Land Valuation Process

This type of line infrastructure construction usually does not require displacement of people because during the design of the line infrastructure facility, special care is taken the infrastructure to pass through land that is primarily owned by the Republic of North Macedonia or agricultural land outside the construction area. If the construction area cannot be avoided then attention is paid to the protective and safety distance between the infrastructure facility and the buildings. During the construction of the gas pipeline, the investor pays attention to the social aspect in terms when it is built on agricultural land, he gives the former owners the opportunity to collect the crop and during the construction is especially careful not to do any additional damage to plantations and crops on the part of the land which is not expropriated. Where the land is temporarily expropriated, the investor is obliged to return it to its original condition after the completion of the construction, i.e. in the case of agricultural land to recultivate it.

If during the construction, any type of building is encountered on the route, regardless of its current status, the route of the gas pipeline will be changed at the expense of the investor. The Law on expropriation is applied for determining the compensation for the owners of the land through which the gas pipeline route should pass, according to which the compensation for the expropriated real property as a rule is determined in money, but according to Article 41 of the Law on expropriation another real property can be offered as compensation in a value corresponding to the market value of the expropriated real property. In extremely rare cases, in accordance with Article 42 of the Law, the owner of the expropriated building in which he lives may be given another one appropriate in value in exchange. If, due to the expropriation of one part of an immovable property, the remaining part is substantially reduced, thereby diminishing the owner's economic interest in using the remaining part of the property, that remaining part may also be expropriated at the request of the owner.

For this purpose, geodetic reports are prepared with numerical data on the area of the real property on which the complete and incomplete (temporary) expropriation will be established.

Expropriation is established on the entire working belt of the gas pipeline route in an area of 25 meters, i.e. complete expropriation is usually established in a width of 7 meters, i.e. 3.5 meters to the left and right of the axis of the gas pipe and on the remaining area incomplete (temporary) expropriation is established.

Complete expropriation is expropriation with which the part of the land of the owner where the gas pipeline passes is permanently taken and the right of ownership of the Republic of North Macedonia is established. Incomplete (temporary) expropriation is a temporary limitation of the right of ownership of part of the land of the owner where the route of the gas pipeline passes, which land is still owned by the natural and legal person and temporary expropriation is established while the construction activities last. The

geodetic reports with numerical data for complete and incomplete (temporary) expropriation are prepared by licensed surveying companies and submitted to authorized appraisers/ estimators (The Assessment Bureau). The authorized appraisers based on the geodetic reports for expropriation perform land appraisal in accordance with the Law on appraisal and methodology for this type of assessments and determine the market value of the land to be expropriated.

The compensation of the land for incomplete (temporary) expropriation is in the amount of 50% of the market value of the land determined for the complete expropriation. In addition to the compensation for the land, the assessment also determines the compensation for the plantations, crops, forests and fruits.

According to the Law on expropriation, the investor of the infrastructure project in the capacity of a proposer with the proposal for expropriation, the approved infrastructure project, the geodetic reports for expropriation, the offer for the type and amount of compensation for the real property for which expropriation is proposed (estimation), the proof of secured funds initiates a procedure for expropriation before a competent body - Ministry of Finance - Office for property and legal affairs. The competent body – the Ministry of Finance - Office for property and legal affairs on the proposal for expropriation, schedules a hearing at which the owner of the real property declares whether he agrees with the offered compensation for the expropriated real property.

If the owner agrees, an agreement is concluded and the payment is made within 30 days. If the owner does not agree with the compensation ex officio by the Ministry of Finance - Office for property and legal affairs, a court procedure is initiated in which the proposal for expropriation with all the evidences are submitted to the competent court. The court in this procedure may state additional expertise in order to determine the amount of compensation. According to the submitted and presented evidences, the court makes a court decision which determines the compensation for the expropriated real property which is paid after the legally binding decision of the court. The costs in the expropriation procedure are borne by the investor. The right to request compensation for the expropriated real property according to the Law on expropriation does not become obsolete.

Gap-analysis table comparing the Land Valuation Process v1 against EBRD ESR 5 requirements.

Gap Analysis Table: Land Valuation Process vs. EBRD ESR 5

ESR 5 Requirement	What ESR 5 Requires	What the Land Valuation Process Does	Gap Identified
1. Avoidance & minimisation of displacement	Requires structured, early-stage analysis of alternatives to avoid/minimise displacement. [ebrd.com]	States that infrastructure is routed through state or agricultural land to avoid displacement; route changes if buildings encountered.	No formal alternatives assessment, no systematic avoidance analysis documented.
2. Compensation at full replacement cost	Compensation must equal **replacement cost**, including market value + transaction costs, without depreciation. [ebrd.com], [ifc.org]	Uses **market value** from appraisers; temporary expropriation compensated at **50% of market value**.	Compensation falls short of ESR 5 replacement-cost standard; temporary compensation especially non-compliant.
3. Livelihood restoration	Requires restoring or improving livelihoods beyond asset compensation. [ebrd.com]	Mentions avoiding damage to crops and recultivating land; no livelihood programs.	No livelihood restoration plan or transitional support measures. Information missing on the treatment of permanent crops.
4. Inclusion of informal/secondary land users	ESR 5 includes owners, recognisable rights holders, informal users, and seasonal/vulnerable users.	Process only refers to formal owners per national law; no mention of informal or secondary users.	Entire stakeholder category missing—non-compliant with ESR 5 inclusivity requirements.

ESR 5 Requirement	What ESR 5 Requires	What the Land Valuation Process Does	Gap Identified
	[ebrd.com]		
5. Census, socioeconomic survey, and cut-off date	Requires census, socioeconomic baseline, asset inventory, and cut-off date. [ebrd.com]	Only geodetic land-area reports are prepared; no census, socioeconomic survey, or cut-off date.	Missing all ESR 5-required data-collection steps.
6. Stakeholder engagement & grievance mechanism	Requires ongoing engagement, information disclosure, and project-level grievance mechanism. [ebrd.com]	Describes a hearing where owners accept or dispute compensation; no ongoing engagement or grievance mechanism.	Engagement limited to legal procedure; no ESR-compliant engagement or grievance channel.
7. Resettlement or livelihood restoration planning documents	Requires preparation of Resettlement Plan, LRP, or Framework depending on impacts. [ebrd.com]	No mention of any resettlement plan or livelihood restoration plan.	Major gap—absence of required planning documents.
8. Consideration of vulnerable groups & gender impacts	ESR 5 requires vulnerability assessment and gender analysis. [ebrd.com]	No reference to vulnerable or gender-specific impacts.	Missing required assessments and targeted measures.
9. Timing of compensation	Compensation must be paid **before displacement or loss of access**. [ebrd.com]	Payment occurs after agreement or final court decision; timing relative to land entry not specified.	Information provided during the call on the 16th March stated that private land has been avoided to date until LRP completed.
10. Treatment of	Temporary impacts must be	Temporary expropriation	Determining whether compensation

ESR 5 Requirement	What ESR 5 Requires	What the Land Valuation Process Does	Gap Identified
temporary land acquisition	compensated at full replacement cost and livelihoods restored if affected. [ebrd.com]	compensated at **50% of market value**.	mitigates temporary impacts depends on (i) what the land is currently being used for, (ii) the impact to the household from the loss of the land, (iii) the duration of temporary expropriation,

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