Ministry of Agriculture, Forestry and Water Economy

Resettlement Policy Framework

AGRICULTURAL MODERNIZATION PROJECT

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<tr>
<td>AP</td>
<td>Affected Persons</td>
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<tr>
<td>BoE</td>
<td>Beneficiary of Expropriation</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>ESS</td>
<td>Environmental and Social Safeguard</td>
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<td>ESMF</td>
<td>Environmental and Social Management Framework</td>
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<td>GRM</td>
<td>Grievance Redress Mechanism</td>
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<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>LAR</td>
<td>Land Acquisition and Resettlement</td>
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<td>AMP</td>
<td>Agriculture Modernization Project</td>
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<tr>
<td>LSG</td>
<td>Local Self Government</td>
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<tr>
<td>MAFWE</td>
<td>Ministry of Agriculture, Forestry and Water Economy</td>
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<td>NGO</td>
<td>Nongovernmental Organization</td>
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<td>PAP</td>
<td>Project Affected Persons</td>
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<td>PMT</td>
<td>Project Management Team</td>
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<td>RAP</td>
<td>Resettlement Action Plan</td>
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<td>RIU</td>
<td>Resettlement Implementation Unit</td>
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<td>RP</td>
<td>Resettlement Plan</td>
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<td>RPF</td>
<td>Resettlement Policy Framework</td>
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<td>WB</td>
<td>World Bank</td>
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GLOSSARY

BORROWER. Refers to the responsible state institution for Project implementation, namely Ministry of Agriculture, Forestry and Water Economy of the Republic of North Macedonia i.e. their PMT respectively.

COMPENSATION. Payment in cash or in kind for asset/s and/or resource/s acquired or affected by a project. Compensation will be paid prior to taking possession of the land and assets in all cases, including where this is not possible due to the absence of the owners. In the case of absence of owners, the money will be deposited to an escrow account, or account alike.

CUT-OFF DATE. Date of socio-economic Survey determining the number of PAPs and the extent of impact on their structures and other assets. Persons who encroach on the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance. Similarly, fixed assets (such as structures, crops, fruit trees, and woodlots) established after the cut-off date will not be compensated.

DISADVANTAGED OR VULNERABLE. Those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project’s benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.

ECONOMIC DISPLACEMENT. Loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood.

EXPROPRIATION. The right of the Government by means of Eminent Domain to take or limit ownership rights over a property subject to compensation at replacement cost.

GRIEVANCE REDRESS MECHANISM. Project specific procedures and mechanism in place in parallel to official grievance panels, allowing affected people to lodge a complaint or a claim, related to direct or indirect impact from the Project, without cost and with the assurance of a timely and satisfactory resolution of that complaint or claim.

INVOLUNTARY RESETTLEMENT. Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.

LAND ACQUISITION. Refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. “Land”
includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies.

LIVELIHOOD. The full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.

LIVELIHOOD RESTORATION. Measures aiming to assist physically and/or economically displaced persons to restore or improve their livelihoods and standards of living, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is to the benefit of the PAPs. Assistance must continue after displacement, for a transition period, based on a reasonable estimate of the time likely to be needed to restore their livelihood and standards of living.

MOVING ALLOWANCE. The moving allowance is a cash compensation for costs directly associated to moving/relocation of the household.

NEGOTIATED SETTLEMENTS. Situations where the Borrower needs to acquire specific land or restrict its use for project purposes, but rather than doing so through an expropriation proceeding, the Borrower first tries to arrive at a mutually agreeable negotiated settlement with the landowner/user.

PAP (or AP). Project Affected Person (or Affected Person) is any person who, as a result of the implementation of a project, loses the right to own, use, or otherwise benefit from assets (structures, land (residential, agricultural, or pasture), annual or perennial crops and trees, or any other fixed or moveable asset, either in full or in part, permanently or temporarily.

PHYSICAL DISPLACEMENT. Loss of shelter or property caused by acquisition of land in connection with the project, which requires the physical relocation PAPs from their pre-project place or residence, place of work or business premises.

REPLACEMENT COST. Method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material and labor for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure compensation at replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.

RESETTLEMENT POLICY FRAMEWORK (RPF). RPF is a Project level resettlement instrument aiming to set forth resettlement principles, organizational arrangements, and design criteria to be applied to subprojects to be prepared during project implementation. It contains clear definitions of conditions
under which the resettlement (for a specific project, a sector program or within a political entity like a state or a province) will be planned and implemented. It defines issues like entitlement, principles of compensation, grievance processes and other legal procedures. An RPF is required for projects with subprojects or multiple components that cannot be identified before project appraisal.

RESTRICTIONS ON LAND USE. Limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, restrictions on land use within utility easements or safety zones.

STAKEHOLDERS. Any and all individuals, groups, organizations, and institutions interested in and potentially affected by a project or having the ability to influence a project.
EXECUTIVE SUMMARY

The Government of North Macedonia intends to receive a loan from the International Bank for Reconstruction and Development (IBRD) World Bank for the implementation of the Agricultural Modernization Project. The Project is to be implemented by the Ministry of Agriculture, Forestry and Water Economy of the Republic of North Macedonia and will support improvement of competitiveness in selected sub-sectors and strengthen public institutions in the agriculture sector.

World Bank’s Environmental and Social Safeguard 5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement) is one of the most important safeguards guiding land acquisition and related resettlement/compensation issues during project implementation.

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 or as in this case the exact locations for two collection centers, hole sale platform and the animal byproduct center is unknown. Once the location of the investments are defined and the necessary information becomes available, such a framework will be expanded into a specific plan if there is a need to acquire land for the construction of facilities. Project activities that will cause land acquisition will not commence until such specific plans have been finalized and approved by the Bank. The footprint of the facilities will be about 5000 square matters for the collection centers and the animal byproduct center and about 1.8 ha for the hole sale platform. The project will most probably not affect land acquisition that will lead to neither resettlement nor loss of livelihood.

The purpose of the resettlement framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation.
INTRODUCTION

1.1 PROJECT DESCRIPTION

The Government of North Macedonia intends to receive a loan from the World Bank (WB) for implementation of the Agricultural Modernization Project (the Project, or AMP). The Project is to be implemented by the Project Implementation Unit, within the Ministry of Agriculture, Forestry and Water Economy.

The proposed Project Development Objective is to improve competitiveness in selected sub-sectors and strengthen public institutions in the agriculture sector.

Component 1: Promoting agriculture sector competitiveness. This component aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and market integration. This component will include the following two sub-components:

1.1 Developing Advisory One-stop Shop providing targeted high-quality advisory services for agricultural producers and agribusinesses;

1.2 Establishing Agriculture Purchasing and Distribution Centers including two pilot satellite collection centers to be developed in the main production areas for fruit and vegetables (Resen and Strumica), and an agri-food platform composed of a wholesale market and a logistics area for cross docking and storage operations for export and/or main retailers in the Skopje suburban area.

Component 2: Strengthening institutional capacity for public sector support. This component aims at enhancing public support services, including the capacity to design and deliver support to the agriculture sector. This component will include the following three sub-components:

2.1 Promoting Evidence-Based Policy-Making in Agriculture and Rural Development by (i) establishing a sustainable and effective monitoring and evaluation system for agricultural and rural development policy; and (ii) enhancing the Ministry of Agriculture, Forestry and Water Economy capacity to manage state-owned agriculture and pasture land;

2.2 Strengthening IPARD Implementation Capacity by providing additional required infrastructure, both in terms of office rehabilitation and equipment, to the Agency for Financial Support in Agriculture and Rural Development (i.e. Paying Agency) to ensure its capacity to implement the rural infrastructure measure according to the IPARD requirements;

2.3 Developing a System for Safe Disposal of Animal By-products ensuring the proper collection and processing of all categories of materials of animal origin subject to disposal, defined in the EU negotiations Chapter 12 Food safety, veterinary and phytosanitary policy. This is foreseen to take place in the municipality of Lozovo.

Component 3: Project Management. This component will provide overall coordination and implementation of project activities.

The exact locations of the concrete interventions, scope, and designs the physical investments will only be finalized and agreed upon during 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 Agriculture Modernization 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 planned agricultural infrastructure projects in accordance to the requirements of the World Bank (WB) Environmental and Social Framework, more specifically ESS5 (Environmental and Social Standard) and fit with the national legislation.

The ESS 5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement) 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 activities that can cause land acquisition can not be determined.

“Where the likely nature or magnitude of the land acquisition or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown during project preparation, the Borrower will develop a framework establishing general principles and procedures compatible with this ESS. Once the individual project components are defined and the necessary information becomes available, such a framework will be expanded into one or more specific plans proportionate to potential risks and impacts. No physical and/or economic displacement will occur until plans required by this ESS have been finalized and approved by the Bank.”

World Bank Environmental and Social Framework – ESS 5, p. 58

By the time of preparation of this document the footprint of the facilities to be constructed is unknown. Thus, framework is being prepared and not Resettlement Action Plan.

1.3 OBJECTIVES AND PRINCIPLES GOVERNING RESETTLEMENT PREPARATION AND IMPLEMENTATION

During implementation of the Project, there is a possibility for small scale land acquisition to occur, mainly as a result of civil works planned under a limited number of components of the Project. This document provides overarching and binding principles to be applied in case of any permanent or temporary physical and economic displacement resulting from land acquisition or restriction to land use undertaken or imposed in connection with the Project implementation. These principles shall govern all actions of the Borrower and its representatives, its PMT, their subsidiaries if any, contractors, as well as all other governmental and local institutions involved in the Project implementation.

The purpose of this resettlement policy framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation. Once the subproject or individual project components are defined and
the necessary information becomes available, such a framework will be expanded into a specific plan proportionate to potential risks and impacts, if needed. Project activities that will cause physical and/or economic displacement will not commence until such specific plans have been finalized and approved by the Bank.

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 PLAN

#### 1.4.1 RESETTLEMENT PLAN

This RPF guides the preparation of Resettlement Plan (RP), also named as Resettlement Action Plan (RAP). Individual project’s RAP, consistent with this RPF, will be created and submitted to the World Bank for its approval.

Minimum elements of a Resettlement Plan, are:

1) **Description of the project.** General description of the project and identification of the project area

2) **Potential impacts Identification of:**
   a) the project components or activities that give rise to displacement, explaining why the selected land must be acquired for use within the timeframe of the project;
   b) the zone of impact of such components or activities;
   c) the scope and scale of land acquisition and impacts on structures and other fixed assets;
d) any project-imposed restrictions on use of, or access to, land or natural resources;

e) alternatives considered to avoid or minimize displacement and why those were rejected; and

f) the mechanisms established to minimize displacement, to the extent possible, during project implementation

3) Objectives. The main objectives of the resettlement program

4) Census survey and baseline socioeconomic studies. The findings of a household-level census identifying and enumerating affected persons, and, with the involvement of affected persons, surveying land, structures and other fixed assets to be affected by the project. The census survey also serves other essential functions:

a) identifying characteristics of displaced households, including a description of production systems, labor, and household organization; and baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;

b) information on vulnerable groups or persons for whom special provisions may have to be made;

c) identifying public or community infrastructure, property or services that may be affected;

d) providing a basis for the design of, and budgeting for, the resettlement program;

e) in conjunction with establishment of a cutoff date, providing a basis for excluding ineligible people from compensation and resettlement assistance; and

f) establishing baseline conditions for monitoring and evaluation purposes

As the Bank may deem relevant, additional studies on the following subjects may be required to supplement or inform the census survey:

g) land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, non-title-based usufruct systems (including fishing, grazing, or use of forest areas) governed by local recognized land allocation mechanisms, and any issues raised by different tenure systems in the project area;

h) the patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project; and

i) social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g. community organizations, ritual groups, nongovernmental organizations (NGOs)) that may be relevant to the consultation strategy and to designing and implementing the resettlement activities

5) Legal framework. The findings of an analysis of the legal framework, covering:

a) the scope of the power of compulsory acquisition and imposition of land use restriction and the nature of compensation associated with it, in terms of both the valuation methodology and the timing of payment;
b) the applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process and the normal timeframe for such procedures, and any available grievance redress mechanisms that may be relevant to the project;

c) laws and regulations relating to the agencies responsible for implementing resettlement activities; and

d) gaps, if any, between local laws and practices covering compulsory acquisition, imposition of land use restrictions and provision of resettlement measures and ESSS, and the mechanisms to bridge such gaps

6) Institutional framework. The findings of an analysis of the institutional framework covering:

a) the identification of agencies responsible for resettlement activities and NGOs/CSOs that may have a role in project implementation, including providing support for displaced persons;

b) an assessment of the institutional capacity of such agencies and NGOs/CSOs; and

c) any steps that are proposed to enhance the institutional capacity of agencies and NGOs/CSOs responsible for resettlement implementation

7) Eligibility. Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cutoff dates

8) Valuation of and compensation for losses. The methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation for land, natural resources and other assets under local law and such supplementary measures as are necessary to achieve replacement cost for them

9) Community participation Involvement of displaced persons (including host communities, where relevant):

(a) a description of the strategy for consultation with, and participation of, displaced persons in the design and implementation of the resettlement activities;

(b) a summary of the views expressed and how these views were taken into account in preparing the resettlement plan;

(c) a review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them; and

(d) institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that such vulnerable groups as indigenous people, ethnic minorities, the landless, and women are adequately represented

10) Implementation schedule. An implementation schedule providing anticipated dates for displacement, and estimated initiation and completion dates for all resettlement plan activities. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project

11) Costs and budget. Tables showing categorized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for
expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies

12) **Grievance redress mechanism.** The plan describes affordable and accessible procedures for third-party settlement of disputes arising from displacement or resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms

13) **Monitoring and evaluation.** Arrangements for monitoring of displacement and resettlement activities by the implementing agency, supplemented by third-party monitors as considered appropriate by the Bank, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; evaluation of results for a reasonable period after all resettlement activities have been completed; using the results of resettlement monitoring to guide subsequent implementation

14) **Arrangements for adaptive management.** The plan should include provisions for adapting resettlement implementation in response to unanticipated changes in project conditions, or unanticipated obstacles to achieving satisfactory resettlement outcomes.

Additional planning requirements are needed where resettlement involves:

1) **Physical displacement:** Transitional assistance; Site selection, site preparation, and relocation; Housing, infrastructure, and social services; Environmental protection and management; Consultation on relocation arrangements; Integration with host populations.

2) **Economic displacement:** Direct land replacement; Loss of access to land or resources; Support for alternative livelihoods; Consideration of economic development opportunities; Transitional support.

1.4.2 IDENTIFICATION OF THE NEED FOR RAP DEVELOPMENT

Identification of the need for RAP development by individual sub-project will be conducted by the PMT member responsible for Environmental and Social issues, upon fulfillment of the RAP Identification Need sheet, set in the Annex 1.

First check is whether the sub-project documentation includes Report for Expropriation or has already conducted and completed an expropriation process on behalf of the sub-project proposed for financing. If no ticked, there is no need to develop RAP. If yes ticked, there is a need for RAP development.

Second check is control of Geodetic report for numerical data of the construction land or other type of Geodetic reports for special purposes, whether it holds information on established concession or other type of contract upon some governmentally owned land parcel with private or legal entities. If yes ticked, RAP must be developed.

Third check is on-site visit. The PMT member will have to visually check the governmentally owned land that is proposed for acquisition whether it has some unofficial or illegal constructed fixed assists.
on it, have unregistered users, or serve as an access to private property or livelihood provision activities. If yes ticked, RAP must be developed.

Further checks (if one or more of 11 items answered Yes, a RAP development is needed) are registered in the Annex 1 of this document.

The last, 12th check, is the Voluntary acquired land. If Yes ticked, there is NO need for RAP development.

The following steps describe the Resettlement screening process:

1. Submission of application for sub-project financing;
2. PMT reviews the submitted documentation for sub-project financing;
3. Fulfillment of the form set in Annex 1
4. PMT member conducts Site visit, if necessary
5. Report to PMT and WB, on the need for RAP development

For those sub-projects requiring RAP development, further guidance will be provided by PMT

1.4.3 RAP APPROVAL

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

The following steps describe the proposed model for RAP approval.

1. Draft RAP is prepared for sub-projects that do fall within the frames of requirements described in ESSS and send to WB through the PMT for review;
2. WB will review and provide no objection to the draft RAP;
3. MAFWE will disclose draft RAP and organize consultations with impacted PAPs to determine the magnitude of impacted PAPs, means of compensation and the proposed mitigation and compensation measures;
4. Conclusions implemented in draft RAP;
5. Final RAP sent to WB for no objection;
6. After providing No objection, disclosure of RAP;
7. Completing the expropriation process.
8. Continuing with sub-project realization.
1.4.4 RAP IMPLEMENTATION

Implementation of the Borrower’s RAP will be considered completed when the adverse impacts of resettlement have been addressed in a manner that is consistent with the relevant plan as well as the objectives of ESSS. For all projects with significant involuntary resettlement impacts, the Borrower will commission an external completion audit of the plan when all mitigation measures have been substantially completed. However this situation in the project is not foreseen. The completion audit will be undertaken by competent resettlement professionals, will assess whether livelihoods and living standards have been improved or at least restored and, as necessary, will propose corrective actions to meet objectives not yet achieved.

1.5 ESTIMATED DISPLACEMENT IMPACTS

At this moment, it is not possible to estimate the extent of the displacement impacts, although there is a quite small possibility for small scale land acquisition to occur.

2 INSTITUTIONAL AND LEGAL FRAMEWORK

2.1 NATIONAL LEGAL FRAMEWORK FOR RESETTLEMENT

**Constitution of Republic of North Macedonia.** The constitution 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. It is important to note that the Constitution of the Republic of North Macedonia prohibits the payment of a compensation less than the "market value", but allows the payment over the established market value, which is an important provision for bridging gaps between Macedonian laws and WB ESSS, as will be presented later in this document.

Furthermore, Article 118 states that international agreements ratified in accordance with the Constitution are part of the internal legal order and cannot be changed by law. This provision allows implementation of WB ESSS, provisions of this RPF and individual RAPs next to existing laws, and most important ways of bridging gaps between them.

**Law on Property and Other Real Property Rights** stipulates fundamental provisions of property relations, including ownership rights substance, subjects of ownership rights, co-ownership and joint ownership rights, acquiring the right of ownership, right on yields emanating from owned thing, possession rights, easement rights, ownership acquired by adverse possession, ownership relations deriving in situations when structures was built on someone else's land, protection of ownership rights, protection of possession, cessation of ownership rights, etc.

**Law on management of illegally constructed buildings** covers the issues of record, process and rights to legalize illegally constructed buildings, which can influence the market price of buildings, thus the compensation under the Macedonian expropriation law. It is likely that if the Project will have any

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1. (OGRM No. 18/01, 99/08, 139/09 and 35/10)
2. (OGRM 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, 190/17)
resettlement impact, some of the assets will be illegally constructed buildings, so provisions of this law can be important.

**Law on privatization and lease of construction land in state ownership**\(^3\) includes provisions about the use and long-term lease of state-owned construction land which is subject to compensation under the Macedonian Expropriation law in the same way as ownership, but only if acquired under this law.

**Law on Construction**\(^4\) governs the building, the basic requirements construction of buildings, the required project documentation for obtaining a building permit, the rights and the obligations of the participants in the construction, the manner of use and maintenance of construction, as well as other issues of importance for construction etc.

**Law on spatial and urban planning**\(^5\) regulates the conditions and the system of the spatial and urban planning, the types of planning documentation and the procedure for preparation, and adopting it as well as other issues in the field of spatial and urban planning etc.

**Law on Appraisement**\(^6\) regulates the conducting of the appraisement, the areas, the conditions and the manner to carry out the appraisement, the appraisers, the conditions and the procedure for taking an expert exam for issuing or revoking the appraisement license, award and reimbursement of the costs for the performed appraisement, the competence, organization and operation of the Chamber of Appraisers of Republic of North Macedonia, as well as other issues related to the appraisement.

**Methodology for appraisement of the market value of the real estate**\(^7\) regulates methodology and other issues concerning market price assessment of immovable property (land, buildings, immovable facilities, perennial plants etc.) and defines key procedures for establishing compensation for expropriated property under the Expropriation law.

**Law on Property Cadaster**\(^8\) stipulates and regulates the management of the geodetic-cadaster information system, the maintenance of the real estate cadaster, the establishment and maintenance of the cadaster of infrastructure objects as part of the real estate cadaster, the basic geodetic works, the geodetic works of special purposes, the real property survey performed in service of the real estate cadaster, the survey and the maintenance of the state borderline of Republic of North Macedonia, the topographic maps, the mass property valuation, the establishment and the management of the graphic registry of construction land, the administration of the spatial units registry, the administration of the graphic registry of streets and house numbers, the supervision over the performance of the sole proprietors – authorized surveyors and trade companies for geodetic works, as well as the status, the organization, the functioning and the authorizations of the Agency for Real Estate Cadaster.

**Rulebook on the method of cadastral classification and determination and registration of the change of cadastral culture and land class**\(^9\) regulates the professional activities and affairs of the state administration related to land, buildings and other structures survey, real estate cadaster, records and registration of property, registration of possession, registration of illegal buildings and buildings

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\(^{3}\) (OGRM No. 4/05, 13/07, 165/08, 146/09, 18/11, 51/11, 27/14, 144/14, 72/15, 104/15, 153/15, 23/16, 178/16)

\(^{4}\) (OGRM No. 130/09, 124/10, 18/11, 36/11, 54/11, 13/12, 144/12, 25/13, 79/13, 137/13, 163/13, 27/14, 28/14, 42/14, 115/14, 149/14, 187/14, 44/15, 129/15, 217/15, 226/15, 30/16, 31/16, 39/16, 71/16, 132/16, 35/18)

\(^{5}\) (OGRM 199/14, 44/15, 193/15, 31/16)

\(^{6}\) (OGRM No. 115/10, 158/11, 185/11, 64/12, 188/14, 104/15, 153/15, 192/15, 30/16)

\(^{7}\) (OGRM No. 54/12)

\(^{8}\) (OGRM No. 55/13, 41/14, 115/14, 116/15, 153/15, 192/15, 61/16)

\(^{9}\) (OGRM No. 144/13, 95/15)
legalized utilities cadaster, basic geodetic works, address register, topographic and cartographic activities, valuation of real estate based on land class and culture, geodetic and cadastral information system.

Several other laws provide for and regulates legal procedures, rights and issues that are related to and can influence the resettlement process:

**The Law on Extra-Judicial Proceedings**\(^\text{10}\)- In accordance with this Law, the court in extra-judicial proceedings determines compensation for an expropriated property after it establishes the important facts and approves a decision which defines the type and amount of compensation in case when BoE and property owner didn’t reach a negotiated, amicable agreement.

**The Law on general administrative procedures**\(^\text{11}\) defines legal procedures, process, grievances etc. in a manner of how state institutions must act when deciding on rights, obligations or legal interests of individuals, legal persons or other parties, within the framework of administrative procedures. Decisions by administration bodies are approved in form of a decree, after completing the procedure as prescribed by this Law. The party has the right to appeal against the decision approved in first instance. This Law is providing the legal framework for action of relevant ministry or municipalities administration after the Proposer of expropriation submits the expropriation request.

**Law on acting upon complaints and proposals**\(^\text{12}\) - This law regulates the handling of complaints and proposals submitted to the President of the Republic of North Macedonia, the Parliament of the Republic of North Macedonia, the Government of the Republic of North Macedonia, the courts, the state administration bodies, the local self-government units, the public institutions and services and other bodies and organizations that perform public authorizations (hereinafter: bodies that deal with complaints and proposals), including request for expropriation submitted by the Proposer of expropriation.

There are also several **social domain laws** that influence some aspects relevant to the resettlement:

**Law on Social Protection**\(^\text{13}\). Social welfare and protection in North Macedonia comprises of services and benefits from the tax-financed social welfare system (social prevention – which according to the Law on Social Protection includes - educational and advisory work, development of self-assistance forms, volunteering work etc., institutional care, non-institutional care and monetary assistance) and contributory- based social insurance system (pensions and disability, health and unemployment insurance).

**Law on Housing**\(^\text{14}\). The key point from social perspective relevant to this project in the Law on Housing is that it envisages the possibility for renting state-owned apartments to socially endangered and homeless persons in accordance with the Law on Social Protection. This Law deals, among other things, with the issue of social housing and the housing of the vulnerable groups (children without parents or without parental care, users of social and permanent financial assistance, persons affected by natural disasters, disabled persons and persons who need assistance and care by other persons,

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\(^{10}\) (OGRM No. 9/08)  
\(^{11}\) (OGRM No. 124/15)  
\(^{12}\) (OGRM No.82/2008, 13/13, 156/15, 193/15)  
\(^{13}\) (OGRM No. 79/09, 148/13,164/13, 187/13, 38/14, 44/14, 116/14, 180/14, 33/15, 72/15, 104/15, 150/15, 173/15, 192/18, 30/16, 163/17, 51/18)  
\(^{14}\) (OGRM No. 99/09, 57/10, 36/11, 54/11, 13/12, 55/13, 163/13, 42/14, 199/14, 146/15, 31/16)
the socially endangered persons belonging to the Roma community, lone parents with minor children).

**Law on Health Protection**\(^{15}\) regulates the matters related to the system and organization of health protection and the performance of healthcare activity, the guaranteed rights and the established needs and interests of the country in the provision of health protection, the healthcare institutions, the employment, rights and duties, responsibility, assessment, termination of employment, protection and decision-making upon the rights and obligations of healthcare workers and healthcare co-workers, the quality and safety of healthcare activity, the chambers and professional associations, the marketing and advertising of healthcare activity, the performance of healthcare activity in case of emergencies, and the supervision of the performance of healthcare activity.

**Law on Public Health**\(^{16}\) regulates the implementation of the basic functions and tasks of public health, the public health system, public health emergencies and public health financing. The purpose of this law is: to preserve and promote the health of the population; to enable implementation of the basic functions and tasks of public health through organized measures and activities undertaken by the state bodies, institutions, units of the local self-government and other legal and natural persons in cooperation with the healthcare institutions; to promote and strengthen cross-sectoral cooperation in the implementation of the basic public health functions; to promote and strengthen cooperation between the competent ministries and the units of local self-government and the public and private sector and citizens in the preservation and promotion of the health of the population; to provide an appropriate response in case of public health need and urgency and occurrence of a public health emergency; to ensure the implementation of international health rules and to regulate specific public health issues that are not regulated by another law.

### 2.2 EXPROPRIATION PROCESS IN NORTH MACEDONIA

**The Expropriation Law**\(^ {17}\) enables government institutions to acquire property by deprivation and/or restriction of property rights on immovable private property for projects that are deemed to be of public interest, while protecting the interests of all persons with legal title, whose property are to be expropriated. The Law on expropriation does not use the term "involuntary resettlement", but instead uses the term "expropriation" and is based on the Governments eminent domain power. The law also enshrines the principle of fair compensation according to "market value" of the property instead of the "replacement cost" used in WB ESSS.

### 2.2.1 KEY PROVISIONS OF THE EXPROPRIATION LAW

Immovable or fixed assets (by Law, generally defined as agricultural and construction land, forests, buildings and installations) can be expropriated only after declaring public interest in accordance with that Law, based on a planning document. Public interest can be declared if construction is of importance to the Republic of North Macedonia or of local importance. The Law provides extensive list of constructions that can be regarded of public interest. The Beneficiary of Expropriation (BoE) can

\(^{15}\) (OGRM No. 43/12, 145/12, 87/13, 164/13, 39/14, 43/14, 132/14, 188/14, 10/15, 61/15, 154/15, 192/15, 37/16)

\(^{16}\) (OGRM No. 22/10, 136/11, 144/14, 149/15, 37/16)

\(^{17}\) (OGRM No. 95/12, 131/12, 24/13, 27/14, 104/15, 192/15, 23/16, 178/16)
be the Republic of North Macedonia, the city of Skopje and local municipalities, and the law defines that there are also authorized Proposer for expropriation, by their appropriate bodies.

Expropriation can be complete or incomplete. Complete expropriation allows the Republic of North Macedonia (in case of public interest for construction of national importance), the city of Skopje or local municipalities (in case of public interest for construction of local importance) to obtain ownership over the expropriated property, while the ownership by the owner and other rights on that property cease to exist. Incomplete expropriation provides the BoE with specific easement rights, as well as the lease of the land for a definite period of time. At the end of the easement or lease period full ownership rights over property are returned to the owner, and must be restored to condition prior to expropriation.

Owners of immovable property partially expropriated are entitled to request expropriation of the entire property and the corresponding compensation, in case if expropriation deteriorated the economic situation of the property owner or made the remaining part of property useless or difficult to use - unviable, but the owner needs to state and justify the reasons for requesting expropriation of entire property. The deadline for this request under the Law is rather short as it may be filed only before the settlement for compensation of the expropriated property is reached, or by legal validity of the expropriation decision.

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 expropriated property shall also have the right to compensation for the plantation, sown fields, forests and the fructus (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, which is the only way the Expropriation law sets up a similar institute to the cut-off date.

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 Appraisement.

The Article 18 of the Expropriation law defines compensation: “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”. The 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. Where the compensation to the facility which by its nature is not in market circulation (wells, fences, etc.) the amount of compensation shall be determined according to the market value of work and material necessary for construction, decreased by its depreciation value.

As a general rule, compensation for expropriated property is offered and paid in cash, if the Law doesn’t state otherwise. But according to the same law, in the case when livelihood is acquired by expropriated property (agricultural land, business premises etc.) or a owner of property lives in the expropriated property, at property owner request, the beneficiary of expropriation (BoE) is obliged to
offer a suitable property proportional in value. In case there is a difference between market values of the properties, the proposer of expropriation or the formal owner will compensate the difference.

The BoE will not be allowed to take possession of the expropriated property before eight days of legal validity of the decision on expropriation, or before the date of conclusion of an agreement on compensation for expropriated property, unless the BoE and the owner of property agreed otherwise, or unless the Law provides otherwise. But on elaborated request of the BoE if it is necessary for construction of planned facilities or to avoid damages to structures or environment.

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

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

The Proposal for expropriation is accompanied by the following documentation:

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

2.2.2 THE EXPROPRIATION PROCESS

This is a step-by-step presentation of the expropriation process, as defined by Law of Expropriation.

- The expropriation process starts with a submission of a Proposal for Expropriation (Proposal) to the Expropriating Body (i.e. submitted on behalf of the State by the State Attorney to the Department for Property & Legal Issues in the Ministry of Finance).

- The Expropriating Body shall submit (if all legal terms are met) the Proposal to the owners and holders of other property rights for which the expropriation is proposed in a time period of five days after receiving the Proposal. (Reception of this information is the cut-off date for owners, as no investment in property after this day will be compensated). The Expropriating Body will also send survey to Agency for immovable property Cadaster for entering comments in the public records in the same time period.
• The Expropriating Body shall schedule a hearing on the Proposal inviting owners and holders of other property rights within 15 days from the day of submission of Proposal to owners and holders of other property rights of the immovable property subject to expropriation.

• During the hearing before the Expropriating Body the existence of public interest, the property and the ownership rights, type and amount of proposed compensation and other facts of importance will be established. The hearing may be ended by reaching an agreement on compensation (settlement), which will end expropriation process and present valid legal document for transfer of ownership rights to BoE and payment for compensation right.

• If settlement at the hearing is not reached, the Expropriating Body shall adopt a Decision on Expropriation that will include the Proposer, data on immovable property being expropriated, data on owners of property and data on planned construction of public interest. This Decision of Expropriation must be adopted in the time frame of 30 days after the receipt of the Proposal (if legal terms are met and there are no settlement).

• A lawsuit may be filed 15 days after the submission of the Decision of Expropriation to the Administrative court, which must adopt a decision on the lawsuit in a period of 41 days (11 days to procure documents from the Body and 30 days for the decision). This decision is subject to an appeal to the Higher Administrative court, which has another 30 days for decision on appeal.

• The BoE can take possession of expropriated property eight days after legal validity of the Decision on Expropriation, or as agreed in the agreement on compensation.

• The Proposer of expropriation and owner can reach an agreement of compensation by the time the Decision of Expropriation becomes legally valid. If the agreement is not reached by that time, the Expropriating Body will schedule another hearing in the time frame of 8 days after the Decision became legally valid, in order to reach an agreement on compensation.

• If at the hearing for reaching the agreement, agreement on compensation is not reached, Expropriation body shall be obliged to submit the case, together will all the documents to the competent court within 8 days after the hearing. The process before the competent court is held under the provisions of the Law on extra-judicial proceedings and there is a right of appeal to the higher court.

• The Proposer of Expropriation proceeds with the payment of compensation or provision of replacement properties, within 30 days of the signing of a compensation agreement or the decision on compensation becoming legally binding (for delays in payment, interest rates are charged).

2.3 THE WB POLICY ON RESETTLEMENT (ESS5)

All projects funded by WB must comply with the WB environmental and social framework. The WB financed projects, in their turn, require compliance with the WB environmental and social framework and guidelines. World Bank’s Environmental and Social Standard 5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement) is one of the most important one guiding land acquisition and related resettlement/compensation issues during project implementation. In line with the WB
principles and procedures, Republic of North Macedonia is committed to implement the WB financed projects in compliance with the requirements of relevant WB’s Environmental and Social Standards.

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. The RPF 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 purpose of the resettlement framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation.

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. Once the subproject or individual project components are defined and the necessary information becomes available, such a framework will be expanded into a specific plan proportionate to potential risks and impacts. Project activities that will cause physical and/or economic displacement will not commence until such specific plans have been finalized and approved by the Bank.

The WB Policy on Land Acquisition, Restrictions on Land Use and Involuntary Resettlement, as defined in the ESS5, is driven by the following objectives:

- To avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring project design alternatives.
- To avoid forced eviction.
- To mitigate unavoidable adverse social and economic impacts from land acquisition or restrictions on land use by: (a) providing timely compensation for loss of assets at replacement cost and (b) assisting displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
- To improve living conditions of poor or vulnerable persons who are physically displaced, through provision of adequate housing, access to services and facilities, and security of tenure.
- To conceive and execute resettlement activities as sustainable development programs, providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project may warrant.
- To ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.

2.4 GAP ANALYSIS
The objectives of ESS5 are clear in their aim to avoid involuntary resettlement caused by land acquisition measures wherever feasible and if not possible to apply such compensation principles for impacts on all PAPs and to restore their livelihoods at least to pre-project level. In general, the institutional framework for expropriation in North Macedonia is not completely in compliance with the ESS5, and the most evident differences relate to the requirements to compensate at replacement
cost for land vis-à-vis the national requirement of compensating land at market value without payment of taxes and fees as part of compensation package. Additionally, the national law does not recognize informal users, occupiers and settlements. It does not require a project specific grievance redress mechanism, a social impact assessment, gender disaggregated data and assistance to vulnerable persons.

The table below provides an overview of specific gaps between the national expropriation law vis-à-vis ESS5 and the recommendations for remedy and/or mitigation in order to comply with the ESS requirements.

Table 1 Gap Analysis

<table>
<thead>
<tr>
<th>Subject</th>
<th>Republic of Macedonia laws</th>
<th>North WB ESS international standards and good resettlement</th>
<th>Gaps and measures for bridging the gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resettlement instruments, census and</td>
<td>The only documents prepared are part of construction plans. There is no inclusion of any socio-economic issues. The expropriation elaborate contains a detailed list of properties to be expropriated, their location, information about individuals who have formal legal rights on these properties. Specialized Appraisal Reports hold estimated value of affected properties (Land, Crops &amp; Trees, fixed assets).</td>
<td>Preparation of this RPF, individual RAPs, census survey and socioeconomic study is envisaged. The study should include information on (i) current occupants in the affected area, (ii) characteristics of displaced households and their standards of living and livelihoods, (iii) magnitude of expected losses and extent of displacement, and (iv) information on vulnerable groups or persons.</td>
<td>All documents must be prepared in accordance with WB ESS5 requirements, in addition to national legal requirements. The implementation of a census is required to identify the persons who will be affected by the project (including those who are not registered through national procedures). The implementation of census survey/ household census is necessary also to identify characteristics of displaced households, including standard of living, level of vulnerability, establishing baseline conditions for monitoring and evaluation purposes, and to set a cut-off date.</td>
</tr>
<tr>
<td>socioeconomic study</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avoidance and minimization of involuntary</td>
<td>The Law on Spatial and</td>
<td>To avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring project design alternatives. The Borrower will consider feasible alternative project designs to avoid or at least minimize displacement</td>
<td>The Borrower will seek to minimize physical and/or economic displacement. All alternatives and measures explored to avoid or minimize negative impact will be recorded in the internal periodical (monthly or quarterly) report required by the financing institution.</td>
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<td>resettlement</td>
<td>Urban Planning states that the aim of such planning, among other things, is to ensure organized and rational use of space, as well as improved living and working conditions for citizens (Article 4).</td>
<td></td>
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<tr>
<td>Public consultations</td>
<td>The formal owners are contacted only at the very process of expropriation there is no requirements for public consultation apart from the spatial planning phase under the</td>
<td>Meaningful consultations with affected persons and communities, local authorities, and other stakeholders need to be carried out during the preparation and</td>
<td>National legislation does not require public consultation with affected persons and communities at the extent and reach of those envisaged by WB ESS5 and ESS1. The Borrower shall disclose RPF and RAP (if</td>
</tr>
<tr>
<td>Subject</td>
<td>Republic of North Macedonia laws</td>
<td>WB ESS and good resettlement standards</td>
<td>Gaps and measures for bridging the gaps</td>
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</tr>
<tr>
<td>Planning and construction law.</td>
<td>Implementation of resettlement instruments.</td>
<td>applicable) to PAPs and stakeholders and conduct consultation meetings as described in the according chapter of this RPF.</td>
<td></td>
</tr>
<tr>
<td>Eligibility for Compensation</td>
<td>The Expropriation Law recognizes the eligibility of persons who have formal legal rights on land and structures, as registered by the Real Estate Cadaster and those whose rights are recognizable under national laws (factual ownership).</td>
<td>WB ESS also recognizes those who have no recognizable legal right or claim to the land they are occupying on Cut-off-Date are also eligible for rehabilitation assistance and compensation for loss of non-land assets at replacement value.</td>
<td>Compensation and assistance to PAPs without legal right or claims will be made per principles and entitlements provided in the entitlement matrix of this RPF, if they are present in the project affected area at the time of the cut-off date. Asset inventory and valuations of their affected properties will be conducted and all measures will be recorded in the internal periodical (monthly or quarterly) project progress report.</td>
</tr>
<tr>
<td>Valuation methodology for compensation for property</td>
<td>Compensation for loss of properties and assets should be at least equal to the market price. Depreciation are deducted from compensation (or included by decreasing the market price value appraisal). The Expropriation Law does not specifically mention compensation for the costs of any registration fees and transfer taxes.</td>
<td>Compensation should be equal to full replacement cost without depreciation.</td>
<td>Compensation and assistance to PAPs will be at least equal to replacement value as provided in the entitlement matrix of this RPF.</td>
</tr>
<tr>
<td>Subject</td>
<td>Republic of Macedonia laws</td>
<td>North international standards and good resettlement</td>
<td>Gaps and measures for bridging the gaps</td>
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<tr>
<td>Transitional Support</td>
<td>The Expropriation Law requires provision of compensation for business losses incurred during the period of transition, as well as damages associated with the change of location. Losses are determined in each particular case, in accordance with the Law on Assessment (Article 43). The law follows the basic legal principle on how incomes and livelihoods can be acquired as per virtue of law and therefore recognizes only formal sources of income and livelihoods.</td>
<td>Transitional support will be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.</td>
<td>In a highly unlikely event that physical displacement is unavoidable, the Borrower will ensure that displaced persons receive transitional support per entitlement of this RPF</td>
</tr>
<tr>
<td>Addressing Loss of Livelihoods / Incomes</td>
<td>The Expropriation Law requires provision of compensation for business losses incurred during the period of transition, as well as damages associated with the change of location. Losses are determined in each particular case, in accordance with the Law on Assessment (Article 43). Loss of benefits and income for workers and employees are not specifically mentioned by the Law.</td>
<td>Affected employees will receive assistance for temporary loss of wages and, if necessary, assistance in identifying alternative employment opportunities.</td>
<td>Each site-specific RAP shall include measures and design adequate support and assistance commensurate to the impact, as a way to bridge the gap, and all measures must be demonstrated and documented to the satisfaction of the WB.</td>
</tr>
<tr>
<td>Grievance Redress Mechanism (GRM)</td>
<td>There is no requirement to have grievance redress mechanism apart from the institutional ones.</td>
<td>Appropriate, affordable and accessible procedures for third-party settlement of disputes arising from resettlement must be established; such grievance mechanisms should consider the availability of judicial recourse and community and traditional dispute settlement mechanisms.</td>
<td>The Borrower will establish a Project specific and impact commensurate Grievance mechanism as described in the RPF.</td>
</tr>
</tbody>
</table>
3 ELIGIBILITY AND ENTITLEMENTS

3.1 ELIGIBILITY

The basic principle followed in this RPF is that APs 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-Project level whereby lack of legal title does not exclude individuals from the eligibility to receive compensation and/or rehabilitation assistance.

Affected persons may be classified as persons:

(A) Who have formal legal rights to land or assets;

(B) Who do not have formal legal rights to land or assets, but have a claim to land or assets that is recognized or recognizable under national law; or

(C) Who have no recognizable legal right or claim to the land or assets they occupy or use.

Affected persons who **have formal legal rights to land or assets** are those who have formal documentation under national law to prove their rights, or are specifically recognized in national law as not requiring documentation. In the simplest case, an area is registered in the name of individuals or communities. In other cases, persons may have a lease on the land and therefore have legal rights.

Affected persons who **do not have formal rights to land or assets**, but who have a recognized or recognizable claim under national law can fall into a number of groups. They may have been using the land for generations without formal documentation under customary or traditional tenure arrangements that are accepted by the community and recognized by national law. In other cases, they may have never been provided formal title or their documents may be incomplete or lost. They may have a claim for adverse possession if they have occupied land for a certain period of time as defined by national law, without the formal owner contesting the occupation. In such cases, national law often has legal procedures by which such claims can become recognized.

Affected persons who **have no recognizable legal right or claim to the land or assets they occupy or use** are eligible for assistance under ESS5. These can be seasonal resource users, such as herders, grazers, fishers, or hunters (although if the rights of such users are recognized by national law, they may fall into category (A) or (B)). They can also be persons occupying land in violation of applicable laws. Affected persons in these groups are not eligible for compensation for land, but are eligible for resettlement and livelihood assistance and compensation for assets.
All PAPs living in the Project area before the cut-off date will be considered for compensation for their losses and/or resettlement or other type of necessary assistance. Lack of legal rights or titles do not make them ineligible for entitlements.

The Borrower is not required to compensate or assist those who encroach on the project area after the cutoff date for eligibility, provided the cut-off date has been clearly established and made public.

3.2 ENTITLEMENTS

Land acquisition and resettlement will be implemented according to a compensation and entitlements framework in line with Macedonian laws and regulations and WB ESS. Where they are different, the entitlements most favorable to the APs 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.

- **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 for determining eligibility for compensation or other assistance is intended to help prevent encroachment by opportunistic settlers.

- **Compensation** means the reparation at market rates (which is equivalent to replacement cost) in exchange for assets acquired by the Project. When land acquisition or restrictions on land use (whether permanent or temporary) cannot be avoided, the Borrower will offer affected persons compensation at replacement cost, and other assistance as may be necessary to help them improve or at least restore their standards of living or livelihoods.

- **Resettlement 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 APs pre-Project living standards and ensure their participation in Project benefits. This is reflected in the following principles of compensation.

**Valuation of and compensation for losses.** The methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation for land, natural resources and other assets under local law and such supplementary measures as are necessary to achieve replacement cost for them.

**Compensation.** APs 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 APs 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 APs 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 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 APs. Effective and timely design, planning and implementation of resettlement and rehabilitation measures will be conducted to avoid unnecessary delays and consequent inconveniences to the APs.

Relocation. APs 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.

<table>
<thead>
<tr>
<th>Asset Acquired</th>
<th>Type of impact/Risk</th>
<th>Entitled person</th>
<th>Compensation entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural or construction land</td>
<td>No displacement:</td>
<td>Farmer/tenant</td>
<td>Cash compensation for affected land equivalent to market value or replacement whichever is higher</td>
</tr>
<tr>
<td></td>
<td>Less than a fraction of land holding affected</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The remaining land remains economically valuable</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Displacement:</td>
<td>Farmer/tenant</td>
<td>Cash compensation equivalent to replacement value of land</td>
</tr>
<tr>
<td></td>
<td>More than a fraction of land holding lost.</td>
<td></td>
<td>Income restoration package (access to credit/allowance until next first harvest/alternative job training) if the livelihoods are affected</td>
</tr>
<tr>
<td></td>
<td>Remaining land is not valuable</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Asset Acquired

<table>
<thead>
<tr>
<th>Asset Acquired</th>
<th>Type of impact/Risk</th>
<th>Entitled person</th>
<th>Compensation entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial property</td>
<td>Loss of business and/or rent</td>
<td>PAP (owner, tenant or 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>Residential property</td>
<td>Unlikely - Not applicable</td>
<td>PAP (owner, tenant or squatter)</td>
<td>Offer displaced persons choices among feasible resettlement options, including adequate replacement housing (replacement property of equal or higher value, with security of tenure, equivalent or better characteristics, and advantages of location), or cash compensation at replacement cost.</td>
</tr>
<tr>
<td>Structures</td>
<td>Support structure such a garage, fences, well, etc.</td>
<td>Owner/user</td>
<td>Compensation at replacement value</td>
</tr>
<tr>
<td>Trees/crops</td>
<td>Trees/crops lost</td>
<td>Owner/user/tenant</td>
<td>Cash compensation based on type, age and productive value of affected trees/crops</td>
</tr>
<tr>
<td>Temporary land acquisition</td>
<td>Temporary acquisition</td>
<td>PAP (owner, tenant or squatter)</td>
<td>Cash compensation for any assets affected (e.g. boundary wall demolished, trees removed)</td>
</tr>
<tr>
<td>Livelihood (Loss of job or non-agricultural income)</td>
<td>Loss of income from employment – Unlikely</td>
<td>Employees</td>
<td>Affected employees will receive assistance for temporary loss of wages and, if necessary, assistance in identifying alternative employment opportunities;</td>
</tr>
<tr>
<td>Vulnerable groups</td>
<td>Increasing vulnerability</td>
<td>Squatters</td>
<td>For this group, they will be given additional financial assistance to ensure that they will be no worse off after the project and can maintain and restore their livelihoods.</td>
</tr>
</tbody>
</table>

### 3.3 VALUATING AFFECTED ASSETS

The valuation of land is established by a committee of valuation experts hired for the purpose. Comparable data on prices are gathered through consultation with Public Revenue Office whose data from recently concluded contracts on sale and purchase of land in the region are extracted. The market value which the municipality proposes to provide reflects adequate compensation for the asset to be expropriated. It must be noted that active markets for land and housing exist and not only people do use such markets, there is also sufficient supply of both land and housing. The Municipality considers that the market values proposed are fair and reasonable and will be adequate for the affected people to purchase alternative land of the same size and quality within the region.
Buildings are valued based on the price of construction material with which they have been built. The market price remains the most reliable way to evaluate buildings also having a commercial use, i.e. kiosks, shops, workshops or commercial enterprises.

The methodology of assessment of real estate assets is described in the Methodology for assessment of the market value of the real estate.

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. With regard to land and structures, the replacement value is defined as follows:

- For agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes.

- For land near settlement areas, it is the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes.

- For houses and other structures, it is the market cost of the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labor and contractors’ fees, plus the cost of any registration and transfer taxes.

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.
3.4 CUT-OFF DATE

Macedonian law foresees the cut-off date as the date when the request for expropriation is submitted and delivered to the affected legal owners (with legal deeds). According to WB ESS5, which includes informal users/or owners, the cut-off date is the start of the census and socioeconomic survey.

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, gathered throughout relevant socioeconomic survey. 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.

Cut-Off Date defines the date after which no person moving into the project area (opportunistic settlers) will be eligible to receive compensation related to land acquisition and resettlement. Persons who encroach on the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance. Similarly, fixed assets (such as structures, crops, fruit trees, and woodlots) established after the cut-off date will not be compensated.

4 IMPLEMENTATION ARRANGEMENTS

4.1 RAP DEVELOPMENT AND APPROVAL PROCESS

RAP, as needed, will be developed by the MAFWE where the sub-project will take place. 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 will be submitted to WB for review and clearance, after which it can be disclosed by PMT within the MAFWE 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 MAFWE and the municipality.

4.2 RAP IMPLEMENTATION PROCESS

4.2.1 RAP IMPLEMENTATION UNIT

A RAP Implementation Unit (RIU) will be established to implement approved RAP(s). All activities indicated in the RAP shall be covered from the MAFWE’s funds and be completed prior to commencing the construction activities. Implementation Unit (RIU) will be responsible for preparing and implementing approved RAPs, under the supervision of the PMT.

Major responsibilities and activities of the RIU 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.

4.2.2 COMPLAINTS AND GRIEVANCES

Grievance Redress Committee - Tasks and composition. A Grievance Redress Committee at Project 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 PMT 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 PMT, local NGOs and Communities, as well as an independent expert will be convened by the PMT on a case by case basis, to address complaints and grievances pertaining to any resettlement.

Procedure: Under the supervision of the PMT (MAFWE), the RIU 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 complain at the designated site) or in written. The response will be provided within a period of two weeks after receiving the complaint. If the case is not resolved at the level of the Grievance Redress Committee, it may be submitted by either party to the Court. Any fees required for this purpose will be paid by the municipality after verifying that the PAP is a recipient of Social Cash benefits. All other PAPs will be responsible for their own costs.
Scheme of the grievance redress mechanism is presented in the Annex 3.

4.2.3 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.

4.2.4 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.

5 MONITORING AND EVALUATION

The main objective of implementation of RAP is to improve or at least restore the social and livelihood resources of the APs 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 APs has been designed as an integral part of the overall functioning and management of the Project. Resettlement activities will be regularly supervised and monitored by personnel of municipality (the RIU). Municipality PMT will ensure the execution of timely monitoring of the monitoring and evaluation indicators (process, delivery and impact indicators) of land acquisition and resettlement tasks. The purpose of the monitoring and evaluation is to provide feedback to all stakeholders on progress made in view of a timely and comprehensive implementation of the RAP and to identify problems as early as possible to facilitate well-timed adjustment of implementation arrangements. The objectives are to:

a) Ensure that the standard of living of PAPs are restored or improved;

b) Ascertain whether activities are in progress as per schedule and the timelines are being met;

c) Assess whether the compensation, rehabilitation measures are sufficient;

d) Identify problems or potential issues; and

e) Identify methods to rapidly mitigate problems.

As a condition of appraisal of sub-projects involving resettlement, the borrower provides the World Bank through PMT 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
communication means. After the Bank has approved the final resettlement instrument, the Bank and the borrower disclose it again in the same manner.

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

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

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

5.1 INTERNAL MONITORING

Internal monitoring will be carried out routinely by PMT. 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 PMT 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 PMT 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.

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

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

- Socio-economic conditions of the APs after project implementation;
- Communications and reactions from APs on entitlements, compensation, options, alternative developments and relocation timetables etc.;
- Changes in housing and income levels;
- Socio-economic conditions of Informal land owners;
- Effectiveness of property valuation for rehabilitation purposes;
- Effectiveness of Grievance procedures;
- Level of satisfaction of APs in the post resettlement period.
- Level of income of APs after implementation of livelihood restoration measures

6 DISCLOSURE AND AP’s PARTICIPATION

The RPF and any subsequent RAP(s) must be available to the public throughout duration of the Project including its evaluation. Versions in Macedonian (and additional languages of the local community) will be published on the web-site of the Borrower and of relevant local municipalities. All documents
shall be presented to APs in the process of land acquisition, particularly to vulnerable groups, and project impact on their property and their rights must be explained. Hard copies of the documentation shall be available in the affected municipalities. The Borrower is responsible for all disclosures of the documents.

As indicated in the above sections, APs 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 APs 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.

APs 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 APs to assess their satisfaction with the process and results of the RAP.

7  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: LIST OF NEEDS FOR RAP DEVELOPMENT

<table>
<thead>
<tr>
<th>No.</th>
<th>NEEDS FOR RAP DEVELOPMENT</th>
<th>YES/ NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Existence of Report for Expropriation</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Established concession on governmentally owned land</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>On-site visit. Existence of any unofficial or illegal constructed fixed assists on it, have unregistered users, or serve as an access to private property or livelihood provision activities</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Land rights or land use rights acquired or restricted through expropriation or other compulsory procedures in accordance with national law;</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Land rights or land use rights acquired or restricted through negotiated settlements with property owners or those with legal rights to the land, if failure to reach settlement would have resulted in expropriation or other compulsory procedures;</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Restrictions on land use and access to natural resources that cause a community or groups within a community to lose access to resource usage where they have traditional or customary tenure, or recognizable usage rights. This may include situations where legally designated protected areas, forests, biodiversity areas or buffer zones are established in connection with the project;</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Relocation of people without formal, traditional, or recognizable usage rights, who are occupying or utilizing land prior to a project specific cut-off date;</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Displacement of people as a result of project impacts that render their land unusable or inaccessible;</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, fresh water, medicinal plants, hunting and gathering grounds and grazing and cropping areas;</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Land rights or claims to land or resources relinquished by individuals or communities without full payment of compensation;</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Land acquisition or land use restrictions occurring prior to the project, but which were undertaken or initiated in anticipation of, or in preparation for, the project</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Voluntarily acquired land</td>
<td></td>
</tr>
</tbody>
</table>

Any No registered in the checkbox (except 12th item) indicates Need for RAP development.
## ANNEX 2: GRIEVANCE REDRESS FORM

<table>
<thead>
<tr>
<th>Reference No:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Name and Surname: (you can remain anonymous if you prefer or request not to disclose your identity to the third parties without your consent)</td>
</tr>
<tr>
<td>Contact information:</td>
</tr>
<tr>
<td>Please mark how you wish to be contacted (mail, telephone, e-mail)</td>
</tr>
<tr>
<td>• By Post: Please provide postal address</td>
</tr>
<tr>
<td>_____________________________</td>
</tr>
<tr>
<td>_____________________________</td>
</tr>
<tr>
<td>• By phone: __________________</td>
</tr>
<tr>
<td>• By e-mail: __________________</td>
</tr>
<tr>
<td>Preferred language of communication:</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Description of incident/grievance: What happened? Where did it happen? Who did it happen to? What is the result of the problem?</td>
</tr>
<tr>
<td>Date of incident/grievance:</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>What would you like to see happen to resolve the problem?</td>
</tr>
<tr>
<td>Signature:</td>
</tr>
</tbody>
</table>

Please return this form to:

PMT of AMP
Mr. [NAME AND SURNAME]
email: personal.email@mzsv.gov.mk
tel. + 389 (0)2 345-6789
Address: Ministry of Agriculture, Forestry and Water Economy
Aminta III Str. 2,
1000 Skopje, North Macedonia
ANNEX 3: GRIEVANCE REDRESS MECHANISM SCHEME

- **Assess and Assign**: Assess severity, decide investigation approach and assign action parties. (5 days)
- **Receive**: Receive at access point and document. (3 days)
- **Acknowledge**: Acknowledge receipt and outline how complaint will be handled. (10 days)
- **Investigate**: Investigate complaint and identify options for resolution. (10 days)
- **Respond**: Respond to complainant, outlining investigation findings and proposed resolution. (3 days, 5 days)
- **Complainant Satisfied**
- **Complainant Not Satisfied**: Consider recourse or appeal.
- **Complaint Resolved Successfully**: Follow up and close out. Implement resolution, close out, monitor and evaluate.
ANNEX 4: GRIEVANCE REGISTER ITEMS

The GMR register, kept in digital format, as a spreadsheet file, should contain the following information:

ENTRY:
- Initiator
- Location of residence
- Type of problem
- Name and surname
- Contact information
- Date of entry
- Acknowledgement for receipt of Grievance

PROBLEM:
- Description of the Problem
- Proposed solution
- Actions to be undertaken for problem solving

EXIT:
- Date of closure
- Grievance's Follow-up
- Results of the intervention
- Recurrence Y/N