- (iii) Annual crops will be valued at net market rates at the farm gate for the first year crop. In the eventuality that more than one-year compensation is due to the PAPs the crops after the first will be compensated at gross market value.
- (iv) Trees will be valued according to different methodologies depending whether the tree lost is a wood tree or a productive tree.
 - a. Wood trees will be valued based on age category (a. seedling; b. medium growth and c. full growth) and wood value and volume.
 - b. Fruit/productive trees will be valued based on age (a. seedling; b. adult-not fruit bearing; and c. fruit bearing). Stage (a) and (b) trees will be compensated based on the value of the investment made; stage (c) trees will be compensated at net market value of 1 year income x number of years needed to grow a new fully productive tree.

The unit compensation rates will be assessed by Project consultants or by the authorized independent evaluator based on clear and transparent methodologies acceptable to WB. The assessed compensation rates will then be verified and certified by the relevant government authority.

6. GENDER IMPACT AND MITIGATION MEASURES

Women have important economic roles in project areas and engage in a very wide range of

income making activities in the agricultural and marketing sector. The project will pay particular attention to ensure that women are the recipients of the compensation pertaining to their activities and to ensure that women who are de-facto household heads are clearly listed as beneficiaries of compensation and rehabilitation proceedings under the loan. In order to ensure the above the following actions will be considered:

- Total number of families and people must be gender-disaggregated to pinpoint how many women are likely to be affected by the Project and establish their pre-Project conditions;
- Women will be major participants in the consultation processes to determine and negotiate for compensation entitlements and implement the RP;
- Special attention will be given to the impact of resettlement on women and other vulnerable groups during monitoring and evaluation of the RP.

7. DOCUMENTS DISCLOSURE

This RPF will be disclosed on the websites of the Ministry of Justice of the Republic of Azerbaijan and the World Bank.

8. MONITORING

8.1. In case of RAP implementation monitoring will be carried out routinely by PIU either directly or through the services of a consultant. The results will be communicated to WB through the quarterly project implementation reports. Indicators for the internal monitoring will be those related to process and immediate outputs and results. This information will be collected and reported monthly to assess the progress and results of RAP implementation, and to adjust the work program, if necessary. The monthly reports will be quarterly consolidated in the standard supervision reports to WB. Specific process monitoring benchmarks will be:

- a. Information campaign and consultation with PAPs;
- b. Status of land acquisition and payments on land compensation;
- c. Compensation for affected structures and other assets;
- d. Relocation of PAPs;
- e. Payments for loss of income;
- f. Selection and distribution of replacement land areas; and
- g. Income restoration activities.

Specific impact indicators will be:

- Socio-economic conditions of the PAPs in the post-resettlement period;
- Communications and reactions from PAPs on entitlements, compensation, options, alternative developments and relocation timetables etc.;
- Changes in housing and income levels;
- Rehabilitation of informal settlers;
- Effectiveness of property valuation for rehabilitation purposes;
- Effectiveness of Grievance procedures;
- Level of satisfaction of PAPs in the post resettlement period.

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

- a) Review of census information for all PAPs;
- b) Consultation and informal interviews with PAPs;
- c) In-depth case studies;
- d) Sample survey of PAPs;
- e) Key informant interviews; and
- f) Community public meetings.

9. CAPACITY BUILDING AND Training in RPF and RAP Implementation

The PIU will have an overall responsibility for project implementation and day-to-day management of the Project, liaise with the government, the Bank and other donors, and monitor project progress. The PIU civil engineer, technical supervisors along with PR and monitoring specialist will be in charge of the implementation of the Resettlement Policy Framework (RPF). Actions shall be followed to this RFP and the World Bank OP 4.12 for any project activities that will result in the relocation of households and loss of income.

To allow an effective execution of RPF concerned staff needs undergo a week-long orientation and training in WB resettlement policy and management. This training which will cover the following topics:

- i). Principles and procedures of land acquisition;
- ii). Public consultation and participation;
- iii). Entitlements and compensation & assistance disbursement mechanisms;
- iv). Grievance redress; and
- v). Monitoring of resettlement operations.

10. Grievance mechanism

In case the parties are not able to come to any agreement, the commission consists of representative of municipality, executive authority and NGO will handle all complaints and dissatisfactions raised. If the parties do not come to any agreement, they will apply to the relevant court.