

National Energy Resources Skopje JSC, North Macedonia

NORTH MACEDONIA – REGIONAL GASIFICATION PROJECT

Livelihood Restoration Framework

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LIST OF ABBREVIATIONS

Art.	Article
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
EIB	European Investment Bank
ESIA	Environmental and Social Impact Assessment
ESS	Environmental and Social Standard (of EIB)
LRF	Livelihood Restoration Framework
LRP	Livelihood Restoration Plan
NER	National Energy Resources Skopje JSC
NGO	non-governmental organisation
NTS	Non-technical summary
PAP	Project Affected Person
PAH	Project Affected Household
PIU	Project Implementation Unit (of NER)
PR	Performance Requirement (of EBRD)
RNM	Republic of North Macedonia
SEP	Stakeholder Engagement Plan

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GLOSSARY

Involuntary resettlement	Impact caused either by project-related land acquisition or by restriction of access to land or natural resources. Impacts covered by “involuntary resettlement” include both “physical displacement” (relocation or loss of shelter) and “economic displacement” (loss of assets or access to assets that leads to loss of income sources or means of livelihood). Resettlement is considered <i>involuntary</i> when affected individuals or communities do not have the right to refuse land acquisition that results in displacement (e.g., in case of expropriation or restrictions on land use based on eminent domain and negotiated settlements in which the buyer can resort to expropriation).
Project Affected Person (PAP)	Person or business experiencing either physical or economic displacement.
Cut-off-date:	Date prior to which the occupation or use of the Project area makes residents/users of the Project area eligible to be categorized as PAPs.
Compensation	Payment in cash or kind for an asset to be acquired or affected by a project at replacement cost. This is typically understood to include all forms of compensation, including the provision of replacement land and housing. For clarity, compensation should be used only in the context of the loss of assets. It does not include allowances paid or provided in respect of various inconveniences not directly related to the loss of an asset or vulnerability, nor should it include livelihood restoration allowances or activities.
Replacement cost	Value determined to be fair compensation for land based on its productive potential, the replacement cost of houses and structures (current fair market price of building materials and labour without depreciation or deductions for salvaged building material), and the market value of residential land, crops, trees, and other commodities.
Allowance	Cash paid in respect of losses or resettlement related expenses other than losses of assets (thus, if distinguished from ‘compensation’). For instance, a moving “allowance” can be paid to PAPs who have to relocate as a result of Project land acquisition.
Entitlement	A range of measures comprising compensation in cash or in kind, income restoration, transfer assistance, income substitution, and relocation which are due to PAPs, depending on the nature of their losses, to restore their economic and social base.
Grievance procedure	A process compliant with the national law and EBRD and EIB requirements, local regulations, or administrative decisions to enable property owners and other PAPs to redress issues related to acquisition, compensation, or other aspects of resettlement.
Household	All persons living together as a single social unit. They are identified in a census being an instrument of their recognition and legitimacy to receive compensation, rehabilitation and assistance under the Project.
Livelihood	A full range of means that individuals, families and communities utilize to make a living, such as wages from employment; cash income earned through an enterprise or through sale of produce, goods, handicrafts or services; rental income from land or premises; income from a harvest or animal husbandry, share of a harvest or livestock production; self-produced goods or produce used for exchange or barter; self-consumed goods or produce; food, materials, fuel and goods for personal or household use or trade derived from natural or common resources; pensions and various government allowances.
Livelihood Restoration	Specific allowances or activities intended at supporting PAPs efforts to restore their livelihoods to pre-project levels. Livelihood restoration should preferably be distinguished from compensation. Livelihood restoration measures typically include a combination of cash or other allowances and support activities such as training, agricultural assistance or business enhancement.
Vulnerable household	A household, which might suffer disproportionately or face the risk of being further marginalized by the effects of resettlement such as a household living below the poverty line; female-headed households with fewer than two adult income-earners; large household with four or more children below 18 years; household with disabled members; elderly with no family support.
Legalizable PAP	A PAP who has no registered ownership or other property rights toward the affected land and/or adjacent building/asset but is legally eligible to obtain such by the force of law (including customary and traditional rights recognised under national laws).
Non-legalizable PAP	A PAP who does not have legal right or claim to the affected land and adjacent asset that he/she occupies and uses.

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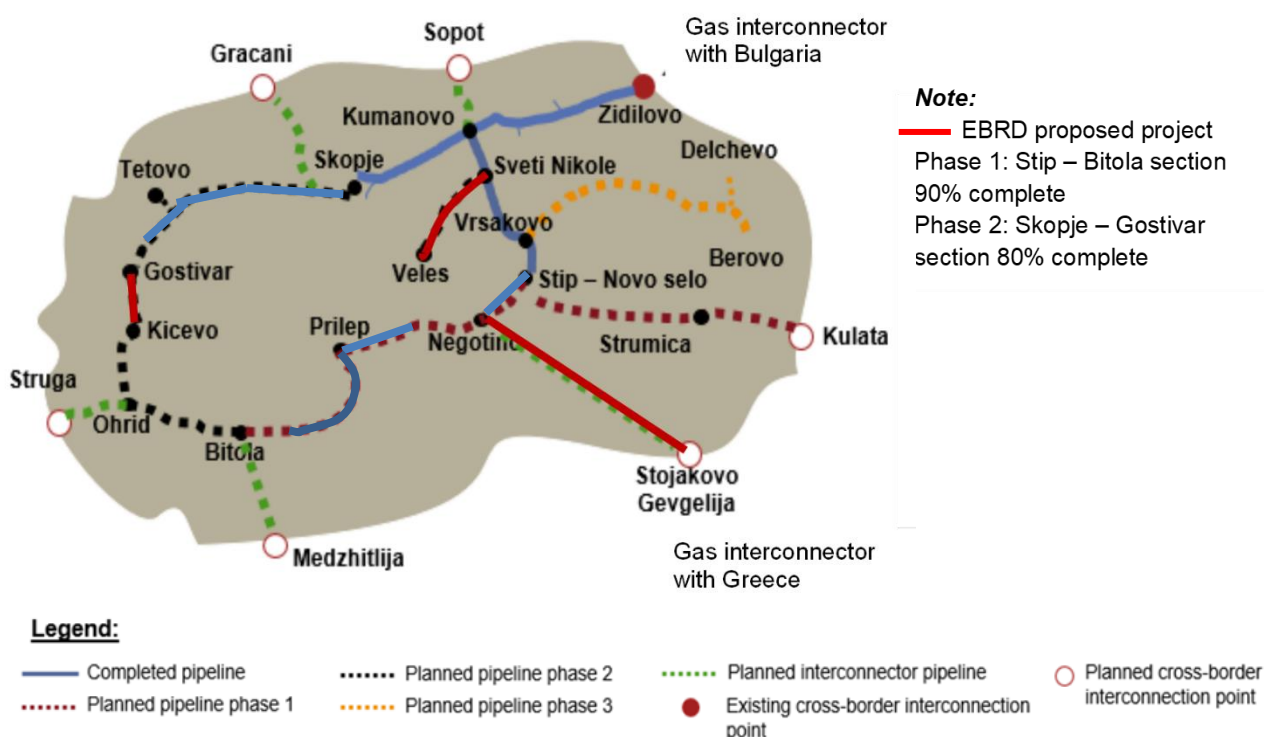
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1 INTRODUCTION

JSC National Energy Resources Skopje¹ (NER or “the Company”), the North Macedonian state-owned company responsible for the country’s gas transmission network, is planning to construct three underground gas pipeline sections (“the Project”) in North Macedonia (**Figure 1**):

- a 67-km North Macedonian section of the Greece-North Macedonia Interconnector,
- a 28-km Sveti Nikole-Veles Section, and
- a ca. 35-km Gostivar-Kicevo Section².

Financing for the Project is being sought from the international financial institutions including the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB - for the North Macedonian section of the Greece-North Macedonia Interconnector)) (together “the Lenders”).



Source: Adjusted from the National Strategy for Gasification of the Republic of Macedonia, Ministry of Economy, Republic of Macedonia. 2018³.

Figure 1. Schematic Location of the Project Components, North Macedonia

The Project is aligned with the North Macedonia’s National Strategy for Energy Development⁴ (2019). The three sections are part of the country’s Gasification Plan, whose realization was structured in three phases. Over the past four years, NER has been progressing the construction of Phase 1 gas transmission lines and has recently embarked on Phase 2 sections. The current Project is part of Phase 2 of the country’s gas network development plans.

¹ The Company’s website is <https://mer.com.mk/en-US/ForUs/ZaMer>.

² As the route is being re-aligned, the length of the section might change.

³ https://www.energy-community.org/dam/jcr:436db091-3b1c-43c1-8dbb-66fcee79cfc/INFWS052018_FYRM.pdf

⁴ The Strategy for Energy Development of the Republic of North Macedonia until 2040. https://economy.gov.mk/Upload/Documents/Adopted%20Energy%20Development%20Strategy_EN.pdf

As the Project involves the funding of greenfield gas pipeline sections, it has been assigned 'Category A' according to the EBRD Environmental and Social Policy (2019)⁵. This means that the Project is subject to an environmental and social impact assessment (ESIA) and participatory disclosure and consultation process including a 120-calendar-day disclosure of the Project's environmental and social documents package.

The environmental and social documents developed for the Project components revealed that it would not trigger physical displacement⁶, however, may cause economic displacement impacts related to loss of assets or access to assets and restricted land use. Therefore, this document, the *Livelihood Restoration Framework (LRF)*, has been produced to present the principles, goals, procedures and guidance on avoiding, minimising, mitigating and compensating economic displacement impacts related to the construction of the proposed pipeline sections. It sets a framework for further development of individual Project's Livelihood Restoration Plans (LRPs) for each section.

The LRF has been prepared in line with the relevant EBRD and EIB requirements and national legislation on land acquisition and resettlement as described in **Section 3**.

The LRF relies on the findings of the national and bankable environmental and social impact assessment documents prepared for the Project components, design documentation, and consultations with NER and its design/environmental and social consultants held in June-July 2022. It also draws on the Geodetic Reports for the Interconnector and Sveti Nikole-Veles Sections⁷ prepared by NER to support land expropriation per national legislation and other NER's land acquisition planning documents. As the Gostivar-Kicevo Section is under re-alignment, this LRF considers the Interconnector and Sveti Nikole-Veles Section in more detail and the Gostivar-Kicevo Section at a high level (to the extent the section's details are known as of August 2022). The environmental and social documents for the Gostivar-Kicevo Section will be disclosed at a later stage, once developed, and this LRF will be updated accordingly and re-disclosed for another 120 days.

2 THE PROJECT OVERVIEW

2.1 Project Rational

North Macedonia has limited domestic energy sources and its energy dependency on imports is 63.7%⁸. North Macedonia's power generation mix consists of largely outdated coal-fired generation (29.3%), oil (38.7%), and natural gas (10.8%). Renewable energy provides 13.5% of the country's energy.

In terms of gas supply, North Macedonia has a single import route with Bulgaria and is 100% reliant on import. To increase security of supply, North Macedonia established objectives to develop other gas supply routes, diversify energy sources, switch to cleaner energy sources and develop gas transmission networks to improve the integration of the country's energy infrastructure⁹.

⁵ <https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>.

⁶ The ongoing re-alignment of the Gostivar-Kicevo Section is aimed at avoiding any residential buildings (see **Section 2.2**). Its final design is to be reviewed to confirm that no physical resettlement is caused.

⁷ 1) Geo-Kat Engineering. 2020. Geodetic Elaborate on the Special Survey to Elaborate on Permanent and Temporary Expropriation [for the Interconnector], No. 0801-101/20. 2) Geo-Kat Engineering. 2021. Geodetic Elaborate on the Special Survey to Elaborate on Permanent and Temporary Expropriation [for the Sveti Nikole – Veles Section], No. 0801-101/200801-197/21. 3) Geodetic Report for Gostivar-Kicevo prepared in 2012 is outdated and will be updated by NER at a later stage.

⁸ State Statistical Office, Energy balances 2020: https://www.stat.gov.mk/pdf/2021/6.1.21.60_mk.pdf

⁹ The Strategy for Energy Development of the Republic of North Macedonia until 2040. https://economy.gov.mk/Upload/Documents/Adopted%20Energy%20Development%20Strategy_EN.pdf

The Project will be an important part of the country's gasification plans, with the interconnection with Greece being the vital component. The Project will:

- Assist to improve regional air quality by diverting energy generation towards cleaner fuels in populated industrial areas of the country;
- Support the country's energy efficiency measures through reduced energy loss for heating; and
- Contribute to North Macedonia energy security by enabling a more sustainable energy mix and by developing its gas infrastructure.

2.2 **Project Facilities**

The **Project facilities** comprise underground pipelines of different diameter and on-ground facilities, such as block stations¹⁰, metering stations¹¹, cleaning stations¹², pressure valves¹³, cathodic protection units¹⁴, connections and other necessary structures to ensure gas transportation. In addition, the Project is likely to require creation of temporary access roads to the construction sites, laydown and storage areas for construction materials and structures, and potentially a construction camp in case of the Interconnector.

The **North Macedonia Interconnector Section** starts near Idomeni village at the border with Greece and goes to Negotino town (**Figure 2** and **Figure 3**). It is planned to be a pipeline with a 700 mm diameter and length of around 67 km. The Interconnector also comprises cleaning stations, a pressure valve, block stations, and cathodic protection units. Analysis of alternatives was undertaken during a Feasibility Study prepared by NER in January 2019, to identify the optimal route of the pipeline.

The Greek section of the Interconnector comprises the construction of a 750 mm in diameter, 55 km long underground high-pressure gas transmission pipeline running between Nea Messimvria in Greece and Greece/North Macedonia border (**Figure 3**). It also includes the installation of a border metering station, block valves and other types of facilities on Greek territory. The Greek section is not part of the Project considered by the EBRD for funding.

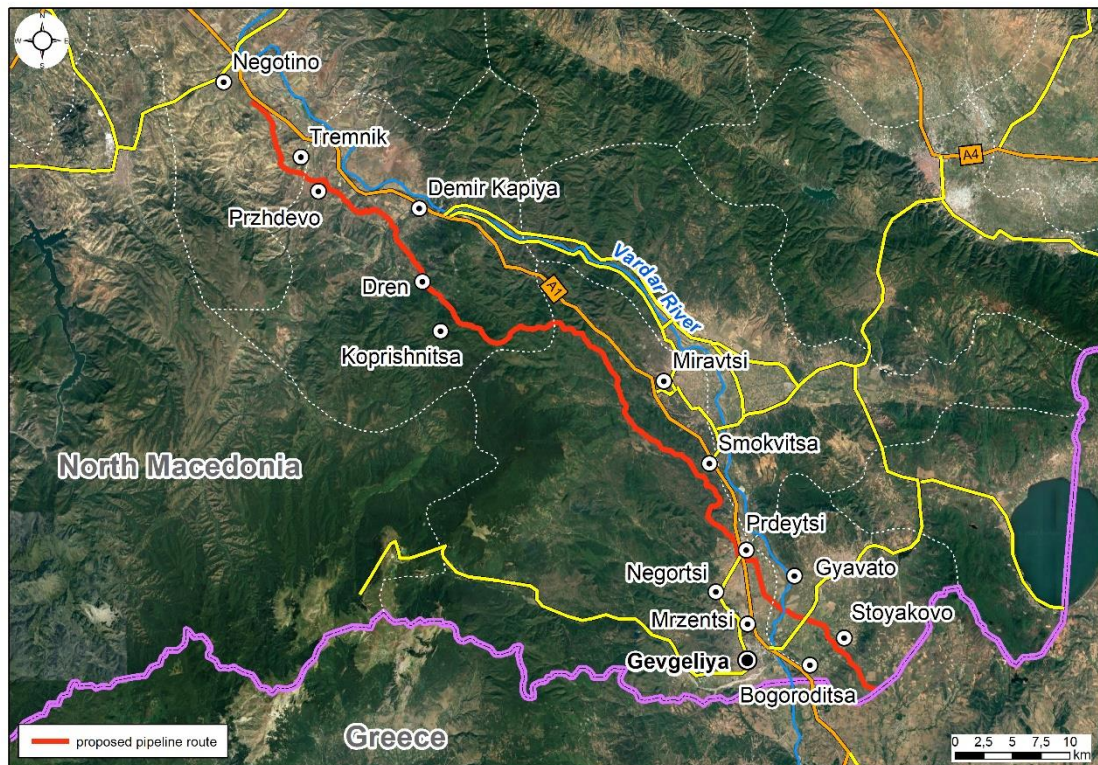
¹⁰ Block stations comprise block valves. Block valve is a part of a piping system that controls the flow; with block valves operators can isolate any segment of the line for maintenance work.

¹¹ Metering station is a device used for a continuous and simultaneous analysis of the quantity and quality of natural gas being transported in a pipeline.

¹² Cleaning station is an element allowing for an effective way of cleaning the pipe without interrupting the gas flow.

¹³ Pressure valves are devices that regulate pressure of gas in the pipelines to the required values.

¹⁴ Cathodic protection units are installations that use a low electrical current to prevent corrosion of metal pipelines. Corrosion is a natural process during which materials (usually metals) are gradually destructed by chemical or electrochemical reaction with their environment.



Source: Ecoline International based on NER's information.

Figure 2. The North Macedonia Interconnector Route Map

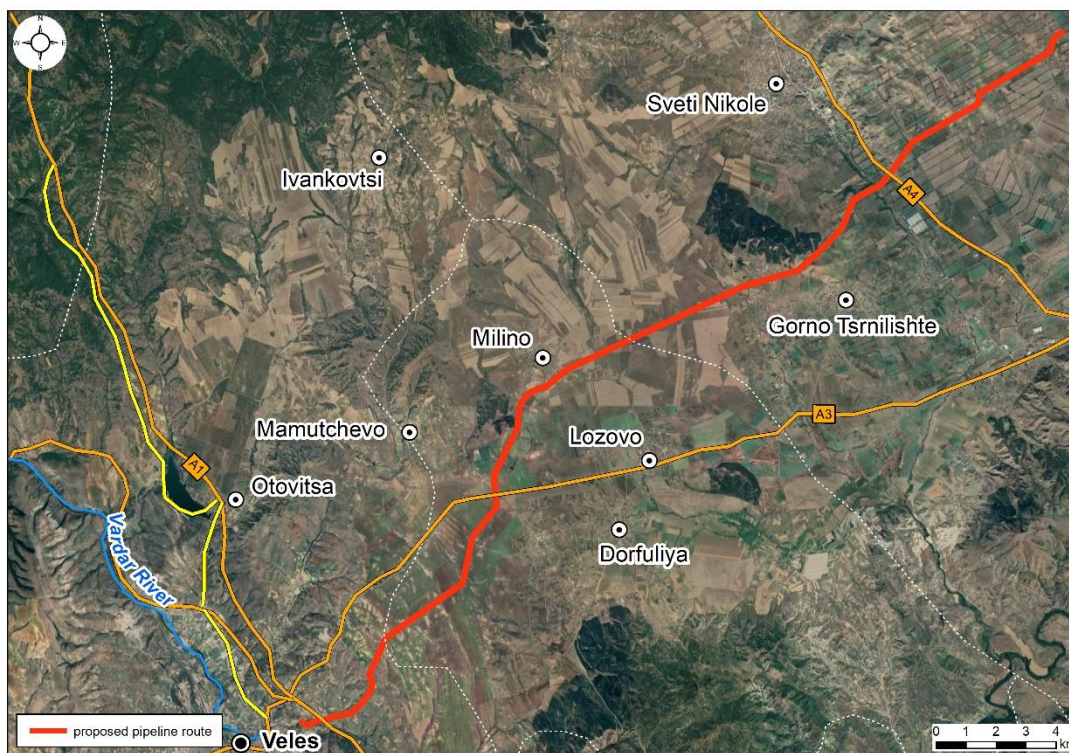


Source: Adjusted from the National Strategy for Gasification of the Republic of Macedonia, Ministry of Economy, Republic of Macedonia. 2018¹⁵.

Figure 3. Location of the North Macedonian and Greek Sections of the Interconnector

¹⁵ https://www.energy-community.org/dam/jcr:436db091-3b1c-43c1-8dbb-66fcee79cfc/INFWS052018_FYRM.pdf

The Sveti Nikole-Veles Section (Figure 4) will be a 28 km long main gas pipeline with the diameter of 200 mm. It will start with the installation of a block station about 6 km east of Sveti Nikole town that will connect it with the existing gas pipeline in Sveti Nikole. It will continue south-east and will end close to Veles town with another block station. The pipeline design also envisions a 386 m connection towards Sveti Nikole town, two cleaning stations, two metering stations, cathodic protection units and other necessary facilities. The section will bring gas to the central industrial region which still heavily relies on petroleum products and faces major air pollution problems.

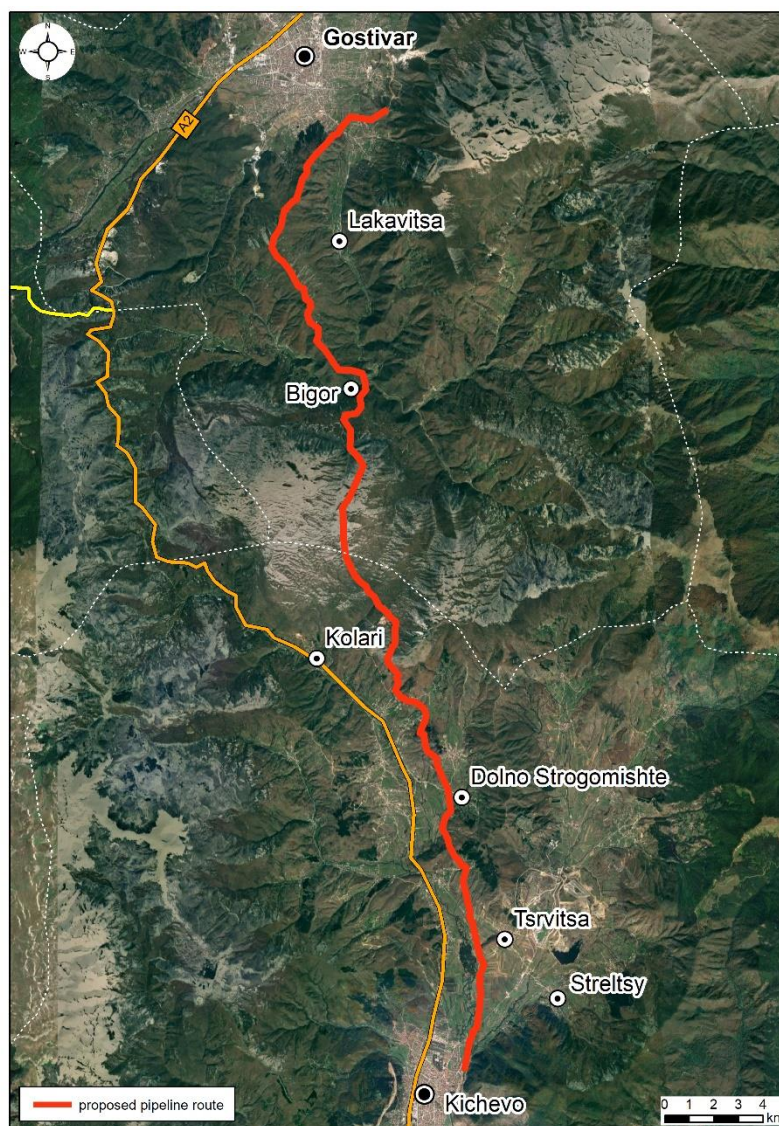


Source: Ecoline International based on NER's information.

Figure 4. The Sveti Nikole-Veles Section Route Map

The Gostivar-Kicevo Section (Figure 5) will be about 35 km long, with a 500 mm diameter gas pipeline. The above-ground structures include four block stations and two connections to the existing gas pipelines. The proposed pipeline will bring gas to the residential, commercial and industrial sectors in the Municipality of Kicevo currently relying on solid fuels, inefficient electricity use (predominantly coal-based) and petroleum products. This section is an important backbone to bring gas to the south-west of the country (cities of Ohrid, Struga, and Resen), completing the ring with Bitola and a planned interconnection with Albania. The gas pipeline will connect with the Skopje-Tetovo-Gostivar section which is under construction and is 80% completed.

The Gostivar-Kicevo Section was designed in 2010 as part of the larger project – Lot 5. Skopje-Tetovo-Gostivar-Kicevo (Figure 1). Around 40-50% of the Gostivar-Kicevo Section are being currently re-designed by NER in order to avoid physical relocation of people in the gas pipeline's southern part and impacts on biodiversity in its northern part.



Source: Ecoline International based on NER's information.

Figure 5. Indicative Gostivar-Kicevo Section Route Map

The three proposed pipelines will intersect aboveground infrastructure (motor roads, railway lines, overhead transmission lines, and irrigation systems), underground infrastructure (e.g., underground electric cables, existing oil/gas pipelines, telecommunication cables, water supply/sewage pipes) and water bodies (rivers, streams, canals).

The construction of the Gostivar-Kicevo Section is expected to start in mid-2023; the beginning of the construction stage for two other sections is scheduled for early 2023. The construction activities for each section are expected to last for around two years.

2.3 Associated Facilities and Activities

Other planned gas development projects in North Macedonia can be considered 'the associated facilities'¹⁶ in relation to this Project and thus should comply with the principles outlined in this LRF.

¹⁶ EBRD Environmental and Social Policy (2019): facilities or activities that are not financed by EBRD as part of the project but which in the view of EBRD are significant in determining the success of the project or in producing agreed project outcomes.

2.4 Design Solutions to Minimise Physical and Economic Displacement

Avoidance of physical displacement was one of the main criteria used for siting the routes and supporting facilities. Other principles were to maximise the use of state-owned land while minimising land acquisition from private land-owners/leaseholders, and to avoid sensitive environmental and social receptors (such as perennial tree plantation, biodiversity hotspots, residential areas / settlements, and cultural heritage sites).

For instance, the Gostivar-Kicevo Section route was shortened and few deviations were included from the original 2010 design to avoid impacts on structures that were identified after 2014¹⁷. Further re-alignment of this route is ongoing to avoid physical displacement due to recently constructed houses and minimise impacts on biodiversity.

When considering four alternative routes for the Sveti Nikole-Veles Section, NER and designers avoided residential areas, tried to lay the route through the state-owned or low-productivity agricultural land beyond the area designated for construction. When this was impossible, the route was aligned with borderlines or edges of land plots to avoid 'orphaning' land and minimise impact on plantations/crops.

As for the Interconnector, the longest alternative route was eventually selected to avoid or minimise impact on various environmental and social receptors. In addition, minor modifications were made to the routing being driven by resettlement and social factors.

2.5 Project Status on Land Acquisition

As of June 2022, the land acquisition planning process for the Project was launched for the Interconnector only. A Geodetic Report prepared for the Interconnector was sent to the Agency for Real Estate Cadastre of North Macedonia for review and approval.

The Geodetic Report for the Sveti Nikole-Veles Section has been developed as well, but not yet submitted to the Agency.

The old Geodetic Report for the Gostivar-Kicevo Section (of 2010) will be updated after the new route is confirmed (based on the consideration that the physical resettlement shall be avoided and state-owned land is to be used as much as possible).

As such, the process of valuation of the assets and negotiation of compensations have not started.

3 **LEGAL FRAMEWORK**

3.1 Applicable Laws and Regulations of North Macedonia

3.1.1 Land Ownership Rights and Land Classification in North Macedonia

In North Macedonia land can be owned by the State (the Republic of North Macedonia (RNM)), municipalities or the city of Skopje, or legal and natural persons. The sub-forms of ownership right include co-ownership and joint ownership. Other land tenure rights include the right of easement, right of long-term lease, collateral right, and real encumbrance right¹⁸.

These are new facilities or activities: (i) without which the project would not be viable, and (ii) would not be constructed, expanded, carried out or planned to be constructed or carried out if the project did not exist.

¹⁷ RINA. Regional Gasification Project - North Macedonia [Gostivar-Kichevo and Sveti Nikole-Veles Sections]. Environmental and Social Assessment Report. Doc. No. P0020349-H3 Rev. 0 – September 2020.

¹⁸ Law on Property and Other Real Property Rights ("Official Gazette of the Republic of Macedonia" 18/01, 31/08), 92/08, 139/09 and 35/10), Article 170.

Land is classified into i) fertile land, ii) infertile land, and iii) land under water¹⁹. Each of these is further categorised by ‘cadastral culture’ in terms of methods and possibilities for use of land for production purposes.

Fertile land refers to fields, rice fields, gardens, orchards, vineyards, meadows, pastures, forests, giant reeds and marshlands.

Infertile land includes naturally infertile land (e.g., rocks, stone heathland, etc.), and artificially infertile land, which refers to ‘land for construction’ for which an urban/spatial planning documentation or an infrastructure design project has been adopted²⁰. Land for construction splits into built and non-built land. Built land comprises land under buildings, yards, roads and railroads and other linear infrastructure facilities, graveyards, religious objects, etc.

Land under water includes land under both running waters (streams and rivers) and standing waters (natural and artificial lakes and swamps).

3.1.2 Summary of Key Laws and Regulations

The RNM legislation comprises a number of legal acts to regulate land use, land acquisition / land ownership rights transfer, land use restrictions, and related compensations for affected parties. The key applicable laws and regulations are briefly reviewed in the table below.

Table 1. Key Laws and Regulations of North Macedonia on Land Acquisition and Physical and Economic Displacement

Legal Acts	Key Issues Related to Land Acquisition and Displacement
Constitution of the Republic of North Macedonia (RNM)	The Constitution guarantees legal protection of the ownership rights, protection of land and natural resources by the State, and gender equality in the context of property rights.
Law on Property and Other Real Property Rights (“Official Gazette of the Republic of Macedonia” 18/01, 31/08), 92/08, 139/09 and 35/10)	The law regulates the right of ownership and other real rights (the right of easement, the right to a real burden, etc.).
Law on Real Estate Cadastre (“Official Gazette of the Republic of Macedonia” 55/13, 41/14), 115/14, 116/15, 153/15, 192/15, 61/16, 172/16 and 64/18)	The law regulates the establishment and maintenance of real estate cadastre (registration of ownership and other real estate rights, real estate data and other rights and facts whose registration is stipulated by law). It stipulates principles of cadastral classification of land (by ‘cadastral culture’). It also includes provisions on management of geodetic works, real property surveys performed in service of the real estate cadastre, property valuation, supervision over geodetic works performed by authorized surveyors and companies for, as well as the status, organization, functioning and authorizations of the Agency for Real Estate Cadastre.
Rulebook of the Method of Cadastral Classification and Determination and Registration of the Change of Cadastral Culture and Land Class (“Official Gazette of RM 144/13, 149/17, 128/15 and 95/15)	The rulebook defines method for cadastral classification of land and provisions on change of a cadastral culture, as well as change of a land class (for agricultural land only).
Law on Agricultural Land (“Official Gazette of the Republic of Macedonia” 135/07, 17/08, 18/11, 42/11, 148/11, 95/12, 79/13, 106/13, 164/13, 39/14, 130/14, 166/14, 72/15, 98/15, 154/15, 215/15, 7/16, 39/16 and “Official Gazette of RNM” 181/19)	The law regulates the use, disposal, protection, and conversion for agricultural land (i.e., a change of the cadastral culture and land class).
Law on Land for Construction (“Official Gazette of Republic of Macedonia” 15/15, 98/15), 193/15, 226/15, 31/16, 142/16,	The law regulates the rights and obligations related to land for construction (land designated for construction of residential, industrial, commercial or infrastructure development per the spatial/urban planning or infrastructure design documentation). The law elaborates on the structure of this land

¹⁹ Ibid, Article 76.

²⁰ Law on Land for Construction (“Official Gazette of the Republic of Macedonia” No. 15/15, 98/15, 193/15, 226/15, 31/16, 142/16, and 190/16, and “Official Gazette of the Republic of North Macedonia” No. 275/19), Article 2.

Legal Acts	Key Issues Related to Land Acquisition and Displacement
190/16 and "Official Gazette of RNM" 275/19)	category, conditions for use of such land, provisions on land management, as well as other issues related to this land category.
Law on Expropriation ("Official Gazette of Republic of Macedonia" 95/12, 131/12, 24/13, 27/14, 104/15, 192/15, 23/16 and 178/16)	The law regulates the procedure for acquisition (which is referred to as 'expropriation') of land and assets (e.g., structures) for projects that are of public interest and the associated rights for immovable properties. It specifies the purposes for which the land / asset can be expropriated or restricted in use. Projects of public interest are those covered by various planning documents and deemed to be of strategic and public interest for the country. The law provides a list of projects of public interest, and pipeline construction projects fall under this category. The law determines procedures for full expropriation (permanent acquisition), establishing an easement (incomplete expropriation) and temporarily occupying (leasing) land/assets. It also states that compensation for the acquired land and assets should be provided in the form of either a replacement property or in cash. Cash compensation cannot be lower than the market value of the affected properties. The market value of the expropriated immovable property is determined by an authorised property valuator / surveyor in accordance with the Law on Appraisal. Where another immovable property is offered as compensation for the expropriated asset, it should be close to the value of this asset.
Law on Obligations ("Official Gazette of Republic of Macedonia" 18/01, 78/01, 04/02, 59/02, 05/03, 84/08, 81/09, 161/09, 123/13 with later amendments)	The law requires provision of compensation in cash to formal legal owners of land and assets (or those whose rights are recognisable under national laws) for damages or losses incurred as a result of investors/contractors (or others) accessing land or preventing access to land and/or assets. Compensation is provided after the damages and/or losses have already occurred.
Law on Appraisal ("Official Gazette of Republic of Macedonia" 115/10, 158/11, 185/11, 64/12, 188/141, 104/15, 153/15, 192/15 and 30/16)	The law regulates the areas, conditions and methods for performing appraisal, subjects to appraisal; the procedures of taking a professional exam, issuing or revoking the appraisal license, awarding appraisal tasks, and reimbursing costs of performed appraisal, the competence, organization and operation of the Chamber of Valuers of the RNM, as well as other issues related to appraisal.
Methodology for Assessment of the Market Value of Real Estate ("Official Gazette of Republic of Macedonia" 54/12, 17/13, 21/13 and 142/14)	The regulation defines the procedure of valuation of agricultural land when there is a need for estimating the market value of affected land and assets within the expropriation procedure.
The Law on Expert Review ("Official Gazette of Republic of Macedonia" 115/10, 12/14, 43/14, 104/15, 148/15, 192/15 and 64/18)	The law regulates the procedure for expert reviews, and the areas, conditions and manner of performing expert reviews. It contains qualifications of entities performing such reviews, provisions for remuneration, etc.
The Law on Administrative Disputes ("Official Gazette of Republic of Macedonia" 62/06, 150/10 and "Official Gazette of RNM" 96/19)	The law stipulates on procedures for ensuring judicial protection of the rights and legal interests of individuals and legal entities in the court via administrative disputes.
Law on Social Welfare ("Official Gazette of Republic of Macedonia" 79/09, 36/11, 51/11, 166/12, 15/13, 79/13, 164/13, 187/13, 38/14, 44/14, 116/14, 180/14, 33/15)	The law includes provisions on social welfare payments and services to vulnerable residents under different circumstances.
Law on Spatial and Urban Planning ("Official Gazette of the RNM" 32/2020)	The law determines aims of such planning which includes among others ensuring organised and rational use of space, as well as improving living and working conditions for citizens.
Law on Construction ("Official Gazette of the Republic of Macedonia" 130/09, 124/10, 18/11, 36/11, 54/11, 59/11, 13/12, 39/12, 144/12, 25/13, 70/13, 79/13, 137/13, 163/13, 27/14, 28/14, 42/14, 115/14, 149/14, 187/14, 44/15, 129/15, 217/15, 226/15, 30/16, 31/16, 39/16, 71/16, 132/16, 35/18, 64/18, and 168/18, and "Official Gazette of the RNM" 244/19, and 18/20)	The law introduced general requirements to the construction works including required studies and surveys and site preparation works, the necessary project documentation for obtaining a construction permit, the rights and the obligations of the participants in the construction as well as other important issues related to construction works.
The Rulebook on Technical Conditions and Norms for Safe Transport of Liquid and Gaseous Hydrocarbons with Main Oil and Gas Pipelines and with Oil and Gas Pipelines for International Transport (Official Gazette 26/1985)	The regulation determines zones of restricted land use along the operational gas pipelines.

3.1.3 Land and Other Asset Acquisition Procedure

The land acquisition process for the projects of public interest is regulated by the Law on Expropriation. The law distinguishes the following types of land acquisition processes applicable to infrastructure projects of public interest of the national level:

- **Complete expropriation** is when ownership rights on land and assets of previous owners are obtained by the State (RNM), i.e., permanent land acquisition (Art. 9);
- **Incomplete expropriation** (Art. 10) when the right of ownership or other property rights to land of the previous land owners are restricted for a defined period of time or on a permanent basis; incomplete expropriation includes, *inter alia*:
 - **Establishing the right of easement** to ensure construction of a facility of public interest or operation of the built facility (Art. 10). NER will use this option for temporary land acquisition for the Project;
 - **Temporary occupation of land** of project sites/routes to conduct geological, geotechnical, hydrological and other necessary studies and surveys (Art. 15);
 - **Temporary occupation of land** that is adjacent to project sites/routes (Art. 17) to meet specific construction needs (placing the construction machinery, temporary storage of structures and materials, etc.); land next to construction sites may be temporarily occupied for a period of up to two years.

The land acquisition procedure comprises the following steps that are detailed further:

- 1) Preparation of the Expropriation Proposal;
- 2) Land and assets inventory and valuation;
- 3) Notification of affected owners & invitation to hearing;
- 4) Expropriation Decision, including judicial appeal(s) (if needed);
- 5) Hearing on the Expropriation Decision;
- 6) Payment of compensation.

Preparation of the Expropriation Proposal relies on information from various studies, including e.g., an Expropriation Study/Geodetic Report, which provides a list of all the affected land plots, registered assets (i.e., structures) and their owners/right-holders, as recorded in the real estate cadastre. The Expropriation Proposal shall be submitted to the 'Expropriation Authority' that is the municipal office of the Department for Property and Legal Issues of the Ministry of Finance²¹ or to the RNM State Attorney.

The proposal is supported by the following documents (Art. 26, Law on Expropriation):

- (i) an extract of the spatial planning act or approved infrastructure development project;
- (ii) a geodetic report with data on properties to be expropriated;
- (iii) an offer for compensation equivalent to the market value of the affected property determined by a qualified appraiser per the Law on Appraisal;
- (iv) title deed for the property being expropriated;
- (v) a proof that the compensation fund is available for the property to be expropriated;
- and
- (vi) other data related to the real estate and to the owner.

After the municipal bodies accept the Expropriation Proposal, they request its submitter to transfer funds in the amount of the estimated value of the real estate to be expropriated, on a deposit account.

A **land and assets inventory and a valuation** are completed by certified evaluators from the *Bureau of Judicial Expertise*. The inventory will provide basic information on affected land plots (i.e., total area and area to be acquired, land use and land category) and all assets located on it (structures, crops, trees, orchards, businesses, etc.). The inventory covers assets both registered in the real estate cadastre and not registered. The asset inventory and

²¹ Ministry of Finance is in charge of implementing land acquisition by the Republic of Macedonia (for projects of public interest).

valuation are conducted simultaneously with the preparation of the Proposal for Expropriation. Valuation determines the market value of assets and this information becomes part of the Expropriation Proposal. The inventory and valuation experts engage with the PAPs at this stage.

Notification of affected owners and invitation to hearings: within five days of receiving the Expropriation Proposal, the Expropriation Authority sends the individual Expropriation Proposals to affected asset owners/right-holders. Thereby the owners/right-holders are informed about the compensation amount and are individually invited to a *hearing* (i.e., an individual meeting). The meeting is to occur within 15 days of receiving the Expropriation Proposal by asset owners/right-holders. The meeting is attended by the expropriation initiator (i.e., NER) as well. During the meeting an amicable **compensation agreement**²² can be reached. The expropriation initiator acquires ownership of the expropriated property within eight days from the date of reaching the agreement.

However, if the agreement is not reached, while all documents are in due order, the Expropriation Authority adopts an **Expropriation Decision**, within 30 days of receiving the Expropriation Proposal from the initiator²³. A property right-holder can appeal against this Decision to the Administrative Court²⁴ within 15 days of receipt of the Decision. If there is no appeal, the Expropriation Decision becomes legally binding. This Decision contains information about the rights of the PAPs to appeal to the court and so forth.

When the Expropriation Decision becomes final, a **second hearing on Expropriation Decision** must to be held by the Expropriation Authority within eight days to again discuss and determine the level of compensation for each affected owner. If the agreement is reached, the expropriation procedure is finalised. If no agreement is reached on the amount of compensation, the case is submitted by the Expropriation Authority to the courts to decide. The court may commission a separate valuation of the property that will be proposed to the asset owner/right-holder.

Payment of compensation: the expropriation initiator (i.e., NER) shall pay the compensation or provide replacement properties, within 30 days a) of signing a compensation agreement, b) after the court decision relating to the compensation becomes valid, or c) after the Expropriation Decision becomes legally binding. For delays in payment, interest rates will apply. Payments to natural and legal persons are made through bank accounts only. Compensation for all expropriated assets and the costs of the procedure are borne by the party initiating the expropriation process

3.1.4 Compensation Related to Acquisition of Land and Other Assets

According to the provisions of the Law on Expropriation, in case of **full expropriation** (Art. 37-44) those who have formal legal rights over properties are entitled to compensation at their market value; this includes land, structures and any other immovable assets. The owner of the asset that is being expropriated has the right to compensation for all plants / crops, sown fields, forests on the land and the orchards, provided that they are not included in the market value of the land.

²² This agreement for *payment of compensation* shall be documented in the Minutes of Meeting and include the amount of compensation, deadline for payment, and all data necessary for fulfilling the obligations of the expropriation initiator and the former asset owner/right-holder. The agreement is considered concluded when both parties sign the Minutes. The agreement is the basis for registering the property right to the expropriation initiator and is an executive document.

²³ If the owner/right-holder has not received the Expropriation Proposal (as s/he was not found / died / was abroad, etc) and 30 days have passed in the meantime, the Expropriation Authority proposes the Lawyer Chamber to appoint a temporary representative for the owner.

²⁴ An affected owner can also choose to file a lawsuit with the relevant administrative court (including a second court appeal to the Higher Administrative Court). The Law on Expropriation sets deadlines for administrative courts to decide on appeals and provides for penalties for non-compliance with these deadlines.

The law also allows for compensation of lost profit / income of affected formal economic activities resulting from displacement; economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition or restriction of access to natural resources.

Compensation cannot be lower than the market value of the affected properties and is estimated based on recent market transactions in neighbouring areas. The market value of the expropriated immovable property is determined by an authorised property valuator in accordance with the Law on Appraisal. Compensation can be provided in the form of either a replacement property or in cash.

Where another immovable property is offered as compensation for the expropriated asset, it should be close to the value of the expropriated asset. National law allows compensation for the loss of profit/income through affected businesses activities, where such scenario was caused by the expropriation process.

The owner of the asset being expropriated is not entitled to compensation for investments made after the **Expropriation Proposal** was delivered to the owner (Art. 40). If the remaining (non-affected) part of the affected land plot becomes inaccessible, unviable for cultivation or economic interest of the owner (so-called 'orphan land'), the owner can request for the entire plot to be expropriated and compensated in full. This request may be submitted **before** the agreement is reached and the **Expropriation Decision** becomes final.

The **compensation for the establishment of the right of easement** includes compensation for the reduced market value of affected land/asset and for damage occurred due to easement right establishment. The compensation is determined on a case-by-case basis by a certified property valuator in accordance with the Law on Appraisal (Art. 45).

The **compensation for the temporary occupation of land** is determined according to the market lease rate for the similar asset and duration of lease. If any damage is caused to the owner of the asset through restriction of his/her land ownership right, the owner has the right to be compensated. The damage compensation in such cases is determined on a case-by-case basis by a certified expert.

3.1.5 Assistance to Vulnerable People

The legislation of North Macedonia does not envision special measures related to vulnerable groups during land acquisition. Municipal Centres for Social Welfare can provide some assistance, under the Law on Social Welfare. This law enables provision of social welfare payments and services to vulnerable residents. One of the important aspects of social welfare payments under the law stipulates a person's right to be rewarded a one-off financial payment where such person find themselves in a situation of sudden and temporary need, including the provision of housing where the residential property is lost.

Assistance from social welfare authorities can be used to address the needs of persons with disabilities, single headed households, households with low incomes, etc. The national legislation comprises a set of laws under which affected people can be assisted to improve their living standards (access to health care, education, personal documentation, social housing, etc.) and these laws can be used as a basis for developing future livelihood restoration actions, particularly for vulnerable groups.

Legal assistance can be provided to vulnerable people under the Law on Free Legal Assistance²⁵ by lawyers from the Ministry for Justice and selected citizens' associations.

²⁵ Law on Free Legal Assistance ("Official Gazette of the Republic of Macedonia" 161/09, 185/11, 27/14),

3.1.6 Land Use Restrictions During Operations

The Rulebook on Technical Conditions and Norms for Safe Transport of Liquid and Gaseous Hydrocarbons with Main Oil and Gas Pipelines and with Oil and Gas Pipelines for International Transport (Official Gazette 26/1985) imposes the following restriction (buffer) zones along the operational pipelines where various land use restrictions are applied.

- Restriction Zone 1 – a land corridor of 5m on both sides of the pipeline axis where it is forbidden to grow plants with roots deeper than 1m and to plough the land for deeper than 0.5m (Art. 8);
- Restriction Zone 2 – a land corridor of 30m on both sides of the pipeline axis where it is forbidden to construct residential buildings (Art. 9)²⁶;
- Restriction Zone 3 – a land corridor of 200m on both sides of the pipeline axis where population density limits should be adhered to (Art. 10).

3.2 EBRD Requirements

The EBRD requires this Project to comply with the EBRD Environmental and Social Policy (2019) and a set of specific Performance Requirement (PRs) covering key environmental and social issues. The LRF considers the requirements of the following EBRD PRs:

- PR1: Assessment and Management of Environmental and Social Risks and Impacts;
- PR5: Land Acquisition, Involuntary Resettlement and Economic Displacement; and
- PR10: Information Disclosure and Stakeholder Engagement.

The EBRD PR1 requires assessing social, including land acquisition-related, risks and impact and developing and delivering the relevant mitigation measures.

The key requirements of the EBRD's PR5 are to:

- avoid or, when unavoidable, minimise, involuntary resettlement by exploring alternative project designs;
- mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to assets and land by: (i) providing compensation for loss of assets at replacement cost; and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected;
- restore or, where possible, improve the livelihoods and standards of living of displaced persons to pre-displacement levels; and
- improve living conditions among physically displaced persons through the provision of adequate housing, including security of tenure at resettlement sites.

PR5 is applied when resettlement is considered *involuntary*, that is when affected individuals or communities do not have the right to refuse land acquisition resulting in displacement. EBRD interprets *involuntary resettlement* as referring to both physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition or restriction on land use / access to natural resources.

Key PR10 requirements pertaining to stakeholder engagement in the context of land acquisition / resettlement are as follows:

²⁶ As an exception to this provision, residential buildings may be built in a zone narrower than 30 m if their construction was already envisioned by the urban plan before the design of the pipeline and if special protection measures are applied. Thereby the smallest distance between the residential building and the pipeline can be: a) 10 m for a 125 mm diameter pipeline; b) 15 m for a 125 mm to 300 mm diameter pipeline; c) 20 m for a 300 mm to 500 mm diameter pipeline, and d) 30 m for pipelines with diameter larger than 500mm (Art. 9 of the Rulebook).

- give affected persons the opportunity to participate in the eligibility requirements, negotiation of the compensation packages, resettlement assistance, suitability of proposed resettlement sites and proposed timing;
- continue consultation during the implementation, monitoring and evaluation of compensation payment and resettlement so as to achieve outcomes that are consistent with the objectives of PR5; and
- ensure that grievances from affected communities and other stakeholders are responded to and managed appropriately.

3.3 EIB Requirements

The EIB requires its clients to comply with its Environmental and Social Standards (ESSs) (2018)²⁷. This LRF considers the requirements of the following EIB's ESSs:

- Standard 1: Assessment and Management of Environmental and Social Impacts and Risks;
- Standard 6: Involuntary Resettlement;
- Standard 7: Rights and Interests of Vulnerable Groups; and
- Standard 10: Stakeholder Engagement.

The EIB's key requirements are similar to those of the EBRD.

3.4 Gap Analysis

This section reviews the national legislation, which regulates land acquisition for public needs (expropriation legislation) and livelihood restoration issues against the relevant EBRD and EIB requirements. The detailed analysis as well as suggested measures to address the gaps are provided in **Table 2**.

²⁷ EIB Environmental and Social Standards, Version 10.0 of 08/10/2018
https://www.eib.org/attachments/strategies/environmental_and_social_practices_handbook_en.pdf

Table 2. Resettlement Gap Analysis: North Macedonian Legislation vs. EBRD and EIB Land Acquisition Requirements

Issue	EBRD's and EIB's Requirements	North Macedonian Legal Requirements	Gaps / Comments	Proposed Actions to Bridge the Gaps
Avoidance or Minimisation of Displacement	The client shall consider feasible alternative project designs and locations to avoid or at least minimise physical and/or economic displacement.	<p>The Law on Spatial and Urban Planning states that the aim of such planning is to improve living and working conditions for citizens. The Constitution of RNM guarantees legal protection of ownership - the deprivation of the property rights and displacement is an exception - in cases of public interest determined by law.</p> <p>The national legislation stipulates the need for considering alternatives including siting options within the EIA procedure. The proposed industrial facilities should be sited in a way to avoid or minimize impacts on 'valuable lands' (e.g., on perennial croplands, forests) and to use state-owned land in order to minimise land acquisition from private land-owners/leasers.</p>	<p>Compliance</p> <p><i>The Project will not trigger physical displacement if the Gostivar-Kicevo Section is re-aligned in its southern part to avoid houses built after the approval of the pipeline corridor in 2011.</i></p> <p>All three sections will trigger economic displacement as arable land, pastures and vineyards are the key categories of land acquired for the Project (see Section 4.3.1). When siting the pipeline routes, efforts were made to minimise land acquisition from private land-owners/leasers and to avoid impact on residential areas / settlements, orchards and vineyards, and forests (see Section 2.4 for details).</p>	None.
Avoidance of Forced Eviction	<p>The client shall not resort to forced eviction²⁸.</p> <p>The exercise of eminent domain, expropriation, or similar powers by a client is not considered to be forced eviction if it complies with the national law and the provisions of this PR and is conducted in a manner consistent with basic principles of due process (e.g., provision of advance notice, meaningful opportunities to lodge grievances and</p>	<p>The Law on Expropriation does not use the term 'involuntary resettlement' or 'forced eviction', instead it uses the term "expropriation" which is based on the Government's eminent domain power.</p> <p>The expropriation authority is obliged to schedule and conduct a hearing (individual meeting) on the Expropriation Proposal. The hearing may end with a settlement agreement. Compulsory expropriation is used as a last resort after a negotiated</p>	<p>Compliance</p> <p>No forced eviction is expected to take place for the Project.</p>	None

²⁸ As per the EBRD PR5, forced eviction refers to the acts and/or omissions involving the coerced or permanent or temporary involuntary displacement of individuals, groups and communities from homes and/or lands and common property resources which they occupy or depend on, thus eliminating or limiting the ability of an individual, group or community to reside or work in a particular dwelling, residence or location, without the provision of, and access to, appropriate forms of legal or other protection.

Issue	EBRD's and EIB's Requirements	North Macedonian Legal Requirements	Gaps / Comments	Proposed Actions to Bridge the Gaps
	appeals, and avoidance of the use of unnecessary, disproportionate or excessive force).	process has failed. The party with legal interest has appropriate forms of legal and other protection if no agreement is reached.		
Negotiated Settlements	<p>The client shall seek to acquire land rights through negotiated settlements even if it has the legal means to gain access to the land without the consent of the seller.</p> <p>Negotiated settlements help avoiding or minimising expropriation and administrative or judicial delays associated with formal expropriation, and to the extent possible to reduce the impacts on affected persons associated with formal expropriation. Negotiated settlements can usually be achieved by providing fair and appropriate compensation to affected persons or communities.</p>	<p>Land ownership rights or land use rights may be acquired or restricted through negotiated settlements with property owners / right-holders.</p> <p>Negotiated settlements are required by the Law on Expropriation and the last instance in which they can be concluded is after the final Expropriation Decision has been issued. The affected property owners are individually invited to discuss a compensation proposal for the assets and are beforehand provided with the Expropriation Proposal, including the proposed amount of compensation. The expropriation authorities are obliged to facilitate negotiations and to encourage the conclusion of a compensation agreement.</p> <p>Negotiations of land compensation rely on the asset valuation results and land prices determined by decisions of those Municipal Councils where the land to be acquired is located.</p>	Compliance	None
Consideration of Vulnerable Groups	<p>The client shall identify, assess and address impacts on vulnerable groups and specifically:</p> <ul style="list-style-type: none"> - carry out, at the time of the socio-economic surveys, an analysis to determine pertinent vulnerability factors in the context of the project area - identify vulnerable groups based on the results of this vulnerability analysis; - conduct specific consultations with vulnerable groups; and - plan assistance measures tailored to the different needs of vulnerable groups 	<p>There are social protection laws (e.g., Law on Social Welfare (2009)) that envision financial aid / state allowances for various categories of socially vulnerable people.</p> <p>The national laws do not call for specific consideration of vulnerable groups or provision of specific support to them during the land acquisition process.</p>	Non-compliance No specific provisions on consideration of vulnerable groups and special support actions within the land acquisition process.	<p>When developing the section-specific Livelihood Restoration Plans (LRPs):</p> <ul style="list-style-type: none"> • determine vulnerability factors valid for the project area and based on these factors, identify affected groups / persons that can be considered vulnerable in the context of Project activities; • conduct specific consultations with these groups / people; • develop specific actions to support the affected vulnerable groups and include them into the LRPs.
Consideration	Gender dimensions shall be considered	North Macedonia has adopted a set of	Non-compliance	When developing the section-specific

Issue	EBRD's and EIB's Requirements	North Macedonian Legal Requirements	Gaps / Comments	Proposed Actions to Bridge the Gaps
of Gender Aspects	throughout the baseline surveys, impact assessment, mitigation and monitoring processes. The Project proponent shall ensure meaningful participation of women and men in any consultations about land acquisition and displacement.	legislation regulating economic and proprietary relations and housing, as well as ownership rights and entitlements for men and women equally, regardless of gender (e.g., the Constitution, the Family Law, the Law on Equal Opportunities, and others). The national laws do not call for specific consideration of gender issues during the EIA procedure or land acquisition processes.	No specific provisions on consideration of gender dimensions of environmental and social impacts and including impacts resulting from land acquisition.	LRPs, <ul style="list-style-type: none"> use the outcomes of specific socio-economic surveys based on gender disaggregated data; consider the gender dimensions of land acquisition-related impacts; ensure compensation entitlement and delivery take account of gender aspects.
Socio-economic Surveys, Census, Inventory of Affected Assets and Cut-off Date	The client shall carry out socio-economic surveys to describe the baseline circumstances of PAPs. Such surveys will use a combination of quantitative and qualitative methods. The client shall carry out a census of PAPs and an inventory of affected assets, including land, structures, crops, communal amenities and natural resources. The client shall establish a cut-off date for eligibility (the date after which assets are not eligible to compensation). It is determined either by law or the end date of the census or inventory (whichever is the latest).	The national legislation does not require a socio-economic survey as part of the land acquisition process. The North Macedonia's law requires to prepare expropriation documents (Geodetic Report and Expropriation Proposal) which represent inventories of affected properties and cover basic information about registered owners of these properties (i.e., names, addresses, ID numbers) so that they can be identified and compensated. Such studies do not cover informal users. The day of issuing Expropriation Proposals to PAPs is considered a cut-off date.	Partial compliance Expropriation documents are prepared, however: <ul style="list-style-type: none"> valuation methodologies are not fully aligned and specific socio-economic studies are not required; the land users that are not right-holders are not required to be notified about the cut-off date. 	<ul style="list-style-type: none"> Disclose a cut-off date as part of the overall schedule of the socio-economic survey (to be available to informal users as well); Develop methodologies for the socio-economic survey and census per the EBRD requirements and provide to the EBRD for review and approval; Organise and conduct section-specific socio-economic surveys and censuses to inform the development of section-specific LRPs.
Valuation of Affected Lands and Assets	The loss of land, property and assets shall be valued using the replacement cost method. Replacement cost is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement.	The Law on Expropriation states that compensation for expropriated property (agricultural, pasture and forest land; residential land; residential and business structures) which may not be less than the market value of the property. The market value is determined by an authorized and licenced valuator - Bureau of Judicial Expertise - using methods established by the Law on Appraisal (based on European valuation standards).	Partial Compliance Valuation of affected lands and assets is envisioned but the valuation methods defined by the national law (based on the market value) are not in line with the Lenders' requirement on applying replacement cost methods. In addition, Bank requires assessment of economic losses of both formal and informal land users and lost profits for business	<ul style="list-style-type: none"> Develop a valuation methodology for determining a replacement cost for the Project; the methodology should envision valuation both property and assets but also economic losses / lost profit for businesses and should be agreed with the EBRD and EIB before it is applied. Contract Bureau of Judicial Expertise or any other certified valuator (if required) to assess economic and business losses related to the Project.

Issue	EBRD's and EIB's Requirements	North Macedonian Legal Requirements	Gaps / Comments	Proposed Actions to Bridge the Gaps
Eligibility Classification	Displaced persons may be classified as persons: (i) who have formal legal rights to the land; (ii) who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under national laws; or (iii) who have no recognisable legal right or claim to the land they occupy (also called information users).	The Law on Expropriation does not distinguish between the categories of displaced persons. The law identifies the owners of real estate (persons who have formal legal rights to the land) and the holders of other real estate property rights that are subject to expropriation. The law does not recognize persons who have no legalizable legal right or claim to the land or assets they occupy or use. Only those with formal legal rights are informed about the land acquisition (expropriation) process and have the right to appeal; other categories of affected people are not required to be informed/consulted.	Partial Compliance The national law does not recognize persons who have no legalizable legal right or claim to the land or assets they occupy or use, while the EBRD PR5 and EIB ESS6 consider both formal and informal land/property owners and users.	<ul style="list-style-type: none"> Ensure affected persons not having formal legal rights to the acquired land plots are considered in the LRF and section-specific LRP. These people should be identified, their land acquisition-related losses valued and appropriate compensations / solutions developed and implemented.
Compensation and Benefits for Affected Persons	<p>The client shall offer all displaced persons and communities' compensation for loss of assets at full replacement cost and other assistance to restore, and potentially improve, their standards of living and/or livelihoods of displaced persons to pre-displacement levels.</p> <p>Land-for-land to be preferred in land-based economies. Cash compensation is acceptable if land-for-land is not feasible and if loss of land does not undermine the livelihoods of PAPs.</p> <p>The client should compensate economically displaced persons for loss of assets or access to assets (or provide an alternative access) prior to displacement.</p> <p>Crop losses compensation provided to landowners, share-crop/lease tenants, and informal users whether registered or not.</p>	<p>The Law on Expropriation contains provisions to compensate for land, crops, and other assets including unauthorised structures, as well as for economic losses of affected households. Only formal land users (land owners and leaseholders) are eligible for compensation of crop losses.</p> <p>Compensation shall be provided at market value or can be in the form of a replacement land/asset.</p> <p>According to the Law on Expropriation and the Law on Construction, the Construction Contractor may receive permission to work on the acquired land access prior to payment of compensation to the PAPs.</p> <p>The legislation does not include provisions to improve or restore standard of living and livelihoods of people affected by land acquisition.</p>	<p>Partial compliance</p> <p>There are a number of gaps between the national legislation and EBRD requirements, such as:</p> <ul style="list-style-type: none"> Compensation to be provided at full replacement cost for land and other assets, rather than be calculated at market value as legally required; Taxes and land registration fees are to be included in the calculation of compensation (which is not the legal provision). Assistance to improve or restore standard of living and livelihoods is not envisioned in the national legal framework. 	<ul style="list-style-type: none"> Include appropriate compensation measures in line with the EBRD PR5 and EIB ESS6 into the LRF and further detail them within the section specific LRPs; alternative compensation and alternative access options should be considered and discussed with PAPs. The LRF and LRPs should envision: <ul style="list-style-type: none"> monetary compensation to be provided at full replacement cost; compensation for assets required to be transferred to the Project prior to construction to be agreed and paid prior to handover of assets and commencement of civil works on site; crop loss compensations to be provided to land users irrespective of the land tenure status; compensation for land /assets located within the buffer zones to be provided before completion of construction works.

Issue	EBRD's and EIB's Requirements	North Macedonian Legal Requirements	Gaps / Comments	Proposed Actions to Bridge the Gaps
				<ul style="list-style-type: none"> Support all relevant institutions responsible for expropriation process to ensure expropriation process is completed prior to the start of construction works.
Loss of Community Facilities, Utilities and Public Amenities	The loss of community facilities, utilities or public amenities, or access thereto shall be replaced.	The national legislation requires the Construction Contractor to preserve and restore the community facilities affected as a result of construction works.	Compliance <i>Note: the enforcement can be an issue and thus actions are proposed.</i>	<ul style="list-style-type: none"> Monitor performance of the Construction Contractor in terms of impacts on land and assets and oblige the Construction Contractor to remediate any damage in line with the LRF and LRP provisions.
Stakeholder Engagement	<p>The client shall conduct meaningful and continuous consultations with affected people and communities throughout resettlement planning and implementation in line with EBRD PR10 / EIB ESS 10 requirements. Consultations shall be supported by the disclosure of resettlement documentation.</p> <p>From earliest stages and through all activities the client shall involve affected men and women, host communities and vulnerable groups.</p>	<p>Public hearings on the planned activities shall be conducted as part of the EIA procedure. As per the national laws, the land acquisition process is accompanied by the required engagement run by the relevant state authorities.</p> <p>The affected people are required to be individually notified about the planned land acquisition (expropriation) and invited to the 'hearings'/individual meetings with the client.</p> <p>There are no requirements on disclosure of the other land acquisition/resettlement documents.</p> <p>There is no requirement to identify and specifically engage with vulnerable persons / groups.</p>	Partial Compliance <p>The gaps include the absence of requirements on:</p> <ul style="list-style-type: none"> Holding consultations with PAPs at all stages of the resettlement planning and implementation; Development and disclosure of resettlement planning documentation; Focused specifically engagement with vulnerable persons / groups. <p><i>Note: Consultations / public hearings during the EIA and Supplementary ESIA for the Interconnector and the ESIA for Sveti Nikole-Veles covered land acquisition issues to some extent.</i></p>	<ul style="list-style-type: none"> Plan and conduct consultations with all PAPs per the EBRD PR5 and 10 and EIB ESS 6, 7 and 10 requirements during the preparation and implementation of the site-specific LRPs (see Section 6.3). Implement the Project's Stakeholder Engagement Plan (SEP), which envisions continuous engagement with affected stakeholder groups, including vulnerable groups, and with PAPs within the LRP preparation, implementation and monitoring. Disclose the Project's LRF, hold consultations with PAPs within preparation of the section-specific LRPs, disclose a Land Acquisition and Livelihood Restoration Leaflet, and disclose the prepared LRPs upon their completion, as well as their non-technical summaries.
Grievance Mechanism	<p>A free, independent, and widely publicised grievance mechanism, which consists of both formal and informal channels, should be developed per the relevant PR10/ESS10 requirements and made accessible to the PAPs.</p> <p>The mechanism should be established as early as possible in the land</p>	<p>Complaints related to land exportation can be submitted during the expropriation procedure after the infrastructure design has been approved.</p> <p>Grievances by the affected parties related to land expropriation within a specific project (e.g., in case of disagreement on the fact of expropriation or on the proposed compensation) are filed via the Ministry of</p>	Non-compliance <p>No requirement to establish a Project-specific grievance mechanism for persons / businesses affected by land acquisition and displacement.</p>	<ul style="list-style-type: none"> Develop and implement a Project-specific grievance mechanism for external stakeholders per the EBRD PR10 (including systematic monitoring/evaluation of grievances), as detailed in Section 7. The general external grievance mechanism should comprise specific

Issue	EBRD's and EIB's Requirements	North Macedonian Legal Requirements	Gaps / Comments	Proposed Actions to Bridge the Gaps
	acquisition and resettlement process, and at the latest prior to the census taking place in order to address specific concerns about compensation, resettlement or livelihood restoration measures raised by the affected persons/other parties.	Finance (its Department for Property and Legal Affairs) to the Administrative Court. The decisions of the court are then followed. The affected parties can appeal to the relevant administrative court for protection of their rights.		actions to collect and address concerns about compensation, relocation or livelihood restoration measures raised by displaced persons
Land acquisition and resettlement planning and Implementation <i>Resettlement and livelihood restoration plan and framework</i>	The client shall prepare a resettlement and/or livelihood restoration plan proportionate to the risks and impacts associated with the project and is responsible for implementing this plan. In the stage of project development prevents the preparation of a full resettlement/livelihood restoration plan, a resettlement/ livelihood restoration framework shall be prepared as is prepared as a first step.	As per Art. 26 of the Law on Expropriation, a Geodetic Report (Expropriation Elaborate) and or Expropriation Proposal prepared to substantiate the land/property expropriation for the project shall contain the following information: number of cadastral parcels, title holder names, type and class of land, total area, area to be expropriated.	Non-compliance No specific requirement to develop a resettlement/livelihood restoration plan or framework addressing physical and/or economic displacement related to the planned activities	It is expected that the Project should not trigger physical displacement but result in economic displacement. For this reason, livelihood restoration documents (Project LRF and section-specific LRPs) should be developed. <ul style="list-style-type: none"> The current Project LRF is prepared to address the gap; this document is based on data of the Expropriation Elaborates, consultations with NER and its consultants, and available EIA/ESIA documentation; the Project LRF should be disclosed as part of the ESIA package. Prepare section-specific LRPs based on principles and requirements stipulated in the Project LRF, agree the LRPs with EBRD, and implement them; LRPs will rely on data of the forthcoming socio-economic surveys, consultations with the PAPs and census.
Organisational Capacity and Commitment	The client shall designate specific personnel, including management representative(s), with a clear allocation of responsibility and authority to plan and implement land acquisition and resettlement activities. The client shall provide adequate support and human and financial resources to achieve effective and continuous delivery of land acquisition and resettlement commitments.	-	Non-compliance No specific requirement on special organisation structure, personnel and resources to tackle land acquisition-related impacts of the planned activities	See Section 8.4 Capacity Building for the LRF and LRP Delivery

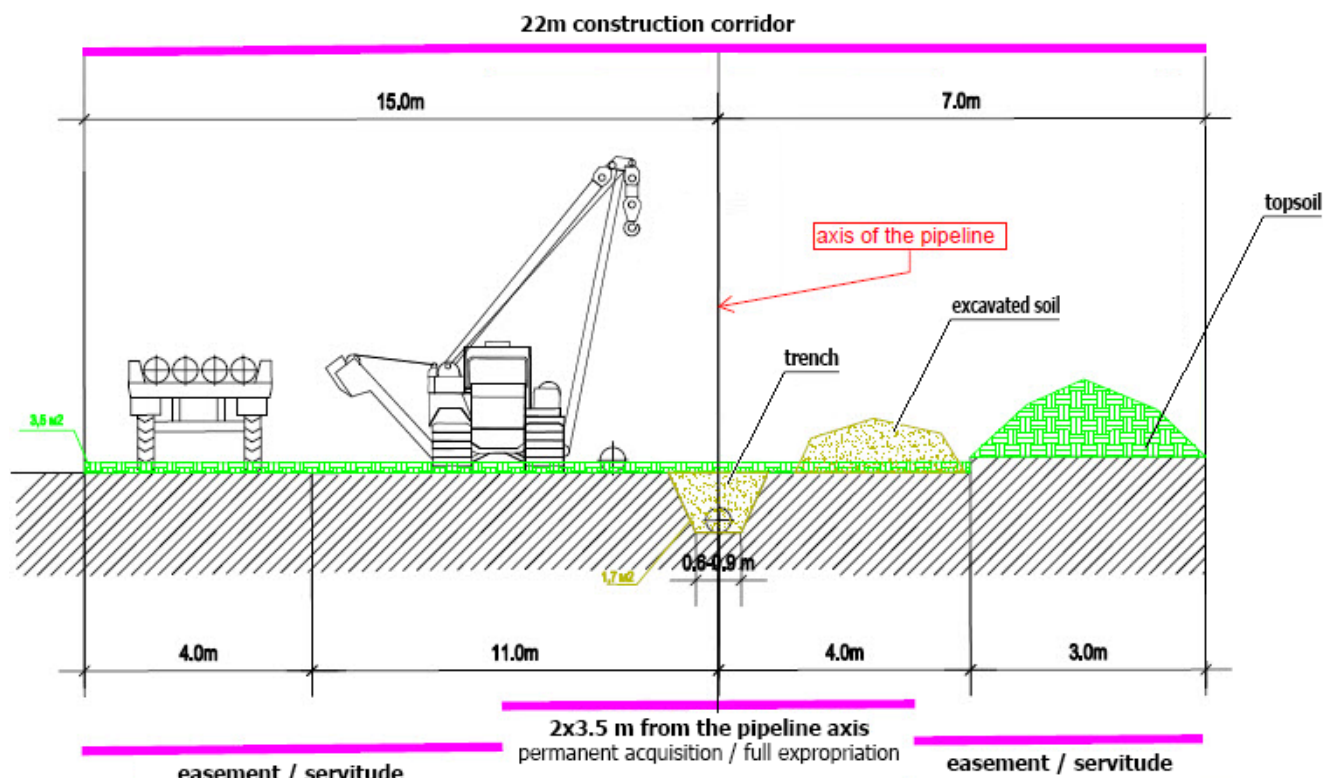
Issue	EBRD's and EIB's Requirements	North Macedonian Legal Requirements	Gaps / Comments	Proposed Actions to Bridge the Gaps
Monitoring and Evaluation	<p>The Client shall establish procedures to monitor and evaluate the implementation of the resettlement plan. Monitoring shall involve the participation of key stakeholders, including affected communities.</p> <p>For projects with significant displacement impacts the client may decide to commission competent resettlement professionals to monitor the implementation of resettlement plans, design corrective actions and produce periodic internal monitoring reports. For such projects the Lenders may require: i) periodic external compliance reviews and/or ii) an external completion audit by independent experts.</p>	The national legislation does not include specific procedures for monitoring and evaluation of the land expropriation process.	<p>Non-compliance</p> <p>No specific provisions to monitor implementation of land acquisition and related compensation measures internally and externally and to evaluate their effectiveness</p>	<ul style="list-style-type: none"> • Incorporate monitoring and evaluation provisions in the Project LRF and forthcoming site-specific LRPs (see Section 9); • Monitor and evaluate implementation of section-specific LRPs during the Project implementation via internal monitoring and evaluation procedures; engage external land consultants where necessary; • Provide the Lenders with monitoring reports on LRPs' implementation; • Support the EBRD and EIB in case they decide to commission external Resettlement Completion Audits.

4 PROJECT LAND NEEDS AND POTENTIAL DISPLACEMENT IMPACTS

4.1 Project Land Needs

During construction, the proposed width of a construction corridor, which is defined as a land strip allocated for a proposed pipeline construction, is 22 m for the Sveti Nikole-Veles Section and 25 m for the Interconnector and, potentially for the Gostivar-Kicevo Sections.

The construction corridor will include a proposed *operations and maintenance corridor*, which is 3.5 m to both side of the pipeline axis. Land within this 7 m corridor is subject to permanent land acquisition (full expropriation); land ownership rights on this area will be obtained by the RNM and then transferred to NER. As stated by NER, for the remaining part of the construction corridor the right of easement will be established temporarily. It will provide space for access roads, pipeline trench excavation, temporary storage of excavated soil, temporary storage of pipes and fittings and construction machinery, and space for movements of construction machinery and vehicles (see a scheme of the construction corridor for the Sveti Nkole-Veles Section as an example in [Figure 6](#)). After the completion of construction works, the ownership and other property rights of the land-owners/right-holders over the temporarily taken land plots will be restored.



Source: Ecoline International based on NER's information

Figure 6. Scheme of the Construction Corridor for the Sveti Nikole-Veles Section

Table 3 below presents permanent and temporary land take estimates for two components of the Project: the Sveti Nikole-Veles Section and Interconnector. Land acquisition for the Project is expected to affect privately owned land, state-owned land, land owned by companies and a religious community, and land co-owned by the state and natural persons.

For the **Interconnector Section**, it is necessary to acquire 1,094 land plots (495,092 m²) permanently and 1,911 plots (1,168,671 m²) temporarily. Of these, the state owns 676 plots (61.8%) needed permanently and 1,037 plots (54.3%) needed temporarily.

The **Sveti Nikole-Veles Section** requires acquiring 381 land plots (208,850 m²) permanently and 451 plots (413,670 m²) temporarily. Of these, the state owns 236 plots (61.9%) needed permanently and 267 plots (59.2%) needed temporarily.

As the **Gostivar-Kicevo Section's** route is being re-aligned, only rough land take estimates can be drawn for it. Tentatively, it is necessary to permanently acquire around 250,000 m² for this pipeline and its above-ground technical structures. In addition, around 630,000 m² are required to be acquired temporarily. Based on the previous Geodetic Report (2012) that is to be updated, it is expected that around 50-60% of the needed land would be state-owned.

Table 3. Project Land Needs

Ownership	Permanent Land Take Estimates				Temporary Land Take Estimates			
	No. of parcels	% of plots	Area, m ²	%, area	No. of parcels	% of plots	Area, m ²	%, area
Interconnector								
Private owned	405	37.0	97,876	19.8	866	45.3	214,862	18.4
State owned	676	61.8	370,443	74.8	1,037	54.3	941,128	80.5
Co-owned state / private	8	0.7	13,680	2.8	0	0	0	0.0
Companies	5	0.5	13,093	2.6	8	0.4	12,681	1.1
TOTAL	1,094.0	100.0	495,092	100.0	1,911	100.0	1,168,671	100.0
Sveti Nikole - Veles Section								
Private owned	115	30.2	28,702	13.7	152	33.7	57,745	14.0
State owned	236	61.9	148,965	71.3	267	59.2	291,244	70.4
Co-owned state / private	12	3.1	21,748	10.4	10	2.2	42,584	10.3
Companies	17	4.5	9,312	4.5	21	4.7	21,847	5.3
Islamic Religious Community	1	0.3	123	0.1	1	0.2	250	0.1
TOTAL	381.0	100.0	208,850	100.0	451	100.0	413,670	100.0
Gostivar-Kicevo Section								
<i>Rough estimate based on the assumed length of 35km and ca. 5,000m² for on-ground facilities.</i>								
TOTAL	unknown	unknown	250,000.0	100.0	unknown	unknown	630,000.0	100.0
PROJECT TOTAL	2,567		1,585,942					
<i>Note: the permanent and temporary land take estimates are based on the data from the Geodetic Reports for the Interconnector and Sveti Nikole-Veles Section Sections.</i>								

In addition to the above, agricultural land use restrictions will apply to a 5 m buffer zone on both sides and centred on the pipelines (see [Section 3.1.6](#)). This is not considered in the Geodetic Reports; however, in order to meet the EBRD/EIB requirements, this will have to be regulated and compensated for the duration of operations using a suitable national land acquisition mechanism (potentially, a permanent easement). The affected land is in fact the difference between the 10 m Restriction Zone 1 and the permanently acquired 7 m land corridor (i.e., 1.5 m strips on both sides of the 7 m corridor). This affected land per section would be around 39 ha:

- 201,000 m² for the Interconnector;
- 84,000 m² for the Sveti Nikole - Veles Section; and
- tentatively, 105,000 m² for the Gostivar-Kicevo Section.

The agricultural land use restrictions are further considered in [Section 4.3.4](#) below.

4.2 Physical Displacement Impacts

The Interconnector and Sveti Nikole-Veles Sections will not trigger physical displacement. In 2011, the Gostivar-Kicevo Section was designed to avoid it as well, however, since then several houses have been constructed within the southern part of the proposed pipeline construction corridor. NER is re-aligning this section so that to avoid the houses. Provided

that re-aligned route of the Gostivar-Kicevo Section is approved by the competent authorities²⁹, the Project will not generate physical displacement.

4.3 Economic Displacement Impacts

All three Project pipeline sections will affect land and assets owned by the State, individuals and companies and will trigger economic displacement.

4.3.1 Affected Land by Category

Land plots to be acquired for the Project include mainly agricultural land (arable land, vineyards, and pastures), and also few plots of forests, land under roads and railroads, orchards and gardens, rivers/streams, land for construction (built and non-built), etc.

Annex 1 and **Annex 1** present the break-down of the affected land by land use categories (cadastral cultures) for the Interconnector and Sveti Nikole-Veles Sections, respectively. Such information for the Gostivar-Kicevo Section is not yet available.

The key features of the affected land generalised by land use category and scale of lost land are as follows:

- The Interconnector: around 50% of land plots required for this section are arable. Pastures comprise 12.6% and 14.7% of permanently and temporarily acquired land plots, respectively. Vineyards are ca. 8% of the temporarily and permanently acquired land plots. With regards to affected private land, ca. 80% of the permanently and temporarily acquired land plots are arable land. Vineyards occupy 11% and 13% of permanently and temporarily needed land plots, respectively. All acquired land plots owned by companies are classified as arable land.
- The Sveti Nikole-Veles Section: overall, ca. 60% of land plots to be acquired permanently and temporarily for this section are arable, and another 8% are pastures and vineyards. With regards to affected private land plots, about 70% of them are classified as arable land, and vineyards occupy 23% and 22% of permanently and temporarily acquired land plots, respectively. The majority of affected land plots owned by companies are classified as arable land, and only two temporarily needed land plots are pastures.
- For both, the Sveti Nikole-Veles and Interconnector Sections, all affected land plots that are co-owned by the state and natural persons are classified as arable land.
- The majority of affected land plots are not to be fully acquired because they are partly fall into either the construction or the operations/maintenance corridor. 95% of land plots needed for the Sveti Nikole-Veles Section will lose less than 20% of their area; thus, the issue of orphan lands is not expected to be significant for the section. However, in case of the Interconnector, 99% of required land plots will lose more than 40% of their area. The remaining parts of such land plots may become economically unviable for their owners and this may trigger the orphan land problem.
- Very few permanently required land plots are classified as built land for construction (six land plots for the Sveti Nikole-Veles Section and five for the Interconnector). Out of these, only one land plot is privately owned (affected by the Sveti Nikole-Veles Section). All temporarily needed built land for construction is state-owned.

4.3.2 Design / Pre-construction Stage Impacts

Permanent land acquisition of private land would lead to:

²⁹ The Gostivar-Kicevo Section was designed as part of the larger project – Lot 5. Skopje-Tetevo-Gostivar-Kicevo. The national Environmental Impact Assessment (EIA) for this section was completed in 2011 and environmental and construction approvals were obtained later. Both approvals are outdated as of now, and NER will apply for new ones by the end of 2022.

- natural and legal persons permanently losing their land and property on it, and
- formal and informal³⁰ land users losing access to the land being part of their livelihoods.

It is estimated that about 50% of land plots permanently acquired for the Project are private, and 2% of such land plots are owned by the companies.

The affected land plots include mainly arable land, pastures and vineyards, and one plot of built land for construction (see the details in [Section 4.3.1](#)).

Permanent land acquisition leads to a fragmentation of agricultural land plots with reduced market value or size that can make it economically not viable ('orphan land'); the PAPs are land owners and formal and informal land users who will lose access to acquired land being their livelihood source.

Temporary land acquisition of privately owned land is associated with construction works. It results in temporary loss of land and establishing rights of easement or lease for the construction stage, which may last up to two years. PAPs include land owners whose property rights will be partly restricted, and formal and informal land users who will lose access to acquired land being their livelihood source.

45% and 34% of land plots temporarily acquired for the Interconnector and the Sveti Nikole-Veles Section, respectively, are in private ownership. About 4% of land plots temporarily needed for both sections are owned by companies.

Both **permanent and temporary loss of agricultural land** owned by natural and legal persons (arable land, vineyards, and pastures) will result in:

- loss of annual/perennial crops and trees; the PAPs are owners of crops and trees, as well as land owners, leaseholds and informal users; and
- potential loss of non-residential structures (fences, barns, sheds, etc.) and infrastructure (e.g., irrigation channels, drainage pipes, telecommunication lines, etc.) within the affected land plots; PAPs will include owners of these structures.

Permanent and temporary loss of land may result in loss of business structures (e.g., shops or workshops), and this is to be checked during the asset inventory and socio-economic survey.

The above-mentioned losses may further lead to: i) losses of sources of livelihoods, in particular agricultural livelihoods (crops and other agricultural production) for private land owners, and formal and informal land users and/or ii) income losses for affected businesses (e.g., a farm, winery or shop).

Permanent and temporary loss of state-owned fertile land (arable land, vineyards, pastures, forests, orchards, and gardens) may result in lost opportunities for leasing it to private agricultural businesses. Permanent and temporary loss of state-owned land for construction may result in additional State expenses (e.g., for relocation of water supply infrastructure).

4.3.3 Construction Stage

As per the EBRD PR5 and EIB ESS6, temporary land needs should be secured and losses of affected PAPs shall be identified, evaluated and compensated **before** construction works commence on this land. No additional land acquisition during the construction stage is envisioned.

The trench excavation and related activities within the construction corridor will result in short-term **disruption of access** i) to private owned land plots (particularly, agricultural ones), and

³⁰ No informal users have been identified so far. Since such users might be identified during the asset inventory / detailed measurement study, census and/or socio-economic study as the Project progresses, this LRF considers them as well.

ii) to communities' common resources (e.g., pastures, rivers, forests, and irrigation channels), and iii) social infrastructure and public amenities. The PAPs include owners and formal and informal users of agricultural land plots with impeded access.

Increased construction traffic on the local roads may result in potential damage to road infrastructure, slower traffic, and short-term disruptions of access to public/business assets. The mentioned access disruptions may lead to: i) losses of sources of livelihoods in particular agricultural livelihoods (crops and other agricultural production) for private land owners, and formal and informal land users or ii) income for affected businesses mainly agricultural (e.g., a farm or a winery) or service (e.g., a shop, a café, or a workshop).

4.3.4 Operations Stage

All land needed for the Project will be secured before the start of construction works, and no land acquisition is expected at the operations stage.

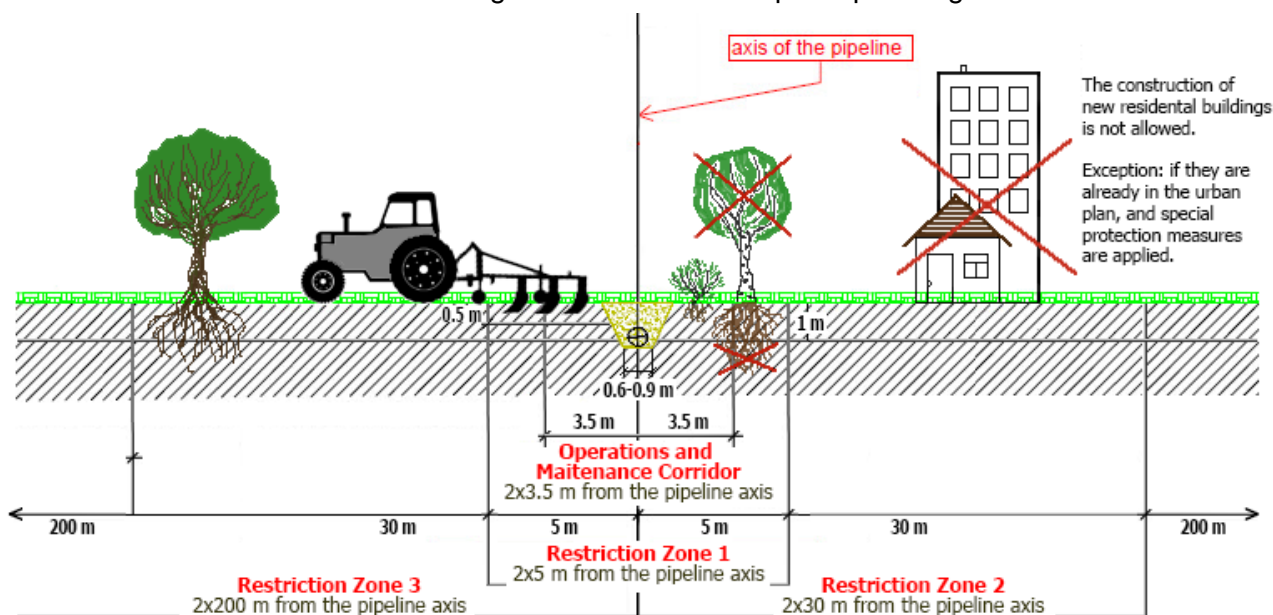
During operations the economic displacement impacts occur due to **land use restrictions** within Restriction Zones 1-3 along the pipelines (see [Section 3.1.6](#) for details and [Figure 7](#)).

Restriction Zone 1 is 5 m on both sides of the proposed pipeline axis and falls within the proposed construction corridor. Within this zone it will be forbidden to grow plants with roots reaching a depth of more than 1 m (largely, trees) and to practice ploughing deeper than 0.5 m. Therefore, no deep irrigation channels, drains and ponds are allowed within this zone. Other agricultural activities are allowed, for instance the PAPs can continue grazing cattle on this land.

The major part of Restriction Zone 1 (the 7 m operations and maintenance corridor along the pipeline axis) will be permanently expropriated prior to construction, and ownership rights will be transferred to NER. NER's current practice is not to acquire ownership or other property rights for 1.5 m land strips to both sides of this 7 m corridor. However, to be in line with the EBRD and EIB requirements, NER will need to establish the right of easement for 1.5m strips along the operations and maintenance corridor to ensure control over the whole Restriction Zone 1 per Articles 10 and 11 of the Law on Expropriation.

Restriction Zone 2 is 30m to both sides of the pipeline axis, and within this zone no residential buildings will be allowed with some exceptions (see [Section 3.1.6](#)).

Restriction Zone 3 is 200 m to both sides of the pipeline axis; for this zone population density limits apply. The routing of all pipelines took into account the population density data and spatial development plans. The Gostival-Kicevo re-alignment will follow this approach as well. The Zone 3 restrictions will be regulated via the state spatial planning documents.



Source: Ecoline International Ltd.

Figure 7. Operations and Maintenance Corridor and Restriction Zones 1 and 2 for a Gas Pipeline

Land use restrictions may result in reduced market value of privately owned agricultural land within Restriction Zone 1 and land for construction within Restriction Zone 2. They are likely to lead to re-classification of such lands, reduction in cadastral value due to change of cadastral culture. The PAPs of such land include private right-holders.

The land use restrictions may also trigger **losses of sources of livelihoods** for owners, and formal and informal users of private agricultural land within Restriction Zone 1. Affected individual land owners may have to change cultivated crops from more profitable to less profitable (e.g., substitute fruit and/or nuts with forage cultures) and therefore, experience income losses.

Land use restrictions will also give rise to **loss of income** for affected businesses as current activities may become illegal while change of cultivated crop or provided service may be unfeasible for them. The potential businesses may at risk include, for instance, agricultural business located within Restriction Zone 1 (e.g., a fruit-growing firm, a winery), or real estate development businesses owning land within Restriction Zone 2.

Compensations for the potential losses and damages are detailed in the Entitlement Matrix (**Table 4**), alongside with the livelihood restoration measures.

5 COMPENSATION AND LIVELIHOOD RESTORATION STRATEGY

5.1 Key Principles

The following principles of land acquisition, compensation and livelihood restoration shall be committed by NER and adhered to during the Project implementation:

- Displacement will be avoided, minimised, mitigated, and compensated.
- All impacts shall be addressed, including within the direct footprint of the Project facilities and land use restriction zones along the pipelines.
- Where land acquisition is unavoidable, transfer of unused State land is preferred.
- Any involuntary acquisition of assets or restriction of access to assets, as well as compensation of assets and losses of PAPs and businesses shall comply with the applicable North Macedonian regulations and EBRD/EIB requirements (refer to **Section 3**). In case of differences between national legislation and EBRD/EIB requirements, the most favourable to PAPs will be adopted.
- Any compensation shall be at full replacement cost as defined in the EBRD PR5/EIB ESS6. This cost is to be determined by independent, qualified and certified valuation experts.
- PAPs will be provided with full and accurate information about the Project and meaningful opportunities for participation in design, implementation and monitoring of the land acquisition and livelihood restoration process, with particular attention to the needs of vulnerable households and women.
- People whose livelihoods are adversely affected will be assisted in re-establishing affected activities, livelihoods, standard of living, and income.

Any additional land acquisition that is not covered in the land needs **Section 4.1** of this LRF and that may become required for the Project in the future, should follow the same principles, and a specific LRP should be prepared for it.

5.2 Eligibility and Cut-off Date

A cut-off date for eligibility for compensation and livelihood restoration will be individually established for each Project section. In line with the EBRD PR5 and EIB ESS6, it will be the

date of delivery of the Expropriation Proposal to affected owners (Art. 40 of the Law on Expropriation).

In addition, NER will publish a notification in one national-level newspaper and in one local weekly newspaper informing all owners and users on the initiation of the expropriation process.

The concept of the cut-off date will be discussed at the public consultation meetings during the 120-day disclosure period for the Project, as well as at the first hearings (individual meetings) and documented in the minutes of meetings. Any person who owns / uses land and assets within the acquired area and restriction zones at or before the cut-off date are eligible for being categorized as PAPs and receiving compensation/resettlement support.

Those who have been found to occupy the Project area after the cut-off date are not eligible for Project compensation or other resettlement benefits. However, they, will be given a sufficient advance notice, requested to vacate premises and dismantle affected structures (if any) prior to Project implementation. Fixed assets (such as built structures or crops) appeared on acquired land plots after the cut-off date, as well as any other investments into improvements of the acquired land plots will not be compensated.

The eligibility for compensation and livelihood restoration support will be refined based on the census, asset inventories and socio-economic survey.

Absentee owners (e.g., people with legal rights to the land but who live elsewhere) will still be eligible for compensation. NER will make and document its efforts to find them and inform them about the process. These efforts may include efforts to reach them through their neighbours, publication of ads in newspapers informing about the process, etc. If they cannot be found, in accordance with national requirements, the compensation amount must be allocated in an escrow account and be available should the absentee owner reappear. They also could be able to submit a claim for compensation after completion of asset inventories through the Project grievance mechanism (see [Section 7](#)).

5.3 Entitlement Matrix

An Entitlement Matrix sets the principles of compensation and livelihood restoration for the different groups of PAPs depending on the assets, properties and livelihoods they may lose due to the Project. In accordance with the EBRD and EIB requirements, it outlines the entitlement policies for each type of the potential impacts.

An indicative Entitlements Matrix is given in [Table 4](#) below. The matrix will be verified and adjusted based on the detailed design, socio-economic survey and consultations with PAPs.

Entitlements for economic displacement include support for livelihood restoration and are defined separately from compensation for physical displacement and loss of assets.

Project impacts leading to economic displacement may include Project activities that affect the means that PAPs/PAHs (including businesses) use to make a living, such as employment wages, provision of services, production of goods, rents from land or premises, income from crop harvests or animal husbandry, self-consumed goods or food, and various government allowances³¹.

The extent to which PAHs/PAPs may be affected by such economic displacement impacts, as well as changes to their standard of living, will be determined based on the socio-economic survey results during the LRP preparation. The PAHs/PAPs found to be affected by economic displacement impacts and changes in their standard of living, will be eligible for livelihood restoration support, as envisioned in this LRF. The Entitlement Matrix also envisions

³¹ For instance, PAHs / PAPs can be deprived of state unemployment allowances or utilities subsidies if they received income.

avoidance and minimization of some livelihood impacts, such as allowing the harvest of crops before land take.

NER will cooperate with state institutions and organisations that can provide various types of social assistance, such as the Ministry of Labour and Social Policy, Municipalities and their Social Departments, and Agencies for Rural Development operating in the area.

NER will keep all permanent and temporary land acquisition agreements; the latter will cover the whole construction corridor (22m or 25m, minus a 7m-strip of permanently acquired land) and, thus will include the Zone 1, and will document all restrictions within Zones 1 and 2.

Since the Entitlement Matrix is developed under some uncertainty, it also covers impacts that have not been identified, but might appear in relation to the Project in the future ('unforeseen impacts' at the bottom of the Matrix).

Table 4. Preliminary Entitlement Matrix

Types of Potential Losses / Impacts	Category of PAP	Entitlements for Compensation and Livelihood Restoration
A. Impacts related to permanent land acquisition		
Permanent loss of agricultural land owned by natural and legal persons, as well as permanent loss of privately owned land for construction	Owners of land	Provision of an equivalent replacement land of equal characteristics ³² OR cash compensation at full replacement cost. Security of tenure ³³ to be ensured. AND Any income taxes related to the payments to be received by the PAPs will be covered by the Project.
	Legalisable PAPs	In cases defined by legislation, the legalisable PAPs will be legalized and will be compensated as owners (see above).
	Formal users of state land (leaseholders or other right-holders)	The leaseholders will be given an opportunity to hold a replacement lease in accordance with the agreement with the land owner (a state lessor). If this is not possible, cash compensation for already paid but unused lease. AND Information about the acquisition of the land given at least three months in advance of land acquisition, to enable the leaseholder to find another land for lease.
	Formal users of private land (leaseholders or other right-holders)	Cash compensation for already paid but unused lease. AND Information about the acquisition of the land given at least three months in advance of land acquisition, to enable the leaseholder to find other land for lease.
	Informal users of land (Non-legalizable PAPs)	Assistance to identify replacement land / resources for use prior to land entry. Legal consultations about how to properly register a land plot or on other topics of relevance to the affected users.
Permanent loss of orphan land	Owners of land / legalizable PAPs	Owners of land can request expropriation of the entire land plot. Cash compensation for orphan land at full replacement cost.
Permanent loss of annual / perennial crops and trees	Owners of crops and trees (owners of land or formal or informal users of land)	Cash compensation at full replacement cost (based on type, age, productive value of affected crops and trees, etc.).
Loss of non-residential	Owners of non-residential	For owners/formal users: cash compensation for affected structures and infrastructure at full replacement cost.

³² In accordance with the EBRD and EIB requirements the provision of replacement land should be considered before the cash compensation option; however, given that NER does not own land plots, it will not be able to provide replacement land.

³³ "Security of tenure" refers to resettled individuals or communities are resettled to a site they can legally occupy, where they are protected from the risk of eviction and where the tenure rights provided to them are socially and culturally appropriate (EBRD PR5).

Types of Potential Losses / Impacts	Category of PAP	Entitlements for Compensation and Livelihood Restoration
structures (fences, barns, etc.) and infrastructure (irrigation, water supply and sewerage pipelines, etc.)	structure and infrastructure (who could be owners of land or formal or informal land users)	AND Moving allowance for moveable assets or assistance to move them. In case of informal users – if no possibility to secure cash compensation is found - support with the relocation / provision of transportation including loading/unloading of the structures to the alternative location and disassembling/ /assembling support
Losses of sources of livelihood (crops, trees and other agricultural production)	Owners of land and legalisable PAPs, Leaseholders / formal users of land, informal users of land	Possible livelihood restoration assistance (depending on the needs of the PAPs): <ul style="list-style-type: none"> • Opportunity to harvest crops before land acquisition. • Assistance to identify alternative land for use (for land-based livelihoods). • Provision of consultations by agricultural expert on efficient / improved agricultural techniques. • Provision of samplings of fruit bearing trees (two per each lost tree). • Access to jobs (related to this project and other opportunities). • Access to other locally available employment opportunities (e.g. public works, employment in municipal enterprises, etc.). • Consultations on access to micro loans. • Support in obtaining personal or registration documents. • Assistance to access training, skill development, job opportunities, agricultural development support. • Provision of training on how to manage the compensation funds.
Loss of business structures (e.g. shop, workshops or similar)	Owners of such structures	Replacement business structure ³⁴ OR Cash compensation for affected business structures at full replacement cost. AND Moving allowance for moveable assets or assistance to move them.
Loss of business income / interruption of business activity	Owners of affected formal or informal businesses (agricultural businesses using land within the permanent land take)	Cash compensation for lost income during the period of transition (until the re-establishment of business / economic activities in another location). This can practically mean for: 1) Businesses with a tax declaration - cash compensation of 1 year net income AND state registration and license fees will also be compensated, if any, as well as the income tax related to the payment under the Project. 2) Businesses without a tax declaration - livelihood restoration allowance based on the average monthly salary of the RMN (as published by the RNM State Statistical Office) for 1 year;
Loss of income and/or livelihood sources due to lost employment	Employees who have worked for affected business (company or Individual entrepreneurs) by employment contract	Livelihood restoration support in case of permanent job loss: <ul style="list-style-type: none"> • support access to employment induced by the Project. • support access to the vocational training, agricultural training, computer courses or else.
B. Impacts related to temporary land acquisition and other temporary losses/impact during construction		

³⁴ In accordance with the EBRD and EIB requirements the provision of replacement structure should be considered before the cash compensation option; however, given that NER does not possess business facilities, it will not be able to provide replacement structures.

Types of Potential Losses / Impacts	Category of PAP	Entitlements for Compensation and Livelihood Restoration
Temporary loss of agricultural land owned by natural or legal persons (arable land, vineyards, and pastures) and resulting	Owner of land and legalizable PAPs	Cash compensation at full replacement cost for the right to use land under contract, for the land use period. AND Reinstatement of land after use.
<ul style="list-style-type: none"> Restricted property rights (for owners) Loss of access to land as a livelihood source (for users) 	Formal user (lesser) of land	Information and consultation about the temporary land acquisition at least three months in advance of land entry, to enable the tenant to find equivalent alternative land tenancy, valued at market values.
	Informal user of land	Assistance to identify replacement land / resources for use prior to land entry.
Loss of annual / perennial crops and trees	Owners of crops and trees (owners of land or formal or informal users of land)	<i>See permanent losses</i>
Loss of non-residential structures	Owners of non-residential structure and infrastructure	<i>See permanent losses</i>
Loss of business structures (e.g., shop or workshops)	Owners of such structures	<i>See permanent losses</i>
Losses of sources of livelihood (crops and other agricultural production)	Owners of land and legalizable PAPs, leaseholders / formal and informal users of land	<i>Case – by – case consideration using the options proposed for permanent losses</i>
Loss of business income	Owners of affected formal or informal businesses	For Businesses with a tax declaration - cash indemnity of net income for months of business suspension up to one year. For Businesses without a tax declaration - livelihood restoration allowance based on the average monthly salary in North Macedonia (as published by the RNM State Statistical Office) for the number of months of business stoppage up to a maximum of one year
Loss of income and/or livelihood sources due to lost employment	Employees who have worked for affected business	Support access to the vocational training, agricultural training, computer courses or else.
C. Permanent impacts during operations (due to land use restriction within restriction zones of the pipelines)		
Restricted use of private agricultural land within Restriction Zone 1	Owners / right-holders of agricultural land	Compensate via establishment of an easement, which will be paid prior to clearing land for construction and will cover both the full period of the construction and operation stages, in line with the Law on Expropriation (Art 10 and 11) and PR5. The expected easement payment is 50% of the land replacement value.
Restricted use of land for construction within Restriction Zone 2 for building purposes	Owners / right-holders of land for construction	For each plot of land for construction determine if the exceptions applied to building structures in this zone would apply (see Section 3.1.6 and Section 4.3.4). If not, compensate for a difference between the land for construction and other type of land into which the affected land will be re-categorised. Compensate any charges related to re-classification of lands.
Loss of sources of livelihood (crops and other agricultural production)	Owners of land, formal and informal users of private land within Restriction Zone 1	<i>Case – by – case consideration using the options proposed for permanent losses</i>
Loss of business income	Owners of affected formal or informal businesses: a)	Same as in section “A. Impacts related to permanent land acquisition” for permanent business loss.

Types of Potential Losses / Impacts	Category of PAP	Entitlements for Compensation and Livelihood Restoration
	agricultural business within Restriction Zone 1; b) real estate development businesses owning land within Restriction Zone 2	
Loss of employment	Workers/employees of businesses whose operations become economically non-viable	Support access to the vocational training, agricultural training, computer courses or else.
D. Impacts on vulnerable PAPs		
Impacts on vulnerable PAPs (such as low-income households, single-parent headed households, households led by women, elderly, disabled person or those with long-term health problems, refugees or internally displaced people who may not be protected through national legislation)	Vulnerable PAPs (natural and legal persons)	<ul style="list-style-type: none"> • Direct visits to the homes of vulnerable persons/households (in particular for elderly people and people with chronic illnesses) to conduct hearings (individual negotiations) on the Expropriation Proposals; If not possible, arrangement of special transport for persons with physical disabilities, including medical assistance if required), so that they can arrive to the Expropriation Authority's office. • Additional legal consultations. • Assistance during the payment process, i.e., ensuring that compensation documents and payment process are well understood (in particular for elderly people). • Consideration of provision of state subsidies. • Agricultural trainings on increasing their yield and production and similar (if livelihoods are land-based and have not been covered by the livelihood restoration measures). • Priority in access to the Project-related employment (if qualification and health conditions allow this). • Assistance in identifying and buying new property (if land or structures were affected). • Assistance during the post-payment period (e.g., in finding training courses to enhance employability for locally needed occupations such as mechanics, welders; assistance in securing the compensation money and reduce risks of misuse or robbery). • Any additional support required by affected vulnerable people / households will be determined based on the socio-economic survey results given personal situations of such vulnerable people. Vulnerable people will be consulted on the type of assistance they need, and will be provided with assistance suitable for their needs. This assistance will be facilitated by NER with support from the relevant authorities / state bodies.
E. Unforeseen impacts		
Loss of residential buildings or structures, if such is identified during the surveys / inventory or occur during construction	Owners, legalizable and non-legalizable PAPs, Relocated tenants	Provision of compensation, relocation support and livelihood restoration measures in line with the EBRD's PR5 and EIB's ESS6.
Livelihood impacts that are not included in this Entitlement Matrix but may be identified during the socio-economic survey or during construction	PAPs who experience impacts on their livelihoods	Provision of livelihood restoration measures in line with this LRF, the EBRD's PR5 and EIB's ESS6.

6 STAKEHOLDER CONSULTATIONS

6.1 Consultations that Informed the LRF Preparation

Stakeholder engagement for the proposed pipeline sections was completed during the national Environmental Impact Assessment (EIA) procedures; as well as during the environmental and social assessments for the Interconnector and Sveti Nikole-Veles per the Lenders' requirements. These activities are detailed in the Project's Stakeholder Engagement Plan (SEP) (Section 4.2) and summarised below.

Stakeholder engagement activities for **the Interconnector** were undertaken as part of the national EIA process in line with the legislation. In October 2019, consultations were held with the Ministry of Environment and Physical Planning, in January 2020 - with representatives of municipal administrations and relevant departments (transport and communication, culture and cultural heritage, agriculture, forest and water management, and others). In October 2019 and January 2020 informal meetings were held with community representatives in the rural areas of the affected municipalities (Gevgelija, Bogdanci, Demir Kapija and Negotino). In April-May 2022 additional socio-economic information was collected for the ESIA. This included 12 public consultation meetings and data collection engagements organised in the municipalities crossed by the Interconnector, covering more than 250 participants. Each meeting included discussions with representatives of Municipality administrations, local community focus groups, and focus group discussions with land owners and users.

Information disclosure for the **Sveti Nikole-Veles Section** was completed as per the national regulations. The first stakeholder consultation event in the area along the section was a public hearing held in Sveti Nikole in April 2012 as part of the larger Klechovce-Negotino EIA process. Later, in June 2021, at the scoping stage of the ESIA, one public hearing was held in each of three affected municipalities (Sveti Nikole, Lozovo and Veles). Local authorities, various departments of the affected municipalities and local residents were also consulted during socio-economic baseline data collection for the ESIA. Some meetings were held online due to COVID-19 restrictions.

Information disclosure and consultations with affected parties for the **Gostivar-Kicevo Section** occurred in 2012 during the EIA process for the Skopje-Kicevo Section as per the Law on Environment. At that time, no public meetings took place in any of the Gostivar-Kicevo Section communities (six meetings were held in other communities of the larger section). Later, in November 2015, during a subsequent EIA procedure for the Skopje-Tetovo-Gostivar Section (currently under construction), four public hearings were conducted, of which one was in Gostivar Municipality and another - in Kicevo Municipality.

6.2 Disclosure of Information

In the national legislation there is no requirement on public disclosure of information related to land acquisition prior to expropriation. Those who have formal legal right of the acquired land are informed within the expropriation procedure (submission of the individual Expropriation Proposals and individual hearings) (see [Section 3.1.3](#)). Those who do not possess formal property rights are not informed about the expropriation (thus NER will implement additional measures to notify informal users).

As per the EBRD and EIB requirements, meaningful stakeholder engagement and informed participation of PAPs should be ensured throughout the Project implementation and land acquisition process. To this end, timely disclosure of the relevant information is crucial.

A 'Land Acquisition and Livelihood Restoration Leaflet' will be developed based on this LRF and disclosed, together with this LRF, at the websites of NER, EBRD and EIB in English and Macedonian. In addition, hard copies of the Leaflet will be available at the following locations:

- NER office in Skopje (Blvd Sveti Kliment Ohridski 58b, 1000 Skopje);
- Administrative buildings of the affected municipalities:

- **for the Interconnector:** Negotino, Demir Kapija, Gevgelija and Bogdanci Municipalities; and
- **for the Sveti Nikol-Veles Section:** Sveti Nikole, Lozovo, and Veles Municipalities.

These documents will be available in Albanian as well - for the Gostivar-Kicevo Section (at Gostivar and Kicevo Municipalities) – at a later stage, when the design of the Gostivar - Kicevo Section is developed and its environmental and social documents are disclosed.

After disclosure of these documents, group meetings will be arranged with the land users and owners affected by land acquisition (this is beyond the hearings on Expropriation Proposals). At such meetings it is planned to distribute the Land Acquisition Leaflet and present the purpose and scope of future household socio-economic surveys, census and asset inventory, a future declaration of a cut-off date, EBRD and EIB principles of land acquisition; livelihood restoration approaches, eligibility criteria, preliminary entitlement matrix, approaches to vulnerability support, and expected land acquisition / livelihood restoration timeline. These group meetings will be conducted by NER or NER's Resettlement Consultant; it is planned to arrange such meetings in all affected settlements (tentatively, at 34 settlements).

At a later stage, section-specific LRPs will be prepared based on findings of socio-economic surveys, census of affected people and inventory of affected assets. The disclosure package at this stage will comprise the LRPs, their Non-Technical Summaries and special Grievance Leaflets. These documents will be disclosed at the websites of NER, EBRD and EIB in English and Macedonian. Hard copies of these documents will be available at the NER office in Skopje and administrative buildings of the affected municipalities (see above) in Macedonian, and also in Albanian - for the Gostivar-Kicevo Section.

6.3 Stakeholder Consultations on Land Acquisition and Livelihood Restoration

The Stakeholder Engagement Programme within the Project SEP was designed to ensure effective engagement with the identified stakeholders, to create and maintain respectful relations between NER and stakeholders, and to prevent possible conflicts.

The Programme contains a block of special consultation events and other engagement activities on land acquisition and livelihood restoration to be held at the pre-construction and construction stages, and further on during the Project life-cycle ([Table 5](#)).

Consultation events will be conducted by NER or the Resettlement Consultant with the support of the municipal authorities.

It should be noted that pandemic restrictions, primarily social distancing measures and limitation to community meetings, may affect the choice of PAP engagement methods. NER or NER's Resettlement Consultant will consult with the national regulators regarding any restrictions on stakeholder engagement events.

Table 5. Consultations within the Land Acquisition and Livelihood Restoration Planning

No.	Activity / communication means	Target Group	Information to be disclosed	Time-frame	Responsible party	Location
1.	120-day disclosure of the Project's environmental and social documents, including this LRF	Affected settlements (i.e., those crossed by the pipelines) NGOs, media, academia and any other stakeholders	LRF as part of the Project environmental and social disclosure package, in English and Macedonian, and a Land Acquisition Leaflet	Disclosure period: September – December 2022;	NER, EBRD & EIB	<ul style="list-style-type: none"> LRF and Leaflet - electronic versions at NER's website, EBRD & EIB websites LRF and Leaflet - Hard copies at NER's office in Skopje Hard copies of the Land Acquisition Leaflet available at the administration buildings of all affected municipalities in Macedonian
2.	A 120-day disclosure of the Gostivar-Kicevo Section environmental and social and re-disclosure of the LRF with new information	Affected settlements (i.e., those crossed by the Gostivar-Kicevo pipelines) NGOs, media, academia and any other stakeholders	Updated LRF and Land Acquisition Leaflet in English, Macedonian and Albanian	Once the information on Gostivar-Kicevo is prepared	NER, EBRD & EIB	<ul style="list-style-type: none"> As above, and the hard copies in Albanian to be available at the Gostivar-Kicevo municipalities
3.	Group meetings with the land users and owners affected by land acquisition to discuss the purpose and scope of future household socio-economic surveys, census and asset inventory, a future declaration of a cut-off date, EBRD and EIB principles of land acquisition; livelihood restoration approaches, eligibility criteria, grievance mechanism, entitlement matrix, vulnerability support, and expected land acquisition / livelihood restoration timeline	<ul style="list-style-type: none"> Affected stakeholders: land users and owners Representatives of affected municipalities 	Livelihood Restoration Framework, Land Acquisition Leaflet (to be distributed)	During Project design / prior to any impacts to land	NER (or NER's Resettlement Consultant)	Meetings in each affected settlement ³⁵ <i>NB: for the Gostivar-Kicevo Section, after its re-alignment is completed.</i>
4.	Meetings or formal correspondence for the same purpose as in Action 1	Public utilities / operators of the infrastructures that will be crossed by the pipelines	As above	During Project design	NER (or NER's Resettlement Consultant)	NER office on Skopje or as will be agreed by the parties

³⁵ Settlements along:

- the Interconnector: Tremnik, Przhdevo, Demir Kapija, Chiflik, Dren, Gabrovo, Smokvica, Prdejtsi, Negorci, Mrzenci, Stojakovo;
- the Sveti Nikole-Veles pipeline: Erdzelija, Sveti Nikole, Peshirovo, Gorno Crnilishte, Adzimatovo, Lozovo, Milino, Karatmanovo, Novo Selo, Chalosevo, Veles; and
- the Gostivar-Kicevo pipeline: Forino, Gostivar, Lakavitsa, Bigor, Zajaz, Bukojchani, Gorno Strogomishte, Dolno Strogomishte, Kolibari, Crvica, Mahmudovci, Kicevo.

No.	Activity / communication means	Target Group	Information to be disclosed	Time-frame	Responsible party	Location
5.	Focus groups with women using or owning the affected land, as well as with vulnerable persons	Women using or owning the affected land, as well as with vulnerable persons	As above	During Project design	NER (or NER's Resettlement Consultant)	Affected villages and towns (at least one per municipality, covering urban and rural women population & vulnerable people)
6.	Disclosure of the section-specific LRPs and their Non-technical summaries	All persons / entities affected by land acquisition; Any stakeholders	LRPs and their Non-technical summaries (NTSs)	During Project design	NER (or NER's Resettlement Consultant)	<ul style="list-style-type: none"> Electronic versions at NER's website, EBRD & EIB websites Hard copies at NER's office in Skopje; Hard copies of the LRPs and NTSs, and Grievance Leaflets available at the administration buildings of all affected municipalities in Macedonian (and also in Albanian for the Gostivar-Kicevo Section)
7.	Meetings on the disclosed LRPs	Persons / entities affected by land acquisition; Other stakeholders (e.g., social departments of affected municipalities, NGOs engaged in social support / human rights)	LRPs and their NTSs	During Project design	NER (or NER's Resettlement Consultant)	
8.	Dedicated meetings on i) community safety and ii) the land use restrictions in the corridor where the pipelines are buried and in the three restriction zones ³⁶	Affected stakeholders: <ul style="list-style-type: none"> Land users and owners; Public utilities / operators of the infrastructures that will be crossed by the pipelines; And affected municipal authorities 	Special presentation materials (e.g., posters on safety and land use restrictions / zones) and updated Frequently Asked Questions Leaflet	Prior to operations and repeatedly within six months of operations	NER	<ul style="list-style-type: none"> Meetings with residents in each affected settlement (see the lists in Item 2 above) Meetings or formal correspondence with utilities and infrastructure operators at NER office or as will be agreed between the parties

³⁶ Zone 1 – a 10m corridor centred on the pipeline where it is forbidden to grow plants with roots deeper than 1m, and to plough the land for deeper than 0.5m; Zone 2 – a 60m corridor centred on the pipeline where it is forbidden to construct new residential buildings; and Zone 3 – a 400m corridor centred on the pipeline where population density limits will apply.

7 GRIEVANCE MECHANISM

The EBRD and EIB require that a grievance mechanism be established to review and resolve concerns and/or questions raised by stakeholders in relation to a project, in an efficient, timely, transparent, non-discriminatory / equitable and cost-effective manner.

NER, as a state-owned company, complies with the national regulations on addressing inquiries and grievances from natural or legal persons³⁷. NER supplemented its current grievance management practice to align with the Lenders' requirements and set up **the Project grievance mechanism** for external stakeholders (refer to the SEP).

Recognizing the importance and complexity of land acquisition issues, NER has further developed the grievance mechanism to include three successive tiers for extra-judicial, amicable grievance review and resolution described below.

First Tier of Grievance Management

- A PAP can submit a land acquisition related grievance at the NER's office or to NER's dedicated representative (**Table 6**), at any construction site or to a representative of the construction contractor; or at offices of the affected municipalities. Grievance can be communicated verbally (personally or by telephone) or in writing by, using for instance, a Grievance Form (see **Annex 3**) by personal delivery, post, fax or e-mail or any other format. Grievances may be submitted anonymously.
- NER will use the existing grievance procedure for recording grievances as per the SEP. Any grievance will be registered by including it into the Grievance Register³⁸, and acknowledged within five working days.
- The resolution will be attempted at the ground level with the involvement of NER and/or NER's Project Implementation Unit (PIU), and, if relevant, Construction Contractor, municipality, and NER's legal officer.
- NER will respond within 15 days of receiving the grievance by issuing a Resolution Letter to the PAP; the letter will present proposed corrective/grievance resolution actions; the implementation of corrective actions may start and continue, as needed.
- NER will issue a Closure Letter, one copy of which will be provided to the complainant after he/she has agreed to the results of the resolution actions and signed-off.

Second Tier of Grievance Management

- If unresolved, the PAP's grievance will be re-directed to the internal Grievance Resolution Group, which will have 15 days to review and decide on the case. This Group will be established and headed by the NER's PIU. It will include representatives of NER's top management, legal officers and environmental and social staff, relevant PIU staff, the NER's Resettlement Consultant, and the concerned PAPs. The Group will consult the representatives of municipalities and the expropriation authority to facilitate the resolution of grievance, if needed.
- For controversial cases requiring additional opinions, the PIU may include representatives of external parties: e.g., a local farmer association, a NGO on human rights, a land acquisition expert, etc. into the Grievance Resolution Group. The external parties will review grievances together with all interested parties and try to

³⁷ Law on Acting on Complaints and Proposals (Official gazette RM no. 82/2008, 13/2013, 156/2015, 193/2015), Rulebook on the manner of acting on complaints and proposals (Official Gazette no. 2/2009) and others.

³⁸ Each grievance will be recorded in the registry with the following information: Description of grievance; Date of receipt of grievance and when acknowledgement returned to the complainant; Description of actions taken (investigation, corrective measures, preventive measures); and Date of resolution and closure / provision of feedback to the complainant.

identify agreeable outcomes. These outcomes, once identified as tentatively agreeable, and if agreed by NER, PIU, and the complainant, will be binding to them.

- The complainant will be informed about the proposed alternative corrective action and planned follow-up actions within 15 days of receiving the grievance.
- Another Resolution Letter will be issued to the complainant with further resolution actions, followed by a Closure Letter, if an agreement is reached.

At any time, complainants may seek other legal remedies per the legislation of North Macedonia, including formal judicial appeal.

Contact information

All land acquisition related inquiries and complaints can be channelled to NER using the contact details in **Table 6**.

Contact details will also be: i) available on NER's website (<https://mer.com.mk/mk-MK/Home/Kontakt>), and ii) posted on designated boards at construction sites (together with the contract details of NER's construction contractors) and at the information boards at the administrative buildings of the affected municipalities and within the affected settlements.

Table 6. NER Contact Details for Land Acquisition-Related Inquiries or Complaints

NER's contact person for Project-related inquiries and grievances	<p>Mrs Valentina Tasevska Head of the Sector for Legal and General Affairs Address: Blvd. Sv. Kliment Ohridski 58 B, 1000 Skopje, Republic of North Macedonia Mob: + 389 78 231 803 Fax: + 389 26 090 437 E-mail: valentina.tasevska@mer.com.mk</p>
NER's contact person on inquiries land acquisition inquiries and grievances	<p>Mr Muharem Emshija Lawyer Address: Blvd. Sv. Kliment Ohridski 58 B, 1000 Skopje, Republic of North Macedonia Mob. +389 75 264 288 Tel: + 389 26 090 137 Fax: + 389 26 090 437 E-mail: muharem.emshija@mer.com.mk</p>
JSC National Energy Resources details for general inquiries	<p>Address: Blvd. Sv. Kliment Ohridski 58 B, 1000 Skopje, Republic of North Macedonia Tel: + 389 26 090 137 Web: www.mer.org.mk E-mail: contact@mer.com.mk</p>

8 IMPLEMENTATION ARRANGEMENTS AND BUDGET

8.1 Responsibilities

NER will be responsible for the implementation of the current LRF and forthcoming section-specific LRPs. All parties involved in the Project implementation including the Construction Contractors are required to comply with the requirements set out in this LRF.

Table 7 provides an overview of the responsibilities and arrangements for implementing the LRF/LRPs.

Table 7. Organisational Arrangements for LRF/LRP

No.	Institution	Responsibilities
1.	The Government of the Republic of North Macedonia	Adopts the Initiative of public interest (the Project)
2.	NER JSC SKOPJE	<p>NER will coordinate the implementation of all land acquisition, resettlement and livelihood restoration activities per LRF/LRPs. The Company will:</p> <ul style="list-style-type: none"> determine and announce the cut-off date, disclose the LRF, LRPs and related documents (Section 6.2) as well as the other relevant information on the Project to PAPs and affected communities; participate in direct communications with PAPs (individually), organise and hold group meetings with PAPs; consult relevant national authorities on land acquisition related issues; hire the state valuers and coordinate valuation of land and assets; conduct permanent and temporary land acquisition including: <ul style="list-style-type: none"> organising individual meetings with affected land owners; concluding negotiated agreements prior to expropriation; pay / provide compensation packages; implement livelihood restoration measures; provide assistance to vulnerable persons / households as necessary; establish and implement grievance mechanism (Section 7); monitor the process of temporary land acquisition and future reinstatement; monitor and report to Lenders and relevant national authorities on all land acquisition-related issues.
3.	Project Implementation Unit (PIU) and PIU Support Consultant	<p>NER will establish a PIU with required staff, including a Social & Resettlement Specialist. The PIU will procure support required for the LRP preparation, and will facilitate coordination with the relevant authorities on permanent and temporary land acquisition and LRP development and implementation.</p> <p>The PIU, with the support of NER, will be responsible for agreeing the draft and final LRPs with the EBRD and EIB, and will ensure compliance regarding payment of compensation to the PAPs before the land acquisition and displacement impacts occur (in cooperation of municipalities and relevant authorities).</p> <p>The Social & Resettlement Specialist at the PIU will ensure that project activities are implemented in compliance with EBRD PRs 1, 5, and 10 and EIB ESSs 1, 6 and 10 and national regulations. She/he will <i>inter alia</i> closely cooperate with the Resettlement Consultant and will report to the PIU (if needed to NER) about the implementation of the LRPs and received land acquisition-related grievances.</p>
4.	NER's Resettlement Consultant	<p>NER's Resettlement Consultant will be in charge of preparation of section-specific LRPs and their implementation under the supervision of the PIU. The Resettlement Consultant will have sufficient in-house resettlement expertise consisting of international and national resettlement specialists. With the support of PIU and NER they will carry out a detailed socio-economic survey and census (if not covered by actor 7 below), conduct consultations with municipal and other authorities on the draft entitlement matrix and proposed compensation and livelihood restoration actions, conduct (jointly with NER) group/individual meetings with the PAPs, prepare the draft LRPs and present them (jointly with NER) at the public meetings.</p> <p>The Resettlement Consultant will develop the methodologies for the socio-economic survey and census in line with the EBRD and EIB requirements and will provide these to the Lenders for review and approval.</p>
5.	State Attorney	The State Attorneys in affected municipalities will prepare the Expropriation Proposals and submit them to the municipal Sectors for Administrative Procedures (divisions of the Department for Property and Legal Issues at the Ministry of Finance)
6.	Ministry of Finance, Department for Property & Legal Issues	Department for Property and Legal Issues at the Ministry of Finance is in charge for land acquisition for projects of public interest. Its municipal divisions (Sectors for Administrative Procedures) are 'Expropriation Authorities' coordinating the land acquisition for the Project. They will also package and send individual expropriation proposals to PAPs and issue the Expropriation Decisions
7.	State Bureau of Judicial Expertise	State Bureau of Judicial Expertise is a licenced valuator who, using methods established by the laws, conducts asset inventories and determines the compensation for the lost property (land plots, assets, crops, and plantations).

No.	Institution	Responsibilities
		This Bureau will develop the valuation methodologies in line with the EBRD and EIB requirements and that will be accepted by the Lenders.
8.	Local self-government bodies	Municipal authorities will participate in land expropriation processes by assisting in holding individual meetings with affected land owners. They will also support stakeholder engagement e.g., in organising group meetings with the PAPs as well as public meetings in local communities, disclosing LRF/LRPs. In addition, they will help disseminate information on grievance mechanism and potentially collect land acquisition related grievance and re-direct them to NERI
9.	Administrative Court	The Administrative Court has jurisdiction over expropriation disputes.
10.	Municipal Centres for Social Welfare	Municipal Centres for Social Welfare will provide information about the vulnerable persons and households and support NER in providing assistance to such PAPs.
11.	Ministry for Agriculture, Forestry and Water Economy	Will provide the information about the agricultural land and execute the conversion of agricultural land into land for construction or other categories.
12.	Agency for Real Estate Cadastre	The Geodetic Report / Elaborate for expropriation is prepared based on the database of the Agency for Real Estate Cadastre, and should be verified by it. The Agency executes legal title changes of immovable property owners after land acquisition.

8.2 Timeline

The preparation of the section-specific LRPs for the Interconnector and Sveti Nikole-Veles Sections can tentatively start by late 2022/early 2023. The below table summarised a sample timeframe for the activities that will take place as part of the LRP preparation.

Table 8. Tentative Implementation Schedule for a LRP

#	Activity / Month	0	1	2	3	4	5	7	8	9	10...
1.	Preparation of the LRP Terms of Reference										
2.	Contracting the Resettlement / LRP Consultant and preparing an action plan and timetable for development of the LRP										
3.	Draft LRP preparation, including socio-economic survey, consultations, census of the PAPs, asset Inventory and valuation										
4.	Submission of the Expropriation Proposal to the Expropriation Authority										
5.	Submission of a draft LRP to EBRD and EIB										
6.	Finalisation and approval of the LRP by Lenders										
7.	Translation of the LRP into Macedonian (and Albanian for the Gostivar-Kicevo Section) and disclosure										
8.	Grievance management										Continuous commitment
9.	Delivery of compensation entitlements to PAPs										
10.	Livelihood restoration activities										Continues as per LRPs
11.	Monitoring and evaluation activities										During LRP delivery and until livelihood restoration activities are complete
12.	External Completion Audit (after livelihood restoration activities are complete/close to completion)										After the compensations are paid, whilst livelihood restoration activities are closing completion

8.3 Implementation Costs and Budget

The costs of the land acquisition and resettlement-related activities will be fully covered by NER. The LRP development and implementation costs will be included in the overall budget of the Project, under the state contribution. The land acquisition and resettlement costs will include at least the following:

- Compensation for permanent loss of land;

- Compensation for temporary loss of land;
- Compensation for loss of annual / perennial crops and trees;
- Compensation for loss of non-residential structures (fences, barns, sheds) and infrastructure (e.g., irrigation, underground communications);
- Compensation for loss of business structures (shops, workshops or similar).
- Compensation for loss of business income and / or source of livelihood;
- Special assistance for vulnerable PAPs;
- Compensation for absentee owners;
- Livelihood restoration measures;
- Compensation for the restricted land use within the Restriction Zones 1 and 2;
- Cost for LRP development and disclosure of LRF and LRPs and related documents;
- Cost of the Resettlement Consultant's and state valuers' services;
- Cost of court proceedings; and
- Costs of External Completion Audit.

With the completion of the asset inventory and valuation and socio-economic survey, some modifications are possible and will be detailed in the section-specific LRPs. Overall, the exact LRP budget will be established after the completion of the surveys and valuation.

8.4 Capacity Building for the LRF and LRP Delivery

NER has extensive experience in undertaking national expropriation procedures, but it has limited awareness about how to manage land acquisition and livelihood restoration activities and associated grievances as per the EBRD and EIB requirements. NER will establish the PIU that will have experience with both national regulations and resettlement requirements of international lenders.

The PIU's Social & Resettlement Specialist should possess sufficient resettlement expertise and will deliver an initial level of capacity building on the LRP planning and implementation. The target group at NER and its Resettlement Consultants will include the social, environmental and legal staff, as well as any other divisions and contractors that are concerned by the land acquisition process.

The topics to be covered within the resettlement capacity building programme can include:

- Principles and procedures of land acquisition (national, EBRD and EIB);
- Stakeholders of the Project;
- Organisations involved in the process of land acquisition and resettlement and their roles;
- Public consultation and participation process;
- Entitlements, compensation and disbursement mechanisms;
- Vulnerability Assessment and development of tailored vulnerability support measures;
- Delivery of livelihood restoration activities;
- Grievance mechanism; and
- Monitoring of and reporting on the LRF and LRP activities.

9 MONITORING AND REPORTING

NER and its PIU will monitor the delivery of the actions in the Implementation Schedule above and report on the progress to the Lenders as envisioned in the schedule.

The main objective for monitoring will be to assess the progress of implementing the LRP in regards to livelihood restoration outcomes, their impacts on the standards of living of the PAPs and whether the objectives of the LRP have been achieved and/or if any corrective actions are required.

The specific monitoring measures and indicators will be developed in the LRPs. The monitoring indicators will cover input, output and outcome indicators and will be proposed alongside the validation timeline, frequency of monitoring, and roles / responsibilities for undertaking monitoring, evaluating its results and taking corrective management decisions, if needed. Monitoring indicators can include the following:

- Implementation of the LRP objectives and whether all the inputs committed in the LRP have been delivered.
- Assessment of the implementation of mitigation measures and their effectiveness and whether it is in accordance with North Macedonian and lenders' requirements.
- Overall livelihood restoration spending against the disbursement timelines.
- Number of individual compensation agreements.
- Number of PAPs requesting transitional support and the type of support provided to them.
- Number of PAPs who have received cash compensation and how the funds have been disbursed.
- List of PAPs what have been classified as vulnerable and support provided to them.
- Reports from experts hired to provide livelihood restoration support to the PAPs.
- The socio-economic status of the PAPs measured against the baseline conditions before the economic displacement (including gender and vulnerability segregation of data collected on the PAPs).
- Effectiveness of the grievance mechanism:
 - number of grievances received, cases resolved at Project level and duration of resolution.
 - number of grievances unsolved (pending).
 - number of grievances taken to court and the timeline taken to resolve the matter in court, etc.
- Agenda and outcomes of continued consultations with the stakeholders involved in the implementation of the LRP, including:
 - minutes of meetings and signed attendance sheets.
- Assessment of whether the livelihoods of the PAPs have been restored.

An external Completion Audit will be commissioned by NER after the compensations are paid, whilst livelihood restoration activities are closing completion and just completed. This audit is to be conducted by an independent resettlement / livelihood restoration expert.

Annex 1. LAND ACQUISITION FOR THE INTERCONNECTOR SECTION BY LAND USE CATEGORY

	No. of plots	No. of Land Plots by Land Use Category														
		Arable land	Pastures	Vineyards	Built Land for Construction	River	Other natural infertile land	Roads and Railroads	Streams	Uncategorized	Stones	Orchards	Gardens	Ravines	Forests	Non-built Land for Construction
Permanent land take																
Private owned	405	326	35	43	-	1	-	0	-	-	-	-	-	-		-
State owned	676	244	103	43	5	42	59	56	-	4	6	6	1	2	105	-
Co-owned state / private	8	8	-	-	-	-	-	0	-	-		-		-	-	-
Companies	5	5		-	-	-	-	0	-	-	-	-	-	-	-	-
Total No. of plots	1,094	583	138	86	5	43	59	56	0	4	6	6	1	2	105	0
%, No of plots	100.0	53.3	12.6	7.9	0.5	3.9	5.4	5.1	0.0	0.4	0.5	0.5	0.1	0.2	9.6	0.0
Temporary land take																
Private owned	866	683	68	114	-	1	-	0	-	-	-	-	-	-	-	-
State owned	1,037	320	213	63	-	74	110	105	-	8		4	2	6	129	3
Co-owned state / private	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Companies	8	8		-				-	-	-	-	-	-	-	-	-
Total No. of plots	1,911	1,011	281	177	0	75	110	105	0	8	0	4	2	6	129	3
%, No of plots	100.0	52.9	14.7	9.3	5.8	3.9	0.0	5.5	0.0	0.4	0.0	0.2	0.1	0.3	6.8	0.2

Annex 2. LAND ACQUISITION FOR THE SVETI NIKOLE-VELES SECTION BY LAND USE CATEGORY

	No. of plots	No. of Land Plots by Land Use Category														
		Arable land	Pastures	Vineyards	Built Land for Construction	Rivers	Other natural infertile land	Roads and Railroads	Streams	Uncategorized	Stones	Orchards	Gardens	Ravine	Forests	Non-built Land for Construction
Permanent land take																
Private owned	115	79	7	27	1	1	-	-	-	-	-	-	-	-	-	-
State owned	236	131	24	3	5	6	9	29	4	3	1	1	1	1	18	-
Co-owned state / private	12	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Companies	17	8		-	-	1	-	9								
Islamic Religious Community	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 (TBC)
Total No. of plots	381	229	31	30	6	8	9	38	4	3	1	1	1	1	18	1
%, No of plots	100.0	60.3	8.2	7.9	1.6	2.1	2.4	10.0	1.1	0.8	0.3	0.3	0.3	0.3	4.7	0.3
Temporary land take																
Private owned	152	107	7	33	-	1	-	-	-	-	-	-	-	-	-	-
State owned	267	147	29	5	1	9	8	31	4	2	-	1	1	1	23	5
Co-owned state / private	10	10	-	-	-		-	-	-	-	-	-	-	-	-	-
Companies	21	7	2	-	-	1	-	2	-	-	-	-	-	-	-	-
Total No. of plots	450	271	38	38	1	11	8	33	4	2	0	1	1	1	23	5
%, No of plots	100.0	60.2	8.4	8.4	0.2	2.4	1.8	7.3	0.9	0.4	0.0	0.2	0.2	0.2	5.1	1.1

Annex 3. **SAMPLE GRIEVANCE FORM**

Note: the forms should be made available in Albanian for all municipalities and construction sites along the Gostival-Kicevo gas pipeline section.

First Name		
Last name		
Contact Information Please indicate the preferable means of communication (Mail, Telephone, E-mail)	<input type="checkbox"/> Mail: Please indicate the postal address: _____ _____ _____ <input type="checkbox"/> Telephone: _____ <input type="checkbox"/> E-mail: _____	
Confidentiality: <input type="checkbox"/> I request not to disclose my identity without my consent <input type="checkbox"/> I wish to raise my grievance anonymously* *In case of anonymous grievances, we cannot communicate the response to you, but will publish the case and the response in the annual grievance report and on our website.		
The language desirable for the communication	<input type="checkbox"/> Albanian <input type="checkbox"/> Macedonian <input type="checkbox"/> English	
Describe the grievance/claim: _____ What is the complaint about? What is the claim?		
Date of Incident/Grievance	<input type="checkbox"/> One time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)	
Additional supporting documentation:	Space to upload materials	
What measures would you like to propose to solve your problem?		
Signature of the complainant		Date of submission: