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Qeveria -Vlada-Government

Ministria e Mjedisit dhe Planifikimit Hapësinor
Ministarstvo Sredine i Prostornog Planiranja
Ministry of Environment and Spatial Planning

RESETTLEMENT POLICY FRAMEWORK
FOR LAND ACQUISITION
FOR THE NEW MINING FIELD ZONE

LIST OF ABBREVIATIONS

CDF	Community Development Fund (local NGO)
EUR	Euros
IFC	International Finance Corporation (World Bank)
IFC PS-5	IFC Performance Standard 5 (Land Acquisition and Involuntary Resettlement)
KCA	Kosovo Cadastral Agency
KEK	Kosovo Electricity Company
KPA	Kosovo Property Agency
LPTAP	Lignite Power Technical Assistance Project
M&E	Monitoring and Evaluation
MED	Ministry of Economic Development
MESP	Ministry of Environment and Spatial Planning
MLSW	Ministry of Labour and Social Welfare
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SESA	Strategic Environmental and Social Assessment
WB OP 4.12	World Bank Operational Policy 4.12 (Involuntary Resettlement)

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Introduction

This Resettlement Policy Framework (RPF) for the zone of New Mining Field defined with Government decision no. 02/57 of date 13.03.2009, establishes the Government of Kosovo's policies concerning the resettlement of populations that will be relocated due to the development of major infrastructure and mining activities that will require the acquisition or expropriation of real property. In particular, this RPF is intended to apply to all aspects of the lignite mining and power project known as the Lignite Power Project, including any resettlements required due to land acquisition for mining operations and ancillary facilities.

Specific details of this RPF as it applies to the Lignite Power Project are discussed. The Project Company directing the Lignite Power Project will have the right to invoke the Government's expropriation authority approval of the resettlement, which will trigger the need for development of Resettlement Action Plan or Plans (RAP/s) under this RPF. This RPF is meant to guide the development of the initial RAP for the Lignite Power Project as well as future RAPs developed in regard to that and other projects.

Key issues addressed by this document include:

- The definition of parties responsible for developing and approving the definitive RAP/s for projects necessitating the resettlement of populations. The first RAP for a project shall incorporate all the definitions, eligibility criteria, benefits and procedures to be applied throughout a project. If a project involves multiple acquisitions over time, it may be appropriate to prepare a separate RAP for each acquisition phase. For example, with the Lignite Power Project, the mine's expansion will take place over a period of many years. However, the criteria, benefits and procedures should be the same in each RAP.
- The definition of the institutional responsibilities for financing and implementation of a RAP.
- The scope of the RAP.

Principles and Objectives

As expressed in this RPF, the primary objective of the Government is to minimize land acquisition and displacement in the development of necessary infrastructure and activities. Such objectives are consistent with international standards, specifically the World Bank's Operational Policy OP 4.12 and the International Finance Corporation (IFC)'s Performance Standard PS-5. Where displacement or the loss of economic assets and means of livelihood are unavoidable, the objective of this policy is to ensure that affected people can improve or at the very least recover their standard of living and livelihoods in the shortest possible time.

This RPF recognizes the significant social and economic impacts of land acquisition and resettlement. The principal social and economic impacts of land acquisition include:

- Loss of land. Where all or a significant part of a person's farmland is lost, they will lose their income and often a significant part of their food supply (for instance, vegetables, milk and poultry). In the process of moving to a new site they are likely to lose at least one harvest.
- Loss of housing. As well as losing the physical structure of the house, people will lose services and associated facilities: water supply, drainage, road access and electricity. In the process of moving they will also incur significant transitional costs, including transport for themselves and their personal effects, legal fees, taxes, and so on.
- Loss of businesses. As well as loss of physical premises, small businesses may be affected by the loss of business locations and loss of clientele, especially their regular customers. In the process of moving they will lose business and may incur significant transitional costs, including the transport of equipment, stock, etc.
- Loss of employment. If an affected business closes the employees will lose their jobs. Other people may lose employment if they are obliged to move a long distance from their existing workplaces.
- Loss of services and cultural heritage. This includes loss of access to facilities such as schools, clinics, mosques, cemeteries, war memorials, and others.

Institutional Responsibilities

When Project Companies are involved in the development of major infrastructure and activities necessitating land acquisition and resettlement, the responsibilities of the Project Company, Government, and Municipalities should be clear. To ensure that displaced people can improve or recover their standard of living, the division of responsibilities for land acquisition and resettlement between the Project Company, Government, Municipalities and others shall be as follows:

Preparation of Resettlement Action Plans (RAP/s). The Project Company shall be responsible for preparing RAP/s. Such RAP/s shall be based on the Strategic Environmental and Social Assessment (SESA), the surveys carried out by Prism and the Community Development Fund (CDF), this RPF and any other studies or proposals that have been carried out for Lignite Power Technical Assistance Project (LPTAP), Ministry of Economic Development (MED) or Ministry of Environment and Spatial Planning (MESP). A detailed RAP shall be prepared for each project that causes expropriation of land, physical displacement of population, or loss of income because of changes in land use or access to resources. Each RAP shall be subject to public consultation. Each RAP shall comply with internationally accepted standards such as the World Bank's OP 4.12 and the IFC/Equator Group PS-5. Resettlement Plans must be based on reliable up-to-date information and shall include basic information about the respective projects and an analysis of the alternative options for the proposed projects and an analysis of the alternative options for the proposed project as well as any legal issues relating to the resettlement or any gaps between the laws of Kosovo and international standards. Finally, each RAP shall include a detailed budget and timetable. A generic outline for such RAP/s is presented in Annex A.

- Approval of RAP/s. The expropriation authority (the authority within MESP responsible for expropriation as established by Government Decision No. 05/147 of date 05.10.2010) shall be responsible for the approval of the RAP and should receive comments from parties included and the affected municipalities. The agreements reached with the affected families for valuation and compensation of assets could take the form of a civil contract or formal agreement between the Project Company and the representatives of the affected families.
- Valuation. The Project Company will be responsible for the evaluation of assets and assign the sum of compensation, to ensure that the valuation is based on the Market Price and on Replacement Value..
- Owners displaced during war. The Kosovo Property Agency (KPA) is responsible for identifying and contacting any property owners that fled during the war. The mandate of the KPA is limited to its present function of determining ownership of assets. The Project Company will be responsible for negotiating with the affected

property owners. The options offered to affected property owners that have been displaced as the result of the war will be exactly the same as those offered to other affected owners.

- Implementation and Monitoring of the Resettlement Action Plan (RAP). The Project Company shall be responsible for compensation in cash, provision of land-for-land options, development of new resettlement sites, immovable property having a value that is equal to the compensation owed; or a combination of cash and immovable property, which together have a value equal to the compensation owed and/or for payment of compensation to the affected families. The Expropriation Authority shall be responsible for monitoring of implementation of the RAP from Project Company.
- Independent Grievance Commission for Claim Review. An independent grievance commission shall be established to cover all aspects of the project. This Commission will be composed by representatives of: Project Company, Municipality, Expropriation Authority, Community and MLSW. If the owner or the interest holder of the immovable property which is subject of resettlement reasonably believes that his rights are violated, then such person may file a complaint in front of this commission. The manner of functioning of this independent grievance commission for claim review will be defined in each RAP. The decision of the independent Grievance Commission for Claim Review will be definitive and if the case may be that the party is not satisfied by such decision, the valuation of such property will not be subject of resettlement according to this framework and the procedure and legal terms foreseen by the law on expropriation of Immovable Property.

The Project Company shall incorporate the procedure of the Independent Grievance Commission for Claim Review in a detailed manner in the RAP. This procedure of the commission shall cover all aspects of the project, rather than simply the resettlement program. The commission for claim review with its composition as described above it is supported from an technical expert who shall have direct access to the highest levels of management of the Project Company, local government and central government. This commission shall be financed by the Project Company, but shall report directly to Cabinet or the Minister of Environment and Spatial Planning and to the International Financial Agencies involved in financing the project. The technical expert shall have an office in the project area and shall have transport so that he/she could visit and investigate anywhere in the project area. The telephone, e-mail and location of the of the expert's office shall be widely publicized. All complaints or concerns shall be registered in a confidential database. The Commission shall be required to investigate and respond to any complaints or concerns within a period of no more than 30 days. The technical expert shall also prepare quarterly reports, showing the number of complaints, identifying the issues raised and the measures that were

taken to resolve the problems that were presented. The names and contact information of the complainants (addresses, phone numbers, e-mail, etc.) shall remain confidential; they shall be registered in the database, but should not be disclosed in the quarterly reports.

Eligibility and Entitlements

Resettlement Options

The Entitlement Matrix shown in Table 1 summarizes the resettlement options that shall be offered to the different categories of persons affected by the projects. Resettlement options in the context of the Lignite Power Project are described in greater detail following Table 1.

Table 1: Entitlement Matrix – Resettlement Options

Affected People	Options	Observations
People Affected by Loss of Farmland		
<p>Owners with full legal title whose plots will be fully affected</p> <p>(people whose houses are affected are also entitled to the options described below)</p>	<ul style="list-style-type: none"> • An alternative plot on rehabilitated land + compensation for other assets (barns, outbuildings, permanent crops, etc.), or • Cash compensation for land and other assets + all transitional costs (transport, legal fees, loss of crops or earnings) 	<p>An alternative plot or cash compensation is the preferred option for people that depend on farming. Compensation must be sufficient to allow the beneficiary to acquire a plot better or at least equal to the affected plot.</p>
<p>Recognized owners that do not have full legal title to the land and whose plots will be fully affected</p> <p>(people whose houses are affected will also be entitled to the options described below)</p>	<ul style="list-style-type: none"> • An alternative plot on rehabilitated land + compensation for other assets (barns, outbuildings, permanent crops, etc.), or • Cash compensation for land and other assets + all transitional costs (transport, legal fees, loss of crops and/or earnings) 	<p>In the absence of full legal title the owner/s must be recognized as the person/s with full, unchallenged rights to the property. This would require regularization of ownership rights or an affidavit from neighbors, validated by the municipality.</p>
<p>Landowners that have fled the area as a result of the war in Kosovo, and whose properties are fully affected</p>	<ul style="list-style-type: none"> • An alternative plot on rehabilitated land + compensation for other assets (barns, outbuildings, permanent crops, etc.), or • Cash compensation for 	<p>It is understood that most people that have fled will choose cash compensation. The KPA will be responsible for deciding who would be entitled to benefits.</p>

Affected People	Options	Observations
	land and other assets + any transitional costs (transport, legal fees, loss of crops and/or earnings)	
Landowners whose properties are partially affected (i.e. where the remaining areas are viable)	<ul style="list-style-type: none"> • Compensation for the loss of farmland and other assets in the affected area (barns, outbuildings, crops, etc.) 	The law on force defines the cases of partial expropriation.
Tenant farmers or sharecroppers	<ul style="list-style-type: none"> • Compensation for the loss of two years net earnings + all transitional costs (transport and legal fees) 	Ensure that affected tenants can take on new tenancy contracts.
Non-owners occupying property belonging to people who fled during the last war in Kosovo	<ul style="list-style-type: none"> • Cash compensation for value of improvements made and standing crops. 	Not entitled to resettlement benefits.
People Affected by the Loss of their Homes and Residential Land		
Recognized owners with or without formal title to their houses (In addition to compensation for loss of farmland)	<ul style="list-style-type: none"> • A new house and a residential plot in a resettlement village, or • Compensation at replacement cost + all transitional costs (legal fees, taxes, transport of personal effects, etc.) 	The replacement housing will satisfy basic standards for social housing and services and will be provided regardless of the condition or value of the affected property, if the illegal objects is built in a private property from its owner, and: a) on the date actual construction activity commenced, it was impossible for the owner to obtain the necessary construction permit from the concerned Municipal Authority because, as of such date, no urban or spatial plan covering such property had yet been issued; and b) neither the

Affected People	Options	Observations
		<p>building nor its construction were in violation of any other law or regulation then applicable.</p> <p>In the absence of full legal title the owner/s must be recognized as the person/s with full, unchallenged rights to the property. This would require regularization of ownership rights or an affidavit from neighbors, validated by the municipality.</p>
Homeowners that have fled the area as a result of the last war in Kosovo	<ul style="list-style-type: none"> • A new house and a residential plot in a resettlement village, or • Compensation at replacement cost + any transitional costs (legal fees, taxes, transport, etc.) 	It is understood that most people that have fled will choose cash compensation. The KPA will be responsible for confirmation of ownership.
Tenants with formal tenancy agreements	<ul style="list-style-type: none"> • Compensation equivalent to six months rent + all transitional costs (legal fees and taxes, transport, etc.) 	The tenant will be compensated for the damage as a consequence of the contract termination. Need to determine whether new tenancy agreements can be arranged. The beneficiary must have a formal agreement from before the “cut-off” date for eligibility.
Non-owner residential occupants, including occupants of homes abandoned by people during the war (Squatters).	<ul style="list-style-type: none"> • Transitional allowance to to move chattels • Compensation of 3 months rent for equivalent space elsewhere. 	
People Affected by Loss of Businesses and Other Enterprises		
Owners of business premises such as shops, workshops or	<ul style="list-style-type: none"> • Replacement premises in 	Different rates of compensation are offered to

Affected People	Options	Observations
garages	a resettlement village, or <ul style="list-style-type: none"> • Compensation for loss of the premises + compensation for the loss of 6 months net income or 12 months net income if the beneficiary re-establishes a business in the municipality + all transitional costs, including packing and transport of equipment, legal fees, taxes, etc.	encourage the owner to re-establish the business or set up a new business in the affected municipality.
Non-owners	<ul style="list-style-type: none"> • Compensation for loss of 6 months net income or 12 months net income if the beneficiary re-establishes a business in the affected municipality + all transitional costs, including packing and transport of equipment, legal fees, taxes, etc.	Different rates of compensation are offered to encourage the owner to re-establish the business or set up a new business in the affected municipality.
Government, Municipalities and Public Utility Companies (for assets such as school buildings, clinics, water supply, electricity distribution lines, etc.)	<ul style="list-style-type: none"> • Compensation of assets at replacement cost, or • Replacement of assets at the new resettlement sites 	To be agreed on a case by case basis.
Community assets, particularly mosques, cemeteries & churches	<ul style="list-style-type: none"> • Relocation and restoration, or replacement 	To be agreed with the communities on a case by case basis.
People Affected by Loss of Employment		
Full time employees that lose employment because of expropriation of their employer's premises	<ul style="list-style-type: none"> • Compensation equivalent to six months' salary • Financial support (Euro 1,000) to cover costs of 	Compensation will be based on their average earnings over the previous 12 months. Help will be given to find

Affected People	Options	Observations
	skills training or job search.	alternative employment.
People losing regular part time employment	<ul style="list-style-type: none"> • Compensation equivalent to six months part-time earnings plus support to find employment or opportunities for training 	Compensation will be based on their average earnings over the previous 12 months. Help will be given to find alternative employment.

Resettlement Options in the Lignite Power Project

In the context of the Lignite Power Project, the following resettlement options shall be offered to the different categories of persons affected by that project:

People affected by loss of land (farmland, grazing, forest land)

Landowners. People whose land is affected by the mining or power projects shall be offered either an alternative plot on an area of land rehabilitated from the large area of overburden dumps that presently belong to Kosovo Electricity Company (KEK) (“land for land”), or cash compensation sufficient to acquire another plot of land of equivalent area and quality to the affected plot. All transitional costs shall be borne by the project company directly or compensated. These costs shall include the costs of transporting equipment, machinery, livestock, and all other moveable assets, all the legal fees and taxes needed for the transfer of their land and acquisition of replacement plots, and compensation for any loss of crops or other loss of income and/or subsistence.

The three options shall be offered to all landowners whose plots are fully affected, who depend on the affected property for a significant part of their livelihood or subsistence, and who do not own or occupy other viable holdings. Landowners that do not depend on their land: i.e. whose land is partially affected, who rent their land out under formal tenancy or sharecropping arrangements or who have other viable holdings, would only be eligible for compensation. The criteria for defining which properties are classified as fully affected and which are classified as partially affected are set out below in “Eligibility Criteria”. These options shall be offered regardless of whether or not the landowners reside on the affected plot (entitlements for people whose houses are affected are set out separately below). The options shall be offered to all those people that have legal title to the land or who are recognized as having full, unchallenged rights of ownership. In relation to irregular rights the following points should be noted:

- Land that was originally acquired through an irregular transfer (such as an unregistered civil contract) will have to have the arrangement regularized by the courts and then registered at the appropriate municipal cadastre office, which in turn will inform the Kosovo Cadastral Agency (KCA). The cost of regularizing the title shall be covered by the Project Company.

- Other persons that claim ownership but lack full legal titles will have to show they have been living and working at the effected land for the last 10 years or have inherited or legally acquired usufruct rights to the land. The claim will be reviewed by the Project Company's resettlement office and must be backed with evidence from the municipality (for instance, tax records), government institutions (for instance, school records) or affidavits from neighbors.
- If there are outstanding claims on the property, including disputes over ownership, boundaries or inheritance the Project Company shall deposit the estimated value of the land and property in a special account and shall only pay the compensation or provide other resettlement benefits once the dispute has been adjudicated in the courts. If there is a mortgage on the property the Project Company shall negotiate with the mortgager with the aim of transferring the mortgage to the new property acquired by the affected landowner.
- The KPA will be responsible for determining the ownership of land that was abandoned and/or occupied by others during the 1999 war and subsequent periods of unrest. Once the KPA has established ownership of the land, the owner will be eligible for exactly the same resettlement benefits as any other affected landowner. Non-owners that are occupying property belonging to people that fled during the war will be entitled to cash compensation for improvements and payment for loss of standing crops, but will not be entitled to any other resettlement benefits.

Rehabilitated land. There is an acute shortage of good agricultural land in the area around the proposed mining and power complex. The option of providing a plot of rehabilitated land is intended to encourage the Project Company to rehabilitate and make use of a large area of overburden dumps that is presently owned by KEK. To make this option more attractive, the Project Company will offer affected landowners a larger area of land than the plot that is affected and/or a package of additional benefits, which might include technical assistance and/or the use of shared equipment.

Alternative Plots. Compensation that is directed toward the purchase of alternative plots encourages affected households to acquire new plots of agricultural land. The amount available for such purchase shall be determined on the basis of the replacement value of the affected land, housing and other immovable assets, plus 10% incentive payment intended to make this option more attractive to affected landowners. Once the amount has been determined, the landowner shall be free to try and find a suitable plot for more or less the same value. The Project Company shall review the proposed purchase, to ensure the land and other assets have been correctly valued and that documents are in order and there are no outstanding disputes over boundaries, and shall pay for the land, transferring the title directly to the affected landowner.

Compensation. Cash compensation is not the preferred option for landowners whose farmland is fully affected. Experience shows that affected families often use their compensation for other purposes, leaving them without the means to recover their livelihoods and their previous standards of living. Moreover, land markets in the project

area are not very well developed and it is difficult to establish accurate market values for agricultural land. Cash compensation is the only realistic option for landowners whose properties are partially affected. In addition there are situations when compensation can provide a useful opportunity for affected households to change their situation. The Project Company shall employ a small team of experts, who would explain the different options to the affected households and would help them decide which option would be most appropriate. The experts shall review the situation of all landowners whose land is affected and shall discuss the use of compensation with them before their compensation payments are delivered.

Tenant Farmers and others working the land (sharecroppers, people with use rights). Tenant farmers shall receive compensation equivalent to two years loss of net earnings plus all transport costs and legal fees. Such compensation is intended to give tenants and sharecroppers sufficient time to arrange a new tenancy or sharecropping agreement and assumes they will lose at least one year of harvest and may need another year to find a landowner willing to allow them to rent or sharecrop an equivalent plot of farmland.

People affected by loss of housing

Owners. People whose houses are affected by land acquisition shall be offered the options of an alternative house in a new village or cash compensation. These options shall be offered to all farmers that reside on their farms and to all households that own or occupy homes in the area affected by the project, regardless of the legal status of their titles. However it will not apply to tenants that have formal tenancy agreements or to people that have occupied houses that were abandoned by people that fled during the war.

The replacement housing shall include the provision of basic social housing that satisfies national and municipal standards. The exact size of the replacement house and number of rooms shall be determined by the size of the household and not by the value of the house that is affected. This option is intended to make resettlement attractive for poorer, more vulnerable families, especially people living in sub-standard housing conditions. It is also intended as an option that would allow neighbors, friends and relatives to continue living in close proximity. Households electing to receive replacement houses smaller in floor area than their current homes would also receive cash compensation valued to cover the difference in area. If they wish, people with larger, more valuable houses will be allowed to opt for cash compensation for their houses and other structures and a building plot in the resettlement village.

The new housing project shall provide houses with access to minimum services of infrastructure, including road access, drainage, water supply, sewerage, electricity and street lighting.

People that are given new houses in the resettlement village shall be given freehold titles, issued in the joint names of both spouses. Non-owners and people whose original houses were worth less than the nominal value of the new house will not be allowed to sell or transfer their houses to a third party for a period of five years without the approval of the

manager of the resettlement program. This is to reduce the possibility of low income families selling their houses to raise cash.

Tenants. Tenants that rent their houses or apartments under formal tenancy arrangements shall be paid the equivalent of six months rent plus all transitional costs such as transport for their personal effects and any legal fees or taxes, and shall be given assistance to find suitable alternative accommodation.

People affected by loss of businesses or commercial premises

The aim is to encourage businessmen and businesswomen to continue operating elsewhere or to set up a new business. Where an affected business is conducted on premises belonging to the owner, the owner shall be offered the options of an alternative site for the business in the resettlement village or compensation for his/her land and premises at replacement value. The owner shall also be paid the equivalent of six months loss of net earnings if he/she opts for compensation and twelve months loss of net earnings if he/she opts to set up the business or open a new business in the resettlement village or elsewhere in the municipality. The Project Company shall also pay all transitional costs, such as packing and transport of equipment and/or stock to the new site, legal fees, taxes, and so on, and/or shall provide assistance and logistic support to set up a new business.

If the business operates from borrowed or rented premises, the owner of the business shall be paid six months loss of net earnings or twelve months loss of net earnings if he/she sets up the business or starts a new business at the resettlement site or at another site in the same municipality. The owner shall also be paid all transitional costs, including packing and transport of equipment and stock, legal fees, taxes, and so on, and/or shall be given assistance and logistic support to set up a new business.

People affected by loss of employment

People that lose their employment as a result of the acquisition or closure of their places of work shall be given the equivalent of at least six months salary (based on average earnings over the year prior to closure of the employer's business). A one-time payment of Euro 1,000 will be given to assist with skills training or job search expenses to people in regular full time employment and in regular part time employment. The project will pay any other redundancy payments required by law, including payments determined by length of service and/or other factors.

Transitional costs

“Transitional costs” are the costs associated with the move from the original site to another site as well as loss of earnings and/or subsistence benefits. It includes all the legal fees, surveys and registration fees needed to transfer ownership and acquire a new property, as well as the costs of packing and transporting the affected household's

personal effects, equipment and livestock. It shall also cover any damage to personal effects and goods during resettlement.

In the event of a delay in availability of Resettlement Housing the Project Company will provide rental accommodation and subsistence as required.

Vulnerable People

The baseline socio-economic survey for each RAP will identify vulnerable households, such as single mothers, widows and widowers, disabled people, or those living in extreme poverty. The project company during resettlement will assess these households in the context of available formal and informal safety nets and allocate resources in the RAP to assist them with securing adequate shelter and services.

Eligibility Criteria

Cut-off dates

The date of the definitive census and asset survey of population carried out for preparation of the RAP shall be used as the cut-off date for eligibility for resettlement benefits. Once a definitive census of the affected households has been carried out for an area that will be resettled, no new entrants will be eligible for compensation. A review procedure shall be set up to determine the situation of any people that claim to have been missed by the census. Census information shall be shared with Government and the local Municipal Authorities and they will be jointly responsible for ensuring the affected area is not invaded by squatters seeking resettlement benefits.

The household

The term “the household” is considered each family or other community of persons, who declare that they are living together and jointly distribute their income to meet basic living needs.

Viability of remaining areas in Lignite Power Project implementation

At present KEK defines a property as partially affected if the remaining area covers more than 14 *are* – that is to say, 0.14 of a hectare (one *are* is 10m x 10m). However, in practice few properties are classified as partially affected. A more practical definition that could be adopted is to offer the affected parties the option of compensation the whole of their property if:

- any part of the structure of the house, farm or business is affected;
- more than 25% of the total property needs to be acquired;
- the remaining area is less than 0.5 of a hectare;
- the property is left without viable road access or loses access to any other critical asset, such as water or electricity supply; or
- the owner can demonstrate that the remaining property is no longer viable for the use to which it was previously put. In this case the owner would have to demonstrate that the remaining area is no longer viable.

In any of these cases the original owner shall have the right to keep the remaining area if he/she so wishes.

Valuation of Land and Assets

Principles of valuation

Land and all other affected assets shall be compensated pursuant to the criteria of this RPF. This means all buildings, outbuildings, fences and other structures, trees, permanent crops and improvements including pasture and standing crops, shall be valued at the cost needed to replace them, regardless of their condition at the time of valuation. The valuation of fruit trees and permanent crops shall take into account the value of the harvests that will be lost. The value of farmland should be assessed on the basis of the classification of land types presently applied by KEK but price shall be based on the prices paid in actual land transactions in the same municipality and neighboring municipalities. It is important to ensure that the valuation is based on real land transactions. In addition landowners, homeowners and business owners shall be compensated for all transitional costs.

Special Procedures for Lignite Power Project

The Project Company shall be responsible for implementation of the procedures, which shall be defined in more detail in the RAP.

At a minimum, the Project Company shall start by making contact with the affected parties. In the initial stages this shall involve following up on contacts already established by MESP/Project Hade and KEK but will require a new, definitive census. Each subsequent phase of the mining project shall require a new census to be carried out as part of the preparation of each RAP. If an affected party agrees, the Project Company shall then carry out a full survey the affected person or household's property and assets and will assess: i) whether the property should be classified as fully or partially affected, and ii) the value of the land and assets in the affected area or property, depending on whether it were classified as partially or totally affected.

The initial valuation shall be itemized, following existing KEK procedures, distinguishing the value of the land and the value of each affected asset: houses, barns, fences, trees and permanent crops, standing crops, and so on. This detailed estimate shall be shared with the affected party, the Government and the relevant Municipality. If the affected household accepts the valuation, the Project Company shall request approval of the RAP.

If the affected party does not accept the valuation or believes assets have been missed or undervalued, and cannot reach an agreement on valuation through this Resettlement Policy Framework, the affected party can make an appeal at the Independent Grievance Commission for review of claims. If the party is not satisfied by Commission decision, the valuation for that particular immovable property will not be subject of this framework and the expropriation procedure will commence in accordance with the expropriation procedures and legal terms based on the law on expropriation of immovable property.

The Project Company shall be responsible for all the costs associated with implementation of the Resettlement Plan, including the costs of surveying, valuation,

searches of the land registry, preparing and providing the space for relocation, any transitional costs, including delay in availability of resettlement housing and so on.

The Project Company will be responsible for providing compensation for any reasonable delay and such delays will be specified in RAP.

Special Procedures for Lignite Power Project and Public Consultations

A series of public consultations have already been carried out as part of the preparation of the SESA. The Project Company, will carry out public consultations in the affected area. The objective of further public consultations shall be to explain the principles of the RPF and develop the RAP.

One of the aims of the consultations should be to establish effective channels of communication between the affected families, the local and national authorities and the Project Company. This might include:

- One or more negotiating committees comprising representatives from the villages affected by each stage of the mining and power project, which would help to develop the details of the resettlement plan, monitor its implementation, resolve disputes over eligibility for benefits and compensation, and perhaps negotiate the compensation measures for local infrastructure (for instance mosques, churches or cemeteries). The members of the committee would be elected by all the adults living in the affected villages.

The details of the criteria, options and procedures from the resettlement plan should be widely publicized. RAP will be open for one or more public consultations for 30 day term. This would involve printing booklets, radio shows and perhaps television.

Timetable and Budget

Integrated Timetable and Budget

A detailed timetable for implementation of a resettlement program shall be developed as part of each RAP. It shall be developed in close cooperation with the project planners, taking into account the proposed timing of the different phases of completion.

Estimated Timetable and Budget

The timetable and estimated budget for the Lignite Power Project is being developed in close cooperation with the mine planners, taking into account the proposed timing of the different phases of expansion of the Sibovc field. The most critical issue at this stage is preparation of the RAP for the first phase of the Sibovc mine.

Annex A: Outline of a Resettlement Action Plan

1. Introduction

- Name and address of requesting body
- Location of the project (with detailed maps)
- Description and history of the project and associated works
- Analysis of alternatives for each component (mine, transport, access roads/railway, power plant, ash-dump or ash-pond, etc) showing that the alternatives have been chosen to minimize resettlement, but without jeopardizing public safety
- Institutions involved in the project (areas of responsibility)
- Participation of local agencies, organizations of affected people
- Present status of the project
- Outstanding issues

2. Baseline Socioeconomic Studies and Definitions

- The areas directly and indirectly affected by the project and associated works including definition of the safety zones between the works and nearest populations
- Accurate information on the people directly affected by category: loss of land and housing (owners/tenants), loss of housing (owners/tenants), loss of land (owners/tenants, sharecroppers, others), other loss of income (retail outlets, small enterprises, etc), other affected groups. This should be summarized in tables
- Key definitions: cut-off dates; viability of partially affected areas; the definition of the household; criteria used to define eligibility for different types of resettlement benefits
- Identification of any vulnerable groups (internally displaced people or refugees, ethnic groups, minorities, landless laborers, women head of household, etc.)
- Land tenure of affected population (private owners, land in public ownership, communal or village landholdings, common land, tenants, sharecroppers, etc. – identify any issues that may affect rights to land or housing, for example, irregular transactions or inheritance, unpaid taxes, properties that have been abandoned

during the war – include consideration of the rights of women household heads and women living in common-law unions)

- Agricultural production, livestock other on-farm income
- Any common productive assets that may be affected (communal pasture, forest used for collecting firewood, rivers and lakes used for fishing, etc.)
- Other economic activities – any local employment that may be affected
- Estimated levels of income and expenditure (including average costs for basic services: water, sewerage, electricity, and local taxes)
- Social and transport infrastructure (schools, health posts and health centers, mosques, churches, cemeteries, access roads, bridges, etc)

3. The Legal and Institutional Framework

- Legal Basis, Scope and Procedures for Land Acquisition
- Responsibility of project sponsors
- Role of government and local authorities in preparation and implementation of the resettlement plan
- Responsibility for paying compensation and resettlement
- Land and property valuation & compensation
- Mechanisms for resolving disputes and problems over land or house titles
- Expropriating authority and approval procedures
- Communication and coordination with local authorities, NGOs and organizations of affected people
- Procedures for managing complaints and arbitration
- Responsibility for monitoring and evaluation

4. Compensation and Rehabilitation

- Eligibility criteria for compensation (“cut-off dates”, informal and illegal titles, long-term tenants and other occupants)

- Compensation options for loss of land (total loss, loss of viable holdings, partial loss, restrictions on use, such as reservoir edges, transmission lines)
- Compensation options for loss of housing (owners, tenants, occupants, others)
- Detailed description of the proposed land for land and cash compensation, including choices and factors that may affect choices and any potential problems such as debts, mortgages or unpaid land taxes
- Detailed description of the proposed housing and service solutions, with an analysis of the likely preferred choices and any potential problems (costs of service provision, maintenance, taxes, style of housing)
- Procedures, methodology and responsibility for the valuation of land, property and other assets procedures for paying compensation and timing for compensation
- Dispute settlement procedures
- Compensation for temporary loss of income and subsistence crops for farms, retail outlets and other businesses (valuation, compensation, timing, dispute resolution)
- Procedures, responsibility for the valuation of loss of income, compensation, timing, and dispute settlement
- Programs for training and institutional development
- Compensation for loss of social and/or transport infrastructure and items of social and/or cultural heritage (mosques, churches, cemeteries, war memorials, etc.)
- Impact of affected families on “host” populations, and measures to avoid any potential conflicts
- Facilities to accommodate demand from influx of construction workers (health services, schooling, etc)

5. Transport and Other Transitional Issues

- Arrangements to move affected households to new sites (transport, temporary accommodation, transport of furniture, equipment, livestock etc)
- Timing of move, particularly in relation to agricultural cycle and school year

6. Environmental Mitigation

This refers to the environmental impacts of the resettlement program, and not the impacts of the project that is causing the resettlement, and includes:

- Impacts of the housing program, including impacts associated with construction and longer term impacts, particularly on sources and use of water, sewage, street drainage, disposal of solid waste
- Potential impact of resettled population on local services (health, schooling)
- Impact of resettled population on local population (especially any vulnerable groups)
- Impacts of natural resources, such as firewood collection, fisheries, etc
- Impact of income restoration projects: agricultural and livestock programs (deforestation, potential for soil erosion, use of agro-chemicals); small industries (water use, potential for contamination)
- Environmental management and education plan for the resettlement program
- Any plans to provide housing, infrastructure or social services to members of the host population affected by the resettlement villages

7. Public Consultation and Grievance Procedures

- Consultation, public disclosure and social communication procedures
- Institutional responsibility for consultation and communication
- Description of the consultations carried out to prepare the resettlement plan and timetable for future activities
- Parties involved in public consultation
- Measures to ensure vulnerable groups are fully consulted
- Review, summary and disclosure of results of consultations and how these are integrated into the resettlement planning
- Proposed mechanisms for the registration and resolution of grievances

8. Schedule and Responsibilities for Implementation of the Resettlement Plan

- Timing of baseline studies and census, evaluation of land/property/crops/loss of earning, payment of compensation, resettlement, rehabilitation, reconstruction of social infrastructure etc (this should be prepared as a gantt chart and should be related to the timing of the civil works and associated activities).
- Chart showing institutional responsibilities for each component of the resettlement plan, critical path and timing

9. Costs

- Estimated cost for each component and sub-component of the resettlement plan (land acquisition and compensation, housing, social infrastructure, economic rehabilitation, training)
- Estimated cost for each component, broken down by expected month/year of disbursement
- Estimated cost for each component and sub-component, broken down by institution responsible and expected month/year
- Overheads, by institution, and by month/year (staff costs, office and running costs, transport)
- Analysis of the costs of compensation and resettlement as a proportion of overall project costs

10. Monitoring and Evaluation (M&E)

- Responsibilities for M&E
- Reporting procedures
- Indicators for M&E (housing/services, economic indicators, health, schooling)
- “Expert panel” option, to review and advice in specific issues
- Ex-post evaluation