

Montenegro: Main Roads Reconstruction Project, M-2 Tivat-Jaz Road Section

Land Acquisition and
Resettlement Framework (LARF)

Prepared for: European Bank of
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List of Acronyms

| Acronym | Explanation |
|----------|--|
| CM | Cadastre Municipality |
| EBRD | European Bank for Reconstruction and Development |
| EIB | European Investment Bank |
| ESIA | Environmental and Social Impact Assessment |
| ESP 2014 | Environmental and Social Policy 2014 |
| GRM | Grievance Response Mechanism |
| HH | Household |
| LARF | Land Acquisition and Resettlement Framework |
| LARP | Land Acquisition and Resettlement Plan |
| NEPA | Nature and Environmental Protection Agency of Montenegro |
| NTS | Non-Technical Summary |
| PAA | Project Affected Area |
| PAPs | Project Affected People/Parties |
| PIU | Project Implementation Unit (of TA) |
| PR5 | Performance Requirement 5 on Land Acquisition, Resettlement and Livelihood Restoration |
| REA | Real Estate Administration of Montenegro |
| SEP | Stakeholder Engagement Plan |
| SES | Socio-Economic Study |
| TA | Transport Administration of Montenegro |

Executive Summary

The European Bank for Reconstruction and Development (EBRD) is considering providing finance to the Transport Administration of Montenegro (TA) in support of the rehabilitation and upgrade of the M2 Road between Tivat and Jaz (the Project). As a result, the Project is required to be constructed and operated in line with the EBRD's Environmental and Social Policy (2014) and associated Performance Requirements (PRs). These include PR 5: Land Acquisition, Involuntary Resettlement and Economic Displacement.

This document is the Project Land Acquisition and Resettlement Framework (LARF). It outlines the work done to date on project land acquisition, stakeholder engagement and impact assessment studies as well as the proposed process for developing an EBRD PR5 conformant Land Acquisition and Resettlement Plan (LARP). It also identifies existing gaps and details the future engagement, studies, negotiations and grievance management systems that will enable completion of the land acquisition in conformance with the EBRD requirements.

In Montenegro the national land expropriation process for a project like this commences with a desk-based Expropriation Study and a formal decision that the Project is in the public interest where a cut-off date is announced to establish eligibility. Following this, the national Real Estate Administration (REA) is then required to provide formal notices to affected Households (HH) and businesses regarding the extent of any asset expropriation required and assumed compensation amounts. Detailed census and asset inventory can then be carried out to identify assets, owners and users not included in the Expropriation Study. This will involve further engagement with Project Affected People (PAP) coordinated between the REA and the TA. This includes a census, asset inventory, disclosure of an entitlements matrix, negotiations and the REA expropriation hearings. The work entails a combination of disclosure, negotiation, agreement and implementation and may require the incorporation of supplementary measures to meet expectations of the EBRD requirements under PR5.

To date an Expropriation Study has been carried out for the Project to quantify areas and types of land impacted and identities of land-owners. The Expropriation Study identified some 661 land plots to be expropriated of which 424 are owned by private people and 112 are owned by business entities (Table 2: Overview of land to be expropriated and ownership structure Table 2). In addition, government agencies and municipalities own 125 plots. These involve some 16.89 hectares of land to be acquired of which 36% is privately owned, 36% is owned by businesses and the remainder is owned by the government. In addition, a socio-economic study has collected initial data and identified resettlement impacts. The formal decision that the Project is in the public interest, announcement of cut-off date and associated publication of data from the Expropriation Study has now occurred, and a detailed census and asset inventory will be carried out to confirm data and fill any existing gaps.

Much of the land take will involve small areas of land that are distant from houses, businesses and livelihood assets. These are not expected to significantly impact owners and users. For the socio-economic study, the consultant team identified 102 businesses and 106 households (HH) situated within 50 metres of the existing road that may be significantly affected by land-take. To date only two HH are expected to require physical resettlement, although other HH and businesses may request to be resettled once the severity of impacts has been clarified through the asset inventory and census process, based on the design confirmed in the public interest announcement.

Certain groups of people may be more vulnerable to land acquisition impacts as a result of their distinct socio-economic characteristics, including the 10% of households and 39% of businesses

identified to date as not owning their home or business property. In addition to HH which are renting their home or who live on family-owned land (8%) or with informal housing (on government-owned land) (1%), other potential groups, which may require additional support include:

- Households receiving social transfers from the government (5%)
- Female headed households (1%)
- Roma households living opposite the airport (2%)
- Households receiving pensions (33%)¹
- Households with > 7 members (6%)
- Households where the Head of Household did not start secondary school (25%)
- Households which are living in rented houses/apartments (2%) or who live on family-owned land (6%)
- Households with informal housing (1%)²

Some HH also identified difficulties to participating fully in the resettlement process as a result of infirmity or poor health (2%), challenges due to work obligations (6%), likely absence (1%) or previous poor experience (1%)³. It is also highly likely that the TA/REA will need to engage additional capacity to deliver a resettlement process conformant with national law and EBRD requirements involving effective implementation, documentation and monitoring of engagement with PAPs, as well as associated negotiations, compensation and effective grievance management.

Following the announcement of the Public Interest decision and cut-off date, the following actions are proposed in order to create a conformant LARP:

1. Census and surveys to identify assets, owners, users in addition to those registered in the Expropriation Study.
2. Additional socio-economic surveys, if required.
3. Valuation by a certified body.
4. Consultation, disclosure and participation processes with PAPs.
5. Creation of a compensation and support entitlement matrix.
6. Writing the LARP.

¹ Note: Question addressing main source of income in the household.

² Note: Presented data are results from SES that was conducted in February 2020 within 50m from the centre line on either side of the road and among 98 households.

³ Note: Based on 15.8% respondents who consider that will have difficulties to fully participate in the expropriation process.
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1 Introduction

1.1 Introduction

This document is the Land Acquisition & Resettlement Framework (LARF) for the Montenegro Main Roads Reconstruction Project: Tranche 3 – Tivat-Jaz. It has been prepared by Earth Active in collaboration with E3 consultants on behalf of the Transport Administration of Montenegro (TA). It summarizes work already undertaken by the TA and the Real Estate Administration of Montenegro (REA) regarding processes required under the Expropriation Law for projects that have been determined to be in the public interest and also describes the supplementary data collection and consultation activities that have been carried out concurrently as part of the Environmental and Social Impact Assessment (ESIA). It then describes the actions that will be taken to create a Land Acquisition and Resettlement Plan (LARP) that conforms to EBRD Performance Requirement (PR) 5.

Initial work has been undertaken in accordance with the Montenegrin legal framework and this is being further developed to enable Project compliance with EBRD's Environmental & Social Policy 2014 (ESP 2014), and specifically Performance Requirement 5 (PR5) – Land Acquisition, Involuntary Resettlement & Economic Displacement. The LARF outlines expected displacement impacts associated with the Project, and the compensation and resettlement principles and responsibilities proposed so that no one affected by the Project's implementation is materially disadvantaged by the Project. The LARF includes a grievance mechanism for people affected by land acquisition as a way to raise concerns and as a mechanism for problem solving.

A detailed LARP will be developed in accordance with this LARF subsequently once detailed project planning is known. This is currently planned for Q3 2020 (see Chapter 8), though it may need to be pushed back due to COVID 19 limitations. While this LARF sets out the Project's planned approach, processes, responsibilities and compensation entitlements to land acquisition and resettlement, the LARP will include more details of actual land ownership, the nature of the displacement impacts and persons affected by land acquisition. This will include the results of additional surveys to be undertaken during the next phase of Project development to better understand the scale and nature of the economic and physical displacement and these impacts on the Project Affected Persons (PAPs), and lay out a series of actions designed to address areas of convergence between national requirements and EBRD requirements under PR5, which seeks to:

- Avoid or, when unavoidable, minimise, involuntary resettlement by exploring alternative project designs, whenever feasible
- Mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to assets and 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
- Restore or, where possible, improve the livelihoods and standards of living of displaced persons to pre-displacement levels
- Improve living conditions among physically displaced persons through the provision of adequate housing, including security of tenure at resettlement sites, whenever feasible.

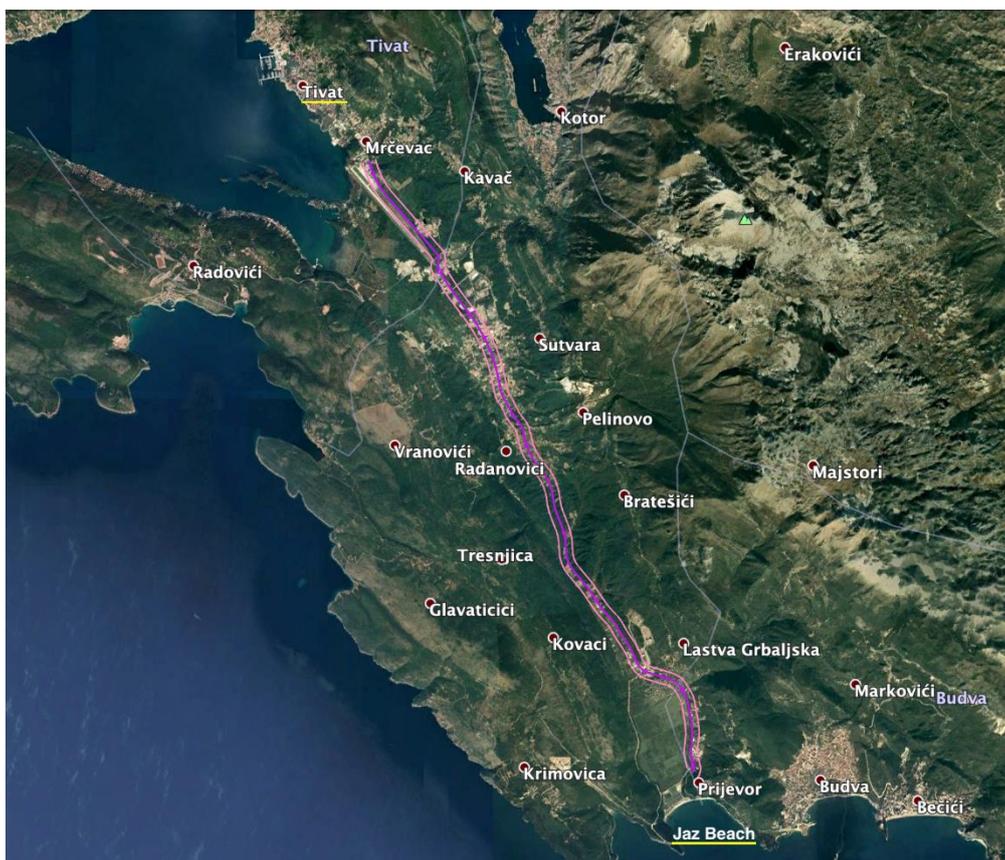
This document should be read in conjunction with the following Project documents:

- Environmental and Social Impact Assessment (ESIA)
- Stakeholder Engagement Plan (SEP)

1.2 Project Overview

The Project will involve the rehabilitation and expansion of the Tivat to Jaz Main road (the M-2) from approximately 100m before the entrance to Tivat Airport to the end of the existing roundabout at Jaz, north of Budva. This will include widening the existing two-lane road to create a four-lane road (two-lanes in each direction) with a 2m wide central reservation, 2m wide sidewalks and a vegetated verge. In addition, seven road bridges, four culverts and one footbridge will be (re) constructed as well as 11 new roundabout junctions. Two existing roundabout junctions will also be reconstructed. The upgraded road corridor will be around 20m wide. In the section between Tivat airport and Radanovici a section of the road will deviate from the existing road, though this new road section passes through government-owned land (see ESIA for details). The Project incorporates the territories of three municipalities in the Coastal region of Montenegro, namely Budva, Kotor and Tivat, and their associated settlements located along the M-2 route. The following 20 Cadastral Municipalities (CMs) will be subject to expropriation: Prijevor I and Prijevor II (Municipality of Budva), Dub, Glavati, Gorovici, Kavac, Kovaci, Kubasi, Ljesevici, Naljezici, Pelinovo, Pobjrdje, Prijeradi, Sisici, Sutvara, Vranovici, Lastva, Privredna zona (Municipality of Kotor), and Mrcevac and Djurasevici (Municipality of Tivat). The proposed project route is shown in Figure 1.

Figure 1: Route of the Proposed Project



Construction is expected to begin in 2021 and last approximately 24 months, however delays are possible due to the COVID-19 pandemic. No construction work is planned to take place during the summer months (June, July, August) to avoid worsening congestion and disruption in the area. Construction works will be carried out between 09.00 – 17.00 (unless by exception) and access to local businesses will be maintained throughout the entire construction period. Workers will be housed in nearby cities and towns so no land will be required for worker camps. Laydown areas and borrow pits

etc. will be located in the expropriated area, so are not expected to require additional temporary land acquisition. Construction will take place in 3 phases as shown below:

Table 1: Construction Phasing Schedule

| | |
|----------------|---|
| Phase 1 | Construction of new sections of road, including bridges. Traffic will continue to use the existing road. |
| Phase 2 | Traffic will be switched to the sections of the road that have been completed during Phase 1. Due to the limited size of the carriageway and to minimise disruption, traffic flows will alternate and be signal controlled during this phase. Demolition of the existing road and construction of the remaining sections of the road will take place in parallel. |
| Phase 3 | Installation of curbs, barriers and pedestrian fencing. Installation of the final road surface. |

1.3 Need for the Project

The current capacity of the road is not sufficient for existing traffic volumes during the summer period, when vehicle numbers are more than double those during the winter, and significant queues often develop. Furthermore, regular flooding occurs during the winter period, rendering the road impassable at times. As Montenegro is predicted to experience considerable growth in vehicle numbers using the roads in the future⁴, the government has developed a policy regarding key road improvements to reduce both congestion and local accident rates. The proposed upgrade is in line with this government policy. In addition, as there have been no major upgrades or improvements to this section of the M-2 road in recent years, and only minor repairs to short stretches of the road that have been undertaken during regular maintenance, the entire section of road now requires rehabilitation / reconstruction. Further details on the Project Need are provided in the Project ESIA.

1.4 The Project Plan & Land Use Context

The proposed road upgrade will run from approximately 100m before the entrance to Tivat Airport to the end of the existing roundabout at Jaz, north of Budva. This incorporates the territories of the three municipalities of Budva, Kotor and Tivat, and some 20 Cadastral Municipalities (CMs) where some form of expropriation will take place. These include the following:

- **Municipality of Budva:** Prijedor I and Prijedor II
- **Municipality of Kotor:** Dub, Glavati, Gorovici, Kavac, Kovaci, Kubasi, Ljesevici, Naljezici, Pelinovo, Pobjede, Prijeradi, Sisici, Sutvara, Vranovici, Lastva, Privredna zona
- **Municipality of Tivat:** Mrcevac and Djurasevici

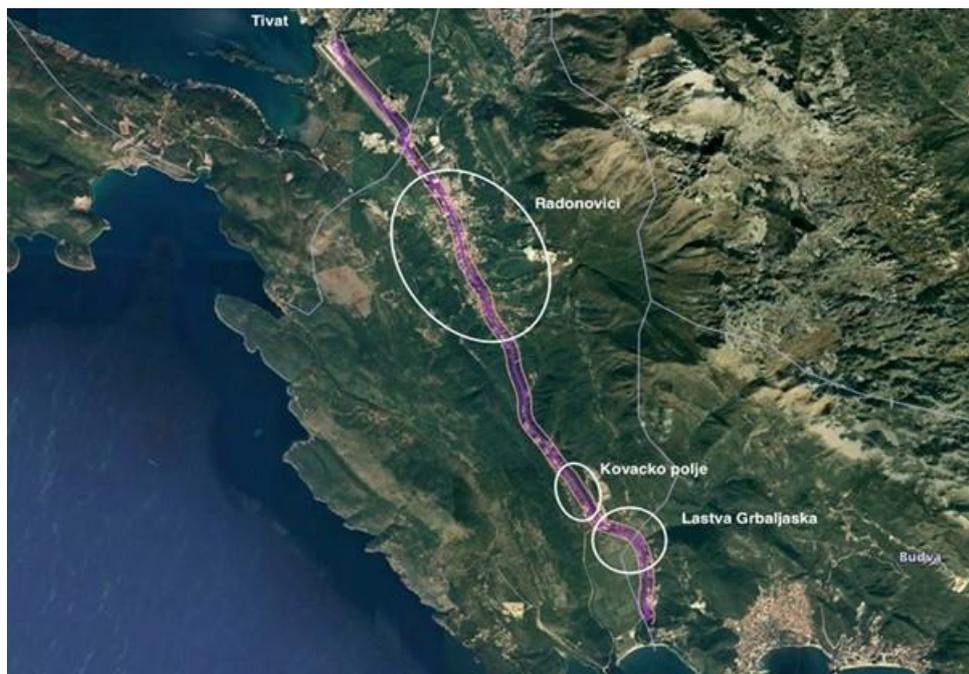
The most densely populated areas in the Project Affected Area (PAA) are Radanovici, Lastva Grbaljska, and Kovacko Polje (please see Figure 2 for a map on the most populated areas in the PAA). In most places the road footprint area to be included in the land take extends up to 10 metres beyond the current road footprint, except at roundabouts where additional land will be used. In addition, in the section between Tivat airport and Radanovici a section of the road will deviate from the existing road, though this new road section passes through government-owned land (see ESIA for details). The social impacts of the road expansion will occur in and beyond this footprint area, and will be

⁴ SWECO (2019) Climate Resilience in the Montenegrin Road Network: Climate Resilience Strategy and Action Plan.
Client: EBRD

significant for properties within 50 metres either side of the new road footprint⁵. Currently, around 45% of this Project Affected Area has been subject to heavy human modification (e.g. industrial buildings, agricultural land, orchards etc.). The remainder is mainly Mediterranean shrubland, with areas of deciduous thicket, coastal forest and vegetation along watercourse.

Land take will generally consist of small roadside parcels of land. Some residential houses will be affected, and some may be affected e.g. through loss of parking lots and associated infrastructure. Agriculture generally has a decreasing importance in the region and only a minority of HH still depend on agricultural production for income and/or subsistence. Relocation of utilities during construction may however cause temporary disruption to PAPs.

Figure 2: Most populated areas in the PAA



1.5 Requirement for a LARF/ LARP

In Montenegro, expropriation processes are controlled through the Law on Expropriation, and the associated declaration of Public interest (a decision made by the government). The proposal for determining public interest must include information on: properties that are to be affected; the purpose of expropriation; and other information relevant to the determination of public interest, and is submitted by the Project to the Government of Montenegro, through the responsible Administrative Authority (the Real Estate Administration). In addition, as this Project is being considered for financing by the EBRD, it is required to demonstrate that it will be constructed and operated in line with the EBRD's Environmental and Social Policy (2014), and associated Performance Requirements (PRs). These include PR5: Land Acquisition, Involuntary Resettlement and Economic Displacement. The Project has been Categorised as 'A'⁶ by the Bank, in part as it will require land

⁵ While the Project Affected Area (PAA) was defined by the ESIA consultants as 150m either side of the road, the social impacts are expected to be significant 50m either side of the road, and thus the social impact studies were based on this narrower corridor.

⁶ Could result in potentially significant adverse future environmental and/or social impacts, which, at the time of categorisation, cannot readily be identified or assessed, and which, therefore, require a formalised and participatory environmental and social impact assessment process.

acquisition, resulting in economic and physical displacement. Therefore, the Bank requires a formalised and participatory PR5-compliant Land Acquisition and Resettlement Plan to be developed and implemented.

The national expropriation process is ongoing, the announcement of Public Interest complete and cut-off date announced, however the census and detailed asset inventory is still pending. This document lays out the steps for developing a complete LARP from the current situation and is therefore a LARF, rather than a LARP, at this point.

1.6 Report Structure

This LARF is composed of seven main chapters and a number of supporting Annexes, organized as follows:

| | |
|---|--|
| Chapter 1. Introduction, Project and Land-use context | Provides an overview of the Project and the LARF, as well as describing document organization. |
| Chapter 2. Summary of Affected Assets and Persons | Outlines the current understanding of Project Affected HH and businesses, the resettlement and livelihood impacts and an overview of additional studies proposed. |
| Chapter 3. Legal and Policy Framework for Land Acquisition and Resettlement | Describes the legal and standards requirements for the Project and gaps between national laws and the EBRD requirements. It includes a description of the current status of the expropriation process and the overall approach that will be used to create conformance with PR5. |
| Chapter 4. Resettlement Principles | Reiterates the guiding principles for the resettlement and expropriation process. |
| Chapter 5. Eligibility and Entitlements Framework | Presents the current understanding of entitlements, the scale of each resettlement impact, and the compensation and support options proposed for managing each option in the framework entitlement matrix. |
| Chapter 6. Consultation, Disclosure and Grievance Management | Addresses the current status of consultation and disclosure and grievance management for the Project. |
| Chapter 7. Monitoring, Evaluation and Reporting | Outlines proposed monitoring indicators, reporting procedures and plans for external completion audit of the resettlement. |
| Chapter 8. Implementation Responsibilities and Costs | Consolidates the proposed actions, schedules and responsibilities for the LARP, outlines costs for compensation and support measures, and highlights areas for further work. |
| Chapter 9. Appendices | Includes the following appendices: Disclosure materials for SES, SES survey for households, and SES survey for businesses. |

2 Summary of Affected Assets and Persons

2.1 Introduction

Planning a land acquisition and resettlement process requires understanding of the type, range and significance of resettlement and livelihood impacts arising from the land acquisition process, as well as the differential ways that the project will impact on different groups of people. The EBRD standards refer to these differential impacts on groups in terms of vulnerability that may be either exacerbated by the resettlement process or that can arise from the resettlement process. PR5 requires targeted support measures to mitigate for differential impacts as well as consideration of targeted support measures that may be required to enable full participation of affected HH and PAPs in consultation and disclosure and compensation and mitigation processes and actions. The terms “vulnerability” and differentially affected groups and targeted support are used to mean the same thing in this document.

2.1.1 Real Estate Administration data collection and impact assessment (Expropriation study)

The REA-managed expropriation process, overseen by the TA uses a standard methodology for identifying, valuing and compensating the specific sub-set of resettlement impacts linked to loss of land (based on land use and class) and loss of physical assets (e.g. houses, business structures) and improvements to the land (e.g. parking areas)). To date the TA has overseen an expropriation study based on the cadastral records and aerial photographs.

2.1.2 Socio-Economic Study

A socio-economic survey (SES) was carried out in February 2020 to provide data on the project social context and resettlement impacts anticipated, as well as to identify differentially impacted groups to help identify appropriate targeted support measures. Overall the road construction will take 536 parcels of land from private and business owners, with remaining land owned by government entities. The socio-economic study focused on the businesses and households situated within a 50 metre corridor either side of the existing road as these are the households and businesses most likely to experience significant physical and economic resettlement impacts from land acquisition. The study has interviewed 77% of the households and 70% of the business entities situated within this corridor, which is considered representative⁷.

2.1.3 Asset Inventory and Census Studies

Following the announcement of the public interest decision, and delivery of formal expropriation notices, further Asset Inventory and census studies will be carried out to seek to achieve 100% of affected businesses and households. These studies will be done in parallel with any additional ground-truthing of expropriation data to be carried out by the REA and will verify resources identified and impacts expected, leveraging the SES data already collected. The TA and REA will also implement additional disclosure, consultation and participation processes to clarify the resettlement principles, further identify impacts and entitlements, and to design and document appropriate supplementary resettlement mitigation measures.

These processes are all elaborated on further in the following sections 2.2, 2.3, and 2.4.

2.2 Expropriation Study

As outlined previously, under Montenegrin Law, an Expropriation Study must be carried out as an initial step to identify all land-owners potentially affected by the expropriation process based on

⁷ Note: Based on the total number of identified households and businesses in the 50m corridor on the left and right side of the road.
July 2020

existing official records of the properties and their owners. This study commenced on behalf of the REA in September 2019 and has now been completed. Starting with studies of cadastral records, the expropriation studies also include triangulation between the cadastral records and field and aerial photos to identify the land use for each parcel to be expropriated and to assign a specific quality parameter that would be used later for valuation. To date, there has, however, been no ground-level verification of expropriation studies with PAPs related to acquisition of their land or assets, as this will occur as part of the detailed census and asset inventory.

The Expropriation Study identified some 661 land plots to be expropriated of which 424 are owned by private people and 112 are owned by business entities (Table 2). In addition, government agencies and municipalities own 125 plots. These involve some **16.89 hectares of land to be acquired** of which 36% is privately owned, 36% is owned by businesses and the remainder is owned by the government. Data from the expropriation study are shown in Table 2.

Table 2: Overview of land to be expropriated and ownership structure

| Ownership status | Number of parcels | Affected area (m ²) |
|--|-------------------|---------------------------------|
| Kotor Municipality (16 CMs) | | |
| Private individuals | 366 | 40909 |
| Legal entities (Private Companies) | 52 | 6066 |
| Government entities | 87 | 33832 |
| Total in Kotor Municipality | 505 | 80807 |
| Tivat Municipality (2 CMs) | | |
| Private individuals | 15 | 5089 |
| Legal entities (Private Companies) | 58 | 50274 |
| Government entities | 19 | 9242 |
| Total in Tivat Municipality | 92 | 64605 |
| Budva Municipality (2 CMs) | | |
| Private individuals | 43 | 14921 |
| Legal entities (Private Companies) | 2 | 3878 |
| Government entities | 19 | 4664 |
| Total in Budva Municipality | 64 | 23463 |
| Total in all municipalities (private + business + government) | 661 | 168875 |
| Total in all municipalities (private + business) | 536 | 121137 |
| | | |

The Expropriation studies also provide information about the percentage of land of each type that will be lost by each owner. Land-owners will lose on average between 2.0% and 17.2% of their specified land to the road project. The most significant losses appear to be to businesses in Tivat municipality and in Budva municipality, which will lose an average of 12.5% and 17.2% of their land parcels to the Project respectively.

2.3 Socio-Economic Survey (SES) Findings

This section summarises the process and findings of the SES. A more complete discussion of the findings of the SES and associated studies can be found in the ESIA for the Project.

A socio-economic survey is usually carried out in conjunction with the asset inventory and census, however, in this case, the socio-economic survey preceded the asset inventory and census, as the public interest decision was still pending at the time when the socio-economic baseline studies for the ESIA was undertaken⁸. An experienced survey team carried out a socio-economic survey with the head of household of 98 HH and the owner or a senior manager of 72 businesses in the Project-Affected Area, focusing on houses located within 50 meters on each side of the road, which were determined to be those most likely to be significantly impacted. The survey aimed to interview 100% of the most affected HH and businesses, following EBRD guidance and 30% of the overall number of affected properties.

Significant impact was determined for those HH where:

- The owner's / occupier's home is expected to be affected
- Part of the land-owner's backyard is likely to be affected
- Business premises and property assets (parking, fence, etc) are likely to be affected on site
- The expropriation zone passes very close to the house
- The expropriation zone passes very close to the business or house⁹.

The study interviewed 77% of the most affected HH and 70% of the most affected businesses and 32% of the total number of private and business properties affected. Overall this response rate is considered adequate to: i) Provide a baseline understanding of the HH and businesses to be affected by the land acquisition process; ii) Identify the range of resettlement impacts and understand community concerns and recommendations; iii) Develop appropriate compensation, support and livelihood restoration actions; iv) Identify any vulnerable or differentially impacted groups or individuals and v) Develop tailored supports for differentially impacted people.

Project Social Context:

The Project-Affected Area includes areas on the outskirts of the cities of Tivat and Budva, both cities with important tourism industries. The road passes through undeveloped upland areas, characterized by forest and scrubland and a series of linear communities along the road. Approximately 45% of the road corridor includes private housing and businesses and associated land modifications. There is significant construction activity in evidence along the road. Table 3: Private Households Table 3 and Table 4 (below) summarize relevant characteristics of Private Households and Businesses respectively from the socio-economic study.

Table 3: Private Households

Household demographics: Households average 3.8 members who are close relatives and are skewed to older adults (42% >50 years). Almost a quarter have no secondary education and **may need support with resettlement documents**. 1% reported as female-headed. Minority ethnicities make up 2% of the local population and include Albanian, Bosnian, Muslim and Roma, **so requirements for translated materials will be limited.**

Housing and assets: The survey team did not identify housing in poor condition, indicating relatively low levels of structural poverty and vulnerability. Approximately 8% of residents did not

⁸ In order to not cause delays to the land acquisition process, and in order to get an understanding of the socio-economic circumstances in the PAA, the socio-economic household surveys conducted as part of the ESIA process also included detailed questions related to land and livelihood impacts to enable the development of this LARF.

⁹ Houses are structures with the main purpose of housing a household for living. Businesses are properties or structures whose main purpose is the exercise of a formal business activity. Some households also carry out either registered or informal business activities on their property. Some businesses also include accommodation for employees. Non-residential structures include sheds, fences and animal housing.

own their property and were either renting or living in property owned by family members. 1% of HH indicated that is living informally on government land. **Renters, non-owner family members and informal residents will be included in census and asset inventory, likely to increase census by 10-15%.**

Infrastructure and health: 100% of HH were connected to the national grid, 63% to water supply and none to sewage systems. There were frequent complaints (74%) of inadequacy of electric, water and sewage systems. A new water system is being installed with the road. **Physically resettled HH will be connected to electric, new water and septic tanks.** Most people travel to larger communities for healthcare, **so access will not be impacted by physical resettlement.** 2% stated their participation in expropriation related proceedings could be limited due to infirmity or ill health.

Livelihoods: 55% of HH mainly rely on salaries from employment and a further 33% mainly on pension income. **This should limit the livelihood impacts of the land take.** 1-2% live primarily from agriculture, 22% from different tourism services and 2% from rentals. In addition, 10% of HH reported some commercial production adding on average 1000 EUR/year to income from their land and 34% reported production for consumption. 22% reported some income from tourist rentals. 36% of HH own a building plot, with 47% in late-stage construction. **These assets may all be impacted by the land take requiring livelihood restoration.**

Income and poverty: Only 30% provided income information. Of these 30% earn <500 EUR/month, 30% 500-1000 EUR/month and 33% >1000 EUR/Month. Montenegrin average is 781 EUR/month (December 2019), while absolute poverty line was 192.4EUR per equivalent adult (Monstat, 2017). 5% of HH reported receiving social protection payments. 2% reported ineligibility for or inadequate pensions. 8% of household members were unemployed. 7% of HH considered that they would suffer additional impacts from the land acquisition due to their income generation. **These figures suggest that between 5 and 7% of affected HH probably qualify as relatively poor and may require additional livelihood restoration and transaction support.**

Differentially impacted groups: The following groups have the potential to be impacted differentially by the Project:

- Households receiving social transfers from the government (5%)
- Female headed households (1%)
- Roma households living opposite the airport (2%)
- Households receiving pensions (33%)
- Households with > 7 members (6%)
- Households where the Head of Household did not start secondary school (25%)
- Households which are living in rented houses/apartments (2%) or who live on family-owned land (6%)
- Households with informal housing (1%)
- Households with members who are ill or having bad health conditions (2%)

Differential impacts of the Project on poor HH are expected to be temporary issues with achieving effective participation in consultations and hearings and with adapting livelihoods. They may require additional livelihood restoration and support with participation.

Table 4 Businesses

Business characteristics: Over half of affected businesses are involved in the sale and repair of motor vehicles and motorcycles (51%). The next most common categories were accommodation and food services (18%) and other service activities (also 18%). Most rated parking and road access as critical to business and **were concerned over parking impacts.** Over 90% of businesses vary

seasonally. **For most there is an increase during the April to October tourist season**, although approximately 10% of businesses are counter cyclical and increase during the off-season. Off-season construction businesses **may face access issues during construction**.

Ownership: Sixty percent (60%) of businesses operate in premises they own, while 39% rent the business premises. 14% of owners sublet part of their business premises to someone else. **Potentially increases census numbers.**

Employees: Half of the businesses employ less than 5 people, while 20% employ over 21-50 or over 50 people. **Employees may lose income while business assets are reconfigured.** Eighteen percent (18%) of businesses have some employees who live on the business premises, who **could be physically resettled, if their employer closes business.**

2.4 Summary of Affected Land, Assets and Persons

Permanent Land Take: An estimated 168,875 m² (16.89 ha) of land take is required for the Project. The Project requires the permanent acquisition of land for an approximately 19m wide road corridor plus land for roundabouts and the vegetated verges. This land area includes the existing road. This section summarises the currently available information on affected land, assets and persons. This information will be updated in the Project LARF and will include additional detailed information from the land and asset inventory field surveys.

Temporary Land Take: The TA informs that additional laydown areas and access will be built within the permanent land take area, and that additional temporary land take is therefore not anticipated.

The Project will result in the land acquisition impacts detailed in Table 5.

Table 5: Land acquisition impacts

| Phase/Type of Loss | Summary of Losses/Impacts |
|---|--|
| PRE-CONSTRUCTION - Prior to Construction | |
| Permanent Land Take | <p>Households:</p> <ul style="list-style-type: none"> • Loss of land (predominantly covered by forest and scrub, orchards, pastureland, gardens, subsidiary structures and building plots). This includes residential small holdings with garden plots. Areas of trees will be affected by the land acquisition along with some meadows and pasture. These will be compensated according to the land use, land improvements (e.g. irrigation), and land quality. The TA has informed affected communities that compensation will include compensation for informal assets (i.e. those on government land or that have not been formally permitted). • Loss of annual/perennial crops and trees – Where possible, the TA will allow farmers and gardeners to harvest crops, and where crops are lost, compensation will be provided. See also temporary supports. See also temporary losses. • Loss of Residential Structures (physical displacement): Very limited numbers of residential structures are likely to be affected by the Project and result in physical displacement. Currently 2 houses have been identified that |

| Phase/Type of Loss | Summary of Losses/Impacts |
|--------------------|---|
| | <p>will be physically resettled. Compensation at replacement cost will enable owners to purchase a similar property nearby or a replacement property elsewhere. Despite the small number of households to be physically displaced, almost 50% of households interviewed in the socio-economic study stated that they would be physically displaced, indicating a need for improved consultation. 7% also stated that they would ask the government to buy all of their land, due to orphaned land issues, which could trigger further physical resettlement, though this number is expected to reduce once HH have access to detailed information in the asset inventory and associated consultation. See also temporary losses (below).</p> <ul style="list-style-type: none"> • Loss of Non-Residential Structures (e.g. sheds, workshops, animal houses, fences, etc.) Most houses have non-residential/auxiliary structures, some of these will be affected. They will be compensated at replacement value. • Loss of sources of income and/or livelihoods associated with any of the above losses: A few households in the local villages are largely dependent on land-based livelihood activities (1-2% agriculture, 6% tourism, 2% rentals), which could be affected by loss of land or access to land they use. 10% reported some commercial agricultural production and 33% reported agricultural production for consumption. These impacts will be further confirmed during the future land acquisition process and detailed in the LARP, including any informal use of land. • Orphan Land: (i.e. part of an affected land plot which remains after expropriation and for which the owner has no more economic interest in using and/or is an economically unviable plot). Orphan land is often a small part of land that remains after expropriation of land which is split by the construction of the road into two or more economically unviable plots etc. During the future land acquisition planning and engagement process, the potential occurrence of orphan plots will be confirmed. (Under the Montenegrin legal framework, affected owners can request where the orphaned land is uneconomic to use etc. that their whole plot is expropriated). <p>Businesses:</p> <ul style="list-style-type: none"> • Loss of Business Structures: No main business structures are expected to be lost to the land take. Should it become necessary to acquire a business structure, compensation will be at replacement cost for the structure, including improvements. • Loss of land (predominantly business land includes parking lots, access roads, subsidiary structures, scrub, planted or forest land and building plots). These will be compensated according to the land use and type. The TA has informed affected businesses that compensation will include compensation for informal assets (i.e. those on government land or that have not been formally |

| Phase/Type of Loss | Summary of Losses/Impacts |
|-----------------------------|---|
| | <p>permitted). For some businesses loss of subsidiary land may result in critical impacts to the business, for example,</p> <ul style="list-style-type: none"> • Loss of sources of income and/or livelihoods associated with either of the above losses: Business will be disrupted during construction and most businesses are expected to close temporarily while parking lots, lost auxiliary structures and business activities are reconfigured. Disruption should be limited for most businesses, because construction will be during the low season. 17% of businesses expected to close due to these losses, especially to their parking areas, however this figure is expected to reduce once the businesses have access to detailed information in asset inventories and consultations regarding mitigation measures. Employees may also be impacted by temporary or permanent business closures. See also temporary losses. • Orphan Land: (i.e. part of an affected land plot which remains after expropriation and for which the owner has no more economic interest in using and/or is an economically unviable plot). Orphan land is often a small part of land that remains after expropriation of land which is split by the construction of the road into two or more economically unviable plots etc. During the future land acquisition planning and engagement process, the potential occurrence of orphan plots will be confirmed. (Under the Montenegrin legal framework, affected owners can request where the orphaned land is uneconomic to use etc. that their whole plot is expropriated). The issue is expected to be limited for businesses in the Project area. |
| DURING CONSTRUCTION: | |
| Temporary Effects: | <p>Households:</p> <ul style="list-style-type: none"> • Temporary loss of land – temporary loss of land is not anticipated for the Project, because laydown and storage areas are expected to be within the expanded road area and hence within the existing expropriation zone. • Loss/damage to annual/perennial crops and trees (e.g. vegetables, orchard and forest trees). Annual crops will be compensated for the lost harvest and perennial crops will be compensated for replacement plants and for the lost years of harvest, as plants reach maturity. • Damage/temporary disruptions to any agricultural or home business structures, will be repaired in kind or provided with replacement compensation. • Temporary loss of and/or more difficult access to land for businesses, orchards, rental accommodation or other livelihood related land uses and disturbance to agricultural vehicles/livestock etc. existing routes to land. |

| Phase/Type of Loss | Summary of Losses/Impacts |
|--------------------------|--|
| | <ul style="list-style-type: none"> • Loss of sources of income and/or livelihoods associated with any of the above losses. <p>Businesses:</p> <ul style="list-style-type: none"> • Temporary loss of and/or more difficult access to commercial facilities or for businesses: Businesses will be eligible for compensation for lost revenues during • Loss of sources of income and/or livelihoods associated with any of the above losses. |
| DURING OPERATION: | |
| Permanent Access Effects | <ul style="list-style-type: none"> • Loss of and/or more difficult access to land, commercial facilities and/or the road network. No significant permanent effects on access are anticipated from the Project. All businesses and HH will have access to one carriageway of the road and a number of additional roundabouts and access roads have been added to the design, as a result of public consultation to optimise access. Overall, with the faster new road, journey times should decrease. |

2.5 Gaps in the Data and Understanding of Resettlement Impacts

The data gathered in the cadastral municipal expropriation studies and the SES provides a quantitative overview of the assets to be acquired and a qualitative overview of the full range of resettlement impacts expected for HH and for businesses. Because the SES demonstrates that cadastral plots are sometimes shared between different businesses and households and that approximately 7% of HH rent their properties, it has not been possible to provide final quantitative data on the number of HH and businesses affected and the extent of impacts. However, the data provide a robust overview of the approximate scale and significance of different types of impacts, as well as of the types of compensation and support that will be needed to achieve an improvement in standard of living and livelihood.

Ongoing gaps in the data that will be filled through the asset inventory and census and subsequent consultation and participation exercises will include:

- Detailed land-use data for private HH and businesses on plots that will be lost to the Project.
- Detailed livelihood information for any significantly impacted HH and businesses that have not yet provided this information.
- Asset and loss valuations.
- Information about the final configuration of businesses close to the existing road, so that the need for reconfiguration and noise barriers can be ascertained.
- Agreement on livelihood restoration options.
- Identification of any additional affected land users, as opposed to land-owners.
- Information about numbers of HH and businesses requiring each type of transitional or temporary support.

- Information about numbers of HH affected by differential impacts.

2.6 Data Gap Closure

The data gaps will be closed. The gathering process will begin by collecting outstanding asset information from each affected HH and business that are providing land that they own, occupy or use to the Project. The consultants will collect this information using an asset inventory and census, preferably attending each HH or business location alongside representatives from REA, who will ground truth and provide valuations for the expropriation study.

Following the announcement of public interest and cut-off date, specific actions needed prior to expropriation hearings include:

1. Implementing the asset inventory and census study.
2. Implementing valuation studies, by a certified valuation company.
3. Using the data to create a transparent resettlement compensation and support entitlement package for consultation.
4. Developing effective consultation, disclosure and participation processes with PAPs.
5. Developing a responsive and timely grievance process.
6. Developing a complete and transparent entitlement framework with participation from affected HH and businesses.
7. Producing a compliant LARP.
8. Applying the entitlement framework using a negotiated approach, as defined in the LARP.

Expropriation hearings will then be implemented alongside implementation of all actions described in the LARP including monitoring, reporting transparently and eventually auditing the resettlement. These activities form the basis of the following sections of the document.

3 Legal & Policy Framework for Land Acquisition & Resettlement

This section begins by identifying national laws relevant to the LARP. It then presents an overview of the expropriation process and a summary of the expropriation requirements. The following section outlines the EBRD requirements under PR 5 and a final section identifies the key gaps between Montenegrin Law and the EBRD requirements.

3.1 National Legal and Policy Framework

Several different bodies of legislation are relevant to land acquisition and resettlement in Montenegro. These include:

- Laws and regulations defining requirements for determining that a project is in the Public Interest and the subsequent requirements and processes for expropriation.
- Laws and regulations regarding land tenure and property rights.
- Additional laws and regulations relating to sustainable development and social welfare that provide information on additional entitlements for specific groups under Montenegrin Law.

These laws are outlined in Table 6 and the expropriation requirements and process are outlined in Section 3.2 and Section 3.3 (respectively).

Table 6: Laws addressing physical and economic displacement in Montenegro

| Law | Information disclosure and stakeholder engagement requirements |
|---|---|
| Laws and regulations on Public Interest and Expropriation | |
| Law on expropriation (Official Gazette No. 055/00, 012/02, 028/06, 021/08, 030/17, 75/18) | Defines the processes and procedures related to property expropriation in the public interest, compensation mechanism, grievance mechanism as well as other issues related to the expropriation process (for details see Section 2.2 and 2.3). |
| Law on Local Self Government (Official Gazette No. 42/03, 28/04, 75/05, 13/06, 88/09, 03/10, 38/12 and 10/14) | Article 28 states that local municipalities are responsible for defining/announcing that a project has been determined to be in the public interest for the expropriation process, when projects have a great importance at the local level. |
| Rulebook on Methodology for assessment of property value (Official Gazette No. 64/18) | Defines the methodology used for assessment of the property value and the institutional arrangements for property value assessment and purpose of the assessment. |
| Laws and regulations on Land Tenure and Property | |
| The Law on State Survey and Cadastre (Official Gazette of Republic of Montenegro, No. 29/2007, 32/2011, 40/2011 and 43/2015) | Establishes the Real Property Cadastre as a single public record, which contains, inter alia, data on expropriation. |
| The Law on Spatial Planning and Construction of Structures (Official Gazette of Republic of Montenegro, No. 51/08, 40/10, 34/11, 47/11, 35/13, 39/13 and 33/14) | Regulates the system of spatial planning in Montenegro, the manner and conditions for construction of structures and other issues of significance for spatial planning and construction. The Law does not foresee that structures built without the necessary permits may be legalized and stipulates that such structures must be removed. |

| | |
|---|--|
| The Law on Ownership and Property Relations (Official Gazette of Republic of Montenegro, No. 19/2009) | Regulates ownership rights and other property rights. A significant provision of the Law is the conscientious builder of a structure on land owned by another person is entitled to acquire such land, if the land-owner did not oppose to the construction. The land-owner is in this case entitled to request to be compensated for the market value of the land, not later than ten years from the date the construction was completed. In case the builder of a structure on land owned by another person was not conscientious, and the land owner opposed to such construction, the land owner may request to acquire the ownership right over the structure (but must pay the structure owner the construction value of the structure) or the removal of the structure from his/her land or to be compensated for the market value of the land. |
| Laws and regulations relating to social welfare | |
| The Law on social welfare and child protection (Official Gazette No. 27/13, 01/15, 42/15, 47/15) | The Law on social welfare and child protection enables social welfare payments and social service provision to specific vulnerable groups within Montenegrin society. |
| Law on social housing (Official Gazette No. 27/13, 01/15, 42/15, 47/15) | The social housing law envisages the provision of social housing for those households whose residential units are in poor conditions or for those who are unable to have residential units due to their low incomes. |
| Law on adult education (Official Gazette No. 20/11, 47/17) | The adult education law addresses livelihood restoration by providing a legal framework for adult education through programmes and centres for vocational education. |
| Law on free legal assistance (Official Gazette No. 20/11, 20/15) | The law on free legal assistance provides legal assistance to vulnerable groups through Court departments, where people are able to access free legal advice provided by authorized lawyers. |

3.2 Montenegrin Expropriation Process

Public interest is established through a separate law, as a decision of the Government of Montenegro. The proposal for determining public interest, which must include information on properties that are to be affected and their registered owners, is submitted to the Government of Montenegro by the Beneficiary of Expropriation (in this case the TA), through the responsible Administrative Authority (the Real Estate Directorate). The Beneficiary of Expropriation can be the state, municipality, state funds and public enterprises, unless otherwise determined by the law. The Government of Montenegro has to decide within 60 days of receiving the proposal. An administrative dispute can be initiated against the decision on public interest of the Government of Montenegro with the Supreme Court of Montenegro. Upon establishing public interest, the proposal for expropriation is submitted by the Beneficiary of Expropriation (in this case the TA), to the responsible Administrative Authority in charge of recording property rights, in the municipality where the affected property is located (REA).

Certified contractors use a combination of cadastre records, aerial photograph-based approaches and any ground truthing needed to identify land-owners and the specific built assets land uses for all areas to be expropriated. Parallel processes disclose maps of the Project and the locations of land to be expropriated. Stakeholders can request changes to the project to limit the impacts of changes on them by submitting written requests, which are accepted or rejected. The proposal for expropriation

is submitted together with a set of accompanying documents, including proof that funds / replacement properties needed for compensation are deposited in a special account of the Ministry of Finance.

Owners of affected properties are individually invited to a hearing and notified about the submission of the expropriation proposal. The Real Estate Directorate passes a decision on expropriation (first degree), if the documentation is in order. The affected owners can submit an administrative appeal to the Ministry of Finance, which decides in the second degree, after which the decision becomes final. The final agreement can either be accepted or rejected by the owners, however, in either case under the 2018 Expropriation law the expropriation becomes legally binding at this point. Further (judicial) appeal can occur for agreements that have been rejected. However, the expropriation proceeds and the legal proceedings do not delay expropriation. Rather, they tend to concern issues of compensation amount. The Beneficiary of Expropriation proceeds with the payment of compensation or provision of replacement properties, after the signing of a compensation agreement or the decision on compensation becoming legally binding.

3.3 Expropriation Requirements

The Law on Expropriation (Official Gazette No. 055/00, 012/02, 028/06, 021/08, 030/17, 75/18) focuses on providing compensation, or in specific circumstances replacement assets, for any affected property needing to be expropriated in the public interest. It addresses physical and economic displacement for those stakeholders who have formal legal rights according to the law. The expropriation law also defines the requirements and agreements related to expropriation and compensation. The Rulebook on Methodology for assessment of property value (Official Gazette No. 64/18) further regulates expropriation. Key aspects of the Law on Expropriation include:

Compensation and entitlements:

The Law requires fair compensation for land, which is defined on the basis of the market price for the same type of property in the same or similar area, within the municipality. Compensation can be reduced to account for increased property values linked to the implementation of the Project. It envisages providing appropriate cash compensation for those stakeholders that are affected, except in specific circumstances, where income is derived from the land and agricultural assets on it, where replacement land of the same class and land use can be provided. It enables affected stakeholders to request compensation for 'orphaned' land. It does not envisage compensation for those objects that are informally built or for informal incomes. Valuation is carried out through a standardised process defined in the Rulebook on Methodology for assessment of property value.

Process issues and engagement:

The Law allows the beneficiaries of expropriation to request the right to access land/property in cases where compensation has not yet been executed. The Law defines processes for disclosing the area to be expropriated and for receiving requests for changes to the Project to limit impacts. The Rulebook provides guidance on the process of measurement and valuation that is to be used in determining compensation value and any other entitlements. The Law defines processes for informing owners about the compensation assessment and enables them to attend a court hearing to request changes to the compensation amount. The Law provides for administrative and judicial processes to be used in the case of any dispute regarding expropriation and the amount of compensation provided. Those who have formal legal rights are informed throughout the expropriation process (i.e. passing of the decision on public interest; before the decision on expropriation is passed, the municipal office in charge of expropriation has to invite the affected person with formal legal rights to a meeting to present any facts which may be relevant for expropriation). Some resettlement-related issues, including disruption to utilities and providing support for informal housing loss and for assisting where livelihoods may be impacted are not

included in the expropriation law but fall under the mandates of different ministries and municipal departments. Clear processes for coordinating these responsibilities are not specified in the law.

3.4 EBRD Requirements

Land acquisition and resettlement issues are defined in the PR5 of the EBRD Environmental and Social Policy (2014). Key PR5 objectives are:

- To avoid or at least minimise involuntary resettlement whenever 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,
 - (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 to pre-project levels, through measures that can be enterprise-based, wage-based and/or enterprise based, so as to facilitate sustainable improvements to their socio-economic status; To improve living conditions among displaced persons through provision of adequate housing with security of tenure at resettlement sites.
- The standards require well designed studies to identify the full range of resettlement and livelihood impacts and the identification of groups that may be differentially impacted or may require additional support measures to enable their full participation in the resettlement process. They also require the proponent to consult with affected persons and communities and facilitate their early and informed participation in decision-making processes related to resettlement.
- The grievance mechanism should be established as early as possible in the process in order to timely receive and address specific concern about compensation and relocation that are raised by displaced persons and/or members of host communities, including a resource mechanism designed to resolve disputes in an impartial manner.
- To monitor and, once complete, audit the land acquisition, resettlement and livelihood restoration process.

Detailed requirements are specified in the EBRD Social and Environmental Policy and Performance Requirement 5 (2014), including requirements for consultation, disclosure, grievance management, resettlement studies, and outlining a variety of entitlements that must be provided. Requirements for clients to provide additional guidance and support to government implementation agencies (in this case for TA to support REA) are also outlined.

3.5 Gap Analysis between National Legislation and EBRD Requirements

While some aspects of Montenegrin expropriation law are aligned with the EBRD Policy (2014), there are a number of important areas of divergence, which will require supplementary actions to create alignment. These aspects are analysed and summarised in **Error! Reference source not found..**

Table 7: Gap Analysis between National Legislation and EBRD Requirements

| | |
|--|--|
| <p>Procedural issues:</p> | <p>The Montenegrin expropriation law does not constitute a negotiated agreement approach in the sense that PR5 proposes; A socio-economic survey is not required under the law; The range of assets included in valuation studies and compensation calculations does not include the full range of entitlements under PR5; Although the valuation criteria seek to identify a fair price, some aspects, including the ability to reduce the value if remaining property value increases may mean that replacement value can be undermined; The Law on Expropriation provides only for compensation for loss of assets and does not prescribe other types of assistance to displaced persons or communities. However, the Law stipulates that the financial and other personal/family circumstances of the previous owner must be taken into consideration if such circumstances are “of significance to the livelihood of the owner” (large number of household members, number of household members earning income, the health status of the household members, monthly income of the household, etc.); Impacts specific to women and other groups experiencing differential impacts are not identified in the process; The implicit cut-off date under Montenegro law (at the expropriation decision) does not coincide with the EBRD cut-off date and the requirement to specifically disclose the cut-off date is absent</p> |
| <p>Physical resettlement</p> | <p>Those persons who do not have legal rights or claims on the land are not subject of compensation or assistance under Montenegrin laws, including resettlement to adequate housing and livelihood restoration assistance.; Informal residential structures are not subject of compensation. Some other laws, eg the Construction Law include provisions that can fill this gap; The process focuses on owners and does not adequately identify formal or informal land users and their losses; Differential impacts on specific groups are not identified.</p> |
| <p>Economic resettlement</p> | <p>In case of economic displacement affected persons (including those with informal incomes/livelihoods) are not entitled to livelihood restoration assistance. However, there is potential to provide livelihood support under other laws; Informal business structures are not subject to compensation; The process focuses on owners and does not adequately identify formal or informal land users and their losses; National legislation does not require development of resettlement/livelihood restoration framework and plan that will be based on the results of the SES, supplementary data collection and resettlement impact assessment.</p> |
| <p>Consultation and disclosure:</p> | <p>Consultation and disclosure processes under Montenegrin law do not aim to achieve informed participation in decision-making processes. National legislation does not require consultations with affected persons regarding compensation principles and processes; Those persons who do not have legal rights or claims on the land are not included in the consultation process; Additional support that may be required to enable full participation in the expropriation process are not identified; There is no requirement for public disclosure of the LARP;</p> |

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| | |
|-----------------------------|---|
| | <p>The Law on Expropriation does not foresee provision of special support to vulnerable or differentially affected groups. However, it can be provided in the framework of other national laws;</p> <p>National legislation does not require establishment of an independent and free project grievance mechanism that will address land acquisition complaints and grievances. Only 8 days are given to lodge a formal appeal against an expropriation decision;</p> |
| Monitoring and Audit | <p>Resettlement/livelihood restoration process are not monitored and evaluated under Montenegrin law.</p> <p>An independent audit is not required.</p> |

3.6 Current Status of Land Acquisition

An independent assessor was engaged by the TA in accordance with national Law on Expropriation and commenced a process of estimating the area of affected land in September 2019, and finalised the study in March 2020. The formal decision that the Project is in the public interest has now been made. The next steps in the process consist of the completion of an asset inventory and census, and the REA will move forward with delivering formal notices about compensation to affected households and businesses, and additional compensation and support will be disclosed by consultants supporting the TA.

Public consultation processes have occurred regarding the land acquisition process and meetings have included presentation of the maps showing the road corridor. Meetings have mainly occurred at the municipal and cadastral municipal levels and have involved community leaders. In addition, some information has been shared with participants via the household and business surveys, however, many of the survey respondents appeared to lack adequate information about the extent of expropriation, with a tendency to fear very significant impacts even though most households and businesses are actually expected to experience only limited loss of land.

Throughout the public consultation period and during the expropriation studies the community of Radanovici has raised a series of concerns about the impacts of the Project on their community. They have requested additional roundabouts and a reduction of the road corridor width in their community. They have also expressed concerns about the location of the underpass for the road. Residents and business owners in Budva municipality have also raised concerns over the cadastral basis for the expropriation study, requesting that the study use the Austro-Hungarian land register, instead of the current Montenegrin one. The TA continues holding additional engagement meetings with the community on this and associated issues.

4 Resettlement Principles

4.1 Principles

Actions to help ensure that the existing process meets EBRD requirements will focus on:

- Building on and verifying existing data to create a reliable census and asset inventory, and to identify all affected HH, inventory their affected assets and their full range of resettlement and livelihood impacts and entitlements (PR5 Paras 14 and 15);
- Implementing a negotiated approach prior to the REA expropriation, so that expropriation mechanisms are employed as a last resort, rather than the preliminary mechanism, as recommended in PR5 para 10;
- Creating a consultation and engagement process with PAPs that involves transparent disclosure regarding entitlements and supports, and enables participation in developing effective mitigation of resettlement impacts and livelihood restoration (PR5 Para 12);
- Designing consultation and engagement mechanisms and supports that enable obstacles to full participation to be overcome (PR5 Para 13);
- Ensuring that an accessible and effective grievance process is available that provides responses in a timely manner, while still enabling access to legal remedy. This will include recourse to an impartial resolution mechanism (PR 5 Para 12); and
- Reviewing all payments and entitlements so that compensation, livelihood restoration and support follows the principles of compensation at full replacement cost, the principles of impact mitigation and the specific requirements of PR5 paras 17-20 and 25-40.

Designing and implementing monitoring, reporting and an external completion audit per PR5 Paras 23 and 24

4.2 Expropriation Process Progress

An independent assessor engaged by the TA in accordance with national Law on Expropriation commenced a process of estimating the land that is set in the project footprint in September 2019, and completed this study in March 2020. Following the declaration of the Project as being 'in the public interest, and the announcement of a cut-off date', the expropriation process under the REA can begin. The next steps in the land acquisition process will be:

1. Asset Inventory and Census and opening of expropriation cases, engagement process, EBRD PR 5 principles, grievance process, implementation process and monitoring.
2. Consultation and participation in development of and disclosure of entitlement framework.
3. HH and businesses either agree with compensation (negotiated settlements) or attend the expropriation hearing to request changes.
4. Supplementary compensation and support provided based on EBRD Performance Requirements. In line with these requirements, additional compensation and support measures will be implemented to achieve the aim of improving or at minimum maintaining the livelihoods and standard of living of affected households and businesses. These compensation measures can exceed those based on national legislation due to the different considerations (e.g. EBRD eligibility criteria extend to informal users of land and assets, socio-economic conditions etc).
5. Monitoring.
6. Independent evaluation of resettlement for compliance.

5 Eligibility and Entitlements Framework (Including Preliminary Entitlement Matrix)

5.1 Eligibility

Project-Affected People (PAPs) are defined as all individuals and legal entities who will be physically and/or economically displaced, as a result of Project-related land acquisition. Many PAPs were recorded in the expropriation study and are therefore eligible for compensation through the REA expropriation process. Overall in the municipalities of Budva, Tivat and Kotor, according to the expropriation studies, 16,8875 square metres of land, approximating 16,89ha will be acquired for the Project. This land is distributed in 661 land plots, of which 424 belong to private individuals (HH), 112 belong to businesses and 125 belong to municipalities and government agencies. Municipal land acquisition will take place at the government level and is outside the scope of this study, although one HH was identified during the socio-economic survey (SES) as having informal housing and living on government-owned land. Of the home and business-owners the majority of significant impacts are expected to be concentrated in the 106 HH and 102 businesses situated within a 50m corridor either side of the road. In addition to land-owners, the following categories of eligible people were identified in the SES:

Table 8: Categories of eligible people identified in the SES

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| Household heads: (includes formal & informal owners and renters / occupiers) | <ul style="list-style-type: none"> • House renters (estimated at 2% of most affected = 2 HH) • Living in family-owned home (estimated at 5% of most affected = 5 HH) • HH living in informal housing on government-owned land (estimated at 1% of most affected = 1 HH) |
| Businesses owners: | <ul style="list-style-type: none"> • Businesses operating in rented premises (estimated at 39% of the most affected businesses = 40 HH) • Employees of most affected businesses (unknown overall number) • Live-in employees of most affected businesses that close due to the Project (unknown overall number). (17% of businesses closest to the road stated that they expect to close and 18% of businesses have live-in employees). |
| Employees | <ul style="list-style-type: none"> • Many employees will be temporarily impacted by temporary disruption of the business where they work. • In addition, some employees may lose their job, if the business where they work is closed. • Some employees live on the business premises and could potentially lose their home, if the business closes. |

All individuals or households who own, occupy or use Project-affected land (formal and informal users) are entitled to compensation and/or livelihood restoration or other kind of assistance, per their specific characteristics according to PR5. The following table (Table 9) describes different categories of PAPs and the processes that have been / will be used to identify them:

Table 9: Project-Affected People

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| 1. | Persons and businesses with formal legal rights and with rights which are recognizable under national law (owners) | Persons with formal legal rights are recorded in the expropriation study. In the case where land with formal legal rights is absent from the cadastre (e.g. the case of the house identified as informally constructed on private land) the owner can initiate a claim for compensation. They will then be invited to a hearing and the REA census and asset inventory are updated. |
| 1b | Persons and businesses with formal legal rights and with rights which are recognizable under national law (owners), who cannot be located | These individuals will be identified in the census. Their compensation will be calculated and documents produced. The compensation payment will be held in escrow, according to the requirements of Montenegro Expropriation Law. |
| 2. | Persons and businesses with no formal legal rights to the land they occupy at the time of the census (informal users) | 1% of HH state that they occupy land that they have no legal right to occupy. No HH informally occupying land are expected to be physically resettled. No informal businesses have yet been identified. Any HH and businesses in this category will be compensated at replacement value for losses to crops, and structures and improvements to land that they have built. In addition, if they experience livelihood impacts they will be eligible for livelihood support. |
| 3. | Persons who occupy or use land legally, but are not landowners. | In Montenegro it is common for land to be owned by an extended family head and shared informally among close relatives. The SES identified several instances of land being used by people other than the registered owner. In addition, many businesses occupied rented premises. Data from the SES suggests that 2 of the most-affected houses are occupied by people renting the house. 6 of the most-affected houses are occupied by people who are using a house that belongs either to a family member or is jointly owned by a group of family members. If a similar proportion of informal residents occupy less-impacted houses then another 22 renting HH and HH occupying family property would be anticipated. In addition 39% of businesses were renting their business premises. HH and businesses in this category will be compensated at replacement value for losses to crops, and structures and improvements to land that they have built. In addition, if they experience livelihood impacts they will be eligible for livelihood support. |
| 4. | Differentially impacted groups¹⁰ | The SES identified the following differentially impacted groups and individuals that may require targeted support due to access, educational language barriers, cultural or other requirements: <ul style="list-style-type: none"> • Households receiving social transfers from the government (5%) • Female headed households (1%) • Roma households living opposite the airport (2%) • Households receiving pensions (33%) • Households with > 7 members (6%) • Households where the Head of Household did not start secondary school (25%) • Households which are living in rented houses/apartments (2%) or who live on family-owned land (6%) • Households with informal housing (1%) |

¹⁰ This term is used instead of vulnerable groups.
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|----|--|---|
| | | The presence and scale of differentially impacted groups will be determined in the asset inventory / resettlement impact study. |
| 5. | Other Project Affected People (PAP) | Employees of businesses are also expected to be PAPs: The SES identified that 50% of the most-affected businesses were small having 5 employees or less while 20% had 20 or more employees. Only employees of the most-affected businesses are expected to be PAPs, due to temporary or permanent closure of the business. 18% of businesses have live-in employees, who would need to be physically resettled in the case that the business needed to close due to land acquisition for the Project. |

5.2 Entitlements

This Section describes different entitlements, suggested by the SES data. These are then presented in a framework entitlement matrix in the following section (Section 5.3). These entitlements need to be confirmed, the processes for coordination and delivery with other government agencies developed, and disclosure and consultation with PAPs is needed, before entitlements can be finalised. These processes are described in implementation section.

5.2.1 Cash compensation for assets

Under the national expropriation law, certified appraisers from REA and the Commission for value assessment will appraise the value of different types of land and physical assets using the following approach (and see Table 10):

Land assets: Compensation is calculated as the market value of assets plus any transaction costs associated with restoring such assets (transfer taxes, registration costs). The market value of assets (land and structures) is defined based on recent market transactions in the affected area (or in a relevant nearby area). Replacement cost of land will correspond to the market value of land with similar characteristics in the vicinity of the affected land including transaction costs. Appraisal of plants and trees takes into account features such as their age or the resources and amount of time that would be needed to grow new tree/plant. There are provisions for landowners to request inclusion of orphaned lands in compensation and there is also the ability for compensation to be reduced to reflect increased property value derived from the Project.

Built assets: Replacement cost of formal structures that are registered in the asset inventory will be based on the market value of structures with similar characteristics in the affected area including possible transaction costs. Informally built structures are not required to be compensated under the national Law on expropriation, although the TA has committed in writing and in engagement with HH and businesses to compensate both formal and informal assets through the REA process. This will include informal houses, and any informal household or business assets e.g. parking areas, crops, and non-housing structures that are not permitted and are therefore included in this category.

This approach broadly conforms with the EBRD requirement to compensate for assets at full replacement cost, providing that costs are truly representative of replacement costs, and assets are identified correctly. Further work is required however to address issues regarding the:

- Ability to discount the compensation, if remaining land value is increased by the Project. This may preclude the ability to replace the lost assets.
- Replacement costs based on historic prices may not be valid in an active and expanding tourist market.

Replacement cost of informal residential or business structures (those which are built without construction permit or not registered in REA) as well as non-residential structures will be calculated as the cost of rebuilding a structure of similar characteristics in another location including materials, costs of labour and any transaction costs (construction value of structures).

Table 10: Approach for calculating asset compensation under the Expropriation Law

| Compensation type | Process |
|---|--|
| Compensation for immovable property (includes housing, built structures and built improvements e.g. parking areas, fences) | Compensation fee for expropriated residential building, apartment or business premises is determined at the level of fair compensation for such immovable property. The expropriation beneficiary may (in case if all conditions are met) provide similar residential land/building/apartment in compensation. Another property will be provided to the owner before the demolition of an expropriated object. Informally-used land will not be compensated in cash. |
| Compensation for residential land | According to the Law on Expropriation, land-owners whose land will be subject of expropriation will require fair cash compensation which will be determined in the amount of market prices of the same type of real estate in the same or similar area of the municipality, increased for the eventual lost profit during the period of relocation. In case market price cannot be determined it will be considered the municipality with the same or similar income per capita according to the law which is regulating equalization fund. The TA has agreed that informal built objects will also be compensated. |
| Compensation for agricultural land | Compensation fee for expropriated agricultural land will be determined in cash at the level of the fair remuneration of such land. The fee for expropriated agricultural land to the person whose income from that land is a condition for existence, upon his request and if conditions are met, is determined on the way that it will be given to the owner another appropriate land of the same culture and class or the corresponding value in the same place or the surrounding environment. The former owner of an expropriated facility used for cattle breeding and housing or processing of agricultural products of the product whose income from these activities is a condition for existence, upon his request and if they are fulfilled all conditions, the fee shall be determined by giving in the ownership of another facility in which it will be able to continue performing activities on place proposed by the previous owner within his agricultural property, and in accordance with applicable regulations. |
| Compensation for vineyard or orchard | Compensation fee for an expropriated vineyard or fruit orchard shall be determined on the same way as it is determined for the land as defined above, whereas it will be added value of non-depreciable investments invested in raising and maintaining such vineyards or orchards and the amount of net yield that this vineyard would have given as long as it takes to build up and take on the fullness of a new vineyard or orchard. The fee for an expropriated young vineyard or orchard that does not give fruit is determined by firstly determining the fee for the land under the provisions of Article 36 of the Expropriation Law, and to this is added the value of the investments invested for its raising and the amount of net yield that would have been realized for as long as the vineyard or orchard is old until the moment expropriation. |
| Compensation for Forests | Compensation fee for expropriated mature or approximately mature forest represents the value of forest assortments and other forest products determined at market prices on the truck or other loading, or purchase place reduced with production costs. Compensation fee for expropriated young forests is determined by the costs of raising such a forest, increased by value space factor where such forest can reach value of the mature forest. The fee determined shall be increased for the amount of land compensation determined by the provisions of Article 36 of the Law on Expropriation. The costs of production include the costs of cutting, making and transporting forest assortments from the forest to the truck or other loading or redeeming place. The costs of raising the young forests by artificial means are determined at the level of the costs of afforestation. |
| Compensation for Building Plots | The process for compensating for building plots is unknown and determining this process will form part of the preparation of the LARP. |

5.2.2 Cash compensation for lost net income and other economic/livelihood losses:

All individuals/households/businesses, who will be permanently economically displaced or partially displaced are entitled cash compensation for lost net income during the period of transition (until re-establishment of business/economic activities in another location) under PR5.

The Expropriation law does not include livelihood losses. However, an approach has been agreed by the TA, as follows:

- Certified appraisers will appraise business losses (net income loss), based on all available documents, this will occur for both permanent and temporary losses.
- Permanent losses will also be accompanied by (as yet unspecified) livelihood restoration support (see below).
- If the business is completely informal and if there is no record available, an estimation of net income and/or loss is prepared.
- Any affected employees will be entitled to compensation in the form of transitional support, depending on the time period and the nature of displacement and livelihood restoration assistance.
- Crops / trees will be compensated at replacement cost until the current maturity level is reached.

This compensation is not expected to be included in the REA valuation and will be determined through the asset inventory, valuation and negotiated settlement processes.

5.2.3 Resettlement assistance:

Resettlement assistance will be defined based on initial indications from the SES and additional information from the asset inventory and census, and in discussion with PAPs in consultation and disclosure processes. Resettlement assistance will be designed in accordance with the specific needs of affected people. This type of assistance is very often provided to differentially impacted HH, which are physically or economically displaced by a project and can include the following:

- Assistance to resettle to appropriate accommodation with security of tenure. For example, a differentially-impacted household that has no other place of residence than the affected informal residential structure, may be assisted to resettle to a municipal social apartment, with a long-term contract to ensure security of tenure;
- Moving allowance;
- Support with completion of and understanding of documentation for those who are illiterate or do not understand Montenegrin;
- Legal aid;
- Assistance to obtain personal documents, to help with accessing services available under national legislation;
- Assistance to access social welfare;
- Assistance to enrol children in school; and
- Assistance to access health care, etc.

The TA has agreed to cooperate with institutions and organisations that can provide needed services, such as the municipal centre for social welfare or local organisations, which work with differentially impacted groups to assist them in accessing appropriate services.

The TA, together with Centre for Social Work of Montenegro, will provide alternative accommodation for those who will lose housing as a result of this Project, until their new home is ready for them to live in (if they choose to build a new house) or until they buy a new house/apartment. Costs for alternative accommodation will be provided for a maximum of a year. All costs in regards of resettlement assistance, either provided by other Ministries and Agencies or by third parties, will be channelled through the TA.

5.2.4 Livelihood Restoration Assistance:

In cases where implementation of the Project and loss of land and other assets or access to assets, leads to loss of income sources or means of livelihood (economic displacement) of Project-Affected People and businesses, the TA Project Implementation Unit (PIU) will implement livelihood restoration measures, which will be defined in greater detail in the LARP. This assistance will be provided in addition to cash compensation for affected land and assets and in additional support. Employees of the most-affected businesses may be temporarily laid off while business premises are reconfigured. In addition, some may lose their jobs, if businesses close and others may lose their job and their home if the business closes and they are live-in workers.

Livelihood support may include:

- Compensation for the cost of re-establishing business activities elsewhere;
- Compensation for the cost of reconfiguring business or livelihood assets to enable continued operation;
- Access to employment opportunities created by the Project;
- Assistance to identify and access other income/livelihood generation activities;
- Replacement of salary for employees if the business closes temporarily;
- Replacement of salary for a fixed term and with job search and/or training for employees if the business closes permanently;
- Support with rent and with job search and/or training for a fixed term for live-in employees who lose their job and home;
- Assistance to access training, skill development, job opportunities;
- Assistance to access credit facilities;
- Provision of transitional support (see above);
- Compensation for or assistance to transport equipment or machinery.

Livelihood restoration assistance will be provided to those identified as needing it, following the asset inventory / impact study. This support will be provided in supplemental compensation agreed through consultation and negotiated settlements, rather than as a part of the REA compensation process. The TA PIU will cooperate with institutions and organisations that can provide this assistance, such as the local Employment Bureau or local organisations which implement job training, adult education, access to credit facilities, etc.

5.3 Framework Entitlement Matrix

The following framework entitlement matrix (Table 11) is a work in progress. It will inform the development of the LARP once the asset inventory, census, and valuation studies and associated consultation has been achieved.

Table 11: Project Framework Entitlement Matrix

| TYPE OF LOSS/IMPACT | CATEGORY OF AFFECTED PERSON | NUMBER OF PAPs | ENTITLEMENTS |
|---|--|---|---|
| Permanent loss of privately owned agricultural, commercial and residential land | Owner of the land | 536 land plots will be acquired from households (424) and businesses (112) by the Project. | Cash compensation for land at “topped up” replacement cost and taking into account changes in value as per EBRD PR5 requirements. In cases where orphaned land will remain after expropriation, landowners can request expropriation of the entire plot or the orphaned plot to avoid orphaning. OR Replacement land of equal or better value (combination of size and quality) in cases where land-based livelihoods exist. |
| Loss of annual / perennial crops and trees and of other livelihood resources (e.g. business structures, parking lots, animal stalls, building plots). | Owner of crops, plants, trees (can also be the owner of the land or the formal or informal user of the land) | To be determined upon Assessment on valuation of crops in asset inventory and census. Additional losses may be identified through complementary consultation and disclosure processes | The right to harvest crops, plants for annual crops OR Cash compensation for lost annual / perennial crops / and trees at full replacement cost. OR and on their request, the loss of crops and land can be mitigated by provision of land with crops of the same culture and class, on land of at least the same value. OR Where crops are relied upon for income by a HH other livelihood restoration / transition support may be provided. |
| Loss of registered residential structures (physical displacement) | Owner of the affected structure | 2 currently confirmed Further confirmation will occur through implementation of the LARF and production of the LARP | Cash compensation for the residential structure at full replacement cost, including land at replacement cost. AND Transitional support to assist with moving expenses. AND Temporary support, if house is demolished prior to completion of a new house, or purchase of replacement. Paid accommodation until construction of new home, but no longer than 1 year. |
| Loss of registered residential structures (physical displacement) | Non-owner occupier of the affected structure | Currently only anticipated if live-in employees are displaced through forced closure of the business or if any HH to be physically displaced does not own their house. Further confirmation will occur through implementation of the LARF and production of the LARP | Appropriate replacement housing under equivalent conditions. AND Temporary support to HH while suitable replacement accommodation is found and they need to move before they have a house to move to. AND In the case that the house currently lived in is provided as part of employment, assistance with finding new equivalent employment and/or training and temporary salary during training (see loss of employment) AND Transitional support for any transactions. AND Transitional support for moving expenses. |
| Loss of unregistered / informal structures (houses) (physical displacement) | Owner of the affected structure | To be determined Only one informal house has so far been identified and it is not known whether this house will be expropriated. | Appropriate replacement housing with secure title can be provided through the sustainable development ministry in some cases. AND Transitional support to assist with moving expenses. AND Temporary support (rent), if house is demolished prior to completion of a new house, or purchase of replacement. Paid accommodation until construction of new home, but no longer than 1 year. |

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| Loss of registered and unregistered commercial structures (commercial objects, concrete and hard fences, parking lots, asphalt coated access, auxiliary premises and other structures) | Owner of the commercial structure | 102 businesses own or rent property within 50 metres of the road corridor. Loss of registered and unregistered commercial structures is expected to focus on these 102 businesses. | Cash compensation for the commercial structure at full replacement cost, with or without land value depending on whether land is owned. AND Livelihood restoration, if this is indicated. |
| Loss of registered and unregistered commercial structures (commercial objects, concrete and hard fences, parking lots, asphalt coated access, auxiliary premises and other structures) | Non – owner users of the commercial structure. | 40 of the most affected businesses rent their business premises. The extent of loss of business structures will be determined through the asset inventory and census. Most businesses are expected to lose some parking lot area. Some businesses may need to be completely reconfigured. | Appropriate replacement business premises under equivalent conditions. AND Compensation for all improvements and upgrades and adaptations to property at replacement cost. AND Temporary assistance for moving expenses and lost income during transition to new premises AND Transitional support for all transactions (e.g. business re-registration, certifications etc). OR Compensation for all improvements and upgrades and adaptations to property at replacement cost. AND Tailored livelihood restoration support. OR Reconfiguration of existing premises to maintain business viability after loss of structures. AND Tailored temporary and transitional support |
| Loss of income from loss of crops and or informal assets used to generate income for households, where these activities are significant contributors to income. | User of the livelihood resource | To be determined | Tailored livelihood restoration measures designed to improve or at minimum maintain standard of living and income. |
| Loss of non-residential structures (auxiliary structures and improvements on land) | Owner of the non-residential structure | To be determined from the expropriation study, and asset inventory. | Cash compensation for the non-residential structure at full replacement cost |
| Permanent or temporary loss of employment as a result of affected businesses closing or re-locating | Employees of affected businesses | 17% of the 102 most affected businesses stated that they would close their business. 18% of the most affected businesses have live-in employees. | Transitional allowance (monthly salary) during the period of re-location of business for temporary loss. AND In the case of business closing transitional allowance (3 months wages) and livelihood restoration assistance AND In the case of business closing and loss of accommodation transitional allowance (3 months wages) and livelihood restoration assistance and tailored physical resettlement, temporary and transitional assistance. |

6 Consultation, Disclosure and Grievance Management

6.1 Consultation & Disclosure

PR 5 requires participation of affected persons in informed decision-making processes from the earliest stages of resettlement through the end of monitoring and auditing. They are expected to participate in identifying eligibility, entitlements, design of resettlement and livelihood assistance and timing decisions, as well as in negotiations.

6.1.1 Engagement to date

The Project design and disclosure process started with the introduction of the Project in 2016. Details of engagement to date are included in the Project's Stakeholder Engagement Plan and summarised below. Expropriation-specific communication to Project Affected People is commencing now following the Announcement that the Project is in the Public Interest.

Table 12 Engagement to date

| Phase | Engagement Undertaken |
|--------|--|
| Design | <p>The TA has been maintaining continuous communication and engagement with all the relevant stakeholders in the Project Affected Area since 2016. The total number of meetings and official communication with representatives of the relevant municipalities, public utility companies, local communities and business entities in the period from 2016 until 2019, i.e. during the design and revision phase is 48. Stakeholder engagement has been ongoing since submission of the planning documentation for development of the Preliminary Design, which was delivered to Budva Municipality in 2016. After finalisation of the Preliminary Design, the TA presented the suggested road layout to all three municipalities during 2016. The initial stage of stakeholder engagement included meeting with representatives of all three municipalities traversed by the road, i.e. Budva, Kotor and Tivat. Additionally, representatives of the Local Community Lastva Grbaljska were officially informed about the stage of development of the Preliminary Design during 2016. The Preliminary Design was submitted to the relevant municipalities in 2017 for the purpose of approval of the road layout.</p> <p>During 2017, stakeholder engagement included a number of meetings and official communication with representatives of the affected municipalities and local communities, whereby the representatives of the local communities expressed their requests regarding the Preliminary Design and road layout. The requests which were made by the local communities during this phase were shared with representatives of the municipalities, for the purpose of ensuring duly and conformant development and update of the Preliminary Design. During the stage of development of the Preliminary Design, representatives of the local communities submitted a petition in 2018, through which they expressed disagreement with construction of the Tivat-Jaz Main Road, and requested a number of changes to the Preliminary Design so that the Project itself would allow them to have better and more efficient conditions for their everyday activities. The petition was subsequently submitted to the EBRD, and some of the requests made through the petition were related to reduction of the width of traffic lanes, reduction of the width of the separating island and construction of additional roundabouts. Additionally, the TA received complaints and requests for amendments from representatives of business entities in Lastva Grbaljska, who opposed the requests which were defined in the petition signed by the</p> |

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| | <p>representatives of the local communities. Business entities submitted their requests during 2018, whereby one specific business entity opposed construction of a roundabout at one of the intersections at which the local communities had already requested an additional roundabout through the Petition. The TA provided official responses to the Petition and all requests made by the local communities and business entities throughout the Design Phase.</p> <p>Additional stakeholder engagement that was carried out by the TA on an ongoing basis during the Design phase included official communication and meetings with representatives of the public utility companies. These meetings were held for the purpose of aligning the Project Design with all the activities and projects which would be implemented by the public utility companies in the upcoming period, as well as during the phase of reconstruction and upgrade of the Tivat-Jaz road section, i.e. any projects related to public water supply, public electricity supply, etc. As a result of these meetings, the TA was provided with information about the existing locations and capacities of the public utility companies, such as the current capacities and locations of substations in the PAA. Considering the fact that this Project is going to be implemented along with the project of construction and reconstruction of the Regional Water Supply System, the TA maintained continuous communication and engagement with representatives of the Regional Water Supply Company throughout the Design phase.</p> <p>The TA as the main Project proponent has met with local community stakeholders throughout this period in order to ensure that community feedback, concerns and suggestions have been noted and taken into account in the finalisation of the design. Engagement during this phase has not been systemically recorded, the methods of communication have been varied (including telephone calls), and the TA continues to meet and hear stakeholder queries and concerns Further details are included in SEP Annex 2 provided by the TA.</p> |
| National EIA | <p>The national EIA process commenced in 2019. Engagement during this phase included four (4) public consultation meetings in Radanovici, and Budva, Kotor and Tivat municipalities in December 2019, where the draft EIA report was disclosed.</p> <p>There were also four (4) public announcements (on the Nature and Environmental Protection Agency of Montenegro's (NEPA) website and in the national newspaper) about the process of development of the EIA related to the 1) Request for development of EIA; 2) Decision on development of EIA; 3) Announcement about completion of the EIA; 4) Announcement about the public consultation meetings for the purpose of presentation of EIA.</p> |
| ESIA Scoping | <p>The ESIA team visited the Project-Affected Area (PAA) 2-6 December 2019, and engaged with representatives of Tivat and Kotor municipalities, and representatives from Radanovici and Lastva Gbraljska communities, so that key stakeholders were aware of the parallel EIA and ESIA processes. Budva municipality was also contacted with a request for a meeting.</p> |
| ESIA Study | <p>As the national EIA and ESIA processes have been conducted very close to each other, and to prevent confusion or fatigue amongst stakeholders, some of the public consultation meetings initially planned for the international ESIA study phase were pushed back to the draft ESIA disclosure phase instead. The ESIA study phase consisted of 13 meetings with key informants, which also functioned</p> |

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| | <p>in part as engagement meetings. There was also one focus group discussion with youth from Radanovici school, one community meeting in Radanovici, and one-to-one interviews with 98 households and 72 businesses in the PAA. Ahead of the studies, information notices were posted in locations in the PAA informing local residents about the Project and the ESIA process, and sent out by email to all businesses operating in the area. Every respondent to the survey questionnaire was given a leaflet explaining the study process and purposes as reference material to ensure that they were fully informed. The announcements of the studies, the leaflets shared, and photographs showing the locations of the posters are included in the Annexes (both the originals in Montenegrin and the English translations)</p> |
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6.1.2 Future Engagements

Following the Announcement that the Project is in the Public Interest, and the communication of the cut-off date to PAPs for the establishment of eligibility, specific expropriation-related actions and communication will consequently be required. These include the following:

- A census and asset inventory will be conducted to identify owners and users, assets and land not registered in the cadastre and hence not included in the expropriation study.
- Valuation by a court certified expert / body for any assets not valued in the expropriation study
- The REA will inform PAPs of a proposed compensation price based on a full identification of household assets to be expropriated. This should include informally held assets and transaction costs (if any).
- The households will then be invited to attend a hearing regarding this amount.
- After the hearing there will be an opportunity to accept or request review of the proposed compensation amount.
- If review is requested, then a recalculation is produced.
- A second hearing invitation will be provided if a PAP does not attend the first hearing.
- Once a final compensation agreement is produced, the owner has 8 days to lodge a formal complaint regarding the amount.
- Legal recourse is also available, however, after the 8 days from the final compensation agreement the expropriation is final, even if payment is refused.

In addition to the actions under the national expropriation process, the TA will also continue to regularly inform and consult PAPs, and will consult with HH and businesses about supplementary compensation and support that falls outside the REA process mainly to meet EBRD PR5 requirements that are not addressed through the national law. All meetings and consultations will be documented by the TA and the documentation will include the date when the meeting/ consultation was held, list of attendees, and a summary of the discussions. The TA will also organize public meeting with the PAPs to present:

- The Project;
- The Legal procedure for Expropriation;
- The EBRD PR 5 principles and requirements;
- The Grievance redress mechanism;
- The Methodology for Assessment Valuation;
- Additional entitlements required under PR5;
- Other project related documents.

6.1.3 Document disclosure

Disclosure of project documents enables interested PAPs to understand the resettlement process in greater detail. It is also important in enabling local government, NGO and advocate oversight and support of the resettlement process. When complete, the LARP will be available on the TA official

website (http://www.uzs.gov.me/projekat-ebrd/Tivat_Jaz) and the EBRD website (<https://www.ebrd.com/esia.html>), in Montenegrin and English versions. In addition, hard copies of the LARP will be available at the following locations:

- TA premises in Podgorica [IV Proleterske 19, 81000 Podgorica]
- Municipalities of Budva (Trg Sunca 3, 85310, Budva), Kotor (Trg Sunca 3, 85310, Budva) and Tivat (Magnolija 85 320 Tivat),

The Stakeholder Engagement Plan (SEP) will also be disclosed on the TA and EBRD websites and deposited at the above locations. This describes the engagement activities for the Project and includes the engagements with affected owners and users of land and assets (including those with legal and no legal rights or claims to land they occupy or use).

COVID-19 Restrictions on Stakeholder Engagement

Restrictions associated with COVID-19 in Montenegro, including social distancing measures, may rule out some traditional stakeholder engagement and consultation approaches in the short term, which may exclude some stakeholders such as vulnerable people and/or those without internet and mobile phones. The TA is taking protective measures concerning COVID-19, and as the pandemic evolves on a daily basis it will seek advice from local and international health authorities while implementing stakeholder engagement and consultations required by national laws and EBRD. Relevant sections of the SEP document (namely 5.5 Future Engagement) present alternative engagement measures accounting for Covid-19.

6.2 Grievance Mechanism

As defined in the SEP, the TA has responsibility to notify, manage and record all potential comments and complaints related to the Project and land acquisition. Persons and businesses affected by the Project can submit any comments, complaints and requests by post, telephone or e-mail addressing the TA contact person and/or a designated representative of construction contractor. The TA contact person is responsible for collection of all grievances related to the Project.

Grievances will be processed 'by the Grievance Management and Redress Committee consisting of TA legal expert, TA technical expert, representatives of the local community and the relevant REA'. Grievances will be noted and registered within 7 days and will be responded to within 30 days period by the TA. However, in case when affected persons submit grievances to the Construction Contractor, communication will be responsibility of the Construction Contractor's representative who will be monitored by the TA contact person. In case there are grievances that will require more time for solving, the TA will inform the person who submitted grievance about the timeframe for its completion, within the 30-day grievance response period.

The following grievance contact details have been provided:

Contact person: Nikola Arnaut
Transport Administration of Montenegro
IV Proleterske 19
81000 Podgorica
Montenegro
Tel: +382 20 655 095, 655 364
E-mail: upravazasaobracaj@uzs.gov.me
Website: www.uzs.gov.me

7 Monitoring, Evaluation & Reporting

7.1 Monitoring

The TA is responsible for monitoring of the LARF which will include both progress monitoring (timeliness) of inputs and outputs, and periodic measurement of outcome indicators (comparing with baseline conditions gained through the SES). The following indicators are proposed:

Table 13: Monitoring input, output and outcome indicators

| INDICATOR | SOURCE OF INFORMATION | FREQUENCY |
|---|---|---|
| Input indicators | | |
| % of affected HH completing census asset inventory % of affected businesses completing asset inventory and resettlement survey. | Consultant survey team | Monthly during asset inventory implementation |
| Number and purpose of engagement meetings and consultations. Attendee lists and any agreements reached | Meeting minutes and meeting database | Monthly |
| Number of affected people/households and businesses by category (formal or informal, owners or users, differentially impacted groups (including gender and ethnicity-based difference), employees) and types of impacts (physical displacement, temporary or permanent economic displacement, other). | TA resettlement database and grievance management records | Monthly |
| Number and type of affected assets (land, houses, non-residential structures, crops, trees, etc) | TA resettlement database | Monthly |
| Overall spending on compensation, resettlement and livelihood restoration | TA financial records | Monthly |
| Number of staff dedicated to resettlement and compensation, with distribution in-house outsourced | TA legal department (HR officer) | Monthly |
| Reinstatement of land – number of plots complete | Construction contractors' reports and grievance management records | Monthly |
| Timing of implemented activities in comparison to LARF implementation schedule | Compare status of implementation to LARF schedule | Monthly |
| Output indicators | | |
| Number of expropriation compensation contracts signed Number of valuations rejected Number of hearings attended. Number of no-shows and number of HH and businesses requesting changes to compensation. Number and % of compensation payments executed | TA resettlement data base and financial records TA resettlement database TA resettlement database TA resettlement database | Monthly |

| | | |
|---|---|-----------------------------|
| Number of supplementary compensation and support agreements, documented and provided to PAPs, finalised and paid / implemented. | TA resettlement database | Monthly |
| Number of HH requesting and authorised for acquisition of entire lot | TA resettlement database | Monthly |
| Number and types of assets fully compensated | TA resettlement database | Monthly |
| Number and types of temporary assistance provided | TA resettlement database | Monthly |
| Number and types of transitional assistance provided | TA resettlement database | Monthly |
| Physical displacement – Number of people/households resettled | TA resettlement database | Quarterly |
| Livelihood restoration measures – types of measures implemented, implementation progress, number of beneficiaries | TA resettlement database | Quarterly |
| Number of additional supports provided to differentially impacted HH and businesses by support type. | TA resettlement database | Monthly |
| Outcome indicators | | |
| Number and type of grievances lodged, resolved and outstanding or unresolved and trends | Grievance management records | Monthly |
| Average time for payment of compensation through REA expropriation and for supplementary payments by TA / other agencies | Measure time between compensation agreement and payment | Quarterly |
| Verification that compensation represents full replacement cost? | Investigate whether recipients of cash compensation were able to purchase a similar property | Prior to payments, Annually |
| Use of compensation | Investigate how recipients of cash compensation spent/invested it | Annually |
| Physical displacement – satisfaction with new homes/assets Comparison with pre-resettlement data from SES and asset inventory / resettlement impact study. | Investigate whether physically displaced people/households are satisfied with their accommodation, location, etc. TA resettlement database | Annually |
| Income/livelihoods: Changes in income level (maintained, increased, decreased) Reinvestment in livelihood activities (purchase of land, equipment, skill training, etc) Specific focus on differentially impacted groups | Individual meetings with people/households who have been economically displaced TA resettlement database TA resettlement database TA resettlement database | Annually |

The indicators have been developed to broadly comply with PR5 requirements, some will need to be converted from broader indicator criteria to specific measurable indicators for inclusion in the LARP.

The indicators aim to incorporate an acceptable frequency for monitoring, monitoring of both the REA expropriation process and the parallel EBRD compliant additions. The presence of annual indicators suggests that an annual outcome survey is anticipated for the resettlement. This will not be the external completion audit, which is scheduled for 24 months from commencement of resettlement.

7.1.1 Recommendations for the LARP

To help ensure the LARP meets PR5 requirements further work is required to assess existing monitoring indicators for gaps with effective monitoring of the resettlement process and for frequency and review monitoring frequency. Monitoring frequency should align with the speed of the resettlement process, to ensure that emerging issues are identified before resettlement is complete.

7.2 Reporting

7.2.1 Current process

The TA is responsible for maintaining and regularly updating the database of persons and businesses whose land and objects will be subject to acquiring and affected by the Project. Moreover, TA is responsible for the implementation of the compensation process, resettlement and livelihood restoration measures. TA will keep all information confidential about persons/businesses and their compensation payments. Based on the indicators listed in the table above TA will prepare quarterly progress reports presenting implementation of the LARP and submit these to EBRD. Reports will contain information about compensation and resettlement/livelihood restoration measures, consultation processes, information on negotiation processes and achieved results, assistance to vulnerable groups and grievance management. Additionally, TA, with potential support from consultants will be responsible for the documentation of all consultations and meetings that will be organized which will be included into progress reports with additional information (i.e. attendance sheets, photos). TA will submit the final report to EBRD upon completion of all land acquisition process and implementation of all pre-defined mitigation measures.

7.3 Completion Audit

A Completion Audit will be undertaken once all LARP measures have been implemented for this tranche of the Montenegro Main Roads Improvement Project. The audit will also occur after sufficient time has passed to establish stable resettlement and livelihood outcomes. The completion audit is expected to occur approximately 24 months after completion of all physical relocation of households and/or businesses, at a minimum. The audit will be carried out by independent resettlement experts and as agreed with the EBRD. The audit will determine whether measures to restore standard of living and livelihoods of affected people were well conceived, properly implemented and effective in achieving the required outcomes. In the event that the audit identifies significant deficiencies or non-conformances with PR5, the auditors will recommend corrective actions, including an implementation schedule and budget. The audit will include a review of all related documentation, compensation rates and amounts, consultation and disclosure records, grievance records, results of internal monitoring and external monitoring/evaluation reports. The auditors will also conduct evaluation surveys of and consultation with a sample group of affected people and other relevant stakeholders.

8 Implementation Responsibilities and Costs

8.1 Implementation Responsibilities

Whilst the TA is responsible for overall Project implementation through its Project Implementation Unit (PIU), processes related to land acquisition are also the responsibility of other institutions as shown in the Table below (Table 14).

Table 14: Implementation responsibilities

| INSTITUTION/ORGANIZATION | ROLES AND RESPONSIBILITIES |
|---|--|
| TA PIU | General responsibility related to development of LARF and LARP with consultants' support Beneficiary of expropriation process |
| Government of Montenegro | Proclamation of the public interest |
| Ministry of Finance | Securing funds for land acquisition. Responsible authority for matters related to land ownership and corresponding compensation which is defined in the process of land expropriation. Its competency in this process is related to the right of owners of expropriated land to file complaints to the Ministry of Finance against the decision on expropriation and the defined amount of compensation. In case the owners do not accept the decision of the Ministry of Finance, they have the right to initiating legal procedure in the competent courts in Montenegro. |
| Real Estate Administration (REA) | Establishing the Commission for Value Assessment which is responsible for appraising affected land and assets with its Cadastre Units established in municipalities, REA is acting as public institution which is facilitating process of expropriation in the municipalities of Budva, Kotor and Tivat. |
| Municipalities on whose territories Project will be carried out (Budva, Kotor, Tivat) | Municipalities will cooperate with TA PIU in various activities related to identification of affected owners/users of land, organizing meetings with affected persons (public discussions, start of expropriation process, construction, traffic management, grievances). |
| Designer | Organizing meetings with community in cooperation with municipalities regarding design matters. Revision of the design in order to ensure that physical and economic displacement either avoided or minimized to the possible extent. |
| Construction contractors | To inform owners and land users in the area where construction activities will be carried out regarding plan and start of construction activities. To take all necessary measures to secure construction sites, minimize construction nuisances and ensure uninterrupted access to properties along the footprint of the road section being constructed/reconstructed as well as complete reinstatement of the land after use where it is applicable. |
| Project Consultants | Carrying out census, asset inventory, additional data collection activities and supplementary consultations, monitoring and reporting and completing the LARP. |

| | |
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| Independent consultant | An independent external consultant will be hired to implement the completion audit of the resettlement. |
| Service providers (municipal centre for social welfare, employment bureau, training organizations) | Provision of supplemental resettlement and/or livelihood restoration assistance in cooperation with TA PIU. |

8.2 Implementation Schedule

Achieving a conformant LARP will require a combination of actions specifically focused on filling gaps in the existing documents, plans and actions designed to implement the LARP and monitor and audit its implementation. Implementation will therefore proceed through two separate processes: a REA organised expropriation following the Montenegrin expropriation rules, coordinated with an EBRD conformant process that ensures that all gaps with EBRD requirements are fulfilled. The processes will be coordinated as closely as possible to avoid additional impacts resulting from resettlement impacts proceeding the payment of compensation and provision of support that is needed to mitigate impacts.

The implementation schedule below (Table 15) is indicative only and assumes separate expropriation compensation and resettlement/livelihood compensation and support processes. The schedule may also be delayed due to the current COVID-19 Pandemic. The indicative schedule for land acquisition and resettlement activities includes actions to (i) update the LARF to produce an implementable plan (LARP); (ii) implement the LARP and (iii) monitor activities. Timing is necessarily speculative at this point and needs to be confirmed.

Table 15: Implementation Schedule

| Ref. | Activities | Responsible Entity | Schedule |
|-----------------------------------|---|--------------------------------------|---------------|
| Conversion of LARF to LARP | | | |
| 1 | Decision of public interest to be made and cut-off date announced to establish eligibility | TA with Government | Q3 2020 |
| 2 | Distribution of formal notices of expropriation | REA | Q3 2020 |
| 3 | Agree implementation approaches to comply with PR5 with TA. This includes engagement approach, grievance management, implementation approach for communicating and coordinating expropriation compensation and additional compensation and support measures, and monitoring indicators and measurement. | TA with potential consultant support | Q3 2020 |
| 4 | Implement census and asset inventory and use the results for consultation and to build a preliminary entitlement framework. | Consultants | Q3 2020 |
| 5 | Implement consultation and disclosure meetings with PAPs to disclose the resettlement principles, build trust, ensure clarity over the cut-off date, and to begin discussions about impacts and entitlements. | Consultants | Begin Q3 2020 |
| 6 | Develop a schedule of consultation and disclosure activities, as well as a process for coordinating REA and EBRD required compensation and support activities and a schedule of data gathering and analysis activities. | Consultants | Begin Q3 2020 |
| 7 | Agree processes for coordination between the TA/REA/construction contractor/other Ministry teams and the consulting teams so that information is shared expediently, and decisions can be achieved in a timely manner. | TA and REA with consultant support | Q3 2020 |

| | | | |
|----|---|----------------------------------|---------|
| 8 | <p>Implement initial engagement and disclosure schedule including targeted support for PAPs that would otherwise be unable to be fully engaged in the consultation, disclosure and resettlement processes. This should include:</p> <ul style="list-style-type: none"> • Disclosure of the resettlement process. • Consultation on impacts and entitlements. • Consultation on the Grievance Management Process. • Ongoing consultation to inform of the verification census / supplementary SES and other actions. | TA with consultant support | Q3 2020 |
| 9 | Determine number of Project Affected People (all landowners and users) and identify any vulnerable households or businesses. | REA contractors with consultants | Q3 2020 |
| 10 | Prepare inventory of land and assets for the length of the road corridor. | REA with consultants | Q3 2020 |
| 11 | Prepare case files for each affected HH. | REA and TA with consultants | Q3 2020 |
| 12 | Establish entitlement matrix with proposed compensation. | TA with consultant support | Q3 2020 |
| 13 | <p>Engagement meetings with stakeholders to discuss results of census and inventory to resolve any outstanding issues. This should include:</p> <ol style="list-style-type: none"> 1. Disclosure of the asset inventory results. 2. Implementation of engagement-related targeted support for groups with obstacles for participation. 3. Targeted disclosure with differentially impacted HH and groups. 4. Consultation and disclosure of compensation framework. | TA with consultant support | Q3 2020 |

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| | | | |
|-------------------------------|---|---|---|
| | 5. Consultation and disclosure of compensation and support processes. | | |
| 14 | Finalize compensation matrix, and compensation and support measures. | TA with consultant support | Q3 2020 |
| 15 | Preparation of LARP. | Consultants | End Q3 2020 |
| Implementation of LARP | | | |
| 1 | Disclose LARP. | TA with consultant support | Q4 2020 |
| 2 | Continued consultation and disclosure: <ul style="list-style-type: none"> • Ongoing engagement to inform of impending actions and processes throughout the resettlement. • Additional grievance management consultations. | TA with consultant support | Q4 2020 |
| 3a | Ongoing REA expropriation letters and hearings | REA | Q4 2020 – or at earliest in coordination with LARP preparation Action 14. |
| 3b | Negotiation and (written) agreement with PAPs for non-expropriation compensation and support | TA with consultant support | In parallel with REA process – at earliest in coordination with LARP preparation Action 14. |
| 4a | Payment of expropriation compensation | TA | As above |
| 4b | Payment of additional compensation and provision of additional support measures. | TA with others | As above |
| 5 | Implementation of livelihood restoration measures. | TA with consultants and additional agencies | As above |
| 6 | Land transfers and registration. | REA | As above |
| 7 | Construction | TA contractors | Should not commence until full compensation and support received / being delivered to HH or business. |
| LARP Monitoring | | | |

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| | | | |
|---|--|---|--|
| 1 | Continued consultation and disclosure including consultation on monitoring. | TA with consultant support | At least monthly through compensation and key resettlement and livelihood restoration actions. |
| 2 | Socio-economic monitoring. | TA with consultant support | Annually starting Q1 2021 until completion audit |
| 3 | Progress reports. | TA with consultant support | Within 4 weeks of completion of socio-economic monitoring surveys. |
| 4 | Prepare RfP for completion audit and select external consultants. | TA with consultant support | TBD. At the earliest (estimated for at least 2 years after resettlement) |
| 5 | Consultation on completion audit. | TA social manager with support from consultants | In parallel with selection of audit consultants |
| 6 | LARP Completion Audit. | External consultants | Begins within 4 weeks of selection |
| 7 | Final monitoring report. | External consultants | Within 8 weeks of completion of fieldwork |
| 8 | Implementation of any required rehabilitation actions for the resettlement from the Audit. | TA social manager | TBD |

8.3 Implementation Costs

Because the asset inventory is not yet complete, it is not yet possible to calculate a complete compensation and support budget for the resettlement. The following sections provide frameworks and indicative information, that can be used to determine the complete resettlement compensation and support budget, once more complete and verified data is available.

8.3.1 Cash compensation for land and structures

The asset valuation prices will be included once valuation is complete. These are expected to include:

1. Replacement cost for all assets, per EBRD requirements.
2. Compensation for informally held assets and improvements, per assurances by the TA.
3. Transaction costs, per assurances by the TA.

The Expropriation Study costs are likely to underestimate the cost of land to be acquired because HH are able to request expropriation of larger areas of land to avoid orphaned land parcels. Requests for change are only likely to increase the cost.

8.3.2 Additional costs for transitional and temporary compensation and support and livelihood restoration.

The asset costs (above) do not include transitional assistance, temporary support or livelihood restoration measures.

Transitional assistance:

Transitional assistance is support provided at or around the time of land acquisition and resettlement to offset transactional expenses and issues. The types defined in the entitlement matrix include the following items (see Table 16):

Table 16: Transitional support – indicative costs

| Support type | (EUR / unit) |
|---|------------------|
| Moving expenses | To be determined |
| Legal assistance | To be determined |
| Transaction costs for land | To be determined |
| Transport costs for meetings | To be determined |
| Support with responding to compensation valuations and hearing documents | To be determined |
| Support with access to courts, consultation and disclosure etc. | To be determined |
| Payments to third party for facilitating access to Roma households | To be determined |
| Due to the lack of asset inventory and consultation, other support will be identified later on. | |

The number of households requiring transitional assistance and the types of assistance required are not yet clear. They will be determined through additional data gathering, consultation and disclosure, as well as in monitoring.

8.3.3 Temporary support

Temporary support includes a variety of support that prevent impacts related to the time taken to build replacement housing and the time taken to re-establish a business.

Table 17: Temporary support – indicative costs

| Support type | (EUR / unit) |
|--|--|
| Income loss offset for business while supporting infrastructure is replaced (maximum one month) | To be determined Calculated from expected business loss (from reported income) |
| Income loss offset for business requiring more significant reconfiguration (maximum three months). | To be determined Calculated from expected business loss (from reported income) |
| Income loss for employees while supporting infrastructure is replaced (maximum one month) | To be determined Calculated from income amounts and business closure time |
| Income loss offset for employees while more significant reconfiguration (maximum three months). | To be determined Calculated from income amounts and business closure time |
| Rent payments for individuals who will lose their job and home when their workplace / home closes | To be determined |

8.3.4 Livelihood restoration assistance

Where the owners of affected active businesses, who have received compensation for loss of commercial and non-residential structures and compensation for loss of income, are expected to need assistance to restore or transition to new income generating activities, the owners of such businesses and their employees will be entitled to livelihood restoration assistance. In addition, any households, which are found to have lost a significant portion of their livelihood resources (e.g. for households that depend partially on agriculture or for households engaged in commercial agriculture or small home-based businesses), will be entitled to livelihood restoration assistance.

The need to provide such assistance, as well as the type of assistance to be provided, will be assessed through the asset inventory and census and through consultation and disclosure activities, and detailed information will be included in the LARP. The TA will cooperate closely with local (municipal) authorities, who are well acquainted with locally affected businesses, and with the social consultants in the design and delivery of tailored livelihood support activities. These activities will require participation from PAPs and will involve locally available service providers (local employment agencies, training facilities, credit facilities, etc). Potential livelihood restoration measure are outlined in Table 18: Livelihood support actions and potential costs Table 18:

Table 18: Livelihood support actions and potential costs

| Support type | (EUR / unit) |
|--|---|
| Access to employment opportunities created by the Project, while recognizing that these will be temporary livelihood restoration | No anticipated cost |
| Access to other locally available employment opportunities (e.g. Public works, employment in municipal enterprises, etc.) | No anticipated cost |
| Assistance to identify and access other income/livelihood generation activities (opportunities with other local businesses) | To be determined Possible consultant or contractor service cost or payment to relevant government agencies |
| Technical assistance and inputs to recreate agricultural assets, including strategies to produce income while tree crops mature | To be determined Possible consultant or contractor services or payment to relevant government agency. |

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| Assistance to access job training, skill development, etc. | To be determined Payment to relevant government agency or education institution. |
| Assistance to access credit facilities | To be determined |

8.3.5 Additional costs to be included in the LARP

Additional studies will be required to achieve conformant implementation of the LARP and in addition consultant fees for support with consultation and disclosure will be an additional LARP expense. These additional costs are outlined in Table 19.

Table 19: Additional costs to be included in LARP budget

| Support type | (EUR / unit) |
|--|------------------|
| Additional consultation and disclosure | To be determined |
| Asset Inventory and Resettlement Impact Census | To be determined |
| Additional consultation and disclosure throughout implementation and monitoring | To be determined |
| Ongoing secondment / consultant fees to support TA implement and document a compliant resettlement process | To be determined |
| Annual resettlement studies | To be determined |
| Audit RfP development and bid review | To be determined |
| External completion audit | To be determined |

9 Appendices

The following Appendices are included in this section.

Appendix 1. Disclosure materials for SES

Appendix 2. SES survey for households

Appendix 3. SES for businesses