

Land Acquisition and Compensation Framework (LACF)

MEPSO Power Line, Macedonia

Table of Contents

1. Introduction	3
2. Project Description.....	4
2.1 Project Description.....	4
2.2 Summary of Project-Related Land Acquisition Impacts	6
3. Legal and Regulatory Framework	6
3.1 Macedonian Legislative Framework.....	6
3.2 EBRD Requirements.....	6
3.3 GAP Analysis.....	11
4. LACF Objectives and Principles	16
4.1 Objectives	16
4.2 LACF Principles	16
5. LAC Process.....	17
5.1 Overview of Process.....	17
5.2 Census of Affected People and Assets.....	18
5.3 Socio-economic survey	18
5.4 Entitlements Matrix.....	19
5.5 Valuation.....	21
5.6 Payment of Compensation.....	21
5.7 Livelihood Restoration.....	21
6. Baseline Data and Inventories	22
7. Disclosure of Information, Participation and Consultation	22
8. Grievance Mechanism	23
9. LACF Implementation, Budget, Monitoring and Reporting	23
Annex 1: Grievance Form	25

1. Introduction

The European Bank for Reconstruction and Development (EBRD) is considering providing financing to Macedonian Transmission System Operator (MEPSO) for the design, construction, and operation of a 400kV overhead transmission line from Bitola to the Macedonian / Albanian border. The project includes the following elements:

- Design, construction, and operation of a new 400/110kV substation in the Ohrid area.
- The diversion of an existing 110 kV overhead line Bitola-Resen-Ohrid-Struga into the new Ohrid substation.
- Upgrade of an existing substation in Bitola.
- Design, construction, and operation of a new 400kV overhead transmission line from Bitola to the Macedonian / Albanian border west of Lake Ohrid.

This document is the Land Acquisition and Compensation Framework (LACF) for the Project and it describes the objectives, principles, and planned approach to land acquisition, compensation for economic displacement, and livelihood restoration. No physical displacement is anticipated and so it is not covered in this Framework. The LACF differs to a Land Acquisition and Compensation Plan (LACP) because it provides only high-level information about the standards the land acquisition and compensation process must meet in future, rather than providing details of land ownership and land acquisition impacts as these are not yet known. A detailed LACP will have to be developed for the Project once the detailed design information is available and the relevant baseline data on affected land owners and users can be established.

The LACF has been prepared to comply with Macedonian legislation and EBRD requirements set out in the EBRD's Environmental and Social Policy (2014), more specifically Performance Requirement 5 on Land Acquisition, Involuntary Resettlement and Economic Displacement (PR 5). EBRD has identified the applicability of PR 5 to the Project.

PR 5 states that 'involuntary resettlement refers to both physical and economic displacement and to economic displacement as a result of project-related land acquisition or restriction of access to natural resources. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition which results in displacement.'

This LACF is structured as follows:

- Section 2: Project Description – describes the Projects and summarises the potential impacts related to economic displacement
- Section 3: Legal and Regulatory Framework – describes national legislative frameworks and EBRD requirements and identifies gaps that need to be addressed
- Section 4: LAC Objectives and Principles
- Section 5: LAC Process – describes the process of LAC implementation
- Section 6: Baseline Data and Inventories – presents information required on eligibility, entitlements and valuation methods
- Section 7: Public Disclosure and Consultation
- Section 8: Grievance Mechanism
- Section 9: LACF Implementation, Budget, Monitoring and Reporting

2. Project Description

2.1 Project Description

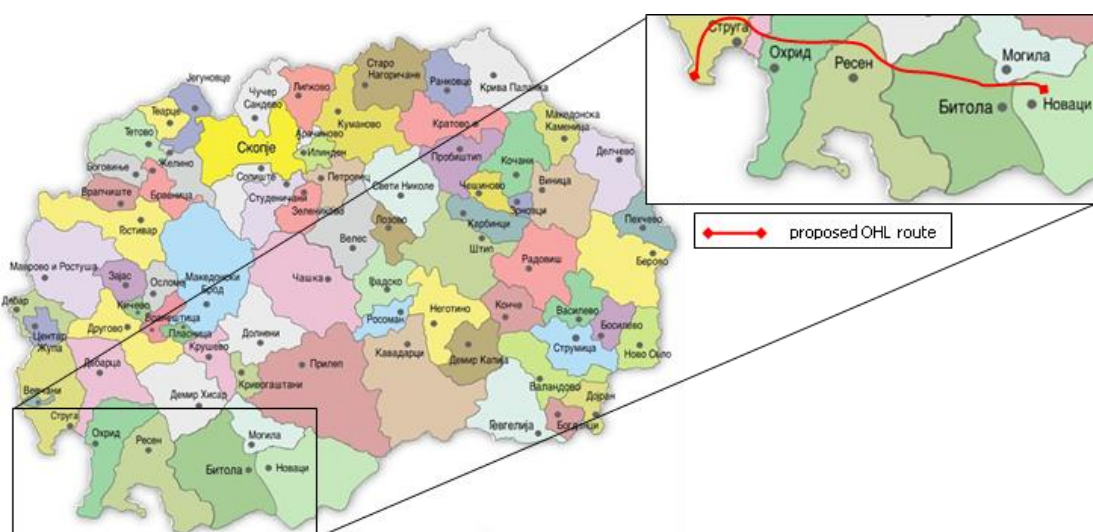
In order to assist the stabilisation of power provision across the Southern Balkans and wider region, there is the identified need for the development of a 400kV overhead line across the south of the Republic of Macedonia and connecting into Albania. The project is part of an internationally important power transmission corridor running East – West from Bulgaria, Macedonia, Albania and to Italy (via a submarine cable). This part of the overall interconnector project will include the development of a circa 100km overhead power line from the current Bitola 2 substation (which will also be upgraded to accommodate the new connection) at the eastern part of the project area, running to the west and to the north of the Lake Ohrid region, before turning south for a connection into Albania (where the project area concludes). There will also need to be development of a new 400kV to 110kV substation in the region to the north of Lake Ohrid, to allow improved local power provision to this local region.

A general map of the project area is shown below. A more detailed map of the corridor can be obtained by consulting the ESIA documentation on line at:

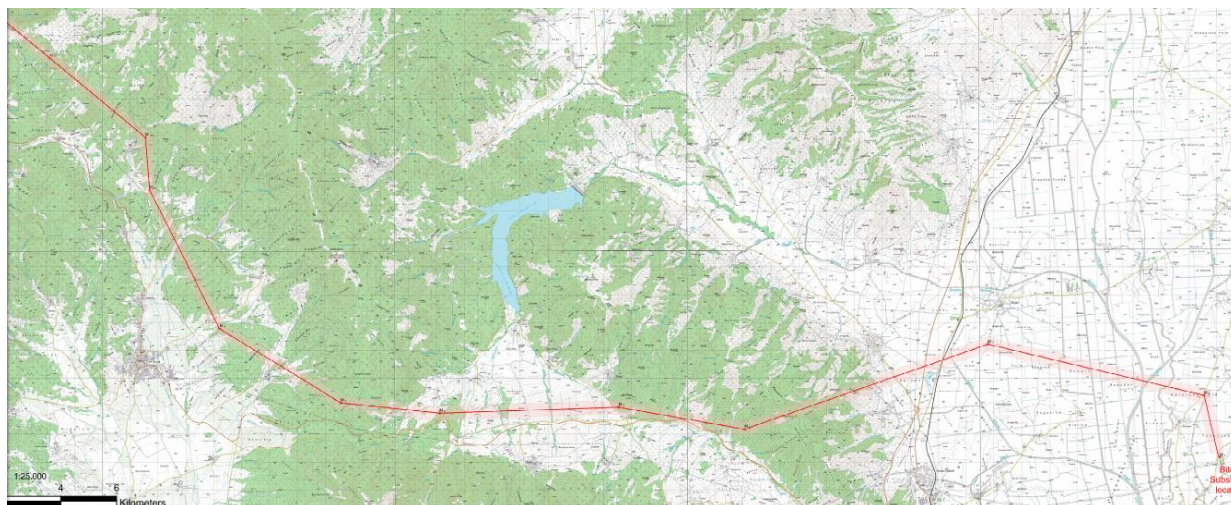
<http://www.mepso.com.mk/en-us/Details.aspx?categoryID=230>

Or by contacting MEPSO using the details at the end of this document.

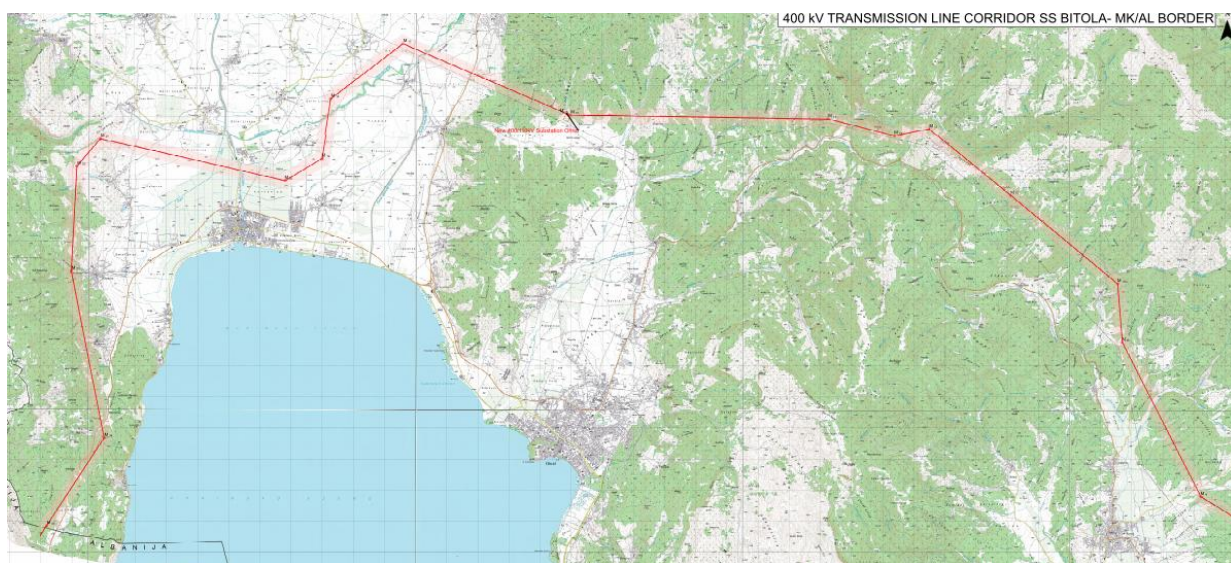
Figure 2.1 – General Project Route



Map 2.1: Project Route (Eastern – Bitola Region)



Map 2.2 – Project Route (Western: Ohrid Region)



Source: Maps from ESIA (31/1/2013)

The project detailed design is expected to commence in September 2015, when the detailed route options will be considered and the design eventually fixed. It is then estimated that a 3 year build out period will be required.

2.2 Summary of Project-Related Land Acquisition Impacts

The Project itself will overall have limited impacts on affected villages, however, there is a need to acquire land for the construction of a substation and towers for the overhead line. The application for official permits with an approximation of the planned route within a 500m wide corridor has been submitted to the relevant authorities. The actual tower locations are unknown at this stage, but it is assumed that there will be 250 towers along the corridor. MEPSO will continue working with the designers as soon as the procurement is over to identify tower locations, minimising land acquisition impacts wherever possible, and then ultimately the owners of affected land plots. Based on the corridor information, it is estimated that approximately 50-60% of land along the corridor is state owned which will make the acquisition process easier and will have a smaller impact on individual land owners. There is some information on grazing activities on state owned land along the borders of the proposed Jablanica National Park and there is anecdotal evidence to suggest that village residents use forest services, so access to those might be temporarily impacted during the construction phase. Based on the site visit in May 2015 the rest of the remaining land is privately owned and used as grazing land or cultivated for agricultural purposes. Based on the site visit the corridor allows for avoidance of villages and settlements so no physical displacement is foreseen at this stage.

Further details of land acquisition are provided in Section 6 below.

3. Legal and Regulatory Framework

The Project will meet the requirements and stands of national legislation and EBRD policies, notably EBRD's PR 5 on Land Acquisition, Involuntary Resettlement and Economic Displacement.

3.1 Macedonian Legislative Framework

The Expropriation Law (Official Gazette of RM No. 95/12, 131/12, 24/13, 27/14 and 104/15) regulates the process of expropriation of property, including land, buildings and other commodities for the purpose of construction and activities deemed to be in the public interest.

Key aspects of the Law are as follows:

- Compensation – Compensation shall be determined based on Article 18 of the Law: "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".

Article 18 also states that "the right to seek compensation for expropriated property cannot become obsolete".

Article 37 states that the market value of expropriated property and property that is given as compensation shall be determined by a qualified appraiser, pursuant to the Law on Assessment.

Compensation for the expropriated property shall be determined in monetary terms, in case the proposer and the former owner do not agree differently.

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 value of crops, fruits and other produce are usually calculated as a separate item under damages.

The owner of the property shall not be entitled to compensation for investments made after the date of submission of the proposal for expropriation (date of calculation) Article 40 from L:E.

If economic activity is performed in a property that is to be expropriated, the effect of interruption of this activity should be taken into account when determining the compensation due for expropriation. An expert, according to the Law on Expert Analysis, shall determine this amount.

PROCEDURE ON EXPROPRIATION

I. Total Expropriation Proposal

The proposal for full expropriation on the towers'places plans that when the expropriation is done for the facilities' construction of public interest or facility for performing activity that is of public interest, or providing public service from the energy, minerals and telecommunication area, the Proposal for total expropriation to be submitted by the State Attorney of the Republic of Macedonia, upon prior Initiative by the legal entity that has intention to fulfil the public interest AD MEPSO-Skopje.

AD MEPSO-Skopje is placing the initiative in front of the Government of the Republic of Macedonia and it should include the following acts and information:

- Data on the real estate that refers to the Initiative
- Geological elaborate on the numerical data of the real estate
- Market value of the real estate established by authorised evaluator, as per Article 37 from E:L (the Expropriation Law)
- Report from the Urban planning Act

Upon accepting the initiative by the Government of the Republic of Macedonia, the submitter of the initiative should deposit assets in the amount of the estimated real estate value, that has to be expropriated, on the deposit account of the body of the state management in the area of energy and mineral resources, i.e. the deposit account of the unit of the local self-government, within the treasury account, for the purpose of initiating an expropriation procedure.

The following information is needed for the expropriation proposal:

- The proposer of the expropriation
- The property for which the expropriation is proposed
- The owner of the property (name, title, residence, main office)
- The holders of other real property rights (name, residence, main office)
- Type of the facility or the realisation of the works that are proposed for expropriation.

Hearing

- The procedure where the owner of the property and the applicant or the proposer are called to determine the existence of the public interest, the right of ownership and other property rights and the type and amount of compensation necessary. The expropriation authority shall schedule and hold a hearing on the proposal in a period of time that cannot be longer than 15 days, calculated from the day of submitting the proposal to the owner of the property and/or the holders of the rights to the property, as per Article 29 from L:E. The body that is authorised for the expropriation procedure is obliged, within 5 days from receiving the expropriation proposal, together with the geological elaborate from Article 26, point 3 from L:E, to submit it to the Agency for cadastre of real estate, for the purpose of recording the expropriation proposal, as per Article 28, paragraph 2 from L:E.

-The hearing may conclude with an agreement for payment of compensation including the amount and the deadline for payment.

-If an agreement is not reached, the expropriation authority shall reach a decision on expropriation. This decision can be appealed to the Administrative Court within 15 days upon receipt of the decision.

-Against this decision an appeal can be submitted to the Administrative Court of the Republic of Macedonia, within a period that is not longer than 15 days from the day of submitting the decision, as per Article 32 from the L:E.

- The Administrative Court, upon receiving the appeal against the expropriation decision, is obliged to submit a transcript of the appeal together with the attachments within 3 days, and to submit a reply to the accused management body that has brought the first degree decision. This Court is obliged within 8 days from the day of receiving the request from the Administrative court, to submit a reply to the Administrative Court, with all the documents referring to the subject. Upon receiving the documents, the Council that decides upon the appeal, is obliged to bring a decision within a period, that is not longer than 30 days from the receipt of the documents. The appeal against the decision of the Administrative court, together with the documents of this case, should be submitted to the Higher Administrative Court by the Council, without a delay, within a period, that is not longer than 3 days upon their receipt. The Council within the Higher Administrative Court that decides in the second degree procedure, upon the appeal, it is obliged to bring a decision within a period that is not longer than 30 days from the receipt of the case documents.

- If no such agreement is reached, the expropriation authority shall, within eight days after the decision is in force on expropriation, schedule a hearing to decide the compensation.

- If after the hearing an agreement is still not reached, the expropriation body is obliged, within 8 days, to submit the case with all its documents to the competent local civil court, for the purpose of establishing the compensation amount.

II. Proposal on INCOMPLETE expropriation incorporates establishing of the right on official treatment under and regarding the safety corridor of the transmission line and the right on earlier taking over of the land on the access roads and the tower places.

Proposal on establishing of the right on official treatment for the needs of the:

1. Safety corridor of the Transmission line, as well as
2. The access roads for the towers' construction

IT IS SUBMITTED BY THE CARRIER of the project of the Line infrastructure construction, which means AD MEPSO Skopje

LEGAL REGULATIVE

From material legal aspect, except in the:

1. Constitution of the Republic of Macedonia,
2. Law on ownership and other property rights,
3. Law on obligation relations, and
4. Expropriation Law.

The area of interest for LACF is regulated with other material laws, that contain specific regulative and other relevant legal acts that are of importance on establishing the status and the rights for buying-off of the property, where the transmission line is passing.

*In particular the matter refers to:

5. Law on construction property,
6. Law on spatial and urban planning,
7. Law on denationalisation,
8. Law on privatisation and lease of construction property in state ownership,
9. Law on lease and concessions,
10. Law on agricultural land,
11. Law on forests and forest land,
12. Law on waters,
13. Law on inheriting,
14. Law on estimate and
15. Law on expert evidence.

From formal, procedure-legal aspect the below listed is also important for the dynamics of implementation of LACF:

16. Law on general administrative procedure (according to which there is first degree administrative procedure for expropriation, in front of the local competent management body),
17. Law on administrative disputes (according to which there are procedures in the second and third degree upon appeals and complaint from the interested parties I.P. in front of the Administrative and the Higher Administrative Court of the Republic of Macedonia).
18. Law on construction (according to which, in front of the Ministry of transport and communication of the RM, AD MEPSO – Skopje applies for obtaining an approval for construction, so that it can begin a construction of the

relevant matter, as well as Utilisation licence, so that the Transmission line can be switched on under voltage),

19. Law on outside law suits (according to which there are civil procedures in the first and second degree, in front of the civil courts with general, real and local competences (General and Appeal) on establishing the height of the compensation, is an agreement in the administrative procedure is not reached),

20. Law on law suits' procedure (according to which there are civil procedures in the first, second and third degree in front of the local and the real competence courts on establishing the height of the damages that occur during the construction of new TL, reconstruction of the old and during the ongoing maintenance of the existing TL, for the purpose of establishing the compensation height (damages occurred), if a consent is not reached on this indirect consent) and

21. Law on real estate cadastre (according to which the recording of the future construction is made (more specifically TL) and following the proposal and the submission of the enclosed geological elaborates with numeric data, as well as recording of the real estate rights, to be more specific, the high voltage Transmission line, as linear infrastructure construction (LIC) that are a facility of first category, as per the Law on construction.

- The Constitution guarantees legal protection of ownership and states that no person may be deprived of their property or of the rights deriving from it, except in cases concerning the public interest determined by law. If property is expropriated or restricted, rightful compensation not lower than its market value is guaranteed.
- According to the Law on Ownership and Other Real Property Rights (Official Gazette of RM 18/01, 31/08, 92/08, 139/09 and 35/10) no person may be deprived of their property or of their rights deriving from it, except in cases concerning the public interest determined by law and the acts for spatial planning. In case of deprivation or restriction, rightful compensation for the property according to its market value at the time of expropriation is guaranteed.
- According to the Law on Obligations (Official Gazette of PM 18/01, 78/01, 04/02, 59/02, 05/03, 84/08, 81/09, 161/09) the damaged person [party] may request compensation from the person [party] at fault for creating the risk of damage, or from the persons who were protected from damage, but from the latter the compensation shall not exceed the benefit they have had from eliminating the damage.
- Following Article 49 (consolidated text) from the Law on agricultural land (Official Gazette of RM no. 135/07, 17/08, 18/11, 42/11, 148/11, 95/12, 79/13, 106/13, 164/13, 39/14, 130/14, 166/14, 72/15 and 98/15), for the purpose of being able to initiate the procedure on providing the construction approval
- AD MEPSO has an obligation PRIOR making the REALLOCATION of the agricultural land (AL) that is along the whole Transmission line layer, into construction non-constructed land (CNL). This will be done in accordance with the legal regulative in power, which means that immediately when the Act on reallocation of the parts from the cadastre pieces, where the towers are built on AL and CNL, will be announced in the Official Gazette of the Republic of Macedonia, the authorised evaluator has the obligation to establish the land under the towers included with complete expropriation, as for a construction, not as an agriculture land!

3.2 EBRD Requirements

The EBRD PR 5 Land Acquisition, Involuntary Resettlement and Economic Displacement states that ‘involuntary resettlement refers both to physical displacement and to economic displacement which result from project-related land acquisition or restriction of access to livelihoods and natural resources.’

‘Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition which results in displacement.’

‘Displaced persons may be classified as persons: i) who have formal legal right to the land (including customary and traditional rights recognised under national laws); ii) who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under the national laws; or iii) who have no recognisable legal right or claim to the land they occupy.’¹

The objectives of PR 5 include:

- to avoid or, at least minimise, involuntary resettlement wherever feasible by exploring alternative project designs
- to mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons’ use of and access to land by: i) providing compensation for loss of assets at replacement cost; and ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected
- to improve or, at a minimum restore the livelihoods and standards of living of displaced persons pre-project levels, through measures that can be wage based and/or enterprise based, so as to facilitate sustainable improvements to their socio-economic status
- to improve living conditions among displaced persons through provision of adequate housing with security of tenure at resettlement sites

3.3 GAP Analysis

A comparison between national legislation and EBRD requirements is provided below to highlight the differences in the policies. The LACF is designed to meet national legislation and EBRD requirements, however, where gaps exist the LAC process will follow the higher standards that in most cases will be the EBRD requirements. The Table below summarises the differences with the gaps where EBRD requirements shall be followed.

¹ EBRD PR 5: ‘Those with no recognizable legal right or claim to the land they occupy may include customary users, pastoralists, internally displaced persons or squatters who claim or make use of land without formal legal rights, and others, who may have usufruct or customary claims to affected land or other resources not recognized or recognizable under national laws.’

Issue	Macedonian Laws	EBRD ESP (2014)	Identified gaps	Proposed measures to bridge the gaps
Involuntary resettlement, physical and economic displacement	The Expropriation Law regulates all land acquisition and restrictions. In some cases sectoral laws such as energy, ownership and property rights, obligations laws govern land acquisition. The focus of these laws are mainly the process of compensating for loss (in cash or in kind) for affected land, property, assets and losses for people with legally recognisable claims and rights.	Physical displacement – relocation or loss of shelter, and/or Economic displacement – loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood Both formal and informal land use is recognised and should be compensated for using replacement cost. Compensation could be cash or in kind.	Further impacts of land acquisitions and restrictions on land use are only indirectly addressed in the Macedonian legislation. Compensation measures are introduced as opposed to provisions of resettlement and/or livelihood restoration assistance. Some aspects of resettlement and/or livelihood restoration assistance, though, can be provided under national legislation.	Provision of assistance measures for resettlement, recognition of informal residents and livelihoods, and livelihood restoration activities, compensation at replacement cost.
Land acquisition and restrictions on land use	The Expropriation Law regulates acquisition of immovable property (including land, residential and other structures). ‘Complete’ expropriation is conducted through the legislation and ‘incomplete’ expropriation means an easement over the property or temporary occupation for a defined period of time. The Ownership Law and Other Property Rights Law and the Law on Obligations can partially address issues around restrictions on land use resulting in physical or economic displacement. In these cases compensation is provided for certain damages and losses.	Involuntary resettlement can occur as a result of land acquisition leading to physical and/or economic displacement including the purchase of property or property rights; or as a result of restrictions on land use that result in physical and/or economic displacement.	The Law on Ownership and Other Property Rights and/or the Law on Obligations may be potentially used to address economic displacement, by providing compensation for damages and losses. However, this will need to be assessed on a case by case basis	The Law on Ownership and Other Property Rights and/or the Law on Obligations would be used whenever possible as a legal basis for providing compensation for losses and damages to address economic displacement. As there is a high risk of informal livelihoods not being compensated under national legislation, this LACF document will be used to ensure management of this area , in line with EBRD requirements.

Issue	Macedonian Laws	EBRD ESP (2014)	Identified gaps	Proposed measures to bridge the gaps
Information disclosure, consultation and informed participation of affected persons	<p>Under the Law on Spatial and Urban Planning and the EIA development and approval procedure public hearings are organised where people can learn about the project.</p> <p>The Expropriation Authority has to inform the affected people with formal legal rights and legally recognisable claims before the decision on expropriation is passed. Then affected people are invited to a meeting where facts relevant to the expropriation are presented to them. Individual meetings are usually held to determine compensation.</p>	<p>Affected persons (men and women) shall be given the opportunity to participate in the eligibility requirements, negotiation of the compensation packages, resettlement assistance, suitability of proposed resettlement sites and proposed timing.</p> <p>Consultation activities will continue during the implementation, monitoring and evaluation of compensation payment and resettlement.</p> <p>The client should consult the affected people on land acquisition; resettlement and livelihood related issues and disclose relevant documents at various stages of the project. Consultations should be meaningful and inclusive allowing for the participation of all groups and segments of affected people.</p>	<p>Public hearings may be held only at municipal level (not community level) and are not announced directly to affected people but to the general public.</p> <p>The Expropriation Law does not require public consultations to be held with any categories of affected people through the expropriation procedure.</p> <p>Those who have no recognisable legal right or claim to the land they occupy or use are completely outside of the expropriation process and are not informed about nor consulted in relation to it.</p>	<p>Plans for consultations with all categories of affected people as required by EBRD will be agreed and incorporated in the any plans related to land acquisition, resettlement or livelihood restoration.</p> <p>All consultation meetings held in the development and implementation of frameworks and plans will be well documented.</p>
Livelihood restoration	<p>The Expropriation Law required provision of compensation for business losses incurred during the period of transition, as well as damages associated with the change of location.</p> <p>Losses are determined in each particular case, in accordance with the Law on Expert Assessment.</p> <p>The law only recognises formal sources of income and livelihoods.</p>	<p>Livelihoods may consist of wage-based incomes and/or incomes derived by individuals, families and/or communities from resource utilisation.</p> <p>Both formal and informal livelihoods are recognised and require adequate compensation or restoration measures.</p>	<p>Livelihoods derived by individuals, families and/or communities from resource utilisation, including informal incomes and livelihoods are not recognised by the Expropriation Law</p>	<p>Informal incomes and livelihoods will be assessed through the implementation of the census and survey and appropriate measures for improving or at least restoring them included in the resettlement and/or livelihood restoration plans.</p> <p>Alternative livelihood and employment options will be considered and will be offered where appropriate.</p>

Issue	Macedonian Laws	EBRD ESP (2014)	Identified gaps	Proposed measures to bridge the gaps
Resettlement Action Plan development	No legal requirement for RAP preparation or approval	When the exact nature or magnitude of the land acquisition or restrictions on land use is still unknown, a Resettlement and/or Livelihood Restoration Framework will be developed. Once the project components are defined and the required information becomes available, the framework will serve as a basis for the development of a detailed Resettlement Action Plan or Livelihood Restoration Plan.	Requirement for a fully transparent, open and fair approach in regards to Resettlement Action Planning, including economic displacement.	As there is limited information currently available and the project is still at feasibility study stage, a Land Acquisition and Compensation Framework approach has been adopted, which will be used . Following detailed design, this framework will be used to ensure a transparent acquisition, compensation process for land acquisition and economic displacement.
Grievance mechanism	The Expropriation Law covers legal appeals submitted by affected people. This includes a second judicial appeal to the Higher Administrative Court. In practice, affected people often communicate with the Proposer of Expropriation during the expropriation procedure in connection to their specific grievances and with the aim of reaching agreements before submitting appeals or turning to the court.	The grievance mechanism will be set up as early as possible in the process, to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons and/or members of the affected communities, including a recourse mechanism designed to resolve disputes in an impartial manner.	There is no specific requirement under the national legislation for establishing an independent grievance mechanism as required by EBRD.	A specific grievance mechanism will be implemented applicable to resettlement and livelihood related queries and comments.
Vulnerable groups	Vulnerable persons are entitled to social welfare assistance, which includes placement in shelters and access to other services under the Law on Social Welfare. Additional legislation provides assistance to improved living standards through access to health care, education, and personal documentation. There is no legislation to require the Proposer of the Expropriation to provide assistance beyond the national social welfare system.	Vulnerable groups need to be identified and actions should be undertaken to ensure that vulnerable groups are not disadvantages in the process and are fully informed and aware of their rights and are able to benefit equally from the resettlement opportunities and benefits.	People without formal rights or claims to the land are not recognised by the law. The needs may be addressed through social welfare and other services. Informal livelihoods are also not recognised under national legislation.	Vulnerable individuals and groups will be identified and their needs assessed related to land acquisition and livelihood restoration Consultations will be inclusive and measures will be taken to mitigate and minimise land acquisition and livelihood related project impacts.

Issue	Macedonian Laws	EBRD ESP (2014)	Identified gaps	Proposed measures to bridge the gaps
Valuation of assets	<p>Compensation for property is according to market value, valued by certified valuers. Compensation for assets which do not have a market value (wells, fences and retaining walls) is determined in accordance with their construction value.</p> <p>The law provides compensation for a lease or temporary land use.</p>	<p>Compensation is calculated at full replacement cost including transaction costs related to restoring such assets.</p> <p>Where land markets are in a formative stages, clients should seek valuation by external independent professional valuation experts</p>	<p>The Expropriation Law does not specifically mention compensation for the cost of any registration and transfer taxes.</p>	<p>The approach to land acquisition and economic displacement will transparently describe the valuation method, specify that compensation will include the registration cost in the Real Estate Cadastre Office or other relevant registry, and will include all administrative fees and taxes.</p>

4. LACF Objectives and Principles

4.1 Objectives

The objectives of the LAC process will be as follows:

- avoid or minimise resettlement, economic displacement
- consider feasible alternative project designs
- mitigate adverse social and economic impacts from land acquisition
- provide timely compensation for loss of assets at replacement cost
- improve or, at a minimum, restore the livelihood and standards of living

4.2 LACF Principles

Key principles which will guide the LAC process are as follows:

- Livelihood restoration and compensation of APs shall be carried out in line with Macedonian legislation and EBRD requirements
- Both physical and economic loss should be taken into account and mitigated
- Short term impacts related to temporary occupation of land for construction purposes may also entail compensation or other assistance
- Entitlements of all categories of affected peoples (including informal land users) shall be established
- Robust methods will be used to value affected assets or resources, or the access thereto and livelihood impacts, involving independent qualified parties
- Affected properties and structures shall be compensated regardless of formal title
- Livelihoods and standards of living of affected persons shall be improved or at least restored to pre-project levels
- All owners, occupants and users of affected land and structures at the time of the cut-off date with or without fully recognised ownership rights are eligible for compensation, livelihood restoration and/or assistance
- Procedures will also be adopted to compensate APs with recognisable right to land and property where owners remain unknown at the cut-off date
- Compensation shall be provided prior to any relocation or access to land
- MEPSO will fund compensation and any activities established under the LACF
- All transactions to acquire land rights, as well as compensation measures, livelihood restoration activities and other assistance shall be documented
- APs will be provided opportunities to participate in decision making processes through inclusive and meaningful public consultation processes
- Specific grievance management mechanism shall be set up for APs and all questions, queries or grievances shall be recorded in a grievance log
- Monitoring and evaluation procedures shall be set up to measure the effectiveness of livelihood restoration and resettlement measures

5. LAC Process

5.1 Overview of Process

The land acquisition and livelihood restoration measures will be undertaken in accordance with national legislation and EBRD PR5 requirements. This section describes the planned process of LAC implementation involving the steps detailed below. The actual route of the transmission line is unknown at this stage, so there is no information on tower locations and land acquisition needs for associated infrastructure. The substation locations detailed in the original ESIA prepared in the 2012 offer three alternatives all including acquisition of private and state owned land. This LACF is a framework only that set out the principles of land acquisition and its aspects. As soon as the detailed designs are ready there is a need to develop a detailed Land Acquisition and Compensation Plan based on the steps detailed below.

- i) Identification of Project impacts and affected people involving:
 - Mapping of the Project area and affected households/land plots including the class of land, owners and land use patterns, private and communal land, businesses and assets
 - Census of affected plots, assets and persons to establish a list of people with formal and informal land rights and livelihoods and to identify those who will be eligible for compensation and/or assistance
 - Socio-economic survey to complement the census data and gather detailed information on the socio-economic background of affected people and evaluate the impacts on their livelihoods in order to establish fair compensation and livelihood restoration measures. This will also help to identify any vulnerable individuals or groups who may need additional assistance.
 - Inventory of affected assets, properties and structures based on mapping and census work that will be used to monitor LAC activities.
 - Public consultation meetings to provide information on the Project, scheduling, land acquisition, LAC procedures, peoples' rights and the process for establishing entitlements, compensation and livelihood restoration measures. APs will be provided opportunities to discuss the approach to compensation and livelihood restoration and ask any questions they may have regarding the processes.
- ii) Entitlements matrix and compensation framework based on the information from the above steps, an entitlements matrix will be established and compensation and livelihood restoration measures will be designed in line with the national legislation and EBRD's requirements.
 - The entitlements matrix will establish the categories of APs and the assistance, compensation and livelihood restorations they are entitled to receive. Public consultation meetings shall inform the development of AP categories and entitlement measures.

- A cut-off date will be established for eligibility according to EBRD's requirements and national legislation. Information regarding the cut-off date will be widely publicised throughout the Project affected area.
- iii) Valuation of land and compensation including structures, buildings, crops, interrupted economic activities and lost access to natural resources and compensation offers will be made.
- The procedure of valuation shall be undertaken in line with legislation of Macedonia, however, in line with EBRD requirements, the valuation of assets will not take account of asset depreciation. Whilst the approach shall aim to achieve appropriate compensation levels, in cases where affected people reject compensation offers, appeal and legal procedures in line with national legislation can be initiated.
- iv) Payment of compensation made by MEPSO prior to land acquisition or lost access to economic activities and natural resources.
- v) Livelihood restoration assistance might be needed for certain land owners and users, although the nature of land acquisition, i.e. acquiring a few square metres for the towers makes it unlikely that livelihood will be adversely affected by the Project.

In addition the overall LAC process will involve the following elements which will be discussed in more detail in the LACP:

- On-going public consultation and information disclosure (see Section 7)
- Establishment of a Grievance mechanism (see Section 8)
- Monitoring and Evaluation of LAC implementation (see Section 9)

5.2 Census of Affected People and Assets

A detailed census of all affected people, households, plots, properties and other assets is necessary to identify the number of affected people and plots. The census should be undertaken by MEPSO or a third party company with experience in census and survey activities. The census will collect information on cadastral identification and coordinates of land plots, assets, category of land, size of the plot and any cultivated crops, trees and structures that will be affected by the Project. The Census shall utilise cadastral information to identify formal land owners and users.

Further investigations may be needed to identify any informal owners and users of the affected land plots. The socio-economic survey will provide detailed information on formal and informal livelihoods, assets, activities and structures. All affected people regardless of having formal title who are recorded during the census will be eligible for compensation in accordance with national legislation and EBRD's requirements set out in this LACF.

5.3 Socio-economic survey

A socio-economic survey will be undertaken to identify:

- Patterns of land use, crop cultivation and use of natural resources
- Livelihood and income levels of APs, especially income from lost land for both formal and informal land users

- Seasonal resource users and users of forest services who might be affected by the Project
- Vulnerable people who require additional attention in order to equally benefit from the Project

5.4 Entitlements Matrix

A preliminary Entitlements Matrix is presented below to set out the principles of compensation for the different groups of affected people depending on the assets, properties and livelihoods they lose as a result of the Project. This Matrix will need to be updated and tailored to the identified land acquisition affected people as part of the LACP. Under the EBRD Environmental and Social Policy (2014) compensation will be provided for crops, fruit trees and other trees, as well as assets or facilities that can be found on the plot including wells, irrigation systems, fences, structures if these are not already included in the value of the land. Economic activities and livelihoods will be assessed to identify appropriate compensation and mitigation measures. Moving assistance and the compensation for transaction costs will also be provided. The eligibility is identified based on the census and the date of the census will serve as a cut-off date for compensation, however, people with formal claims will have the chance to receive compensation if they apply after the census.

The indicative Entitlements Matrix is shown below. This will be further enhanced with updated categories of affected people and entitlements measures after consultation and stakeholder engagement activities.

Category of Project Affected Persons	Property	Type of Project affected right or property or loss	Entitlement	Process and specific conditions
Owner Category of persons who do not have formal legal rights to land at the time of census Tenant	Land	Loss of agricultural land and associated property	Registration of land according to Macedonian legislation prior to acquisition free of charge.	Transfer of property right through agreement during expropriation process
			Cash compensation at replacement cost according to the market value of the property, land or asset sufficient to replace the lost assets and cover transaction costs. Or Cash compensation for lost assets resulting from land acquisition. Cash compensation for tenant farmers for financial cost of acquiring equivalent alternative land tenancy, valued at market values.	
Owner	Commercial property	Loss of land, business assets and/or rent or income	Compensation for loss of land, assets, income and livelihood including compensation of the transfer and reinstallation of machinery or other equipment.	Compensation for loss of land, business and rent income not foreseen by the Macedonian law on Expropriation
Owner/Tenant/User category of persons without formal land title or legal rights to claim to the land or resources they use	Standing crops or access to livelihoods, natural resources	Loss of annual crops	The right to harvest crops or cash compensation for annual crops at replacement value	Cash compensation for the possible crops if the annual crops could not be harvested within the period of notice
		Loss of perennials and non-fruit trees	The right to harvest the yield of cash compensation for perennial trees, plants at replacement value based on type, age and productive value of affected trees	
		Loss of other assets or investments associated with the land	Cash compensation for loss of assets associated with the land. Compensation at least equal to replacement costs of assets.	Cash compensation
		Loss of access to livelihoods and natural resources	Livelihood restoration measures to provide an income Employment on the Project and in the maintenance and operations of the new power line	
Authority responsible for forests and the proposed Jablanica national park	Trees, bushes and other vegetation	Loss of trees, bushes and other vegetation	Trees, bushes and other vegetation should be replaced in line with national legislation or agreement with the relevant authorities and where applicable shall be re-grown after construction of the towers	Location of new trees, bushes and vegetation to be determined by relevant authorities

5.5 Valuation

The valuation of agricultural land is based on the current market value and is defined in the Methodology for Assessment of the Market Value of Real Estate (Official Gazette of Republic of Macedonia No. 54/12, Article 13). The definition of agricultural land and cadastral information are set in the Rulebook of the Methods of Cadastral Classification and Determination and Registration of the Change of Cadastral Culture and Land Class (Official Gazette of Republic of Macedonia No. 144/13).

According to Macedonian legislation, the market value of agricultural land, forests and pastures is determined in accordance with the average price of land for the previous year. Indicatively the price of 1 sqm of class 2 arable land is 40 denars, 1 sqm of vineyards is 60 denars, 1 sqm of pasture land is 25 denars and 1 sqm of yard is 100 denars.

In areas where the market is in a developing stage, and there is potential to misevaluate properties and land an international valuation professional will be engaged to advise on replacement value.

5.6 Payment of Compensation

Payments in cash to the owners or land users according to national legislation should take place within 30 days after the court decision relating to the compensation or to hand over the property which is rendered as a compensation for the expropriated property. As this LACF is aligned with EBRD requirements, all compensation payments will take place prior to any land acquisition activities. In case of compensation for lost livelihood, settling of accounts will take place prior to restricting access to livelihood or natural resources.

Stakeholder meetings will inform the preferred channels for compensation payments. Channels preferred according to international good practice include bank transfers, smaller instalments of cash and land-for-land compensation to avoid mismanagement of compensation payment.

5.7 Livelihood Restoration

Under EBRD's PR 5 people whose livelihoods are affected by the Project are entitled to livelihood restoration measures aimed at improving or at least restoring their standards of living or livelihoods to pre-project levels.

MEPSO will design appropriate livelihood restoration support, which are informed by the findings of the socio-economic surveys undertaken to measure and quantify livelihood, and income that is likely to be impacted by the Project. The surveys will provide an understanding of work patterns, incomes, and livelihoods focusing on the agricultural land and forest areas that are acquired. Cases where the agricultural or other paid work is disturbed by construction will also be included in the livelihood restoration documents.

5.8 Development of a detailed Land Acquisition and Compensation Plan

Once all the necessary information is collected through the steps detailed below, MEPSO will work with an experienced consultant to prepare a detailed Land Acquisition and Compensation Plan. This plan will be based on this LACF and will use the details of affected land plots and landowners and their socio-economic status to determine appropriate mitigation and compensation measures. The detailed LACP will contain an updated and tailored entitlements matrix, consultation activities, implementation arrangements, list of affected plots and owners, and plans for monitoring and evaluation of land acquisition activities. The detailed LACP will be developed once the detailed designs of the transmission lines are agreed with all relevant stakeholders and approved by the national authorities. The LACP will be finalised before any land negotiation, land acquisition or economic displacement starts.

6. Baseline Data and Inventories

Baseline inventory data could not be collected at the time of site visits in May 2015 due to the lack of information on tower locations. It has been established based on the corridor for the power line that approximately 50-60% of the land that will be acquired is state owned. This is due to the fact that the power line will go through forests and will pass through parts of the proposed Jablanica National park. As a result of the Project, trees in the corridor of the power line will need to be cut and thus it is necessary to establish compensation measures for the national parks and forest areas.

Most of the visited locations were land used for pastoral activities or agricultural production. The locations where the line is passing along settlements allow for the flexibility to avoid physical relocation. In the area along the proposed Jablanica national park there is a risk for the villages to expand into the location of the corridor and thus the cut off date for eligibility should be established in a timely manner and the Project schedule shall be publicised to avoid people from moving in and constructing houses within the immediate Project area. A cut off date will be necessary to avoid opportunistic residents who move to the Project area in the hope of compensation payments. The compensation payment shall not cover any investment in properties and land after the census and asset inventory is completed.

The forthcoming socio-economic survey will provide additional data on land parcels used by people who do not have formal land rights, as well as data on any vulnerable individuals and groups who are likely to be affected by land acquisition.

7. Disclosure of Information, Participation and Consultation

Public meetings, consultations with the residents and representatives of local municipalities will need to be organised in the line with the Stakeholder Engagement Plan (SEP). MEPSO is committed to providing the public and affected people with all relevant information to enable their informed participation. All Project documentation, including the national EIA, supplementary ESIA package, including the SEP, NTS, ESAP and this LACF will be made available on MEPSO's website, while hard copies in Macedonian and Albanian will be available in local municipalities and mayors' offices.

The schedules for consultation and stakeholder meetings will be distributed in the municipalities and affected people will be notified in a timely manner about the dates and venues for the meetings. It is important to ensure meaningful stakeholder engagement and informed participation of affected and interested stakeholders throughout the Project. Additional meetings with owners and users of affected land

plots will be organised separately to provide information on the land acquisition process, design of the towers and raise awareness on health and safety issues related to electromagnetic fields and high voltage power lines.

8. Grievance Mechanism

A grievance mechanism set up under the SEP will be used to collect feedback, questions and comments regarding this LACF and the land acquisition process more generally. It will be put in place early in the process to receive and address stakeholder comments and questions in a timely manner and provide further information on compensation and livelihood restoration measures to the people affected by physical or economic displacement. Grievances will be addressed in a timely manner according to the grievance mechanism presented in the SEP.

MEPSO have already established an official system for redressing grievances and will allow affected people to raise complaints (including anonymously) through various channels including e-mails, letters, phone calls, personal visits to representatives and by using the grievance form provided as Annex 1 of this document.

Grievances will be recorded in a grievance log with details of the issue, acknowledgement of receipt, actions taken and date of resolution.

9. LACF Implementation, Budget, Monitoring and Reporting

MEPSO will be responsible for the implementation of all aspects of the LACF. Parties involved in the different aspects of Project implementation will be required to comply with the requirements set out in this LACF and the detailed LACP once it is available.

The implementation of the detailed LACP shall start prior to construction activities after the final corridor, tower locations and substation location is decided. In general the LACP implementation will have three key stages:

1. Public meetings, census and the socio-economic survey are conducted and the negotiating process related to land acquisition
2. Provision of property rights, payment of compensation, livelihood restoration
3. Monitoring and reporting process of the LAC

The budget needed for the implementation of the LACP will be established after the completion of the census and survey activities, once the actual number of affected land plots. The budget will cover land acquisition, compensation, livelihood restoration, resettlement, monitoring and evaluation as well as contingencies and administrative expenses. The cost of land acquisition will be included in the overall costs of the Project.

The specific monitoring measures are included to ensure that income and living standards of affected people are restored to pre-project levels or improved. The table below summarises the key indicators and frequencies of monitoring required.

Indicator	Data to validate	Frequency	Responsibility
Input indicators			
Spending on land acquisition and livelihood restoration	Financial records of transactions	Annual	MEPSO
Number of affected people by	Census and grievance	Quarterly	MEPSO

category	mechanism		
Output indicators			
Number of compensation and land acquisition agreements signed	Data management systems	Monthly	MEPSO/consultants
Number of people received compensation	Data management systems	Monthly	MEPSO
Livelihood restoration activities provided	Data management systems	Monthly	MEPSO
Grievance mechanism	Grievance log	Monthly	MEPSO

On-going monitoring, evaluation and periodic reporting of LACP implementation (including the indicators provided above) will be undertaken by MEPSO and will involve the participation of key stakeholders such as affected communities. A completion audit will be required to evaluate the success of activities under the LACP.

MEPSO will include monitoring data and progress report on LACP activities in quarterly reports during the land acquisition process and also summarise relevant information in their annual reports to EBRD as required by the overall Environmental and Social monitoring of the Project. MEPSO will also provide monitoring data on livelihood restoration available to the public in these annual reports.

Annex 1: Grievance Form

AD MEPSO Maksim Gorki No.4, 1000 Skopje, Macedonia Tel/Fax: +389 2 3238 213; +389 2 3149811; info@mepso.com.mk		
FORM for COMMENTS and SUGGESTIONS		
Contact details of person submitting the comments and suggestions We would like you to provide your name, address and e-mail, if possible. If you wish to remain anonymous, this is not a problem. Please just write ANONYMOUS in the box below. Your comments will still be considered by MEPSO. You can write on the reverse side or on additional pages. You do not need to fill in the grey section of this form. It is for our registration of your comment and response to it. After you have filled in this form, it can be submitted by letter, by fax or by e-mail to MEPSO (see the contact details above).		
Name		
Address		
Telephone	E-mail address	
Comments and suggestions concerning the 400 kV power line		
Would you like to receive information on the Project developments? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, how would you like to receive it: <input type="checkbox"/> TV <input type="checkbox"/> letter <input type="checkbox"/> poster <input type="checkbox"/> e-mail <input type="checkbox"/> website Which contact language you prefer: <input type="checkbox"/> Macedonian <input type="checkbox"/> Albanian <input type="checkbox"/> English		
STATUS OF COMMENT		
How was the comment received: <input type="checkbox"/> In person <input type="checkbox"/> By phone <input type="checkbox"/> At reading room <input type="checkbox"/> By mail <input type="checkbox"/> By email <input type="checkbox"/> Other (please describe).....		
Comment registration date:	Comment number:	Registered by:
:		
Response required Yes/No	Person responsible for preparing the response:	
Response sent (date):	Response registered (date):	