



# Vranduk Hydropower Project

Draft Land Acquisition and Compensation Framework

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# 1. Introduction

## 1.1 Overview

The public utility Elektroprivreda Bosne i Hercegovine (EPBiH) plans to construct a new 20MW hydropower plant near the village of Vranduk on the Bosna River in central Bosnia and Herzegovina ('Vranduk HPP' or 'the Project'). Construction of the Vranduk HPP will enable the potential annual production of 96.38GWh of electricity per year.

This document is a Land Acquisition and Compensation Framework (LACF) and is designed to guide the process for the Project's land acquisition, compensation and resettlement. Land acquisition and compensation for this Project is being managed by government entities of the Federation of Bosnia and Herzegovina (FBiH). EPBiH has produced this LACF to support local authorities as part of the company's private sector responsibilities under government-managed resettlement. The LACF will also be used to monitor the implementation of the land acquisition process. The objective of the LACF is to ensure that land acquisition and compensation are carried out in line with national laws and the requirements of the European Bank of Reconstruction and Development (EBRD).

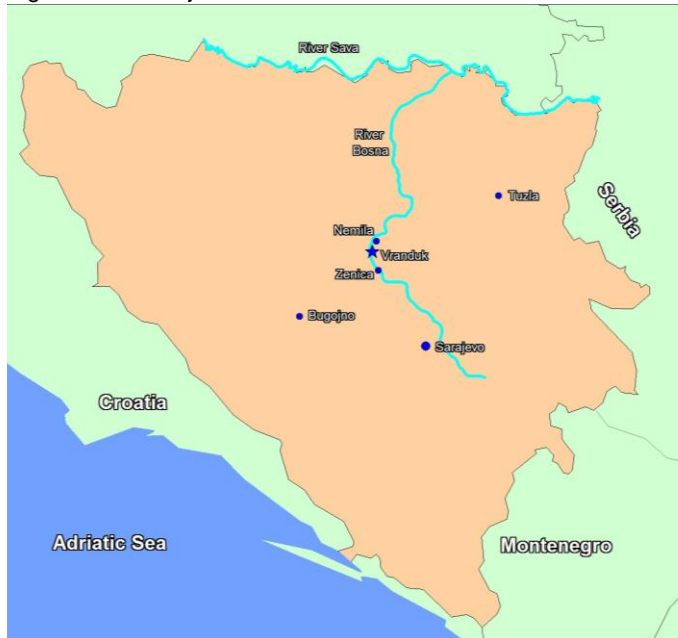
The LACF is valid for all land acquisition, compensation and resettlement carried by to the Project. The LACF will be translated into Bosnian and disclosed on EPBiH's website ([www.elektroprivreda.ba](http://www.elektroprivreda.ba)).

The remainder of this section provides a background of the Project components for which land acquisition and resettlement are required. It also presents resettlement objectives and principles.

## 1.2 Project Background

The Vranduk HPP will be located near the village of Vranduk in the municipality of Zenica in the centre of FBiH. Vranduk is situated in the Zenica-Doboj Canton (Canton IV) on the left bank of the Bosna River between the town of Zenica and the settlement of Nemila. An overview of the Project's location is illustrated in Figure 1.1 and a representation of what the Vranduk HPP is likely to look like once completed is illustrated in Figure 1.2.

Figure 1.1: Project Location



Source: Mott MacDonald Ltd.

Figure 1.2: Photomontage of upstream site



Source: EPBiH

The Vranduk HPP will be a new diversion run-of-the-river hydropower plant. The electricity generated will be transferred to the local transmission and distribution network. The Project includes the following key components:

- A new dam including a small generating unit and a gate storage chamber
- An intake structure upstream on the left river bank
- Creation of a water reservoir up to 6.1km behind the dam
- A tunnel on the left side of the river upstream of the dam that will carry water about 1.5km to the powerhouse
- A powerhouse, control building, assembly plateau and switchgear building downstream at the end of the power tunnel
- A short water channel (tailrace) between the powerhouse and the downstream riverbed
- Dredging the riverbed to make it up to 2.9m deeper from the Bosna IV Bridge and the village of Nemila (approximately 2.5km).

In addition, the following roads will be renewed or constructed in order to ensure the stability of these roads and of the Zenica-Doboj railway due to the changed water level behind the dam and for providing access to Hanovi, the dam and other Project facilities:

- Rehabilitation of around 4km of the Vranduk-Zenica road and 10 culverts under the rehabilitated road and the railway line on the left bank of the reservoir
- Construction of a new road (around 600m) between the intake structure and Hanovi, including a bridge over the railway line upstream of the dam
- Rehabilitation of a service road between the intake structure and the dam (around 160m)
- Rehabilitation of a local road between the powerhouse and Nemila on the left river bank (around 1.2km).

It is estimated that the construction of the Vranduk HPP will take approximately four years, starting in the last quarter 2014 and ending in 2018. An Environmental and Social Impact Assessment (ESIA) has been

prepared to assess the impacts and benefits of the projects and to identify mitigation measures to manage such impacts. EPBiH has committed to the completion of all land acquisition and expropriation before the start of construction works, as required by the relevant local laws and EBRD Performance Requirements.

### **1.3 Potentially Affected Population**

There are three villages in close proximity to the Project, with a total of approximately 500 inhabitants. Vranduk consists of approximately 50 households, Novi Vranduk on the right bank of the Bosna river has approximately 20 households and Varošiste on left bank of the Bosna river and downstream of the proposed location of the dam has approximately 40 households and the Almy saw-mill. Only households and land occupiers along the banks of the river will be directly affected by land acquisition and resettlement.

The total area that will be affected by land acquisition consists of approximately 80,000m<sup>2</sup> of land made up of 126 land plots that belong to the cadastral municipalities of Vranduk, Nemila, Banlozi and Donja Gračanica. The majority of the land is state owned land, which is either water land (part of the river and its banks), or forest land. EPBiH believes that the land is not used for any livelihood related activities; however this will be verified through survey activities that will be undertaken at the two different phases of the land acquisition process (as described in more detail in section 3).

In Phase 1 of the Project eight of these land plots are being expropriated. Seven of these had been subject to project affected peoples (PAP) and asset census surveys as of August 2013. The remaining land plot is government owned and a PAP survey will be carried out as soon as possible to identify any potential land users.

In the second phase of the Project the remaining 118 land plots will be surveyed. Most of these are thought to be government owned with some being privately owned. This will be verified through the survey activities which will determine the precise number of PAPs and nature of impacts.

For the government owned land the specific Ministries in charge will retain ownership of the land and EPBiH will be given the right to use the land for the lifetime of the Project. For the rest of the land which is privately owned, EPBiH will need to acquire this either through negotiations with land owners, or through expropriation.

The local community members primarily work in companies within, or close to the Project area and have agricultural crops and trees that are used to supplement their salaries (either to sell or for their own use). The land by the river that will be affected by the Project is made up of small plots and local community members have stated (as part of the informal consultation process used to prepare this LACF) that none of it is used for subsistence purposes or as a household's sole source of income.

### **1.4 Compensation Objectives and Principles**

The LACF specifies the procedures to be followed by EPBiH and the actions that it will take to properly resettle and compensate affected people and communities. The objective of this LACF is to mitigate the negative impacts of land acquisition and resettlement and to set out the entitlements of the different categories of affected persons, paying particular attention to the most vulnerable households.

The following principles of land acquisition and compensation have been committed to by EPBiH and will be adhered to in Project implementation:

- Land acquisition and compensation of affected households will be carried out in compliance with FBiH law and EBRD Performance Requirements
- In accordance with Article 45 of the Law on Expropriation of FBiH only owners, occupants and users of affected land and structures at the time of the cut-off-date (as discussed in section 7.2.2), with fully recognised ownership rights are eligible for compensation and/or assistance. However, working alongside this Law, relevant bodies within EP BiH will in good faith follow the same process of compensation and/or assistance for all owners, users and occupiers of affected land and structures at the time of the cut-off-date, in accordance with the Project Loan Agreement.
- Both physical displacement and economic displacement will be mitigated or compensated
- Livelihoods and standard of living will be improved or at least restored to the level prior to Project related displacement
- Vulnerable households will be provided with resettlement assistance.

### **1.5 Structure of Report**

This report is structured to cover the requirements of a LACF following EBRD performance requirements. The report includes the following information:

- Institutional and legal framework
- Land acquisition progress
- Expropriation Process
- Socio-economic information
- Consultation, participation and disclosure
- Compensation, income restoration and relocation
- Grievance redress mechanism
- Organizational Procedures, Roles and Responsibilities
- Budget and financing
- Monitoring and reporting.



## 2. Institutional and Legal Framework

### 2.1 Overview

This section describes the legal framework for compensation. Land acquisition and resettlement will be carried out under the law of the Federation of Bosnia and Herzegovina (FBiH) as well as the EBRD Performance Requirements, particularly Performance Requirement 5 on involuntary resettlement.

### 2.2 FBiH Laws and Regulations on Land Acquisition and Compensation

#### 2.2.1 Overview

The current Expropriation Law (Official Gazette of FBiH No. 70/07 and No. 36/10) of the FBiH has been in force since 2007. The Expropriation Law regulates the conditions for expropriation, establishing public interest, the procedure for expropriation of real property<sup>1</sup>, and the compensation to be paid for expropriated property. It also addresses grievances and handling disputes, and - to a limited extent - eligibility for compensation. This section discusses key legislative issues of the FBiH relating to expropriation, land acquisition and resettlement.

#### 2.2.2 Public Interest

Property can only be expropriated upon the receipt of a Decree on Establishing Public Interest from a relevant authority (in this case the Zenica Municipality) or less frequently by enacting a dedicated law. Public interest can be achieved for projects such as construction of transport infrastructure, economic, utility, administrative, defence, health, educational and cultural facilities. Expropriation may be carried out for the needs of FBiH, cantons, cities, municipalities, public enterprises and public institutions, unless otherwise prevented by the Law.

The relevant authority is obliged to issue a decision within 60 days upon receiving a proposal to determine that a project is in the public interest.

#### 2.2.1 Expropriation Law

The expropriation procedure comprises the following steps (see section 4 for further detail):

- Upon the establishment of Public Interest, the expropriation beneficiary is obliged to invite affected property owners to negotiate a prior amicable sale-purchase agreement and to attempt to reach an agreement with the interested owners
- If negotiations fail the expropriation beneficiary will submit a proposal for expropriation to the relevant Municipal Administration for Ownership Affairs ("Municipal Administration")
- The Municipal Administration is obliged to notify the owner of the property of the submitted proposal for expropriation
- The expropriation beneficiary will request that the expropriation notice is entered into the land register and other relevant public registers

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<sup>1</sup> 'Real property' relates to all land, structures, firmly attached and integrated equipment, anything growing on the land, and all "interests" in the property which may be the right to future ownership, right to occupy for a period of time, the right to drill for oil, the right to get the property back if it is no longer used for its current purpose, use of airspace or an easement across another's property.

- The Municipal Administration will invite the owner of the property to a hearing to determine the expropriation fact<sup>2</sup>
- The Municipal Administration will issue a Decision on Expropriation
- When the Decision on Expropriation becomes enforceable, the Municipal Administration is obliged to hold a hearing to determine the compensation for the expropriated property through an agreement with the beneficiary and the land owner
- If no agreement on compensation is reached within two months of the validity of the Decision on Expropriation, the Municipal Administration submits the valid Decision together with other relevant documents to the competent Court
- Formal transfer of legal title in the land register is carried out on the basis of a valid Decision on Expropriation and proof of payment of compensation or proof that the owner acquired ownership of a replacement real property.

### 2.2.1.1 Partially Affected Properties

Article 11 of the Expropriation Law states that an owner whose property is only partially affected can request the expropriation of the remaining (non-affected) property, if it is determined an economic interest would be lost in using the remaining part of the property, or if using the remaining part of the property will become impossible or significantly more difficult. Such owners must be informed about this entitlement by the official that is managing the expropriation process.

### 2.2.1.2 Compensation

According to Article 31 of the Expropriation Law, compensation, in the form of cash compensation or replacement property, must be provided to land owners prior to the formal transfer of ownership of the expropriated property unless a specific agreement is made between the involved parties. All compensation costs will be borne by the expropriation beneficiary. The Expropriation Law states that compensation should be provided at market value (Article 12). The Law sets out in detail how compensation must be determined for buildings, orchards and vineyards, forest land and timber, agricultural, construction and urban land.

Article 45 of the Expropriation Law states that expropriation of informal structures entails no compensation and that the owners of such structures must remove them within a timeframe agreed upon with the municipal department in charge of expropriation. Otherwise they will be required to pay the costs incurred in removing the structures.

The personal and family circumstances of the property owners, as well as their reliance on the land for their livelihood, is taken into account when determining the compensation entitlements (Article 47). This Article addresses vulnerable households and livelihood restoration by allowing for compensation beyond the market value of the lost asset, based on a case-by-case assessment of personal and familial circumstances of the affected owner.

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<sup>2</sup> At this point valuers will make a census of the property and value the land, structures, and crops on the land

### 2.2.2 Other Related Legislation

#### 2.2.2.1 FBiH Law on Legal Ownership Relations

The Law on Legal Ownership Relations (Official Gazette of FBiH, No. 6/98) adopted in 1998 and amended in 2003 regulates the conditions and manner of acquiring, using, protecting and terminating ownership rights, usufruct rights, lien rights, possession and ownership rights of foreign nationals. The Law emphasizes that ownership rights may only be limited or taken away in public interest, stating that the owner is entitled to full compensation in such cases (Article 6).

Article 25 states that a person creating a new structure using one's own materials becomes entitled to own the structure. Article 27 states that the person who builds a structure on land over which another person has formal rights is entitled to acquire the land on which the structure has been built if he/she did not and could not have known this fact, while the land owner did not oppose to the construction. Furthermore, Article 32 states that the occupant acquires right of ownership of real property which is in the ownership of another person, upon 10 years of conscientious and legal occupancy, or upon 20 years of conscientious occupancy.

#### 2.2.2.2 Law on Construction Land of FBiH

The Law on Construction Land of FBiH (Official Gazette of FBiH, No. 67/05) was adopted in 2005. Article 61 of the law allows for the legalization of informally constructed structures on land that is allocated as construction land under state ownership on which a structure has been built. This article enables the subsequent issuing of a permit for construction by the Municipal Council in accordance with the Law on Spatial Planning.

#### 2.2.2.3 Legalisation of Informally Constructed Buildings in FBiH

Legalisation of informally constructed buildings is usually regulated by decrees taken at the cantonal level, and implemented at municipality level. These decrees stipulate the conditions and procedures applicable to the legalisation of informally constructed structures. The legalisation process comprises the following steps:

- Application for legalisation by the owner within a time period established by the cantonal regulations (typically one year)
- Review by municipal and cantonal bodies in charge of spatial planning and construction
- Decision on supplemental urban permit
- Decision on construction permit and usage permit in accordance with the Law on Spatial Planning.

EPBiH will not be able to enact this law as the Project area is already deemed to be under public interest for the use of the Project so no land or structures in the area can be legalised.

#### 2.2.2.4 Law on Obligations of FBiH

In relation to tenants in the affected project area, their status is regulated by the Law on Obligations of FBiH ("Official Gazette of FBiH", No. 2/92, 13/93 and 13/94). According to this law, the notification period may not be less than eight days before the tenant has to vacate the residential structure/apartment unless otherwise specified by the tenancy agreement.

### 2.2.2.5 Law on Forests FBiH (O.G. FBiH nb. 20/02)

In order to remove trees from any designated forest area a permit for deforestation must be issued by the Federal Ministry of Agriculture, Water and Forestry in agreement with the cantonal ministries responsible for forestry. In accordance with the law, deforestation is allowed on forest land only in cases where it affects a public interest and if there are no adverse impacts on the environment. If land is not used for the purpose for which clearing was carried out within two years, the owner of the deforested land is required to re-plant the forest.

### 2.2.2.6 Law on Freshwaters Fishing (O.G. FBiH, nb. 64/04)

This law regulates the freshwater fishing. Fish can be caught and bred under the conditions of this Law. Construction or reconstruction of dams, water management or other building or structures can be performed under conditions that ensure the continued reproduction of fish, protection of fish and fish migration.

If the free migration of fish is not ensured the investor will need to compensate the local fishermen for the damage caused to the fishing areas, adopt a program to revitalize fish habitat, and provide long continuous stocking to maintain each species' natural reproduction. Compensation is paid according to a compensation price list provided in the law.

## 2.3 EBRD Performance Requirement 5: Land Acquisition, Involuntary Resettlement and Economic Displacement

EBRD requirements for land acquisition and resettlement fall under their Performance Requirement 5: Land Acquisition, Involuntary Resettlement and Economic Displacement (PR 5). EBRD describes involuntary resettlement as 'both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood)<sup>3</sup>.

Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement (either physical or economic). As EPBiH is carrying out expropriation of the affected land, this can be considered involuntary resettlement and therefore EBRD PR 5 is triggered.

The requirements of EBRD PR5 are:

- Project design –feasible alternatives to areas of resettlement will be considered during project design
- Consultation - affected persons and communities, will be consulted and will be allowed to participate in decision-making processes, including the negotiation of the compensation packages, eligibility requirements, resettlement assistance, suitability of proposed resettlement sites
- Grievance mechanism – a grievance mechanism to be established as early as possible in the process and will address specific concerns about compensation and relocation
- Resettlement planning and implementation - a suitably qualified specialist to carry out a census and a socio-economic baseline assessment within a defined affected area and assist in resettlement planning
- Cut-off-date – a cut-off-date for the determination of eligibility for compensation will be determined. In the absence of national government procedures the date of completion of the census and assets

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<sup>3</sup> [http://www.ebrd.com/environment/e-manual/perform-requirements/english/EBRD\\_PR\\_5\\_Involuntary\\_resettlement\\_ENG.pdf](http://www.ebrd.com/environment/e-manual/perform-requirements/english/EBRD_PR_5_Involuntary_resettlement_ENG.pdf)

inventory will be the cut-off-date. The cut-off date will be well-documented and disseminated throughout the project area.

EBRD provides that the living conditions of displaced persons should be improved or at a minimum restored to pre-project levels. Displaced persons that are illegally occupying the land and do not have legal right or claim to the land they occupy are not entitled to compensation for the land under PR 5; however, they are entitled to compensation for any structures, crops or other improvements they have made to the land. As the applicable Law on Expropriation of FBiH does not offer a basis or a mechanism for this compensation, working alongside this Law, relevant bodies within EP BiH will in good faith follow the same process of compensation and/or assistance for all owners, users and occupiers of affected land and structures at the time of the cut-off-date, in accordance with the Project Loan Agreement.. EBRD PR5 requires that alternative housing or cash compensation is made available prior to relocation. Economically displaced persons must be promptly compensated for loss of assets or access to assets at full replacement cost.

### **2.4 Gaps between Bosnia and Herzegovinian Laws and EBRD Performance Requirements**

Expropriation procedures under FBiH legislation primarily define eligibility for compensation by discussing registered or unregistered land plots and residential or non-residential structures with or without building permits. In comparison, EBRD PR5 considers three types of displaced persons (rather than the legality of asset ownership). These include people who:

- Have formal legal rights to the land (including customary and traditional rights recognised under national laws)
- Do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under the national laws
- Have no recognisable legal right or claim to the land they occupy.

Similar to EBRD performance requirements, FBiH legislation emphasises land for land compensation as the preferred option, and cash compensation only where land for land has not been possible. Table 2.1 provides the gap analysis between EBRD requirements and the expropriation laws of FBiH. A key gap between FBiH and EBRD PR5 is that FBiH legislation does not provide compensation to people who are not registered land owners.

## Vranduk Hydropower Project LACF

Table 2.1: Comparison of EBRD PR5 and FBiH Law

Category of Project Affected Peoples (PAPs)/Type of Lost Assets	FBiH Law	EBRD
Displaced persons with registered land plots and/or structures with building permits	<p>Entitled to:</p> <p>(i) replacement property including a residential plot of similar size and characteristics and a residential structure of similar size and characteristics (if being relocated), or</p> <p>(ii) cash compensation for both the land plot and the structures (with building permit) at replacement value, and a moving allowance (if not being relocated) (Articles 4 &amp; 12)</p>	<p>The client will offer the choice of:</p> <p>(i) replacement property of equal or higher value, with equivalent or better characteristics and advantages of location, or</p> <p>(ii) cash compensation at full replacement value where appropriate; and</p> <p>(i) relocation assistance suited to the needs of each group of displaced persons, with particular attention paid to the needs of the poor and the vulnerable</p>
Displaced persons without registered land plots and/or without building permits for their structures	<p>Not entitled to compensation</p> <p>May be asked to dismantle illegal structures themselves and if they do not do so, can be charged for the removal of the structures (Article 45)</p>	<p>The client will offer a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction</p> <p>Where the displaced persons own and occupy structures, the client will compensate them also for the loss of assets other than land, such as dwellings and other improvements to the land, at full replacement cost, provided that the people occupy the project area prior to the cut-off date for eligibility</p>
Registered agricultural land plot	<p>Provision of a replacement agricultural plot of similar size and characteristics</p> <p>OR</p> <p>Cash compensation at replacement value (Articles 12 &amp; 53)</p>	<p>The client will offer compensation at a replacement cost determined by the market value of land of equal productive use or potential located in the vicinity of the affected land plus the cost of preparation to levels similar to or better than those of the affected land and transaction costs such as registration and transfer taxes</p>
Unregistered agricultural land plot	No compensation	As above
Agricultural land plot registered in the name of an individual distinct from the user	Cash compensation to the land user for any developments on the land made by the user which may apply to irrigation or drainage structures, perennial plantations, buildings, etc. (The Law on "Legal Ownership Relations" of the FBiH).	The client will compensate the land user for the loss of assets other than land, such as dwellings and other improvements to the land, at full replacement cost, provided that these people occupy the project area prior to the cut-off date for eligibility
Annual crop and perennial crop	Tenant/Owner of land on which the crops are located has the right to harvest ripe crops before expropriation. If the tenant/land owner is unable to do so, there is the right to cash compensation at market value (Article 55)	Cash compensation at the full replacement cost of the crops whether the owner of the crops is the land owner or not
Business	<p>Replacement premises will be given as compensation to the owner if they were used for business purposes</p> <p>Where compensation property cannot be provided, cash compensation will be provided by the expropriation beneficiary at market value (Article 12)</p>	<p>Owners to be compensated for the cost of re-establishing their business elsewhere; and</p> <p>Compensation for lost income during the period of transition; and</p> <p>The cost of the transfer and reinstallation of the plant, machinery or other equipment</p>

## Vranduk Hydropower Project LACF

Category of Project Affected Peoples (PAPs)/Type of Lost Assets	FBiH Law	EBRD
Forest land	<p>Cash compensation to people who have been using the forest land for over 30 years even if they are not land owners. The replacement cost is the market value of the logged timber.</p> <p>If an affected commercial forest cannot be logged before expropriation, it will be compensated based on a similar principle as that presented above for annual crops, taking consideration of the market value of the lost timber (FBiH Law on Forestry)</p>	Cash compensation at the full replacement cost of the trees whether the owner of the trees is the land owner or not
Vulnerable	<p>Where monetary compensation is given, in addition to the established compensation fee, additional compensation is to be calculated with consideration of the affected person's personal and family circumstances whereby more vulnerable affected persons receive higher compensation (Article 47)</p>	Particular attention should be paid to the poor and vulnerable. Resettlement sites built for displaced persons will offer improved living conditions

### **2.5 Remedial Measures to Reconcile Gaps between Bosnia and Herzegovinian Laws and EBRD Performance Requirements**

Remedial measures to reconcile the gaps between FBiH law and EBRD requirements are as follows:

- Values for land and structures will be provided at replacement cost (market value plus transactional costs) rather than market value.
- As the applicable Law on Expropriation of FBiH does not offer a basis or a mechanism for compensation of informally occupied land, working alongside this Law, relevant bodies within EPBiH will in good faith follow the same process of compensation and/or assistance for all owners, users and occupiers of affected land and structures at the time of the cut-off-date (see section 7.1), in accordance with the Project Loan Agreement.
- Measures for livelihood restoration will be included.
- Assistance will be provided to vulnerable households.

These issues are discussed in further detail in the following sub-sections.

#### **2.5.1 Provision of Replacement Cost**

Compensation for affected formal properties will be provided at replacement cost, which is calculated as the market value of a property (defined by the FBiH Expropriation Law) plus transaction costs which include any registration and transfer taxes.

In FBiH, the only category provided compensation according to the Law on Expropriation is the formal owner of the property. If the structure is legalised according to the Law on Legal Ownership Relations or the Law on Construction Land, the owner will be entitled to compensation in line with the Expropriation Law. In cases where legalization of residential structures is not possible (which is considered to be the case for the majority if not all of the land in the Project area), the provisions of the Entitlements Matrix (Table 3 of this document) shall be applied depending on the PAP category and providing that they were occupying the area prior to the cut-off-date.

#### **2.5.2 Livelihoods Restoration Assistance**

According to the FBiH Law on Expropriation, the formal owner of a business structure is entitled to compensation for that structure (cash or replacement property) and for loss of income until he/she is able to restore business activities (Article 54 of the Law). However, it is not expected that any businesses will be affected by the Project. People that use government land or fish in the river to supplement their livelihood will be identified and receive assistance and have access to training and job opportunities in accordance with the provisions of the Entitlements Matrix (Table 7.1).

#### **2.5.3 Assistance to Vulnerable Households**

All persons affected by physical and economic displacement will be entitled to a moving allowance. In addition, vulnerable individuals/households will be entitled to specific resettlement assistance. Vulnerable households are defined in section 7.7 of this LACF.



## 3. Land Acquisition Progress

### 3.1 Overview

Land acquisition, so far, has been undertaken in accordance with the Law on Expropriation of the Federation of BiH ("Official Gazette of BiH" no. 70/07, 36/10, 25/12) as described further in section 2.2.1. The following is a list of key achievements in the preparation of land acquisition activities for the Project so far:

- In 2008 EPBiH carried out public consultations and asked the potentially affected persons to assist them by not building any new structures in the Project area.
- In 2010 a public consultation was carried out by the Ministry of Environment and Tourism (MoET) with local communities as part of the requirements in obtaining the environmental permit.
- In 2011 EPBiH commissioned BNpro from Sarajevo to provide an expropriation report that contained information on the land needed to carry out the Project (including information on ownership, and size of the land plots), as well as assessing the cost of purchasing all of the required land.
- The expropriation report was submitted to the Municipality of Zenica in 2011 with a request to enter the plan for the Vranduk HPP into the urban planning books.
- Expropriation of has been made possible, due to the Project being defined as a project of public interest, as of 2012, by a resolution of Government of the FBiH ("Official Gazette of BiH" no. 69/12).
- On 10 August 2012 the concession contract and the decision design were published in the local gazettes and bulletins.
- In October 2012 the urban planning permit came into force.

Project land acquisition will be carried out in two phases and the first phase is currently underway.

### 3.2 First Phase of Land Acquisition

Phase 1 of land acquisition for the Project is being carried out as a pilot project for the remainder of the land acquisition and has been carried out under FBiH law. There are a number of gaps between FBiH law and EBRD Performance Requirement 5 (these gaps are discussed in section 2.4). As a result of these gaps, at present Phase 1 does not meet EBRD requirements and consequently retrospective measures will be required to bring the land acquisition process up to the required standards. Information on remedial measures to meet the gaps can be found in section 2.5. The remainder of this section discusses the land acquisition and expropriation process as it had been carried out.

The land acquisition process has begun in the area needed to build the entry buildings, dam and the area above the tunnel. The process of negotiating a transfer of title of affected properties was started by issuing a public announcement in the Dnevni Avaz newspaper on 27 March 2013 for the first seven land plots. This notice was addressed to all of the land owners that were identified in the cadastral plans (68 land owners in total – each land plot can have multiple owners). The land owners were invited to a round of negotiations for the purchase of their land.

Two rounds of negotiations were held. However EPBiH was not able to negotiate land acquisition with the land owners as they were not able to produce the appropriate ownership documents. Owners were given 15 days prior to the first meeting to prepare ownership documents, but these were not produced at the time of the meeting. When the second negotiation was held people were still not able to provide ownership papers and so expropriation was commenced. At these meetings the price of land was not negotiated as, without the land ownership documents, negotiations could not commence.

During the negotiation period, EPBiH did not receive any requests for assistance from land owners in obtaining the ownership documentation and during the meetings, when questioned PAPs stated that they had already initiated the required procedures to prove their ownership.

A third round of meetings was held to discuss expropriation. There was one meeting for each of the land plots held on 20 June 2013. Meeting minutes were prepared<sup>4</sup>. At the meetings a team of independent valuers carried out a census and assessed the value of each of the seven land plots including structures and crops on the land. Two of the experts provided an 'expropriation elaborate'<sup>5</sup> that stated what the cost of compensation for each plot should be.

Some of the land plots have multiple owners and not all of the owners were available to attend the discussions. In cases where land owners did not attend, they were identified through information provided on their ownership papers and ID cards and contacted by telephone, or through newspaper advertisement and asked to go to the Municipality offices and sign statements. Zenica Municipality is satisfied that statements have been received by all land owners for Phase 1. In addition to agreements on compensation which will be concluded with all plot owners, the relevant court requires confirmation of the compensation values before they will register EPBiH as the title holder of the land.

Expropriation elaborates were prepared for all seven of the private plots. The expropriation elaborates provided the compensation necessary for the expropriation of each plot. These have been given to Zenica Municipality and 'decisions'<sup>6</sup> have been prepared. Land owners have been sent the decisions for two of the plots and the rest are awaiting signature. It is expected that they will be signed by 1 August 2013<sup>7</sup>. If owners accept the decisions, it is expected that agreements will be signed and the plot owners will receive compensation in September 2013. The value of land and property as defined in the Expropriation Law is comparable to EBRD's requirement for land and property to be compensated at replacement value. These values are presented in the assessment performed by the independent valuers, more details of which can be found in section 3.4.

### 3.3 Second Phase of Land Acquisition

The remainder of the land will be acquired either through negotiation or by expropriation in Phase 2 of the Project. Phase 2 will follow the same process as Phase 1, except that unauthorised land use and structures will be assessed at the same time as permitted structures.

It is expected that Phase 2 of the Project will be published in the gazettes and bulletins by autumn 2013. This phase is expected to include land plots that are additional to those included in the 2010-2011 expropriation report. The plot numbers will be different, because the main design was not completed by that stage, and it now includes access roads to the local villages.

### 3.4 Assessment of Compensation Unit Values

In accordance with the Expropriation Law three independent valuers will be appointed by Zenica Municipality and in consultation with EPBiH in order to carry out a census of each individual land plot. These three valuers will be selected from a court appointed list of experts and will be experts in construction, agriculture and geodesy. PAPs from each affected plot will be invited to meet with the valuers on the day that they will carry out the census.

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<sup>4</sup> At this point land owners had been able to gain sufficient documentation to prove their ownership of the land.

<sup>5</sup> This is the term used for the study carried out to determine the amount of compensation required for expropriation.

<sup>6</sup> 'Decision' is the term used to describe the process of determining the request for expropriation to be valid.

<sup>7</sup> Agreements have been made based on BiH law that states that only legal structures will be provided with compensation. Amendments will be made to the agreements to allow for the inclusion of compensation for illegal structures that were not included in the first agreement documents.

Prior to any valuations being carried out on the land plots, PAPs have the right to refuse the use a valuer. The objection to a particular valuer can be made on the day that the census is to be carried out. A statement will be taken from the PAP stating whether or not they approve of each of the valuers. If the PAP has any problems with the choice of expert the census will not be carried until an assessment on their objection is carried out. If the objection is found to be valid, then a new valuer will be appointed.

The construction and agricultural experts will assess all of the structures, trees and crops as well as the type and quality of the land and give compensation prices as defined in the Expropriation Law. The geodesy expert will assess the area of the land affected and the official designation of the land as it is written in the cadastral records. Under the Expropriation Law the compensation should be paid for the market value of the property, however under EBRD PR5 compensation should be paid on the replacement value of land and structures. It is considered that the value given by the valuers can be considered to meet replacement costs as valuers are given the right to increase the compensation based on a number of situations, such as the need that the owner has of the land, how much they rely on the land for their livelihood and any emotional value they may have towards the land. Compensation values are also inclusive of relocation expenses.

Based on the census of the land, crops and trees and structures, the valuers provide an elaborate which includes their official opinion of what compensation should be paid for each land plot. Each owner will receive the relevant section of the elaborate that details the compensation for their property as part of the decision to expropriate and it is this price that forms the compensation for each PAP.

## 4. Expropriation Procedure

### 4.1 Overview

This section describes the expropriation process as required under FBiH law. The majority of these processes have already been carried out for Phase 1.

### 4.2 Preparatory Phase

Prior to starting the expropriation process EPBiH carried out an initial feasibility study on land acquisition and resettlement to provide an estimate of the amount of land that would be needed, the number of land owners, and the estimated total cost of resettlement. Once the study was complete a request was made to enter the project plan into the urban planning books. A concession contract was then signed and the contract and the decision design were published in the local gazettes and bulletins.

### 4.3 Expropriation Process

Initial indications from attempted negotiations to date suggest that some expropriation may be necessary in Phase 2. The expropriation process starts with the expropriation beneficiary (in this case EPBiH) establishing public interest. Once public interest is established a public notice must be sent to possibly affected land owners who can be identified through the cadastral records in order to negotiate payments for land acquisition. Negotiation with land owners must be attempted and minutes of the meetings to negotiate land acquisition must be provided.

If negotiations fail the expropriation beneficiary will submit a proposal for expropriation to the relevant Municipal Administration for Ownership Affairs (“Municipal Administration”). This involves a letter which must include the following attachments:

- Confirmation that the project has been given the status of public interest
- The public call for the attempt to negotiate land acquisition
- Minutes of meetings from the attempt to negotiate land acquisition
- The ‘expropriation elaborate’ (this is the name used for the initial study on land acquisition and expropriation)
- Proof that finances are enough to cover the expropriation
- The decision of urban consent
- The overall approval for construction (ie the construction permit).

Following the submission of the request for expropriation from EPBiH with the attached list of requirements Zenica Municipality will set up a commission to undertake the expropriation process and hire a team of court appointed valuers to prepare an expropriation elaborate for each land plot. The expropriation beneficiary will also request that the expropriation notice is entered into the land register and other relevant public registers.

The Municipal Administration will invite the property owner to a hearing to determine the expropriation facts. The hearing will be at the property and at this point valuers will make a census of the property and value the land, structures, and crops on the land and provide their opinion on the required compensation

for each land owner. Based on this information they will prepare an expropriation elaborate and forward it to EPBiH and Zenica Municipality<sup>8</sup>.

The Municipal Administration will issue a Decision on Expropriation for each plot. The decision is the document that executes the land acquisition. It is a statement to the owner that expropriation will occur<sup>9</sup>. These documents will be sent to both EPBiH and the land owner. The decision includes:

- The designation of the real estate
- The number of square meters required
- The procedure for expropriation
- A notice that the land owner has 15 days in which to contest the decision.

Up to the point of the decision document being received by the land owner, changes can be made to the expropriation elaborate by approaching the Head of the Process at Zenica Municipality. Any complaints after the decision notice has been received must be made in written form and submitted to the Municipality. They will then be passed on to the Federal Administration for Property, Legal Affairs, Geodesy and Cadaster in Sarajevo. There the complaint will be assessed to review the legality of the complaint and to ensure it is addressed in the proper manner. If the complaint is accepted it will become binding on the Municipality.

If the decision is not contested after the 15 days the three parties, EPBiH, Zenica Municipality and the land owner will meet at a public hearing to determine the compensation for the expropriated property through an agreement with the beneficiary and the land owner. EPBiH will then have a limit of 30 days in which to pay the compensation or else it will start accruing interest.

If the owner does not accept the offer there is provision under Article 47 of the Expropriation Law for the owner to suggest a different payment and discuss it with EPBiH. If EPBiH is happy with the counter offer the contract will be made and if not the owner may take his concerns to the courts.

Formal transfer of legal title in the land register is carried out on the basis of a valid Decision on Expropriation and proof of payment of compensation or proof that the owner acquired ownership over a replacement real property.

#### 4.4 Measures to Meet EBRD PRs

Some remedial measures will be required to make Phase 1 compliant with EBRD PR5. These measures include:

- **Second round of expropriation** – Currently illegal structures are not included in the compensation that has been decided in expropriation elaborates. A second round of expropriation elaborates will need to be carried out to provide compensation for illegal structures. At this time PAPs will also be paid any allowances that they are entitled to as per the Entitlement Matrix (Table 7.1).
- **Cut-off-date** – The cut-off-date has not been disclosed to Phase 1 PAPs. This will need to be disclosed to PAPs with information on the meaning this will place on any entitlements. The cut-off-date will need to be decided for Phase 2 and disclosed as soon as possible.
- **Grievance mechanism** - Communication of grievance mechanism and contact numbers for resettlement grievances will need to be disclosed to all PAPs. This should be carried out as soon as possible so that Phase 1 PAPs know where they can log grievances if necessary.

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<sup>8</sup> Under FBiH law only the legal structures need to be provided with values. Under EBRD PR5 illegally occupied land, illegally constructed structures and illegally planted crops and trees are also required to be compensated. This gap will need to be met by requiring the valuers to provide compensation costs for all land structures and crops.

<sup>9</sup> At this stage two statements have been sent to land owners that were dated 12 July 2013.

- **Census of government land** – A census will need to be undertaken for Plot 8 (government owned land) to determine if anyone is using the land for grazing or foraging. A census of all government land will need to be undertaken for all Phase 2 plots where government land is to be expropriated.

## 5. Socio-economic Information

### 5.1 Overview

This section discusses the asset census and socioeconomic surveys that have been carried out for Phase 1 of the land acquisition for the Project and the plans for a future census and surveys for Phase 2.

### 5.2 Household Asset Census and Detailed Measurement Surveys

A total of 126 land plots will be affected by land acquisition and resettlement. The majority of these plots will only be partially affected. Each of these plots has multiple land owners.

Phase 1 land acquisition has already commenced and consists of eight land plots. Seven of these plots are privately owned and the eighth plot is owned by the Ministry of Forestry. The number of owners of remaining 118 land plots (those plots that will be in Phase 2 of the Project) is not currently known. EPBiH has not yet sent out the public notice to identify owners. The public notice is a legal requirement.

Census surveys have been carried out for all of the seven privately owned land plots in Phase 1. They were undertaken by three independent valuers that assessed i) the land area, ii) the quality of land, crops and trees, and iii) the structures and other items that had been constructed on the land (such as walls and fences).

The census found that there were four houses affected with a total of 495.71m<sup>2</sup> of area and a total of 4,170.85m<sup>2</sup> of privately owned land (including agricultural land, construction land and land of other public companies) that will be affected by Phase 1. Details of the census results can be found in the Project expropriation elaborates that have been provided by the valuers for each of the land plots.

Phase 2 will be carried out in the same manner, where appropriate, with additional measures to meet EBRD requirements: the valuers will make a census of each of the privately owned land plots which will include all of the structures, trees and crops that are on the land as well as an assessment of the quality of the land. The outcome of the census will be provided as an expropriation elaborate for each plot and will include photos and valuations of all of the structures and plants on the plot.

Information has not been collected on informal land users on government owned land, as this is not a requirement of FBiH law to address this gap, a census will be undertaken of the government owned land to determine if there are any hunters, gatherers or foragers using the land. The census of the government owned land for Phase 2 will be carried out at the same time as the household asset census.

Valuers will be required to ask a number of further questions, in addition to the questions asked in the Phase 1 census. These will be asked in order to further identify vulnerable people and households and to determine if the households carry out any grazing animals or gathering of wood or plants in the common/government owned land, or if they use fish as a primary source of food.

### 5.3 Socio-economic Survey

During the census the valuers also assess the socio-economic situation of each land owner. The valuer that is an expert in agriculture will assess the use that each household makes of their land and how much the loss of the land will impact their livelihood.

The valuers will also request information on the vulnerability of the household, such as proof regarding any governmental social assistance. This information will all be included in the expropriation elaborate and will be included in the valuer's decision on final value. It is required that the elaborate includes information on the following:

- Affected Household
- Affected Property
- Description of Affected Plot
- Description of Affected Structure
- Description of Affected Business
- Ownership
- Regime of Ownership/Occupation
- Vulnerability
- Compensation

Assessment of economic displacement is also included in the valuer's elaborate. For example beehives will be compensated, even though they can be moved and re-used, to account for any lost income during relocation. The amount of forest and agricultural land is small so there is not expected to be significant economic displacement. There are no households that have been identified who fish the river for economic purposes however there may be some households that rely on fish for food. These households will be identified through the fisheries association and compensation provided.



## 6. Consultation, Participation and Disclosure

### 6.1 Overview

This section describes the process for consultation with affected people regarding alternatives and their level of participation in the decision-making process. It describes the consultation that has been carried out and planned future consultation.

### 6.2 Consultation at Planning and Implementation Stage

EPBiH and the local electricity distribution board have carried out several consultations with the local community. These include information on possible risks that the Project may cause to community members, particularly during the construction phase.

The first time local communities were officially informed about the Project was during a public consultation in 2008 when EPBiH asked the potentially affected persons to assist them by not building any new structures in the Project area. At the point, the exact location of the dam was not known.

A public meeting was held on 14 September 2009 by the Water Agency prior to the issuance of the Preliminary Water Consent. At the meeting there were requests for answers and clarifications in regards to land acquisition but no complaints or comments were received.

An invitation for public meeting and disclosure of the EIA was issued by the MoET on 18 October 2010. The notice gave a 30 day period for submission of written comments on the EIA. The public meeting on the EIA was held by MoET on 3 November 2010 in accordance with the regulations of the Environment Protection Law of FBiH and in cooperation with EPBiH. Representatives of Water Agency who issued the Preliminary Water Consent also participated. At the meeting spatial and urban planning were discussed.

On 10 August 2012 the concession contract and the decision design were disclosed to local communities through publication in the local gazettes and bulletins.

A public notice was sent out on 27 March 2013 in order to attempt consensual transfer of property rights for the land that was given public interest status. The notice was posted in the daily newspapers "Dnevni Avaz" and "Oslobođenje", on the EPBiH website at the offices of Zenica Municipality and on the notice board of Elektro distribucija Zenica. After a period of 15 days from this notice, two rounds of negotiations were held, however EPBiH was not able to come to an agreement on compensation for land acquisition.

A third round of meetings was held to discuss expropriation on 20 June 2013. There was one meeting for each of the seven land plots in Phase 1. These meetings included independent valuers who, at the time of the meeting, assessed the value of the land and everything on it. Meeting minutes were prepared for the meetings.

### 6.3 Comments and Concerns Raised at Public Consultations

Consultations that have been held by EPBiH and other ministries have spoken generally about the Project and specifically regarding land acquisition. People that attended gave their support for the Project.

The fishermen's association has expressed some concern in regards to the compensation to which they will be entitled. They are concerned that the correct processes are carried out under FBiH law in relation to

compensation that will be provided for fish that are killed or ecosystems that are destroyed as a result of the Project. This will rely on the creation of a baseline study of the fish species living in the river prior to the commencement of construction.

### **6.4 Friendly Environment Initiative**

The Friendly Environment initiative has been set up to help to improve livelihoods of local community members (further discussed in section 7.9). Consultations were held with representatives of three villages to determine which projects should be included in the Friendly Environment Initiative). It has been noted that there has been some dissatisfaction by some community members in regards to the Friendly Environment initiative in relation to which projects are getting funded and to what extent. However, community members have been kept informed throughout the process and are in general happy with the projects that are being provided.

### **6.5 Planned Future Consultation**

Once expropriation decisions are received for Phase 1 land plots the Zenica Municipality will schedule a hearing to sign an agreement on compensation for expropriated properties, the attendees of this hearing will include Zenica Municipality, EPBiH and the land owners for each plot, or an appointed representative. It is expected that hearings for all of the seven plots will be completed by the end of September 2013.

Future consultations for Phase 2 of the Project will follow the same process as Phase 1. A public notice to attempt consensual transfer of property rights will be published in gazettes and bulletins in autumn 2013. This notice will initiate the negotiation process.

Following the notice, there will be public hearings held with all of the land owners registered in the cadastral records and anyone else with claims as a user of the land. The public hearing will attempt to negotiate transfer of title. If negotiations fail the expropriation process will be initiated and meetings will be held with individual plot owners to approve the selected valuers and so that a census of the land and structures can be made.

### **6.6 Additional Measures to Meet EBRD PR 5**

Further to the legally required consultations in order to meet EBRD PR5 EPBiH will carry out regular meetings to discuss the land acquisition process at key Project stages with project affectees at least every six months. PAPs will also be able to contact EPBiH at any time throughout the Project using the grievance mechanism as discussed in section 8.

Meetings will be held to disclose the date of the cut-off-date for the Phase 1 PAPs and to discuss the remedial measures that will be carried out to make the project compliant with PR5. This will include:

- Compensation for illegal structures
- Survey of government owned land
- Livelihood restoration measures
- Allowances
- Introduction of the grievance mechanism

Meetings will also be held with potentially affected households for Phase 2 to discuss the cut-off-date, grievance mechanism and to disclose information about the land acquisition process.

Information on the project has been disclosed to the local communities in the form of a non-technical summary, which has also been uploaded to the Project website.

### **6.6.1 Consultation with Vulnerable Groups**

As the first phase has only a small number of households, all households are being consulted individually. In Phase 2 when all affected households and peoples have been identified, vulnerable households (identified as those below the poverty line, female headed households, the elderly, the disabled or those with long term health problems) will be identified through the affected people's census survey. Vulnerable households will be asked to participate in group discussions, or contacted individually as appropriate.

## 7. Compensation, Income Restoration and Relocation

### 7.1 Overview

This section provides the compensation, income restoration and relocation strategy proposed for the Project. These processes include FBiH law and the measures used to fill gaps and make this Project compliant with EBRD PR5.

### 7.2 Eligibility Criteria

#### 7.2.1 Overview

A Project Affected Person (PAP), for the purposes of this LACF, will be defined as any person adversely affected by acquisition of assets or change in use of land due to the Project including any vulnerable or other persons who may prove and establish their right as an affected person to the satisfaction of Zenica Municipality.

Cadastral records and the land book records will be used to identify possible land occupiers within each of the land plots. These occupiers and anyone else who believes they have a claim to the land will be able to prove their occupancy of the land in one of three ways:

- Providing excerpts from the land records
- Providing ownership documents
- Gaining statements to prove land occupancy from three witnesses from the local area.

PAPs who are land occupiers, but are not land owners only occupants need to show occupancy for a required period of time. Occupants will only be eligible for compensation if they were occupying the area at the time of the cut-off-date (discussed in section 7.2.2)

It is possible that other parties can prove their ownership by appealing to the court of law. If the courts rule that the person is the legal owner of the piece of land then the cadastral records will be renewed to reflect the ownership. This has not been necessary in Phase 1 of the Project.

#### 7.2.2 Cut-off-date

The cut-off-date set for Phase 1 of the Project is 20 June 2013, the day on which the census was carried out by independent valuers. A cut-off-date has not yet been set for Phase 2 of the Project but will be set as soon as possible to reduce the risk of encroachers. It will be the date that the census is carried out for the land plots affected in Phase 2. For informal properties that are not eligible for formal expropriation compensation, the cut-off-date will be the same date, unless otherwise notified. All PAPs will be notified of the cut-off-dates in their area through public consultations and public notices.

The cut-off-date will limit the compensation eligibility to people living in the area or owning property in the area up to that date. PAPs who settle in the affected areas or commence with expansion of land activities or property after the stated cut-off-date will not be eligible for compensation. They will be given sufficient advance notice to vacate the premises and dismantle affected structures prior to project implementation. Their dismantled structures and materials will not be confiscated and they will not pay any fine or suffer any sanction, if completed within the requested time period.

### **7.3 Compensation Entitlements**

The entitlement matrix presented below in Table 5.1 identifies the appropriate compensation and rehabilitation for losses of assets and access to assets.

Entitlement packages are classified in terms of category of loss rather than category of person affected as a person may suffer more than one loss.

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Table 7.1: Entitlement Matrix

No.	Type of Loss	Application	Definition of Entitled Person	Entitlement Policy
<b>Economic Displacement</b>				
1	Loss of agriculture land	All land losses independent from impact severity	a) Legal owner with valid ownership papers or proof of ownership	Provide replacement land of equal or greater value or cash compensation at replacement value based on replacement rates as provided in the Expropriation Law <sup>10</sup> . Extra compensation (as per F BiH law) provided to PAPs for whom the land has sentimental value or if they rely on the land for their livelihood (at the discretion of the court valuer)
			b) Tenant, leaseholder and sharecropper	An equivalent area of leased land for un-expired lease period or reimbursement for un-expired lease period Compensation for any land improvements (such as irrigation, or structures) built on the land. Compensation to be paid at replacement value.
			c) PAPs without valid title	PAPs who were occupying the area at the time of the cut-off-date will not be compensated for land, but will be compensated for any structures or other assets on the land. Although the applicable Law on Expropriation of F BiH does not offer a basis or a mechanism for compensation for loss of affected structures and other assets (including crops), working alongside this Law, relevant bodies within EP BiH will in good faith follow the same process of compensation and/or assistance for all owners, users and occupiers of affected land and structures at the time of the cut-off-date -, in accordance with the Project Loan Agreement (as per No's 3, 4 and 11 as applicable). Encroachers: those people who have started using the land after the cut-off date will not be entitled to any compensation or assistance.
2	Loss of residential, commercial, industrial or institutional land	Loss of residential, commercial, industrial or institutional land	a) Legal owner with valid ownership papers or proof of ownership	Provide replacement land of equal or greater value or cash compensation at replacement value based on replacement rates as provided in the Expropriation Law. Extra compensation (as per F BiH law) provided to PAPs for whom the land has sentimental value or if they rely on the land for their livelihood (at the discretion of the court valuer) Moving allowance and compensation for other resettlement related expenses

<sup>10</sup> If it is found that rates stated under F BiH law are not equal to replacement rates then the difference will be paid to equal replacement rates.

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No.	Type of Loss	Application	Definition of Entitled Person	Entitlement Policy
			b) Tenant and leaseholder	An equivalent area of leased land for un-expired lease period or reimbursement for un-expired lease period
			c) PAPs without valid title	Although the applicable Law on Expropriation of FBiH does not offer a basis or a mechanism for compensation for loss of affected structures and other assets (including crops), working alongside this Law, relevant bodies within EP BiH will in good faith follow the same process of compensation and/or assistance for all owners, users and occupiers of affected land and structures at the time of the cut-off-date, in accordance with the Project Loan Agreement, Encroachers: those people who have built buildings of structures after the cut-off date will not be entitled to land compensation.
3	Loss of standing crops	Standing crops that could not be harvested	a) Owner of affected crops	Cash compensation equivalent to market value of damaged crops.
			b) Tenant, leaseholder and sharecropper	Cash compensation equivalent to market value of gross harvest for one year production or for the remaining period of tenancy/lease, whichever is greater
4	Loss of perennial plants & trees	Affected plants and trees	Owner of affected plants and trees	Cash compensation equivalent to market value on the basis of type, age & productive value.
5	Loss of public infrastructure	Infrastructure (roads, water supply, sewerage etc)	Relevant agencies	Public facilities will be replaced before the old facilities will be demolished and will be under the same specifications as the existing infrastructure if not improved specifications.
6	Loss of trade, livelihood or occupation	Agricultural or commercial wage employment impacts	Workers, agricultural land owners, tenant farmers.	In case of temporary disruption of livelihood, compensation will be wages or earnings equivalent to closure period provision of training for alternative employment. Priority in Project employment opportunities
7	Loss of access to common resources and facilities	Loss of access to rural common property resources and amenities	Communities or Households	Replacement of common property resources or amenities. (roads etc) Access to equivalent amenities or services. Loss of fish and fishing ecosystem is discussed in No. 9. People using communal land for grazing or foraging <sup>11</sup> will be provided with compensation as per vulnerable PAPs (see No. 10)
8	Loss of fish and river ecosystem	Fish and their habitats killed during Project construction and operation	Fisherman's Association and local fishermen	Compensation as per the Law on Freshwater Fishing for any losses during the construction as a lump sum payment annually for the four years of Project construction. PAPs found to be using fish as a primary source of food <sup>12</sup> will be compensated as vulnerable PAPs (see No. 10). Restocking of fish annually for the lifetime of the Project.

<sup>11</sup> These people will be identified through questions during the census survey.

## Vranduk Hydropower Project LACF

No.	Type of Loss	Application	Definition of Entitled Person	Entitlement Policy
9	Temporary Losses	Affected structures or other fixed assets	Affected PAPs	Replacement cost of material and labour without deduction for depreciation or salvageable materials for the damages during the period of temporary possession.
		Severely affected structures	Affected PAPs made to shift temporarily from their present location	Rent allowance to cover the cost of alternate accommodation for the period of temporary displacement.
		Loss of crops and trees	Affected PAPs	Compensation at market value and for loss of net income from subsequent crops that cannot be planted for the duration of temporary possession. Replacement seeds will be provided for replanting affected crops.
		Temporary acquisition	Affected PAPs	No compensation for land if returned in the original condition but a monthly rent as per market value will be paid to PAPs.
10	Resettlement impacts on vulnerable people	Impacts to vulnerable people	Vulnerable PAPs: People who are below the poverty line, female headed households, the elderly, the disabled or those with long term health problems.	In addition to entitlements within the 'physical displacement' section, vulnerable PAPs will be provided additional assistance for loss of livelihood and incomes including legal assistance, assistance with physically moving and access to social security where it exists in the form of a one off payment of one month salary (based on receipts provided). Priority in Project employment opportunities
<b>Physical Displacement</b>				
11	Structures (Residential, commercial, industrial or institutional)	Total loss of structures, or where only partial impact, but the remaining structure is rendered unviable for continued use	a) Legal owner with valid ownership papers or proof of ownership of the affected structure	Replacement property: structures (residential or other) of similar size and characteristics, or cash compensation for structures at replacement value Moving allowance and compensation for other resettlement related expenses (this may be included in the compensation costs)
			b) Owner without title of affected structure	Although the applicable Law on Expropriation of FBiH does not offer a basis or a mechanism for compensation for loss of affected structures, working alongside this Law, relevant bodies within EP BiH will in good faith follow the same process of compensation and/or assistance for all owners, users and occupiers of affected land and structures at the time of the cut-off-date, in accordance with the Project Loan Agreement Moving allowance and compensation for other resettlement related expenses (this may be included in the compensation costs)
			c) Tenant / leaseholder in the affected structure	Transition allowance equivalent to two months' rent as per market value (or based on receipts provided)

<sup>12</sup> As above (footnote 2).



### 7.4 Payment of Compensation

Under the Expropriation Law there is a precedent for replacement land to be provided as the preferred option, with cash compensation as a second option. Public hearings carried out by EPBiH in Phase 1 have found that PAPs preferred to receive cash compensation. This is because, in most cases, the land being lost is a small percentage of the total land owned. There is also a lack of suitable available land in Zenica Municipality to provide PAPs with replacement land. PAPs who will have over 50% of their land expropriated can request to have the rest of the land expropriated as well<sup>13</sup>.

Payment of compensation for expropriated land is determined under the Expropriation Law. The entitlement package for each PAP is included in the expropriation decision, but can be negotiated at the hearing that is held with EPBiH, the PAP and Zenica Municipality.

Once an agreement is made between the three parties, EPBiH has a maximum of 30 days to make the compensation payment. Once payment has been made the land will be considered to be the legal property of EPBiH. Compensation payments will be made into bank accounts that will be nominated by the PAP at the time that the agreement is signed.

In Phase 1, PAPs were provided expropriation decisions that were carried out under FBiH law. Under FBiH law EPBiH are only able to get the rights of long term possession of a structure and utilisation of a structure which can transfer legal ownership. This means that they cannot purchase a structure that is illegal. PAPs in Phase 1 have therefore only received a decision on the legal land and structures.

This is not compliant with EBRD PR5. In order to address the gap between FBiH law and EBRD PR5 for informal or unpermitted structures EPBiH will in the first instance offer an equivalent property elsewhere with security of land title or pay compensation for the materials of the structure and the labour it would cost to build the structure<sup>14</sup>. For Phase 1 an amendment/addendum will be made to the expropriation decisions, and a second agreement hearing will be held in order to determine compensation for the land without legal title, illegally built structures and any allowances to which the PAP will be entitled. For Phase 2 the valuation of illegal property can be carried out at the same time as the legal property.

Any compensation for damage subsequent to the expropriation decision being made and contracts signed<sup>15</sup> will need to be requested through legal means. The PAP must first appeal to EPBiH who will initiate the legal process.

#### 7.4.1 Compensation for Fishermen's Association

EPBiH and the local Agricultural Inspector have carried out consultations with the Fishermen's Association to discuss the compensation entitlements under the Law on Freshwaters Fishing (O.G. FBiH, nb. 64/04). The law entitles the Fishermen's Association to compensation for the loss of fish that occurs due to project activities. The Association will receive an annual lump sum payment, based on the legally provided costs

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<sup>13</sup> One PAP in Phase 1 has asked that EPBiH expropriate all of his land.

<sup>14</sup> The payment of materials and labour has to be brought to the management board for approval and the illegal land and property will need to be valued by court appointed experts.

<sup>15</sup> Apart from the abovementioned amendments to the Phase 1 expropriation decisions.

per type of fish, for each of the four years of construction. During the operational phase EPBiH will provide annual fish restocking, both upstream and downstream of the dam throughout the live of the Project.

In order to determine the cost of compensation EPBiH will carry out a fish survey to determine numbers of fish from each species. This survey will be carried out as one of the actions in the Environmental and Social Action Plan (ESAP). EPBiH will provide information to the Fisheries Association, particularly prior to the commencement of construction. The Association has received posters and other notices from EPBiH to inform its members of the dam construction.

### **7.5 Relocation**

Under the Expropriation Law provision of replacement land or structures is considered to be the preferred method of compensation. As part of the land acquisition process all of the PAPs will be given the option to choose between provision of equivalent replacement land or property or of cash compensation.

In Phase 1 people were consulted during a public meeting held on 20 June 2013 on whether households preferred cash compensation or replacement land. During this meeting it was found that all PAPs requested cash compensation over land for land compensation. In Phase 2 each household will be individually consulted at the time of the census to determine their preference between cash compensation and replacement land or property.

In cases where buildings and structures are to be acquired, owners will receive compensation for the replacement cost of the structure. The census from Phase 1 has identified five permanent residences. In these cases, the households will receive a replacement residence or cash (depending on the preference of the household). PAPs in Phase 2 will be individually consulted.

Under FBiH law EPBiH is not required to provide any further assistance. However, under EBRD PR5 further remedial measures will be provided to these households in the form of a moving allowance to cover the costs of moving house and any temporary accommodation that may be needed until new houses are built.

### **7.6 Vacation of Site**

When the expropriation agreement is signed, EPBiH will consult with each PAP to agree when they must vacate their property. This date will be no sooner than one month from the date of signing the agreement. The length of time given for the PAP to move out can be negotiated, for example if land to be expropriated is used as the household's primary place of residence or if there are elderly or disabled persons who may need more time to prepare themselves to leave.

Notices will also be issued to PAPs stating the date by which they need to vacate their current site. If the PAP does not vacate the site by the specified date and having received payment of compensation, EPBiH will decide on case to case basis how to proceed on a mutually agreed basis.

### **7.7 Vulnerable People**

Vulnerable people are those people that either come from marginalised groups or are individuals who might face the risk of marginalization and are likely to suffer disproportionately from the effects of land acquisition. Generally, people who are below the poverty line are considered vulnerable. Vulnerable groups that may

be included in the Project area include female headed households, the elderly, the disabled or those with long term health problems.

At the time of the census the agricultural valuer will determine the vulnerable status of the household. This will be assessed through a discussion with PAPs to determine if there are any of the abovementioned vulnerable people and to determine how necessary the land and crops are to their livelihood. If the PAP can prove that they are on any type of social assistance, this will also be included in the report.

A one off allowance will be provided to vulnerable households to assist with transport and relocation costs. In addition Article 47 of the Expropriation Law states that the price of land and property can be increased subject to the circumstances of the PAP. If a person appears to be vulnerable or is particularly reliant on their land then the valuer will increase the value of compensation that is set for the land.

### **7.8 Temporary Land Acquisition**

Some land will be temporarily acquired for use as lay down areas for construction materials and for the construction of workers camps. Under FBiH law there is provision for temporary land acquisition. It will be carried out using the same process as land expropriation. In other words, a decision will be made by Zenica Municipality for the use of the land and following the decision on expropriation a contract will be signed between Zenica Municipality, EPBiH and the PAP. There may be stipulations in the contract to be followed throughout construction. Any sub-contractor hired by EPBiH to carry out land acquisition will be required to adhere to the contract. Once the land is no longer needed EPBiH (or the sub-contractor) will be required to return the land to its previous state.

### **7.9 Livelihood Restoration**

Article 47 of the Expropriation Law provides for the inclusion of compensation of livelihood restoration in the valuation of land and property as part of the expropriation decision. When providing values for the land and property, on a case-by-case basis the valuers take into consideration the personal and family circumstances of the property owners.

According to the FBiH Law on Expropriation, the formal owner of a business structure is entitled to compensation for that structure (cash or replacement property) and for loss of income until he/she is able to restore business activities (Article 54 of the Law). Owners of business structures with temporary permits, which cannot be legalized, will be provided with compensation.

Foragers and grazers have not been identified in Phase 1, so as a remedial action a census of government owned land has been carried out by the appointed valuers to identify people who may be using the land to supplement their income and found that nobody was using the government owned land for livelihood activities. In Phase 2 a census of government land will be carried out at the same time as the asset census.

In addition to the census of government land, during Phase 2 the asset census survey will also include questions to determine if anyone uses government land for grazing, or foraging, or if they carry out fishing to supplement their livelihood. If any of these people are identified they will be considered to be vulnerable and they will be entitled to a vulnerability allowance as discussed in the Entitlement Matrix (Table 7.1).

PAPs will be given priority employment in the Project construction jobs, providing that PAPs have the appropriate skills for the jobs. At least one member of each affected household will be given the option to participate in job-related training<sup>16</sup>. PAPs will be given first choice to take on these jobs.

In addition a Friendly Environment initiative has been implemented to provide additional assistance and support to local communities and 1.5 million KM has been given by EPBiH to Zenica Municipality to carry out the initiative. A list of projects has been identified that will be funded by the Friendly Environment initiative. These projects are intended to improve the local communities that will be directly impacted by the HPP.

The projects that make up the Friendly Environment initiative were decided by representatives of the three affected communities, who worked together to prepare the list of projects which was sent to Zenica Municipality for approval. Minor changes were made to the list of projects in consultation with Zenica Municipality. Local community members were kept informed of the process through regular consultations.

As part of the initiative EPBiH have already carried out approximately 40% of the projects that are included in the Friendly Environment initiative. Some of the projects include upgrading roads, improving sewage systems, providing road lighting, improving water supplies, and providing sports facilities.

EPBiH and local community members have stated that they expect that the initiative will provide employment or livelihood opportunities through an increase in tourism, restaurants, and other initiatives such as fish farming. There was a free market tender for all of the works. Some tenders were won by local companies; others were won by national and international companies. The timescale for completion of the initiative is two years; however it could all be completed earlier.

### **7.10 FBiH Owned Land**

#### **7.10.1 Water Land**

The majority of the land that will be used for the Project, approximately 95%, is designated as water land. Water land is currently either covered by the river, or part of the river bank. This is owned by FBiH under the Ministry for Agriculture and administered by the Water Agency. State owned land cannot be purchased, so it will remain under ownership of the Ministry for Agriculture, but the Ministry will give the Project a concession to use the land for the lifespan of the Project (currently determined to be 30 years). In order to gain the concession EPBiH will send a request to the Ministry stating that the project is in the public interest and that the land will be used for generating electricity.

As discussed in section 7.9 during Phase 2 the asset census will determine if anyone is using fishing to supplement their livelihood. If PAPs are identified as relying on fishing, they will be given compensation, as vulnerable PAPs as per the Entitlement Matrix (Table 7.1).

#### **7.10.2 Forestry Land**

The eighth land plot in Phase 1 of the Project is forest land owned by the FBiH Ministry of Forests. EPBiH has paid fees of 10,000 KM for transfer documents to change the classification of forest land to

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<sup>16</sup> This training could be for Project related jobs, or other knock on jobs, such as catering, driving, cleaning, computer literacy or language related training.

construction land. Once construction starts EPBiH will pay for the right to use the land including compensation for cutting down trees. As with the water land, EPBiH will not own the land, but they will have the right to use the land for 30 years. Any further forest land that is identified in Phase 2 of the Project will need to be reclassified as construction land in the same manner and compensation and usage rights will need to be paid.

As discussed in section 7.9 a census will be carried out of the government owned forest land for Phase 1 (as a remedial measure) and for Phase 2 the census of government owned plots will be carried out at the same time as the household census to determine if anyone is using the land (for example for grazing or foraging). If PAPs are identified, they will be given compensation, as vulnerable PAPs as per the Entitlement Matrix (Table 7.1).

### **7.10.3 Roads**

There is land that will be included in Phase 2 of the Project that has already been awarded for the use of building local and interstate roads in the Project area. The status of this land will not need to be changed and the land concession has already been received by the road developer. EPBiH will be able to negotiate with the road developer to gain consent to use the land, in the form of a contract.

## 8. Grievance Redress Mechanism

### 8.1 Overview

This section describes the process whereby affected people can appeal against valuations they deem to be inadequate and outlines the institutional/organisational responsibility for the implementation of the LACF and procedures for grievance redress.

During the grievance period as provided under FBiH Expropriation Law (as discussed in section 8.2) all grievances related to compensation or land ownership will be referred to Zenica Municipality, for their review and action. At any other time EPBiH will be responsible for Project grievances and grievances will be resolved following the grievance process discussed in section 8.3. EPBiH have stated that no comments or complaints have been received so far in the land acquisition process.

### 8.2 Grievances under FBiH Expropriation Law

Under FBiH law once the decision on expropriation is made the land owners will be given a 15 day period from the date that the document has been received to raise grievances. This official grievance period allows land owners to send grievances on the decision for expropriation. These grievances will be officially registered and their legal merit will be assessed and accepted or dismissed.

If there is a disagreement regarding the decision's proposed compensation for the land, the land owner has an opportunity to comment or ask for a change during the hearing. Once the agreement on compensation is signed the land owner does not have any further legal recourse to submit a grievance on the decision or the price except through legal remedies<sup>17</sup>.

During the expropriation process the head of the commission at Zenica Municipality can be contacted with any grievances.

### 8.3 Grievance Process

The Project will aim to build awareness by providing information in both written and oral forms that clearly explains the Project and its processes to avoid misinterpretation. Consultation will be held with PAPs and measures will be taken to prevent grievances and promote the use of the redress process. PAPs will be informed of their land rights and the provisions stated in this LACF in an attempt to avoid complaints and grievances.

Even with precautions and care, there may be grievances that occur throughout the land acquisition process or as a result of temporary land acquisition. It is anticipated that the majority of grievances will be related to eligibility for compensation and allowances, payment for illegal structures and compensation values. The main objectives of mediating conflicts and having a grievance redress mechanism are to:

- Reach mutually agreed solutions satisfactory to both the Project and the PAP
- Cut down on lengthy litigation processes
- Prevent delays in project implementation.

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<sup>17</sup> For this Project, PAPs will have recourse to submit grievances to EPBiH for remediation throughout the whole land acquisition process. If relevant grievances are received during the 15 day comments period (regarding compensation costs and land ownership) this will be redirected to Zenica Municipality.

These issues and any other complaints or comments will be addressed and logged by Almedin Skopljak. His contact details are as follows:

Almedin Skopljak,  
Head of Department for preparation of construction of HPPs, EPBiH  
Telephone: +387 33 751-807,  
Fax: +387 33 751-961  
Address: Vilsonovo šetalište 15, 71000 Sarajevo  
Email: a.skopljak@elektroprivreda.ba

Any comments or concerns can be brought to the attention of the company verbally or in writing (by post or e-mail) or by filling in a grievance form (a copy of the grievance form can be found in Appendix A). The grievance form is available on the EPBiH website ([www.elektroprivreda.ba](http://www.elektroprivreda.ba)) alongside a description of the grievance mechanism. All grievances will be:

- Acknowledged within 7 days
- Responded to in no later than 30 days.

Grievance information will be recorded in a land acquisition and resettlement grievance log by the Project Manager. This information will include:

- Stakeholder name and contact details
- Details of the nature of the grievance
- Date received and responded to
- Description of actions taken (investigation and corrective measures)
- Date closed out.

Individuals do not have to give their name, and also can request their name be kept confidential. EPBiH will not be able to communicate responses to anonymous grievances. It is important to note that this mechanism does not take the place of legal rights that people have. Even if a person submits a grievance, he or she may use other legal avenues to achieve their goals.

An EPBiH name and contact details (currently Almedin Skopljak) will be provided to PAPs at the time of the signing of the agreement which is the point at which they EPBiH will take responsibility for grievances. Following the official grievance period, any further requests for compensation will need to make through an official, legal claim. Almedin Skopljak will direct PAPs to the correct procedures that they need to follow in this instance.

EPBiH also has a toll free number and email address for all of their Projects. If affected people contact EPBiH through this manner the calls or emails will be logged and then forwarded to the relevant person.

## 9. Organizational Procedures, Roles and Responsibilities

### 9.1 Overview

This section outlines the institutional/organisational responsibility for the implementation of the LACF, both within EPBiH and in Zenica Municipality.

### 9.2 Roles and Responsibilities at EPBiH

#### 9.2.1 Management

Land acquisition via the expropriation process is being managed by the Government using existing processes. Under EBRD PR 5, EPBiH has responsibilities to collaborate with authorities. This LACF aims to show how land acquisition undertaken by the FBiH meets EBRD PR5 requirements. EPBiH staff who have a role in collaborating and supporting FBiH authorities are presented in Table 9.1 below. .

Table 9.1: EPBiH Resettlement Organisation

Title	Responsibility
Assembly of the Company	The Assembly has the power to approve or reject the Project and provide funding for the Project. It has approved a total of 10 million KM for the Vranduk HPP including 2.6 million KM for the expropriation costs.
Supervisory Board	This board includes state representatives, company representatives and other stakeholders. They divide the costs approved for the Project and allocate funding to the different management boards.
Management Board	A seven member board that is set up to manage and supervise Projects.
Executive Manager of Capital Investment	The Executive Manager of Capital Investment manages a team of 12 employees that provide inputs into the investment side of land acquisition and expropriation. This includes ensuring that sufficient funds are available to carry out expropriation.
Executive Manager of Legal Affairs	Three people in the legal department are currently working under the Executive Manager of Legal Affairs to provide inputs on the legal side of the land acquisition and expropriation. This includes legal issues such as the compensation legally required for fishermen and also finding legal means to bridge the gap between FBiH law and EBRD Performance Requirements.
Grievance contact (Almedin Skopljak)	Responsible for receiving, logging and monitoring resettlement related grievances.

#### 9.2.2 Expert Team on Property Rights

A team of experts was set up in December 2012 to assist in issues in relation expropriation, land acquisition and property rights for the Vranduk HPP. The team includes the following:

- Mirzeta Dzonlagic, Construction Engineer, Department for the Preparation of Small HPP Construction
- Dzenana Skomorac-Kos, Lawyer, Elektro distribucija Zenica
- Berina Corbo, Lawyer, Department for Legal Affairs
- Envera Kazic, Economist, Financial Department
- Deniza Mackic, Lawyer, Department for Construction and Preparation of HPPs
- Samira Talic, Architect., Department for Construction and Preparation of HPPs
- Tarik Durakovic, Construction Engineer, Department for Construction and Preparation of HPPs.

The team of experts carries out the following tasks:

- Analyse the expropriation elaborate and contact PAPs to include them in the expropriation process



- Develop a list of land owners from whom land purchase can be negotiated and those that will be involved in the expropriation process
- Prepare minutes of meetings with owners who will sell their property through direct agreement
- Prepare documentation with the aim of preparing contracts with the property owners
- Engage a public notary and participate in the preparation of contracts to purchase properties by direct agreement with owners
- Develop the request for expropriation, as well as the justification for public interest, for properties for which the property rights cannot be solved through direct agreement with owners
- Represent EPBiH in process of expropriation in Zenica Municipality
- Represent EPBiH in addressing the relevant Courts in order to register the Project in land books
- Initiate any necessary legal activities for the purpose of resolving property rights
- Report to the Project Construction Manager, Executive Director for Capital Investments and Executive Director for Legal and Human Resources
- Develop Report after the completion of activities and submit documentation to the relevant Executive Director.

### **9.3 Zenica Municipality and External Bodies**

#### **9.3.1 Department of Legal and Property Affairs and Geodesy**

Expropriation is managed by the Department of Legal and Property Affairs and Geodesy. There has been close collaboration between EPBiH and the Department. Key actors in Zenica Municipality who play a role in the legally defined expropriation process are identified below.

- The Director is in charge of signing the official decisions on expropriation. This document is the official statement that expropriation will take place.
- The Head of the Department oversees the expropriation process as it is being carried out by the Head of the Process.
- The Head of the Process for expropriation at Zenica Municipality is a legal expert. He has been involved in organising the independent valuers, contacting land owners and sending out the letters of notification for public meetings. He is also in charge of preparing the decision documents for the Director to send. The Head of the Process is acting as an unofficial contact point for affected people who have any questions or concerns about the expropriation process. He will only continue this role until the legal contract has been signed. After that it will be EPBiH's responsibility to receive and respond to grievances.

#### **9.3.2 Three Member Commission**

There is a government lead commission on resettlement formed by the Zenica Municipality; this commission is made up of the Head of the Process, the minute keeper and the Geodesy expert. The duties of the commission are as follows:

- Technical preparation and processing of data submitted with the Proposal for Expropriation for the purpose of building the HPP
- In cooperation and coordination with EPBiH, organizing hearings in the presence of land owners and expert from particular professions
- Completing the process of expropriation in accordance with the Expropriation Law and setting deadlines.

### **9.3.3 Independent Valuers**

Three independent valuers were appointed by Zenica Municipality, based on discussion with EPBiH. These three valuers were selected from a court appointed list of experts. The three experts are as follows:

- Expert in construction
- Expert in agriculture
- Expert in geodesy.

These experts can be substituted upon a PAP request.

## 10. Budget and Financing

### 10.1 Overview

This section provides a timetable and budget for the implementation of the LACF.

### 10.2 Compensation Plan Budget

During the feasibility study a price of 1.5 million KM was decided as the total cost of land acquisition and expropriation, based on the level of design that was provided at the time. A further study has raised the cost to 2.6 million KM; this amount of money has been set aside for compensation payments. This amount reflects the estimated value of affected structures and land that are legally owned and occupied. In case this amount turns out to be insufficient for compensation of illegal structures and land occupants, EPBiH management will approve additional funds in accordance with the conditions of the Loan Agreement. Exact costs of the land acquisition will not be known until contracts have been signed, as PAPs have the possibility to change their rate of compensation up until that point.

Approximately 90% of the total land required is state owned property described as water land. This land will not be paid upfront out of the 2.6 million but will be paid as 2.5% of the total income when the Project is up and running.

### 10.3 Compensation Financing and Budget Flows

No EBRD funding will be allocated for funding land acquisition or resettlement. This Project activity will be exclusively funded by EPBiH. This is a requirement of both FBiH law and the EBRD Performance Requirements.

Compensation will be paid to each PAP into a nominated bank account. Once the agreement on compensation has been signed EPBiH has 30 days in which to provide the money into the bank account that will be nominated by the PAP upon signing the agreement. Opening a bank account in FBiH is a very simple procedure and if a PAP requires assistance to set up an account, EPBiH will assist them. If the compensation is not provided within 30 days, the compensation will start accruing interest.

When a group of PAPs are to be compensated for one land plot, they can choose a representative or each sign the agreement. The agreement will state the exact amount of compensation and how much goes to each owner.

# 11. Monitoring and Reporting

## 11.1 Overview

FBiH law provides for monitoring by the relevant municipality during the expropriation process up until the point that compensation has been agreed. However, there is no requirement to provide monitoring after the signing of the expropriation agreement. EBRD requires that monitoring is carried out throughout entire land acquisition process. This section will discuss the monitoring that will be carried out once agreements are signed by EPBiH, Zenica Municipality and the PAP after which Zenica Municipality no longer has responsibilities and will not be monitoring expropriation.

To assess whether the Project is effective and being carried out in accordance with this LACF, the management of land acquisition and resettlement impacts will be subject to both internal and external monitoring. Internal monitoring will be conducted by EPBiH or its sub-contractor and external monitoring will be carried out by an independent monitor and also by EBRD.

## 11.2 Internal Monitoring

EPBiH or its sub-contractor will carry out monthly internal monitoring to provide an assessment of the effectiveness of the expropriation process in meeting the affected population's needs. The results will be communicated through the quarterly project implementation reports. Indicators for the internal monitoring will related to process and immediate outputs and results to allow the assessment of progress and results against the LACF and to adjust the work program if necessary. Monthly reports will be quarterly consolidated into standard supervision reports for EPBiH to send to EBRD. Monitoring indicators will be:

- Number of public meetings and consultation with PAPs
- Number of completed expropriation elaborates
- Percentage of land acquired
- Number of compensation payments made
- Values used for compensation for affected structures and other assets
- Number and amount of payments for loss of income
- Number and type of grievances received, how they are being addressed and when they have closed out.

The reports will also include a summary description regarding the Friendly Environment Initiative and other income restoration activities, land any acquisition problems encountered and actions taken. The above information will be collected through the following instruments:

- Review of information provided in the expropriation elaborates
- Consultation and informal interviews with PAPs
- Sample survey of PAP
- Key informant interviews
- Community public meetings.

## 11.3 Resettlement Closure Report

In addition to the monthly progress reports EPBiH will prepare a closure report at the conclusion of the expropriation process for each of the Project Phases to compile all of the information on expropriation. This report will include, but not be restricted to the following information:

- Introduction – description of the Phase (location of affected land plots, including maps)

- Summary of land acquisition carried out - including total number of Project affected people, households, land, crops and structures
- Entitlements
- Implementation procedures used for land acquisition Compensation and income restoration assistance provided
- Costs incurred
- Consultation and participation that were carried out
- Grievance redress - including numbers of grievances received, issues raised and mitigation measures
- Monitoring and evaluation results

### **11.4 External Monitoring**

External monitoring will be carried out by an independent monitor (the lender's consultant) and EBRD during the resettlement/expropriation process and continue post implementation. Reports will be prepared quarterly. A final implementation compliance report will be prepared at the completion of each phase (based on the 'Resettlement Closure Report' as prepared by EPBiH see section 11.3) indicating whether the compensation program has been carried out based on the provisions of this LACF and EBRD requirements. The compliance report will need to be provided to EBRD as a condition before EPBiH can start civil works on the Project. A post implementation evaluation report will be produced: one year after commencement of civil works.

External monitoring will assess the EPBiH's efforts to implement the resettlement and restore living standards of the affected population. External monitoring tasks will include:

- Review and verification of internal monitoring reports
- Review of Resettlement Closure Reports
- Identification and selection of impact indicators
- Impact assessment through formal and informal surveys with the affected persons
- Consultation with PAPs, officials, community leaders for preparing the compliance report
- Assessment of resettlement efficiency, effectiveness, impact and sustainability

The final external monitoring report which will be used to authorise commencement of civil works will review the same indicators as those presented above for the internal evaluator. In addition they will provide a summary of activities and amounts related to:

- Eligibility
- Valuation of property
- Grievances
- Losses and compensation
- Income restoration
- Consultation and participation of PAPs s, especially women, the poor and the most vulnerable groups

Post implementation evaluation will comment on the validity of the findings of the monitoring activities and look at indicators such as:

- Socio-economic conditions of the PAPs in the post-resettlement period
- Communications and reactions from PAPs on entitlements, compensation, options, alternative developments and timetables
- Changes in pre-project and post resettlement housing and income levels
- Status of project affected vulnerable groups
- PAPs' level of satisfaction in the post resettlement period.

# Appendices

Appendix A. Grievance Form \_\_\_\_\_ 43

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## Appendix A. Grievance Form

Full Name			
Contact Information  <i>Please include how you wish to be contacted (i.e. mail, telephone or e-mail)</i>	Postal Address:		
	Telephone number:		
	E-mail address:		
Preferred language (please tick)	Bosnian <input type="checkbox"/>	Croatian <input type="checkbox"/>	
	Serbian <input type="checkbox"/>	English <input type="checkbox"/>	
	Other <input type="checkbox"/>		
Description of feedback or grievance <i>(What happened? Where did it happen? Who did it happen to? What is the result of the problem?):</i>			
Date of incident / grievance			
One time incident / grievance date.....			
Happened more than once? How many times? .....			
Still on-going (i.e. currently experiencing problem) Y / N <i>(please circle)</i>			
How would you like to see this problem resolved?			
Signature.....Date.....			
Please return this form to: JP EPBiH d.d.-Sarajevo, Vilsonovo šetalište 15 , 71000 Sarajevo			
(For office use only) Reference number:			