RESETTLEMENT POLICY FRAMEWORK
for the Project
“SOCIAL SERVICES IMPROVEMENT PROJECT”
Republic of Macedonia

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RPF Document prepared by Joint Venture

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<th>Description</th>
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<td>AP</td>
<td>Affected Persons</td>
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<tr>
<td>ARAP</td>
<td>Abbreviated Resettlement Action Plan</td>
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<td>BP</td>
<td>Bank Procedures</td>
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<tr>
<td>ECEC</td>
<td>Early Childhood Education and Care</td>
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<td>ESMF</td>
<td>Environmental and Social Management Framework</td>
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<td>GoM</td>
<td>Government of Macedonia</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<tr>
<td>LAR</td>
<td>Land Acquisition and Resettlement</td>
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<td>MSIP</td>
<td>Municipal Services Improvement Project</td>
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<tr>
<td>MTC</td>
<td>Ministry of Transport and Communications</td>
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<tr>
<td>MTSP</td>
<td>Ministry for Labour and Social Policy</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>OP</td>
<td>Operational Policies</td>
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<tr>
<td>PAD</td>
<td>Project Appraisal Document</td>
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<tr>
<td>PAP</td>
<td>Project Affected People/Persons/Parties</td>
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<td>PIU</td>
<td>Project Implementation Unit</td>
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<td>RAP</td>
<td>Resettlement Action Plan</td>
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<td>RIU</td>
<td>RAP Implementation Unit</td>
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<tr>
<td>RPF</td>
<td>Resettlement Policy Framework</td>
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<tr>
<td>RM</td>
<td>Republic of Macedonia</td>
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<tr>
<td>SEP</td>
<td>Stakeholder Engagement Plan</td>
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<td>SSIP</td>
<td>Social Services Improvement Project</td>
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<td>WB</td>
<td>World Bank</td>
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EXECUTIVE SUMMARY

The Government of Macedonia (GoM) intends to receive a loan from the International Bank for Reconstruction and Development (IBRD) for the implementation of the Social Services Improvement Project. The Project is to be implemented by the Ministry of Labor and Social Policy of the Republic of Macedonia and will support Improvement to access to Early Childhood Education and Care services (ECEC) and Improvement to access to social benefits and services.

Improvement of the access to ECEC services will be financed either by the adaptation of the primary school facilities in the local governments whereby primary school network has available space to be transferred from the primary school to kindergarten facilities or through investment into new kindergarten facilities. In the situation where re-adaptation shall be done there will be no need for extra land to acquire and no social safeguards will be triggered for adaptation of school facilities to kindergarten facilities. However, in the local governments where new facilities need to be built there might be a need to acquire private land if public land is not available. Impacts in these cases will be limited and therefore the social risks related to the safeguards are limited.

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. A Resettlement Policy Framework (RPF) 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.

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 the planned project and sub-projects activities.
1 INTRODUCTION

1.1 PROJECT DESCRIPTION

The Government of Macedonia (GoM) intends to receive a loan from the International Bank for Reconstruction and Development (IBRD) for the implementation of the Social Services Improvement Project.

The Project is to be implemented by the Ministry of Labor and Social Policy of the Republic of Macedonia and will support Improvement to access to Early Childhood Education and Care services (ECEC) and Improvement to access to social benefits and services.

The second Project component will improve the access to and will improve the quality of preschool services by focusing on improving the existing ECEC infrastructure and construction of the new ECEC infrastructure, as well as improving approaches to design and physical outlay of child-centered ECEC facilities. Other activities that are planned under this component will ensure the quality of ECEC services: developing new ECEC Financing model, teacher trainings, quality assurance mechanisms.

Improvement of the access to ECEC services will be financed either by the adaptation of the primary school facilities in the local governments whereby primary school network has available space to be transferred from the primary school to kindergarten facilities or through investment into new kindergarten facilities. In the situation where re-adaptation shall be done there will be no need for extra land to acquire and no social safeguards will be triggered for adaptation of school facilities to kindergarten facilities. However, in the local governments where new facilities need to be built there might be a need to acquire private land if public land is not available. Impacts in these cases will be limited and therefore the social risks related to the safeguards are limited.

The specific activities on the construction and rehabilitation of social service infrastructure (Component 2), further referred to as ‘sub-projects’, cannot be predetermined and will be identified in the course of the Project implementation.

This document represents the Resettlement Policy Framework (RPF) and the Environmental and Social Management Framework (ESMF) is a separate document.

1.2 RATIONALE FOR PREPARATION OF A RESETTLEMENT POLICY FRAMEWORK

This document represents the Resettlement Policy Framework (RPF) for the proposed Social Services Improvement 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 and number of sub-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 of this RPF 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 both, Resettlement Action Plan (RAP) and Abbreviated Resettlement Action Plan (ARAP). Individual project’s RAP or 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/ARAP. 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 is expected not to include displacement of any PAPs.

An RAP document should:

a) state the resettlement guiding principles and objectives;

b) describe the nature and magnitude of project impacts and identify all people to be displaced, paying special attention to vulnerable groups;

c) carry out a census to establish the number of people to be displaced, livelihoods affected, property to be compensated and the cut-off date for eligibility claims;

d) describe the legal framework expected to guide this Plan’s land acquisition (when applicable), compensation, resolution of conflicts and appeals procedures;

e) include an analysis of applicable national legislation, highlighting gaps with EIB requirements and required bridging measures;

f) propose how to fill the gaps between national law and EIB requirements should such gaps be identified;

g) describe institutional set-up and responsibilities;

h) establish the eligibility criteria and describe the entitlements for all categories of displaced people and types of impacts suffered;

i) describe how affected populations, including women, minorities and other vulnerable groups, have been effectively consulted and how their views were taken into account;

j) include valuation of and compensation for lost assets and loss of income and demonstrate that these rates are adequate, i.e. at least equal to the replacement cost of lost assets/income or meeting minimum average wage thresholds;

k) provide details of sustainable arrangements for improving the standards of living of displaced persons;

l) provide details of sustainable arrangement for improving or, at minimum, restoring livelihoods;
m) prepare a grievance mechanism for the settlement of disputes arising from resettlement related issues ensuring access to grievance and recourse for all affected persons; and,

n) include implementation schedule, budgets, and arrangements for monitoring and evaluation.

An Abbreviated RAP (ARAP) will, at minimum, include the following elements:

- A census survey of affected PAP and valuation of assets;
- Description of compensation and other type of 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.

At first, draft version of RAP/ARAP, prepared by the Municipality will be shared with WB for approval before public disclosure, and afterwards, the final version of RAP/ARAP will be submitted. Sub-Project implementation will start after RAP has been implemented. 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 RAP/ARAP is completed, the Municipality will prepare RAP/ARAP completion report and the report will be submitted to the Bank for “No Objection”. Once the RAP/ARAP completion report is done than the awarding of the contracts for the works can be finalized.

For each sub-project, that will require acquisition of additional land, a different RAP/ARAP will be created.

1.5 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 the Municipality will engage external company if needed for conducting Expropriation Report which will serve as a cut-off date;
3. The Municipality will inform general public on the period for conducting of Geodetic Survey (Land Survey) for the Expropriation Report;
4. After completed Expropriation report is delivered to the Municipality, draft RAP/ARAP will be prepared and determine the magnitude of the potential impacts on PAPs.
5. Draft RAP/ARAP is prepared and send to WB through the PIU for review;
6. WB will review and provide no objection to the draft RAP/ARAP;

7. MTSP and the Municipality will disclose draft RAP/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 RAP/ARAP;

9. Final RAP/ARAP send to WB for no objection;

10. Disclosure of RAP/ARAP;

11. RAP/ARAP is part of the sub-project PAD - Project Appraisal Document/Package

12. Completing the expropriation process.

2 INSTITUTIONAL AND LEGAL FRAMEWORK

2.1.1 INSTITUTIONAL AND LEGAL FRAMEWORK

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

**Ministry for Labor and Social Policy** is the project developer. It is responsible for Institutions for child care and education - kindergartens / centers for early childhood development and overall state of Social protection system in Republic of Macedonia.

**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.

### 2.2 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:

- Expropriation Law (Official Gazette of Republic of Macedonia No. 95/12, 131/12, 24/13, 27/14, 104/15, 192/15, 23/16, 178/16);
- Law on Assessment (Official Gazette of the Republic of Macedonia No. 115/10, 158/11, 185/11, 64/12, 188/14, 104/15, 153/15, 192/15, 30/16)
- 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, 95/15)
- 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, 129/15, 217/15, 31/16)
- Law on Property and Other Real Property Rights (Official Gazette of the Republic of Macedonia No. 18/01, 99/08, 139/09, 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);
2.3 EXPROPRIATION PROCESS

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

The Law on expropriation (“Official Gazette of Republic of Macedonia” No. 95/12, 131/12, 24/13, 27/14, 104/15, 192/15, 23/16, 178/16) regulates the procedure for the expropriation of property for projects that are of public interest and the connected rights for real estates (immovable properties). 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, 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, then 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. The Municipality will compensate these tenants, by using the same compensation methodology as for the land owners, but without compensation for land.

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;
- 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.

2.4 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.

A Resettlement Policy Framework (RPF) 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.

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.
2.5 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 Key relevant National Environmental and Social related legislation

<table>
<thead>
<tr>
<th>Macedonian legislation</th>
<th>WB Involuntary Resettlement Policy</th>
<th>Conclusion on gaps</th>
<th>Actions to address the gaps</th>
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</thead>
<tbody>
<tr>
<td>Eligibility</td>
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<tr>
<td>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 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.</td>
<td>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.</td>
<td>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.</td>
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Entitlements
<table>
<thead>
<tr>
<th>Macedonian legislation</th>
<th>WB Involuntary Resettlement Policy</th>
<th>Conclusion on gaps</th>
<th>Actions to address the gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macedonian laws do not include socio-economic assessment in order to determine the real magnitude of impact to the PAP</td>
<td>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.</td>
<td>The difference between OP 4.12 practice and national legislation is that by OP 4.12 apart from inventory of loses, a socio-economic assessment is done to determine how and whether the losses are impacting the livelihood of project affected person.</td>
<td>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</td>
</tr>
<tr>
<td>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) &amp; installations, crops, forest land and timber, also it covers compensation for transaction costs.</td>
<td>Compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.</td>
<td>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.</td>
<td>Compensation will be at replacement value.</td>
</tr>
</tbody>
</table>

### Timing of Compensation Payment

| According to paragraph 48 of the law Compensation has to be paid/provided | Taking of land and related assets may take place only after compensation has been paid and, | There is a gap of 15 days where the land can be acquired before it is paid. | The Municipality must deposit funds equal to the offered amount in a secure form of escrow or |
### Macedonian legislation

- within 30 days from the day when a compensation agreement has been signed or the court decision on compensation has become final.

### WB Involuntary Resettlement Policy

- where applicable, resettlement sites and moving allowances have been provided to the displaced persons.

### Conclusion on gaps

- 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.

### Actions to address the gaps

### 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 the Municipality 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.
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. 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;
- Business and 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 socioeconomic 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 (a) livelihoods are land-based but the land taken for the project is a small fraction\(^1\) of the affected asset and the residual is economically viable; (b) active markets for land, housing, and labor exist, PAPs use such markets, and there is sufficient supply of land and housing; or (c) 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
• 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 activities\(^2\).

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.

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\(^1\) 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.

\(^2\) For further details see section 6 below
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 real estate 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, then the prices of neighboring 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 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.

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.
## Table 2 Provisional Entitlement and Compensation Matrix

<table>
<thead>
<tr>
<th>Asset Acquired</th>
<th>Type of impact</th>
<th>Entitled person</th>
<th>Compensation entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural land</td>
<td>Less than a fraction of land holding affected</td>
<td>Owner /Tenant</td>
<td>Cash compensation for affected land equivalent to market value or replacement whichever is higher</td>
</tr>
<tr>
<td></td>
<td>The remaining land remains economically valuable</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>More than a fraction of land holding lost. Remaining land is not economically valuable</td>
<td>Owner /Tenant</td>
<td>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</td>
</tr>
<tr>
<td>Construction land</td>
<td>Less than a fraction of land holding affected</td>
<td>Owner</td>
<td>Cash compensation for affected land equivalent to market value or replacement whichever is higher</td>
</tr>
<tr>
<td></td>
<td>More than a fraction of land holding lost. Remaining land is not usable</td>
<td>Owner</td>
<td>Cash compensation for affected land equivalent to market value or replacement whichever is higher</td>
</tr>
<tr>
<td>Trees/crops</td>
<td>Trees/crops lost</td>
<td>Owner / Tenant</td>
<td>Cash compensation based on type, age and productive value of affected trees/crops</td>
</tr>
<tr>
<td>Structures</td>
<td>Residential structures</td>
<td>Owner / User /Tenant</td>
<td>Compensation at replacement value</td>
</tr>
<tr>
<td></td>
<td>Other structures</td>
<td>Owner / User /Tenant</td>
<td>Compensation at replacement value</td>
</tr>
<tr>
<td>Commercial property</td>
<td>Loss of business and/or rent</td>
<td>Owner / Tenant /squatter</td>
<td>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.</td>
</tr>
<tr>
<td>Temporary land</td>
<td>Temporary acquisition</td>
<td>Owner / Tenant /Squatter</td>
<td>Cash compensation for the acquired land and loss of income incurred as a result of temporary relocation including any discrepancies in livelihood.</td>
</tr>
<tr>
<td>acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 Cadaster Office should clarified 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 RAP 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; (e) 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 acquired.

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 livelihood.

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 project.

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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
4.4 **COMPENSATION OFFERED**

Apart from information for the loses 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**

RAP 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**

RAP 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.

5 **IMPLEMENTATION ARRANGEMENTS**

5.1 **RAP DEVELOPMENT AND APPROVAL PROCESS**

ARAP/RAP, as needed, will be developed by the Municipality. RAP 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 RAP/ARAP will be submitted to WB for review and clearance, after which it can be disclosed by MTSP and the Municipality for public consultation. After its finalization, final RAP will be submitted to WB. When approved by WB it will be disclosed by MTSP and the municipality.

5.2 **RAP IMPLEMENTATION PROCESS**

5.2.1 **RAP IMPLEMENTATION UNIT**

A RAP Implementation Unit (RIU) within the municipality will be established to implement approved RAPs. All activities indicated in the RAP shall be covered from the municipality’s 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;
- 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;
- 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 PIU staff, a representative of affected municipality and representatives of the local communities affected by the Project. A similar grievance redress committee composed of representatives from the PIU, local NGOs and Communities, as well as an independent expert will be convened by the PIU on a case by case basis, to address complaints and grievances pertaining to any resettlement procedure:

Under the supervision of the MTSP, 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 complaints orally (these shall be properly documented at the moment of depositing complaint 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, the 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 the 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 in 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 beneficiary 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, together with beneficiary, will 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 semiannually 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;
7 PAP’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.
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 centers, 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
   m. Affected area of structure
   n. Estimate whether the remaining structure is viable for continued use
   o. 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/labor 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 trees
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 4 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