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**MAHOVLJANI INTERCHANGE
RESETTLEMENT ACTION PLAN**

Banja Luka, 23 October 2009

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APPENDIX C
MAHOVLJANI INTERCHANGE – BOSNIA AND HERZEGOVINA
RESETTLEMENT ACTION PLAN

1 SCOPE OF THE DOCUMENT

This document is the Resettlement Action Plan (RAP) for the Mahovljani Interchange (MI) Project in Bosnia and Herzegovina (“the Project”). It has been prepared in conformance with the laws of Bosnia and Herzegovina and the specific entity-level laws of Republika Srpska (RS), as well as the regulations and the requirements of the European Bank for Reconstruction and Development (EBRD).

The requirements of this RAP are binding to both the RS Motorways Company and the Contractors selected to undertake the construction and operation of the Project.

2 PROJECT DESCRIPTION

Mahovljani Interchange is the intersection between two motorways: Motorway Banja Luka – Gradiska and Motorway Banja Luka – Doboj. Under the Regional Roads Project the EBRD, the European Investment Bank (EIB) and the Government of RS provided financing for the construction of a new motorway from Banja Luka to Gradiska (BLG). Original construction plans envisaged an ordinary exit from BLG to the local road in Mahovljani. However, the original plans have been revised and consequently lead to broadening the scope of work in Mahovljani with aim to build an interchange between BLG and Banja Luka Doboj motorways. The EBRD is considering providing a loan for construction of the Mahovljani interchange.

The MI is located in the entity of Republika Srpska (RS) in Bosnia and Herzegovina, namely in the Municipality Laktasi, situated about 20 kilometres north-east of Banja Luka City. The original plans, dated from 2005, envisaged the construction of a common road exit. The revision of the planning documentation in 2008 suggested widening the scope of construction works to building an interchange instead of a road exit between Banja Luka – Gradiska and Banja Luka – Doboj motorways. Taking this into account, the project and its social impacts can be divided into two project phases: Phase I and Phase II.

Phase I refers to planning and preparation activities carried out according to the original plan. This phase also encompasses expropriation and resettlement activities that have already been completed, as well as consultation and public participation activities. Phase II includes activities envisaged by the revised MI construction plans, as well as future expropriation and other social impacts that may result from the project.

As presented in the table below the space required for new design of the interchange is about 40% bigger than the space needed for the old design.

The land acquisition and resettlement process for the old design has been completed. The new design interchange will require only additional land acquisition. It would not require demolishing any additional houses or other types of building.

| DESCRIPTION | OLD DESIGN | NEW DESIGN | DIFFERENCE |
|-----------------------------|------------|------------|------------|
| Footprint (m ²) | 241,550 | 340,000 | ~100,000 |
| Number of houses | 7 | 7 | 0 |
| Other buildings | 16 | 16 | 0 |
| Number of land owners | 23 | 36 | 13 |

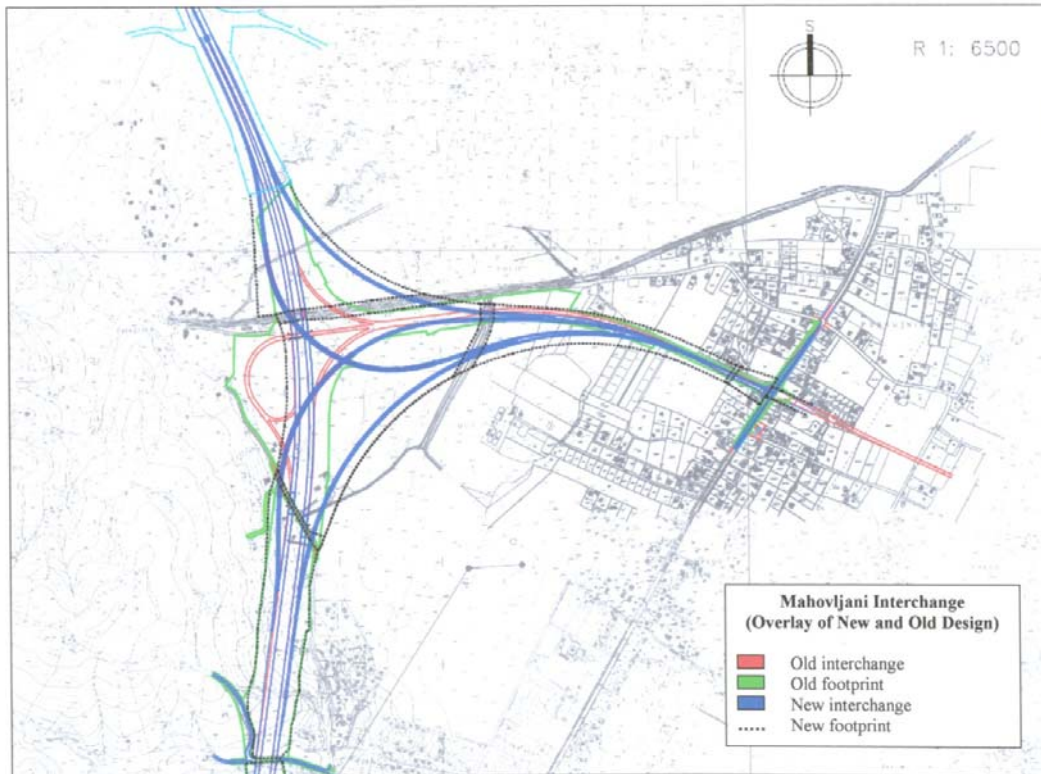


Figure 2.1: Project Location

3 POLICY AND REGULATORY BACKGROUND

3.1 EXPROPRIATION LAW AND REGULATIONS

The current Expropriation Law of the Republic of Srpska (RS) has been in force since 2006 (Official Gazette of RS No. 112/06, published on 23rd of November, 2006), with amendments in 2007 and 2008 (Official Gazette of RS No. 37/07 and 110/08).

The amendments to the Law in 2008 significantly reduced the length of the expropriation procedure, due to the introduction of new provisions which provide the possibility of taking possession over the expropriated property upon the finality of the Decision on Expropriation or even prior to its finality for infrastructure projects.

This Law regulates the conditions (establishing public interest), the procedure for expropriation of real property for construction of facilities and carrying out works in the public interest and the compensation for expropriated property. It also addresses the issues of grievances and disputes handling, and, to a limited extent, compensation eligibility.

3.1.1 Public Interest

Property can only be expropriated upon the establishment of public interest for the construction of facilities or carrying out other works on the property, in the specific sectors. Public interest is established by a Decree, but may also be established by a dedicated law or physical planning documents.

Following the submission of a proposal by the expropriation beneficiary, the Government of RS issues a Decree on Establishing Public Interest upon the prior opinion of the assembly of local governments on whose territory it is intended to construct or carry out works. The assembly is obliged to issue its opinion within 30 days upon receiving the request. The Government of RS is then obliged to decide upon the matter within 30 days upon receiving the opinion of the assembly.

The Law does not allow initiating an administrative dispute before the competent court against the Decree on Establishing Public Interest.

3.1.2 Expropriation Procedure

The expropriation procedure comprises the following steps:

- Preparation for expropriation: The expropriation beneficiary (RSM) may request to be allowed to perform the necessary preparations on designated real property, in accordance with the procedure set out in the Law. The proposal is submitted to the Administration for Ownership Affairs¹ (“Administration”);
- The relevant authority issues the Decree on Establishing Public Interest, as described above;
- The expropriation beneficiary is obliged to try to reach an amicable sale-purchase agreement with the affected owner;
- The expropriation beneficiary submits a proposal for expropriation to the Administration;
- The Administration is obliged to notify the owner of the property, without delay, of the submitted proposal for expropriation;

¹ Administrations for Ownership Affairs are the Regional Units of the RS Administration for Geodesy and Legal Ownership Affairs in charge of expropriation.

- The expropriation beneficiary and the owner of property may conclude an amicable sale-purchase agreement after the submission of the proposal for expropriation, i.e. until the Decision on Expropriation is issued in which case the expropriation procedure is terminated;
- The Administration is obliged to hear the owner of the property in relation to the expropriation;
- The Administration issues a Decision on Expropriation, after completing the proceedings on an urgent basis. Appeal against this Decision may be submitted to the RS Administration for Geodesy and Legal Property Affairs;
- When the Decision on Expropriation becomes enforceable, the Administration is obliged to convene and hold a hearing to determine the compensation for the expropriated real property through an agreement and without delay;
- If no agreement on compensation is reached within two months of the validity of the Decision on Expropriation, the Administration submits the valid Decision to the competent Court on whose territory the expropriated real property is located, for the purpose of determining the compensation. In case an agreement cannot be concluded, the competent court ex officio decides in non-contentious proceedings on the extent of compensation for the expropriated real property.
- Taking possession over the affected property is possible only upon a formal Decision on Expropriation and after the possession of substitute property or compensation payment. The exceptions are infrastructure projects, in which case the Government may issue a Decree to allow the beneficiary to take possession of the property prior to the finality of the Decision if necessary due to urgency or to avoid considerable damage
- Formal transfer of legal title in the land register is carried out on the basis of a valid Decision and proof of payment of compensation or proof that the previous owner has acquired ownership over other corresponding real property.

3.1.3 Compensation

Compensation for expropriated real property is in principle provided through a corresponding alternative real property in the amount of the market value of the expropriated real property in the same municipality or city, thus enabling the owner of expropriated real property approximately the same conditions of use as he/she had over that real property.

If the owner of expropriated real property does not accept an equivalent real property as compensation or if the expropriation beneficiary cannot ensure such real property, fair compensation is to be determined in cash not less than the market price of the expropriated real property at the time of issuing the first-instance Decision on Expropriation, i.e. at the time of concluding the sale-purchase agreement.

For illegally constructed facilities, the constructor is entitled to compensation in the amount of his/her investments, if, at the time of the investment, conditions for the legalization of the facility had been met. This is not applicable to facilities illegally constructed after the submission of the proposal for expropriation.

In case of usufruct, compensation is determined in the amount for which the market value of the real property has been reduced, as well as for the damage occurred. In case of lease, compensation is determined in the amount of lease on the market, either as a one-time payment covering the full duration of the lease, or in several regular instalments.

Compensation for temporary usage of land is determined in the manner applicable for compensation for lease.

Personal and other family conditions of the previous owner of the expropriated real property are taken into consideration as a corrective for an increase in the amount of determined compensation.

It should be noted that fair compensation mentioned in the RS law enable the determination of full compensation (the possibility of increasing market value in relation to the sentimental value the property holds for the owner in justified cases, in addition to the cash compensation for the market value).

3.2 PUBLIC CONSULTATION

The current environmental legislation in RS enables public access to information, public participation in decision making and access to justice in relation to issues regarding environmental protection. Participation is allowed for every citizen regardless of citizenship, nationality or residence, and for legal entities regardless of their seat.

The competent ministry will enable public participation in:

- procedures of environmental impact assessment of projects;
- procedures of issuing environmental permits.

3.3 EBRD REQUIREMENTS

The EBRD applies its 2008 Environmental Policy to this Project. Involuntary Resettlement is covered by the Performance Requirement (PR) 5 of the Policy. The main points of PR 5 are the following:

- all feasible alternative project designs should be explored to avoid or at least minimise physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits;
- adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to land should be mitigated by: (i) providing compensation for loss of assets at replacement cost; and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;
- the livelihoods and standards of living of displaced persons should be improved or, at a minimum, restored to pre-project levels, through measures that can be enterprise-based, wage-based and/or enterprise based, so as to facilitate sustainable improvements to their socio-economic status;
- the living conditions among displaced persons should be improved through provision of adequate housing with security of tenure at resettlement sites;
- affected persons shall be given the opportunity to participate in the negotiation of the compensation packages, eligibility requirements, resettlement assistance, suitability of proposed resettlement sites and the proposed timing;
- a grievance mechanism must be established as early as possible in the process in order to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons and/or members of host communities, including a recourse mechanism designed to resolve disputes in an impartial manner.

3.4 GAP ANALYSIS

The following table presents a review of potential gaps between the provisions of Expropriation Law of Republika Srpska and EBRD's requirements.

Table 3.1: Gap Analysis

| Issue | EBRD Requirement | RS Provision/Requirement | Comments and Potential Gaps and Proposed Measures to Bridge Them |
|---|--|---|---|
| <p>Avoidance or minimisation of involuntary resettlement / expropriation</p> | <p>The client will consider feasible alternative project designs to avoid or at least minimise physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits.</p> | <p>The Law explicitly states that expropriation is carried out only if an amicable sale-purchase agreement with the affected owner is not reached. The Law specifies the purposes for which property can be expropriated if necessary, provided that “public interest” has been established for the property. The Expropriation Study contains the purpose and justification of expropriation, and is submitted together with the proposal to establish public interest, on the basis of which the authority issues the Decree on Establishing Public Interest.</p> | <p>The Mahovljani Interchange has been designed to minimize physical displacement and expropriation requirements.</p> |
| <p>Resettlement planning and implementation</p> | <p>Where involuntary resettlement is unavoidable, the client will engage a suitably qualified specialist to carry out a census and a socio-economic baseline assessment within a defined affected area, and assist in the preparation of the Resettlement Action Plan or Livelihood Restoration Framework.</p> | <p>No explicit requirement related with socio-economic studies or development of resettlement plans. However, to facilitate the expropriation process at an early stage, the RS Expropriation Law requires an Expropriation Study focusing on land registry, lists of affected owners and real property, estimation of the value of real property, and other related information (Article 18).</p> | <p>Partial census and socioeconomic have been completed and a summary of the results have been included within this RAP. This RAP also outlines Livelihood restoration requirements A full census was not undertaken as the expropriation plan was well advanced and there was not additional houses or business to be expropriated as per information available from the Company. At the beginning of the due diligence process compensation for the 7² houses had been already paid and households had been relocated.</p> |

² 6 cases have been completed, 1 case is still in progress, but the dispute concerns just part of the compensation in addition to the main amount has been already paid on the basis of the further determination independent valuator

| Issue | EBRD Requirement | RS Provision/Requirement | Comments and Potential Gaps and Proposed Measures to Bridge Them |
|--|---|---|---|
| Eligibility for Compensation (Categorization) | <p>According to EBRD Policy, there are 3 categories of persons in terms of compensation eligibility:</p> <p>a) Those who have formal rights to land (including customary and traditional rights recognized under national laws) and are entitled to compensation for the land they lose and other assistance;</p> <p>b) Those who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under the national laws, and are entitled to compensation for the land they lose and other assistance; and</p> <p>c) Those who have no recognisable legal right or claim to the land they occupy, and are not entitled to compensation for land, but they should be compensated for the structures that they own and occupy and for any other improvements to land at full replacement cost, as well as resettlement assistance.</p> <p>Persons moving into the project location after the cut-off date such as opportunistic squatters and recently arrived economic migrants are not entitled to compensation or other assistance.</p> | <p>According to the Law, there are 3 categories of persons in terms of compensation eligibility:</p> <p>a) Those who have formal rights to land, and are entitled to compensation for the land they use and other assistance;</p> <p>b) Those who do not have formal rights to land but have a claim to such land and assets at the time of constructing the facility, and are entitled to compensation in the amount of their investment;</p> <p>c) Those who do not have formal rights to land and have constructed the facility after the submission of the proposal for expropriation, and are not entitled to compensation but are entitled to remove the facility and take away the materials.</p> | <p>In addition to requirements of the RS legislation, the EBRD requirements regarding informal users must be met. It is, however, understood that there are very few, if any at all, informal occupants along the proposed route. Site visit confirmed there was not evidence of informal land users. Eligibility of informal owners and related compensation measures are addressed in details in the entitlement matrix in Chapter 5 of this document.</p> |
| Compensation | <p>Displaced persons and communities will be offered compensation for loss of assets at full replacement cost and other assistance to help them improve or at least restore their standards of living or livelihoods.</p> <p>Where livelihoods of displaced persons are land-based, or where land is collectively owned, the client will offer land-based compensation, where feasible.</p> | <p>Compensation for lost assets is effected in kind (replacement by an equivalent property) enabling the owner of expropriated real property approximately the same conditions of use as he/she had over that real property, or in cash if the expropriation beneficiary is unable to identify such a replacement property or if such is the choice of the affected owner. Cash compensation is determined as fair compensation not lower than the market</p> | <p>The RS legislation provides only for compensation for loss of assets and does not prescribe other types of assistance to displaced persons or communities. Compensation determination requirements are the same for RS law and for EBRD requirements: full replacement value. The due diligence resulted in no misconducts identified and confirmed that full replacement value has been granted to affected parties. Therefore, the process has been carried out in compliance with EBRD requirements. Additional assistance in the form of relocation support is not considered by RS Law. However the evidence of the payment</p> |

| Issue | EBRD Requirement | RS Provision/Requirement | Comments and Potential Gaps and Proposed Measures to Bridge Them |
|--|--|--|--|
| | | <p>value of the expropriated property in the same municipality or town.</p> <p>The court procedure for determining compensation is urgent (Article 71).</p> <p>In cases of expropriation requiring 'large scale' displacement, the form and terms of compensation may be established by a separate law (Article 67), if more favourable for the owner.</p> <p>The owner of a property pending expropriation is also entitled to compensation for any loss of benefits which he/she would have using the property (Article 62).</p> | <p>of additional support has been provided to achieve fair compensation³.</p> <p>Having in mind the minor extent of possible expropriation, the responsible authority should assure smooth processing by the offices in charge or regular courts without delays.</p> |
| Livelihood restoration | All economically displaced persons will be promptly compensated for loss of assets or access to assets at full replacement cost. | <p>Provisions of the Law address livelihood restoration beyond the sheer compensation of the lost asset by providing flexibility based on a case-by-case assessment of personal circumstances.</p> <p>Personal and other family conditions of the previous owner of the expropriated real property are taken into consideration as a corrective for an increase in the amount of determined compensation.</p> | The RS provisions will allow for livelihood restoration. Monitoring will address livelihood restoration and any observed cases of hardship resulting from displacement will be addressed. Based on the monitoring outcomes and identified gaps, the responsible bodies will implement action plans to address all serious cases of hardship resulting from displacement. (see Section 7 below) |
| Additional assistance to resettlers | Relocation assistance suited to the needs of each group of displaced persons will be provided, with particular attention paid to the needs of the poor and the vulnerable. | No specific provision. | <p>Although no specific provisions are included in the RS law, the Company has provided additional compensation to support relocation.</p> <p>Therefore, EBRD requirement will be met., should assistance to relocation be required in Phase II expropriation process. Details are provided in the entitlement matrix in Chapter 5 of this document.</p> |
| Grievance management and redress | <p>The grievance mechanism to be established by the Client will be set up as early as possible in the process.</p> <p>A summary of complaints and the</p> | <p>An appeal against the Decision on Expropriation can be submitted to the RS Administration of Geodesy and Legal Ownership Affairs (Article 31).</p> <p>In the event that the initial valuation is</p> | <p>Property owners and/or persons subject to involuntary resettlement must be given the right of appeal during and after the resettlement procedure, in accordance with the RS legislation and other principles.</p> <p>A grievance procedure has been incorporated into this RAP.</p> |

³ Fair compensation is defined by RS Law on Expropriation art 55, see Section 3.1.3 above.

| Issue | EBRD Requirement | RS Provision/Requirement | Comments and Potential Gaps and Proposed Measures to Bridge Them |
|--|--|---|---|
| | measures taken to resolve them shall be made public on a regular basis. | rejected by the affected party, an independent licensed valuer is appointed to assess compensation provisions. Should this be rejected, then the affected party can take the matter to court, where another independent valuer is appointed. This valuation will be discussed and should this further valuation be not accepted, the court will take the final decision. The fact that the expropriated property may only be used for the initially proposed purpose is very important for the proper application of the issue of cancellation of expropriation. | |
| Consultation | Following disclosure of all relevant information, the Client will consult with affected persons and communities, including host communities, and facilitate their early and informed participation in decision-making processes related to resettlement. | Several articles of the RS Law provide for informing/consulting the owner and stakeholders: Article 68 states that, once the Decision on Expropriation has become effective, the Administration is obliged to organize a public consultation meeting for the determination of the compensation extent. Article 26 states that after a proposal for expropriation has been submitted, the Administration is obliged to inform the owner without delay. Article 28 states that the Administration is obliged to hear the owner in regard to the expropriation facts, prior to issuing the Decision on Expropriation. Article 11 states that in case of partial expropriation, the Administration must inform the owner about his/her right to request full expropriation. | Any displaced persons shall be informed and consulted during the planning, development of resettlement action plans, resettlement implementation and evaluation. Affected parties have been consulted via the expropriation plan process according to RS Law provisions. Consultation with host community does not seem to be a relevant issue, due to the limited number of affected parties and to the fact that most relocated within the same area. RS legal requirements must be met, but the Client should additionally approach and consult all stakeholders during all expropriation stages. |
| Monitoring of resettlement implementation | Arrangements for resettlement implementation monitoring and evaluating its impacts should be defined by resettlement policies/plans. | No specific monitoring procedures are prescribed. | Monitoring requirements have been specified in Section 7 of this RAP. |

4 AFFECTED PROPERTIES AND PEOPLE

4.1 CENSUS / SOCIO-ECONOMIC SURVEY - OVERVIEW

A census/socio-economic survey⁴ for Mahovljani Interchange (MI) project has been carried out, referring to the geographic area of the planned interchange location, specifically to directly affected communities and a wider scope of potentially interested stakeholders. The survey reflects the status quo of project social impacts identified in July 2009.

4.1.1 Methodology

Data collection and analysis have been carried out by reviewing all submitted documentation, including expropriation documents, and cadastre statements and maps of the area designated for building of the interchange. Documents were provided by the RS Motorway Company, RS Road Company (“Putevi” and “Autoputevi RS”) and Laktasi Municipality. A sample census/ socio-economic survey is carried out among the households affected by Phase II of expropriation. Qualitative interviews are employed with the owners affected by Phase I.

4.2 AFFECTED LAND AND STRUCTURES

4.2.1 Size, Use Regimes and Ownership Structure of Affected Land and Properties and current expropriation status

The vast majority of private properties, affected by the expropriation, is agricultural land. The following tables describe the type of affected properties and expropriation status for both Phase I and Phase II.

Table 4.1: Types of Affected Assets for Expropriation – Phase I

| TYPE OF PROPERTY | PHASE I | | |
|---------------------------------|---------|----------|-------------|
| | | Resolved | in progress |
| Residential buildings | 7 | 6 | 1 |
| Other buildings | 16 | 16 | 0 |
| Agricultural land plots | 23 | 20 | 3 |
| Total number of affected owners | 46 | 42 | 4 |

Table 4.2: Types of Affected Assets for Expropriation – Phase II

| TYPE OF PROPERTY | PHASE II | | |
|----------------------------|------------------|----------|-------------|
| | | Resolved | in progress |
| Residential buildings | 0 | -- | -- |
| Other buildings | 2 | | |
| Agricultural land plots | 44 | | |
| Total affected land owners | 46 (13 new ones) | 14 | 32 |

⁴ The census/socio economic survey has been carried out on a limited sample of affected parties. Expropriation had been already finalised for affected residential properties. A sample of 2 residential households have been interviewed and 6 landowners were interviewed.

4.3 BASIC SOCIO-ECONOMIC INDICATORS FOR AFFECTED POPULATION

4.3.1 Households

The average size of affected households corresponds to 3 or 4 members. The maximum identified size of the household comprises 6 persons, while the smallest one includes only one person. Larger households include one or two of elder persons, usually the grandparents. Small households (1-2) are mostly elderly. Typical family consists of 2 or 3 generations.

4.3.2 Education and Employment

Most heads of the household acquire stable sources of income, employed in public and private sector, or retired. The rest are farmers, or (the smallest portion) unemployed. It should be pointed out that almost 30 percent of households included in the survey have one or two household members employed in the public sector. It should also be noted that there is a considerable discrepancy in the distribution of the level of education among the heads of households in the sample group.

4.3.3 Vulnerability

There are no distinguished groups in the affected area which could be considered as vulnerable. However, it was possible to identify households or individuals within the households whose vulnerability has been increased due to the project. Those are households with unstable or marginal source of income, individuals with health-related conditions - mostly conditions of the pulmonary system and heart or poor health due to old age.

4.3.4 Informal Land Users

It was not possible to establish any forms of land use that could be considered as informal. Since most of the physical area intended for construction of the interchange is private, it is reasonable to assume that any use of land by persons, other than the legal owner, is carried out with the consent or agreement with the owner or shareholders. The ownership is well established, as well as the borders of the individual properties.

4.4 CUT-OFF DATE

The Cut-Off Date is the date after which persons found to settle in the Project area are not eligible to Project compensation or other resettlement benefits, while similarly immovable assets or crops established after the Cut-Off Date are not to be compensated.

The intent of the Cut-Off Date is to “freeze” eligible individuals or households and eligible properties thereby avoiding opportunistic attempts at maximising compensation through structures erected intentionally or crops established on purpose. Potentially affected people need to be informed of the Cut-Off Date in order to minimise potential claims related with eligibility. Where opportunistic and/or fraudulent attempts at maximising compensation are assessed as a significant risk, caution must be exerted in disclosing the Cut-Off Date.

A “cut-off” date for eligibility shall be defined as:

- either the date when notification of intent of expropriation is delivered to affected owners where expropriation is applicable; or
- the date of the performed census (31st July 2009).

5 ENTITLEMENTS

The following table presents the Entitlement Matrix: for each category of affected asset, the corresponding entitlement is identified.

Table 5.1: Entitlement Matrix

| AFFECTED ASSET OR RIGHT ⁵ | ENTITLEMENT | IMPLEMENTATION MODALITIES |
|--|---|--|
| Registered agricultural land | Cash compensation at replacement value or Replacement agricultural land of similar size and characteristics (both according to the Law on Expropriation) | Transfer of property right through amicable agreement or expropriation. If the affected fraction accounts for 10% or less of the total surface area of the agricultural parcel, replacement parcel option will not be available. Instead, cash compensation will be available. If the remainder after expropriation of the affected part is unusable, the owner will be entitled to expropriation of the whole parcel and compensation according to the Law. |
| Agricultural land registered in the name other than the user's name | Cash compensation at land replacement value/fair compensation to land owner or successors (according to the Law on Expropriation) + Cash compensation for any developments on the land to the owner of such developments (e.g. structures or installations such as irrigation or drainage systems, perennial plantations, etc.), after the legalization of such structures in accordance with RS Law on Real Property Rights | Transfer of property right through amicable agreement or expropriation. |
| Residential structure with valid construction permit on registered land | Replacement assets: residential parcel of similar size/characteristics and a residential structure of similar size/characteristics or Cash compensation of both land parcel and structure at replacement value (both according to the Law on Expropriation) + Moving assistance | Transfer of property right through amicable agreement or expropriation. |

⁵ Although certain categories of entitlements described in this table were not relevant in Phase I of the expropriation process, all elaborated categories may still be expected to be relevant for Phase II of expropriation, depending on the situation throughout the process itself.

| AFFECTED ASSET OR RIGHT ⁵ | ENTITLEMENT | IMPLEMENTATION MODALITIES |
|--|--|--|
| Residential structure without construction permit raised by the land owner, with the corresponding residential parcel | <p><u>Subject to successful legalization:</u> Replacement property including a residential structure of similar size/characteristics and attached residential parcel (according to the Law on Expropriation) + moving assistance or Cash compensation of both land plot and structure at replacement value (according to the Law on Expropriation) + moving assistance</p> | <p>The Law on Expropriation has already foreseen compensation for this situation.</p> <p>Moving allowance (intended to cover the cost of moving personal belongings and furniture)</p> |
| Residential structure raised illegally on land legally owned by someone else (no complaint filed within 3 years) | <p><u>Subject to successful legalization:</u> Cash compensation at replacement value of the structure (according to the Law on Expropriation) + moving assistance to the structure owner + Cash compensation at replacement value of the land to the landowner or his/her successors (Law on Expropriation)</p> | <p>Establishment of right of property and legalization of the unregistered residential structure according to the Law on Real Property Rights of RS, then implementation of expropriation according to the Law.</p> <p>Moving allowance (intended to cover the cost of moving personal belongings and furniture)</p> |
| Residential structure raised illegally on public land | <p><u>Subject to successful legalization:</u> Cash compensation at replacement value of the + moving assistance to the structure owner</p> | <p>Establishment of right of property and legalization of the unregistered residential structure, then implementation of expropriation according to the Law.</p> <p>Instrument to provide moving assistance: RAP</p> |
| Non-residential structure with valid construction permit on registered land | <p>Cash compensation at structure replacement value to the structure owner + Cash compensation at replacement value of the land (both according to the Law on Expropriation)</p> | <p>Transfer of property right through amicable agreement or expropriation.</p> |
| Non-residential structure without construction permit on registered land | <p><u>Subject to successful legalization:</u> Cash compensation at replacement value of the structure to the structure owner (according to the Law on Expropriation) + Cash compensation at replacement value of the land (according to the Law on Expropriation)</p> | <p>The Law on Expropriation has already foreseen compensation for this situation.</p> |
| Non-residential structure illegally raised on land owned by other person | <p><u>Subject to successful legalization:</u> Cash compensation at replacement value of the structure to the structure owner (according to the Law on Expropriation) + Cash compensation at replacement value of the land to the landowner or his/her successors (according to the Law on Expropriation)</p> | <p>Establishment of right of property and legalization of the unregistered non-residential structure according to the Law on Real Property Rights of RS, then implementation of expropriation according to the Law.</p> |
| Non-residential structure illegally raised on public land | <p><u>Subject to successful legalization:</u> Cash compensation at replacement value of the structure to the structure owner</p> | <p>Establishment of right of property and legalization of the unregistered non residential structure, then implementation of expropriation according to the Law.</p> |

| AFFECTED ASSET OR RIGHT ⁵ | ENTITLEMENT | IMPLEMENTATION MODALITIES |
|--|---|---|
| Forest land | Cash compensation at replacement value of the land to the land owner + Cash compensation at market value of the lost timber to the timber owner (both according to the Law on Expropriation) | Transfer of property right through amicable agreement or expropriation. |
| Annual crop | Cash compensation at market value to the crop owner (who may be other than the land owner) | Cash compensation for the crop possible only if the annual crop cannot be harvested or picked within the notice period according to the Law on Expropriation. If crop owner other than land owner, instrument to provide compensation to crop owner: RAP |
| Perennial crop | Cash compensation at replacement value to the owner of the crop, who may be distinct from the landowner | Cash compensation for the crop possible only if the perennial crop cannot be harvested or picked within the notice period according to the Law on Expropriation. If crop owner other than land owner, instrument to provide compensation to crop owner: RAP |
| Tenant occupying a residential structure | Moving assistance | Moving allowance (intended to cover the cost of moving personal belongings and furniture) |
| Other informal occupant occupying a residential structure | Moving assistance | Moving allowance (intended to cover the cost of moving personal belongings and furniture) |
| Business | Compensation for real estate (land and structures) according to the Law on Expropriation. Livelihood restoration assistance, based on the income lost during the period required to re-establish the business elsewhere, to be assessed on a case-by-case basis + moving assistance. | Expropriation (for real estate) according to the Law. Instrument to provide livelihood restoration and moving assistance: RAP |

6 GRIEVANCE MANAGEMENT

6.1 OVERVIEW

The following principles will be adhered to:

- any grievance related to land acquisition or to any other matter will be registered, acknowledged receipt of within 7 working days, and tracked until it is closed;
- the grievance management system will include at least one level of extra-judicial review, in view of amicable settlement wherever possible without resorting to Justice;
- grievances will be processed and responded to within 25 working days.

6.2 GRIEVANCE MANAGEMENT

Registers of grievances will be established in locations close to potentially affected people. RS Motorways Company will be responsible for handling the grievances in timely fashion. The company will be able to register grievances in its respective headquarters, municipal and local offices, and websites. The existence of these registers, as well as avenues and procedures to lodge a complaint (where, when, to whom, etc.), will be broadly communicated to the public.

For each grievance, a grievance file will be opened, including the following elements:

- initial grievance sheet (including the description of the grievance), with an acknowledgement of receipt handed back to the complainant when the complaint is registered;
- grievance monitoring sheet, mentioning actions taken (investigation, corrective measures);
- closure sheet, one copy of which will be handed to the complainant after he/she has agreed to the resolution and signed-off.

Grievance review will typically include the following steps:

- Allocation of the grievance to a designated officer for review and resolution proposal;
- Review of their expropriation/compensation files by RS Motorways Company;
- Review of disputed properties, disputed boundaries, or property characteristics in the field, as applicable, and hearing of interested parties (the complainant and third parties as need be);
- Drafting of a response letter to complainant.

The close out at the level of the first tier will be sanctioned by a document, whereby the complainant acknowledges receipt of the proposed resolution and mentions whether he/she is satisfied or not.

In case of processing grievances that the first tier is unable to resolve, a second tier of grievance management, based on a third party independent mediator, who could be selected amongst the following:

- representatives of the local “civil society”, well regarded individuals (local cultural or religious organizations);
- a professional lawyer in private practice in the area;
- a representative of a nationally established Human Rights NGO.

Resorting to the amicable mechanism of grievance management does not preclude the aggrieved person to resort to Justice at any point in the process.

7 MONITORING AND REPORTING

7.1 MONITORING

Monitoring measures should be designed to endure that at a minimum livelihood and standard of living of displaced persons are restored to pre-project levels.

The following table presents a list of indicators to be gathered during the first three years

Table 7.1: Monitoring Indicators

| Indicator | Source of Information | Frequency |
|--|---------------------------------|------------------|
| Input indicators | | |
| Overall spending on expropriation and compensation | Financial records | Quarterly |
| Number of PAPs by categories | Census and grievance management | Quarterly |
| Output indicators | | |
| Number of PAPs having moved into their new dwelling in the period | Data management system | Monthly |
| Number of PAPs having moved from their previous dwelling in the period | Data management system | Monthly |
| Number of people having received cash compensation in the period with distribution by compensation type and by classes of amounts | Data management system | Monthly |
| Number of individual compensation agreements signed in the period | Data management system | Monthly |
| Number of households harvesting agricultural products for personal consumption in the post resettlement situation against the pre resettlement situation | Data management system | Quarterly |
| Average households income in the post resettlement situation against the pre resettlement situation | Data management system | Quarterly |
| Number of businesses re-established in the period, with distribution as relevant, as well as their income restoration | Data management system | Quarterly |

7.2 REPORTING

RSM shall provide a Initial Monitoring Report on the implementation of the RAP at the time of the Loan condition effectiveness and periodical Monitoring Reports annually thereafter for three years as part of the Annual Reporting to EBRD.

RS Motorways Company will also report annually to the EBRD on any similar issues falling under its responsibility. It should be noted that RS Motorways Company may need to publicize some of the above mentioned indicators as a response to a formal information request filed in line with the relevant information access legislation.

8 ROLES AND RESPONSIBILITIES

The following table presents the proposed distribution of roles and responsibilities between RS Motorways Company and the Concessionaire for each of the main tasks.

All parties involved in the Project, including the Client and the Concessionaire, are required to implement the requirements of this RAP.

Table 8.1: Roles and Responsibilities

| Task | Responsible Entity |
|---|---------------------------|
| Main expropriation exercise prior to construction commencement | RS Motorways Company |
| Supplemental land acquisition required for construction or operation needs | RS Motorways Company |
| Temporary land occupation required for construction or operation needs, if required | Contractors |
| Grievance management | RS Motorways Company |
| Monitoring and reporting in respect of expropriation carried out prior to construction commencement | RS Motorways Company |
| Monitoring and reporting in respect of land acquisition and/or temporary land occupation carried out after construction commencement, if required | Contractors |