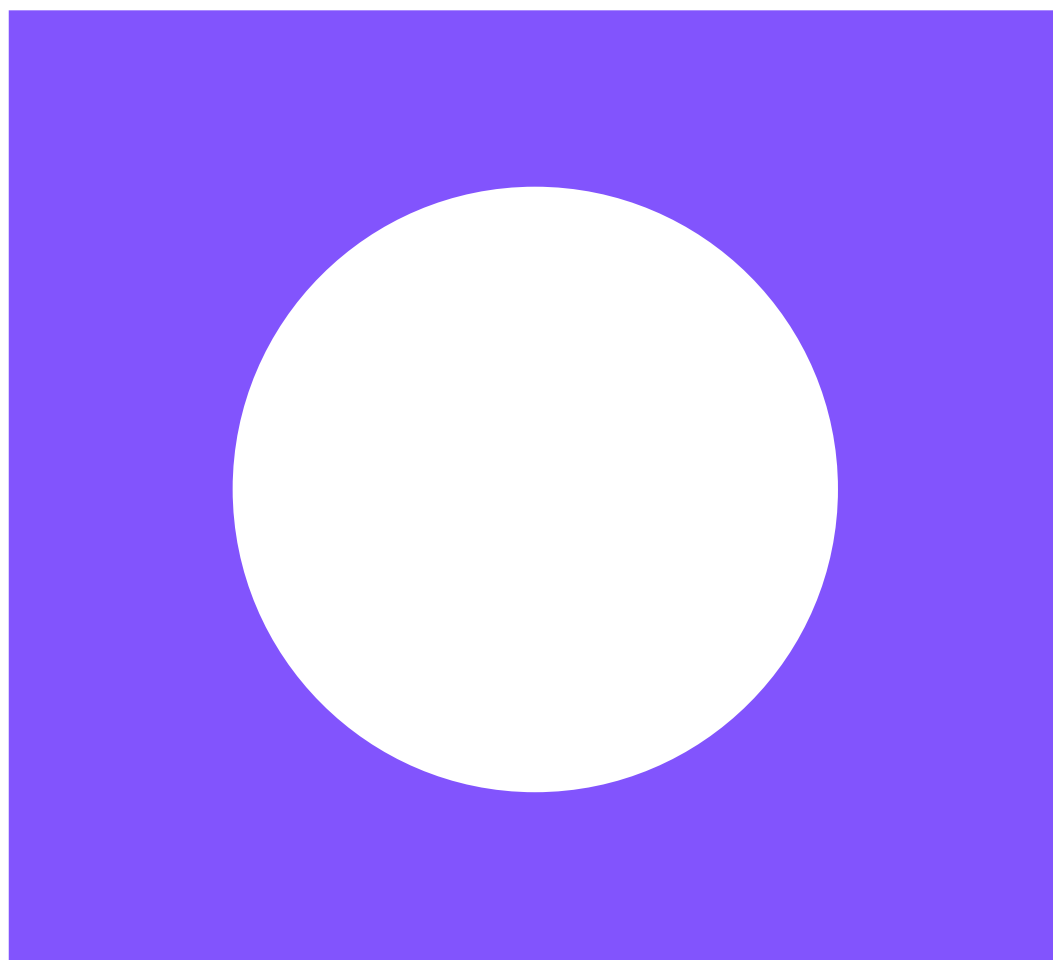




# Stip Wind Farm

Land acquisition and resettlement policy  
framework

May 2025

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framework

May 2025

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# List of abbreviations

| Acronym | Meaning                                                                             |
|---------|-------------------------------------------------------------------------------------|
| CLO     | Community Liaison Officer                                                           |
| CGM     | Community Grievance Mechanism                                                       |
| EBRD    | European Bank for Reconstruction and Development                                    |
| EHS     | Environmental Health and Safety                                                     |
| EIA     | Environmental Impact Assessment (carried out to national requirements)              |
| EIB     | European Investment Bank                                                            |
| ESIA    | Environmental and Social Impact Assessment                                          |
| ESMP    | Environmental and Social Management Plan                                            |
| IFC     | International Finance Corporation                                                   |
| LARPF   | Land Acquisition and Resettlement Policy Framework                                  |
| LRP     | Livelihood Restoration Plan                                                         |
| MEPSO   | Macedonian Electricity Transmission System Operator (North Macedonia grid operator) |
| NGO     | Non-governmental Organisations                                                      |
| NTS     | Non-technical Summary                                                               |
| O&M     | Operations and maintenance                                                          |
| OHL     | Overhead line                                                                       |
| PAP     | Project Affected Person                                                             |
| PS      | Performance Standard                                                                |
| RAP     | Resettlement Action Plan                                                            |
| ROW     | Right of Way                                                                        |
| SEP     | Stakeholder Engagement Plan                                                         |
| WTG     | Wind Turbine Generator                                                              |

# Definition of terms

| Term                                                               | Meaning and comments                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Affected person                                                    | Person experiencing either physical or economic displacement. Same as displaced person and project-affected person.                                                                                                                                                                |
| Area of influence                                                  | The area likely to be affected by the project activities and facilities.                                                                                                                                                                                                           |
| Compensation                                                       | Payment in cash or in-kind for loss of an immoveable asset or loss of access to resources and livelihoods that is acquired or affected by the project.                                                                                                                             |
| Customary right holder                                             | Refers to those who do not have formal legal rights to land or assets but have customary or traditional rights recognised or recognisable under the laws of the host country.                                                                                                      |
| Disaggregated                                                      | Disaggregated data are data that have been broken down by subcategories, such as sex, gender, age, or level of education.                                                                                                                                                          |
| Displaced person                                                   | Same as affected person.                                                                                                                                                                                                                                                           |
| Displacement (economic)                                            | Loss of assets (including land) 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 land and natural resources.                                                            |
| Displacement (physical)                                            | Loss of dwelling or shelter as a result of project-related land access, which requires the affected person(s) to move to another location.                                                                                                                                         |
| Ecosystem services                                                 | Ecosystem services are the various benefits that humans derive from ecosystems. They include 'provisioning services' which are akin to natural resources as referred to in IFC PS5, such as food items (mushrooms, berries, fish), freshwater, timber, biofuels, fodder, etc.      |
| Eligibility                                                        | Definition of affected persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cutoff dates.                                                                                                                 |
| Entitlements                                                       | Options that they are being offered for all categories of loss for all categories of affected person (including compensation, allowances, assistance and livelihood-restoration measures, resettlement housing). This is preferably provided in tabular form (entitlement matrix). |
| Footprint                                                          | Land that is directly affected by the project component.                                                                                                                                                                                                                           |
| Forager                                                            | Gatherer of non-timber forest products (ecosystem services), such as berries, mushrooms, wild fruit, herbs, and medicinal plants.                                                                                                                                                  |
| Household                                                          | One person or a group of persons who share a dwelling unit, and for a group, share at least one meal a day.                                                                                                                                                                        |
| Informal settlers                                                  | Person or group of persons with no recognisable legal right to the land they use or occupy; commonly referred to as 'squatters'.                                                                                                                                                   |
| Involuntary resettlement                                           | Physical and/or economic displacement whereby affected persons or communities do not have the right to refuse land acquisition or restrictions on land use resulting in their relocation.                                                                                          |
| Land acquisition                                                   | The outright purchase of property and acquisition of access rights, including easements, servitudes or rights of way. In this LARPF the term will also be used where long term land use rights are being arranged via long term leases from land owners.                           |
| Land acquisition and resettlement policy framework (this document) | A document that outlines the general principles for managing resettlement and livelihood restoration when the exact nature, magnitude or timing of the land acquisition or restrictions on land use are unknown due to the stage of project development.                           |
| Livelihood                                                         | The full range of means that individuals, families, and communities utilise to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.                                                     |

| Term                              | Meaning and comments                                                                                                                                                                                                                                                                      |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Livelihood restoration            | The process of restoring (or improving) affected persons' livelihoods to pre-project levels (or better).                                                                                                                                                                                  |
| Livelihood restoration plan (LRP) | A planning document that outlines the necessary activities and measures to be implemented to restore livelihoods based on detailed surveys of lost resources with the affected people.                                                                                                    |
| Opportunistic settlers            | People who encroach in the area after the establishment of the cutoff and are therefore not eligible for compensation.                                                                                                                                                                    |
| Orphan land                       | Land that is not directly located within the project's direct footprint but becomes uneconomic or not useable as a result of land acquisition. Also referred to as severed land.                                                                                                          |
| Project-affected person (PAP)     | Same as affected person.                                                                                                                                                                                                                                                                  |
| Replacement cost                  | The calculation of full replacement cost will be based on the following elements: (i) fair market value of the asset (with no depreciation); (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any.          |
| Resettlement                      | Refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood) as a result of project-related land acquisition and/or restrictions on land use. |
| Resettlement action plan (RAP)    | A planning document that outlines the process, activities, and measures to be implemented for resettlement-affected persons.                                                                                                                                                              |
| Security of tenure                | A right of individuals or communities who are resettled to a site that they can legally occupy and where they are protected from the risk of eviction by receiving some form of land title.                                                                                               |
| Transaction costs                 | All costs that may be incurred because of the transaction or transfer of assets, eg taxes, stamp duties, legal and notarisation fees, registration fees, travel costs, etc.                                                                                                               |
| Transition period                 | Period between the occurrence of the displacement and the time when affected livelihoods are restored.                                                                                                                                                                                    |
| Vulnerable groups                 | People who may experience vulnerable or at-risk status stemming from their race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth, or other characteristic.                                                                        |

Source: Good Practice Handbook, Land Acquisition and Involuntary Resettlement, IFC, 2023

# 1 Introduction

Mott MacDonald Limited has been appointed by Alcazar Energy (the project proponent), an independent investment company specialised in renewable energy generation projects, to undertake an environmental and social impact assessment (ESIA) of the (up to) 396MW Stip wind power project in North Macedonia (the project). Inval Mak DOOEL has been set up by Alcazar Energy as a special purpose vehicle (SPV) within North Macedonia.

As part of the ESIA, this land acquisition and resettlement policy framework (LARPF) has been developed to set out policies and framework plans to guide the acquisition and leasing of land needed for the project.

## 1.1 Overview

North Macedonia has committed to an 82% reduction in net greenhouse gas emissions by 2030 compared to 1990 levels<sup>1</sup>. The country has also committed to increasing its share of renewable energy sources in its gross energy consumption to 38% by 2030<sup>2</sup>. Once operational, the (up to) 396MW wind farm will produce clean energy equivalent to power over 150,000 homes while avoiding an estimated 980,000 tons of CO<sub>2</sub> emissions annually, contributing these goals.

Mott MacDonald Limited and its local partner Maneko Solutions (Consultants) are preparing the ESIA and LARPF to meet international standards for the project in accordance with Government of North Macedonia (GoNM) national laws, regulations and guidelines for environmental and social protection and with the International Finance Corporation Performance Standards (IFC PSS, 2012), associated PS Guidance Notes (2012), the World Bank Group Environmental Health and Safety (EHS) General and Windpower Guidelines (2007 and 2015) and a series of other applicable standards, as listed in Appendix A.

This LARPF has been developed to establish land acquisition and livelihood restoration objectives and principles, establish eligibility and entitlements, and set out engagement and grievance management for acquisition of land and livelihood restoration activities that are necessary for the project. In producing the LARPF, specific reference has been made to national laws and regulations and the requirements of the 2012 IFC PS5 on Land Acquisition and Involuntary Resettlement, of the 2022 European Investment Bank (EIB) Standard 6 on involuntary resettlement as well as the later (2024) European Bank for Reconstruction and Development (EBRD) Environmental and Social Requirement 5 on land acquisition, restrictions on land use and involuntary resettlement.

Resettlement<sup>3</sup>, is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition or restrictions on land use which can occur when the buyer can resort to lawful expropriation if negotiated settlement fails. As the project could lawfully resort to request the GoNM to declare the land to be of public interest and initiate the process of expropriation on behalf of the project, IFC PS5 is triggered.

---

<sup>1</sup> [The Republic of North Macedonia releases new national climate pledge under the Paris Agreement | United Nations Development Programme](#)

<sup>2</sup> [A Renewable Energy Future in North Macedonia | TNC](#)

<sup>3</sup> Resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood) as a result of project-related land acquisition and/or restrictions on land use.

## 2 Project description

### 2.1 Project location

The project is located in a rural area, approximately 75km south-east from the capital city of Skopje near the city of Stip in North Macedonia. The project is located predominantly within the municipalities of Stip and Radovic and to a minor extent in Karbinci Municipality.

The municipality of Stip is situated in the central eastern part of North Macedonia, comprising 556km<sup>2</sup>, approximately 3.1% of the national territory. Stip Municipality lies in the middle of a watershed area of the Bregalnica River, and the area is mainly mountainous. The project location itself is also characterised by hilly and mountainous relief with elevation ranging between 500m and 900m above sea level. The location of the wind farm borders the massif of the mountain Plackovica to the east, the valley of the river Kriva Lakavica to the west and the Derven Gorge to the south. On the northern side, the wind farm is open towards Ovce Pole and along the length of the Bregalnica River towards the valley of the Vardar River.

### 2.2 Project features

The project consists of the development, construction, and operation of a wind farm comprising up to 54 wind turbine generators (WTGs), each of approximately 6-8MW nominal power, with a total installed capacity of up to 396MW. The expected annual production of electricity is over 1,340GWh.

The project footprint is approximately 335ha (418.7ha including the WTG swept area of blades) including a 35/400kV substation that will be built as part of the project. WTGs will be connected to the substation via approximately 80km of 35kV buried cables that will run along the internal roads and will be laid in trenches and covered with excavated subsoil and topsoil.

The project substation will connect to an existing 400kV transmission line, through an approximately 7km long 400kV overhead line (OHL) that will be built for the project. There is an existing OHL that connects the Buchim mine with Stip that crosses the area of the project, however this line will not be part of the project.

As part of the project, approximately 68km of access roads will be reconditioned. Very limited new roads will need to be built as part of the project and these will mainly comprise short length secondary access roads from the existing roads to the actual WTG location/platform.

In summary, the main project components are:

- Up to 54 WTGs of up to 6-8MW power for a total of up to 396MW output
- A 35/400 kV substation
- Approximately 80km of 35kV buried cables connecting the WTGs to the substation
- Approximately 7km long 400kV OHL
- Approximately 68km of internal access roads

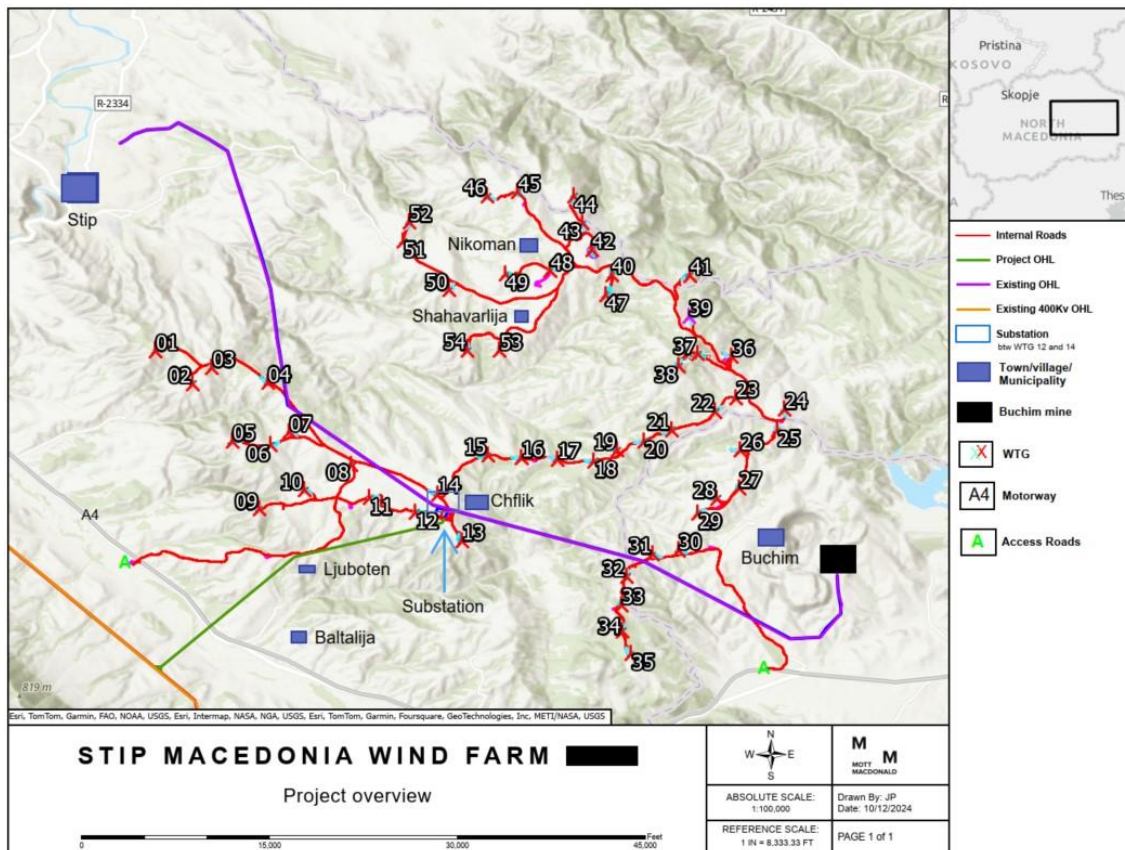
It is envisaged that the main WTG components will be transported to site from the port of Thessaloniki, in Greece, approximately 180km south of the project site.

At the beginning of the project, the first activities to be undertaken on site will be the betterment and conditioning of the existing access and internal roads. Once the final layout of the WTGs is confirmed there will be the need to begin with site clearance activities, where deemed

necessary, in particular at the WTG footprint, laydown areas and any new access to the corresponding platforms.

Figure 2.1 below presents an overview of the main project components. The WTGs are identified by their numbers. Internal roads, access roads, the project OHL, the existing OHLs, and substation location (between WTG 12 and 14) as well as the most populated towns and villages around the project are depicted.

**Figure 2.1: Project indicative layout**



Source: Mott MacDonald

## 2.3 Brief description of project components

### 2.3.1 Wind turbine generators

The planned WTGs to be installed for the project are up to 6-8MW with approximately 120m hub height, and a rotor diameter of approximately 182m. The main components of the project's WTG are:

- **Blades:** three blades with total rotor diameter of approximately 182m in length, made from high-strength composite materials like fiberglass or carbon fibre.
- **Nacelle:** houses the gearbox, generator, and control systems and other mechanical components necessary to convert mechanical energy into electrical energy.
- **Gearbox/Direct Drive System:** designed to step up the rotational speed of the turbine's rotor.
- **Generator:** converts mechanical energy from the WTG rotor into electricity.
- **Yaw and Pitch Mechanisms:** optimises alignment with the wind direction and adjust blade angle for maximum efficiency.

- Tower: is approximately 120m tall steel tower, providing a high elevation for better wind capture.

**Photo 2.1: Example of a WTG**



Source: Alcazar Energy

The first stage of the WTG installation is the foundation excavations after which an anchor cage is placed in the foundations and concrete is poured covering it in its entirety. It is estimated that approximately 50m<sup>3</sup> of concrete is required for each foundation, and this is challenging logistically, because the delivery of concrete needs to be coordinated carefully in order to ensure it is poured at the correct consistency and in a timely manner. At this stage the project is not expected to have an onsite concrete batching plant, therefore all concrete will be outsourced and purchased from local concrete suppliers. A significant number of concrete trucks will be required for this purpose therefore, all roads need to be suitable to facilitate this process. The exact number of concrete trucks required during the construction phase is currently not known and will be estimated at a later stage.

**Figure 2.2: Example of an anchor cage foundation for a WTG**



Source: Alcazar Energy

Once the foundations are installed and ready, the WTG will be erected using cranes. A suitable platform, called the hardstand, is designed and built around each WTG foundation especially to facilitate the erection of the WTG. The hardstand does not need to be a concrete platform as flat compacted earth may be suitable. The crane usually needs to be disassembled and reassembled when moving between WTG locations. The tower of the WTG is comprised of several sections, with a total height of the tower up to 120m. After the tower is assembled, the nacelle is installed on top of the tower, after which the hub is attached to the nacelle. Once the hub is secured to the nacelle, the three blades can be lifted and attached to the hub. Once the blades are attached, the crane can be disassembled and moved to the next WTG location. Meanwhile, the works inside the assembled turbine can continue, which involve connecting and commissioning all the electrical equipment inside the turbine.

**Figure 2.3: Example of WTG erection and installation**



Source: Alcazar Energy

It is envisaged that there will be a number of temporary laydown areas located along the internal roads to be used as temporary storage of equipment prior to installation. The exact number and locations of these laydown areas will be confirmed at a later stage.

**Figure 2.4: Example of a hardstand**



Source: Alcazar Energy

### 2.3.2 Substation, medium voltage (MV) collector system, control building and OHL

The 400kV substation that will be built for the project will aggregate power from all WTGs, regulate voltage, and provide protection systems. The substation will step up the voltage required for grid connection. The substation complex will include: step-up transformers; switchgear (for MV and high voltage); reactive compensation systems, including Statcom; busbars and conductors; control and monitoring systems including SCADA; auxiliary systems. All power and cabling on site including to the substation will be laid in trenches and then backfilled with excavated subsoil and topsoil. Inverters and power converters will ensure the electrical output from the WTGs is compatible with the grid frequency and voltage.

**Figure 2.5: Example of a substation**



Source: Mott MacDonald

The project will also have a remote monitoring system to track key parameters such as wind speed, energy production, and system performance, with regular reports generated for maintenance and operational optimisation.

All the WTGs will be connected in circuits of three to four WTGs, and all the circuits of WTGs will be connected to the project substation. The WTGs will be connected in 35kV, using buried cables in trenches running along the internal roads. There will be several hundreds of kilometres of cables across the site (exact length of the buried cables will be confirmed at a later stage). Specialised machinery such as trenchers, will be used to dig the trenches in which the cables will be laid. It is preferable to lay the cables next to the internal roads, as opposed to under the roads, for maintenance purposes.

The approximately 7km long 400kV project OHL will be constructed from the project substation to the existing 400kV Stip-Negotino OHL, in order to connect the project to the national grid system. The right of way, a corridor of approximately 6m in width, will be cleared after which the OHL tower foundations will be installed and finally cabled, connecting the towers from the project substation to the existing 400kV Stip-Negotino OHL.

**Figure 2.6: Example of an OHL**



Source: Alcazar Energy

### **2.3.3 Access roads and internal roads**

Approximately 68km of internal roads will be improved and constructed for the project. The roads will need to be wide enough to transport all the WTG parts, such as the nacelles, and blades (which could be up to 90m long). The WTG manufacturers provide strict requirements for the design of the roads to ensure they are suitable for transporting all the required equipment.

The main access to the site will be from the south, using the A4 highway, connecting near Ljuboten. An additional access road starting from the A4 highway may also be considered for providing better access to the southern part of the project.

Once the roads are suitable, the WTG equipment can be transported to site. The WTG equipment will preferably enter the site through the access road at the south-west of the site, from the A4 national road, past the settlement of Ljuboten and on to the relevant locations.

There is no planned access from the north (coming from Stip), so all the equipment for the WTGs located in the north of the site will need to enter the site from the south and be transported through the site, past Ljuboten, and on to the northern part of the site.

It is not expected that any large vehicles or trucks are required for the regular maintenance during the O&M phase, however, in exceptional circumstances, such as major equipment failure (such as a gearbox failure, or in case of a blade replacement), then larger equipment (such as large cranes) may be required.

### **2.3.4 O&M control building and infrastructure**

The main operation and maintenance (O&M) offices will be located at the substation which will have all the normal office amenities, warehouses and control system such as supervisory control and data acquisition (SCADA) system that will be installed to monitor and control WTG performance and overall project status. This will allow real-time monitoring of power generation, operational status, and the detection of any faults or maintenance requirements.

The O&M staff will operate from the control building of the substation, where the site offices will be located. The O&M team responsible for maintaining the WTGs will have little to no impact on the levels of traffic, compared to the construction phase. The WTGs are designed to be operated remotely. On average, each WTG requires around 40 hours of scheduled maintenance per year, plus any unscheduled corrective maintenance.

The O&M team will be also responsible for maintaining the internal roads, drainage system (if any), and the overall usability and quality of the roads. The national grid operator of North Macedonia (MEPSO) will be responsible for maintaining their part of the substation and also the 400kV OHL connecting the project to the rest of the MEPSO network. They will have their own team visiting the site to maintain this equipment.

Four meteorological masts (met masts) with an approximate height of 100m each have been installed across the project area. These met masts may be uninstalled at a later stage and permanent met masts installed for the O&M phase, however details are unknown at this stage. .

## 2.4 Permitting and project schedule

The wind farm has a valid environmental permit in place that was originally granted in 2009. An environmental permit elaborate document was developed to consider the changes in design and technology for the wind farm. The environmental permit elaborate was submitted to the Environmental Protection Agency in November 2024 and approved in December 2024. The OHL and the substation are being permitted under a separate permitting process. The international ESIA for the purposes of achieving international finance for the project is underway as of March 2025 and the scoping process is complete. Financial close is currently scheduled for Q4 2025.

## 3 Potential displacement impacts

### 3.1 Overview

Displacement impacts can be categorised into physical displacement (loss of shelter and need for relocation of either homes or business facilities) and economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as the result of land acquisition needed for the project. The project footprint locations have been selected primarily on technical viability although avoidance measures to prevent physical displacement were also part of the selection process for the WTGs, substation, underground cables, OHLs and access roads. The project is responsible for managing acquisition of land use rights for all aspects of the project up to the interconnection with the grid which is owned by the Government of North Macedonia.

### 3.2 Land tenure in the project area of influence (Aoi)

Land in North Macedonia can be owned by the State, municipalities, or legal and natural persons (either singularly or through co-ownership or joint ownership). Other land tenure options according to national law include the right of easement (sometimes called servitude or right-of-way), right of long-term lease, collateral right, and real encumbrance right<sup>4</sup>. Land is classified into three key categories: fertile land; infertile land; and land under water. These classifications affects land value. The main laws and regulations governing land use and acquisition or transfer of ownership rights are outlined in section 4.

The project site includes some informal or tenant usage of government and privately owned land. As well, land has been passed down through generations and some of it is unused by heirs.

### 3.3 Project land needs

The project intends to acquire the land use rights for WTGs and temporary laydown areas through long term lease agreements. The permanent footprint/land take for each WTG has been estimated at 25m diameter, and during construction an area of 300m<sup>2</sup> will be required for each WTG. For cables, easements are generally used or sometimes land is purchased outright. The intention is that road widening areas and the substation will be purchased. For the OHL towers, land is usually purchased with easements under the lines but it may depend on the preferences of landowners; sometimes leases are used for the tower bases. Land is also needed for new roads, meteorological masts and the O&M building. The specific arrangements are yet to be confirmed. Table 3.1 below presents a summary of the expected land needs for the wind farm, substation and main roads except for the OHL. Land needs for other components will be outlined further in the LRP.

**Table 3.1: Project land needs, excluding OHL**

| Category                             | Project land needs for wind farm, substation and main roads <sup>5</sup> |
|--------------------------------------|--------------------------------------------------------------------------|
| Number of privately owned land plots | 268 (26% of total plots)                                                 |
| Number of publicly owned land plots  | 800 (74% of total plots)                                                 |

<sup>4</sup> 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.

<sup>5</sup> Except OHL land needs.

| Category                                         | Project land needs for wind farm, substation and main roads <sup>5</sup> |
|--------------------------------------------------|--------------------------------------------------------------------------|
| Total number of land plots                       | 1,068                                                                    |
| Area of affected private plots (m <sup>2</sup> ) | 319,601 (11% of total area)                                              |
| Area of affected public plots (m <sup>2</sup> )  | 2,717,752 (89% of total area)                                            |
| Total area (m <sup>2</sup> )                     | 3,037,352m <sup>2</sup>                                                  |

Source: Alcazar Energy, March 2025

Table 3.2 below highlights the land needs for the OHL.

**Table 3.2: Currently expected OHL land needs<sup>6</sup>**

| Category                                                                              | OHL land needs |
|---------------------------------------------------------------------------------------|----------------|
| Total area impacted by permanent, temporary and easement land needs (m <sup>2</sup> ) | 312,582        |
| Total number of land plots for permanent land needs                                   | 14             |
| Total number of plots for temporary land needs                                        | 57             |
| Total number of easements plots                                                       | 144            |
| Total permanent land needs area (m <sup>2</sup> )                                     | 1,252.87       |
| Total temporary land needs area (m <sup>2</sup> )                                     | 83,963.74      |
| Total easement area (m <sup>2</sup> )                                                 | 227,365.63     |
| Permanent land needs area %                                                           | 0.40%          |
| Temporary land needs area %                                                           | 26.86%         |
| Easement land needs area %                                                            | 72.74%         |

Source: Alcazar Energy, March 2025

<sup>6</sup> Subject to updates from the project proponent.

## 4 Legal and policy framework

### 4.1 Overview

When details of land needs and involuntary resettlement that may occur in the future are not fully known (as for this project), an LARPF establishes the policy principles and guidelines for public information and discussion.

The LARPF takes into account the provisions of national legislation. The principles outlined in the IFC PS5 on land acquisition and involuntary resettlement (and other lenders' standards, see Appendix A) have also been used in preparing this LARPF. The principles will apply to all project activities, especially the preparation of the livelihood restoration plan (LRP) or resettlement action plan<sup>7</sup> (RAP) to be drawn up once displacement impacts are better understood. For the purposes of this LARPF, IFC PS5, EBRD ESR5 and EIB Standard 6 are taken to represent the guidelines and principles set out in the applicable standards.

The objective of this LARPF is to ensure that by screening changes in land use and by identifying where acquisition of land use rights for the project is inevitable that mitigating activities may be designed and carried out in a socially sustainable manner.

An outline of the applicable Macedonian and international land acquisition and resettlement standards for the project is set out below.

### 4.2 Macedonian legal framework for land acquisition

Several key laws and regulatory instruments will be used to carry out land acquisition and valuation activities for the project, as outlined in Table 4.1 below.

**Table 4.1: Key laws and regulations governing land acquisition, valuation and expropriation in North Macedonia**

| Legal instruments                                                                                                                               | Key provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Constitution of the Republic of North Macedonia                                                                                                 | The Constitution guarantees legal protection of ownership rights under Article 30, protection of land and natural resources by the State. No person may be deprived of their property, or of the rights deriving from it, except in cases concerning public interest determined by law. If property is expropriated or restricted, rightful compensation not lower than its market value is guaranteed <sup>8</sup> . The Constitution ensures equality in property rights regardless of gender. |
| Law on Expropriation <sup>9</sup> (Official Gazette of Republic of Macedonia No. 95/12, 131/12, 24/13, 27/14, 104/15, 192/15, 23/16 and 178/16) | This law stipulates the expropriation of the ownership and the rights that derive from them on land, buildings and other facilities ('real property') for the purpose of constructing buildings and performing other works that are of public interest, establishing public interest and                                                                                                                                                                                                         |

<sup>7</sup> At this stage (March 2025) a RAP is not considered likely to be required as physical displacement has not been identified. As such, further discussion of the requirements for a RAP are excluded from this LARPF. Inval commits to keeping a close watching brief on whether physical displacement will be needed – for example in relation to noise impacts – avoiding it where possible and where not possible, including specific provisions for physically displaced households in resettlement planning documents.

<sup>8</sup> [https://vlada.mk/sites/default/files/dokumenti/zakoni/the\\_constitution\\_of\\_the\\_republic\\_of\\_north\\_macedonia\\_c\\_ontaining\\_the\\_valid\\_constitutional\\_provisions\\_in\\_force\\_as\\_amended\\_by\\_constitutional\\_amendments\\_i-xxxvi.pdf](https://vlada.mk/sites/default/files/dokumenti/zakoni/the_constitution_of_the_republic_of_north_macedonia_c_ontaining_the_valid_constitutional_provisions_in_force_as_amended_by_constitutional_amendments_i-xxxvi.pdf)

<sup>9</sup> Microsoft Word - 15 Law on Expropriation, Decisions 1, 2, 3 and Amendments 1,2

| Legal instruments                                                                                                                                                                                                                                                                   | Key provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                     | <p>determining fair compensation for the expropriated real properties. Construction of power plants for production of electricity is covered under the law in Article 2.</p> <p>The law determines procedures for full expropriation (permanent acquisition), establishing an easement (incomplete expropriation) and temporarily occupying (leasing) land/assets. Compensation for the acquired land and assets should be provided in replacement property or in cash. As provided for in the Constitution, cash compensation must at least match the market value of the affected properties. An authorised property valuer or surveyor must determine the market value of the property in accordance with the Law on Appraisal. Where another asset is offered as in-kind compensation for the expropriated asset, it should be of similar value to the lost asset.</p> |
| Law on Appraisal (Official Gazette of the Republic of Macedonia No. 115/10, 158/11, 185/11, 64/12, 188/14, 104/15, 153/15, 192/15 and 30/16)                                                                                                                                        | This law regulates the areas, conditions and methods for performing appraisals and the contents of the appraisal. It governs issues relating to becoming a valuer, obtaining a license to value land and assets, and the operation of the Chamber of Valuers as well as other issues related to appraisal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Methodology on the valuation of real estate (Official Gazette of the Republic of Macedonia No. 54/2012, 17/2013, 21/2013 and 142/2014)                                                                                                                                              | This methodology outlines the procedure of estimating the market value of agricultural land and assets as part of the expropriation procedure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 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)                                                                                                                              | This law stipulates that compensation must be provided 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 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)                                                                                                                                             | This law regulates the right of ownership and other real rights (the right of easement, the right to a real burden).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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, 64/18, "Official Gazette of RNM" 124/2019, 155/2024)                                                                                     | The establishment and maintenance of real estate cadastre (registration of ownership and other real estate rights, real estate data etc) are governed by this law. It stipulates principles of cadastral classification of land and has 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 authorised valuers/surveyors.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 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, 95/15, 149/17, 273/2023)                                                                                   | Methods for cadastral classification of land are defined and provisions on change of a cadastral culture, as well as change of a land class (for agricultural land only) are stated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 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" 161/19, 178/21, 91/23, 218/24, 235/24) | This law regulates the use, disposal, protection, and conversion of agricultural land (i.e. a change of the cadastral culture and land class).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| Legal instruments                                                                                                                                                                        | Key provisions                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Law on Land for Construction ("Official Gazette of Republic of Macedonia" 15/15, 98/15), 193/15, 226/15, 31/16, 142/16, 190/16 and "Official Gazette of RNM" 275/19, 224/2024, 233/2024) | This law regulates the rights and obligations related to land designated for construction of [various types] of infrastructure development per the spatial/urban planning or infrastructure design documentation. The law outlines the meaning of this land category, conditions for its use, provisions on land management, and other matters. |
| 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)                       | This law outlines social welfare payments and services to vulnerable residents in varying situations.                                                                                                                                                                                                                                           |

Source: Official Gazette

### 4.3 International involuntary resettlement standards

#### 4.3.1 IFC Performance Standard 5, 2012 (IFC PS5)

The project is required to meet the IFC Performance Standards (PSs) including PS5 on land acquisition and involuntary resettlement. Displacement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition, as is the case for some components of this project. IFC PS5 recognises individuals with no recognisable legal right or claim to the land or assets they occupy or use. Key provisions include:

- Efforts must be made to avoid and minimise resettlement whenever possible, in particular physical displacement. When resettlement cannot be avoided, mitigation of potential negative impacts is required.
- Forced eviction must be avoided.
- Efforts must be made to improve, or at a minimum restore, the livelihoods and standards of living of displaced (physically<sup>10</sup> or economically<sup>11</sup>) persons to pre-project levels. Projects are responsible for improving living conditions among displaced persons through provision of adequate housing with secure tenure.
- Displaced persons may include owners or non-owner residents, and people occupying land without formal, traditional, or recognisable usage rights.
- Resettlement activities must be implemented with disclosure of information, consultation, and the informed participation of PAPs.
- Special provisions must be made for individuals belonging to vulnerable groups.
- Resettlement should be seen as a development activity and displaced persons should benefit from the project where opportunities exist.

The IFC defines a livelihood as 'the full range of means that individuals, families, and communities utilise to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering' (IFC, 2012).

IFC PS5 is supported by the IFC's Good Practice Handbook on land acquisition and involuntary resettlement, 2023 which will also guide land acquisition and resettlement for the project.

<sup>10</sup> Relocation or loss of shelter.

<sup>11</sup> Loss of assets or access to assets that leads to loss of income sources or other means of livelihood.

### 4.3.2 EBRD Environmental and Social Requirement 5, October 2024 (ESR5)

EBRD's Environmental and Social Requirement (ESR) 5 on land acquisition, restrictions on land use, and involuntary resettlement addresses impacts of project-related land acquisition<sup>12</sup>, including restrictions on land use and access to assets and natural resources, which may cause physical displacement, and/or economic displacement<sup>13</sup>. The objectives of ESR5 align with those of IFC PS5, however there are some points on which ESR5 provides additional useful detail, as follows:

- The scope of application covers:
  - Restrictions that result in people experiencing loss of access to land, assets, natural resources or livelihoods, irrespective of whether such rights of restriction are acquired through negotiation, expropriation, compulsory purchase or by means of government regulation
  - Displacement of people as a result of project impacts that render their land or assets unusable or inaccessible
  - Voluntary land transactions may result in the displacement of persons other than the seller who occupy, use or claim rights to the land in question, such as informal tenants or other land users that have no right under national law.
- Negotiated settlements should be pursued, whether or not the host government is prepared to expropriate land on the client's behalf. It is possible to achieve agreements by providing fair and appropriate compensation to affected persons or communities at full replacement cost<sup>14</sup> and any in-kind compensation must be at least at replacement value. Additional assistance and livelihood restoration measures must be provided by the project as appropriate. It is important to manage and effectively mitigate the risks of asymmetry of information and the bargaining power of the parties involved in such transactions. EBRD may require specific monitoring of the negotiation process and as such documentation at every stage is critically important.
- Gender aspects are more clearly outlined in ESR5 and include the need to specifically understand the differential impacts of men and women, with suggested types of analysis, as well as details on compensation, entitlements, livelihood restoration and consultation.
- The need to observe data privacy laws and to obtain consent to hold and manage PAPs' information is outlined.
- ESR5 sets out conditions for when land becomes uneconomic, unsafe or uninhabitable, requiring the project to purchase the entire parcel in these cases. Disputes should be resolved by a third-party valuer.
- The need for consistency in compensation values is clearly stated and compensation values should be disclosed and applied consistently. Where values are subject to negotiation, projects should be prepared to adjust amounts upwards to ensure fairness. In all cases, a clear basis for the calculation of compensation will be documented and compensation distributed in accordance with transparent procedures.
- ESR5 provides some useful indications as to appropriate types of livelihood restoration measures according to various types of impact.

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<sup>12</sup> Land acquisition is used by EBRD to refer to all methods of obtaining land for project purposes, including outright purchase, expropriation and acquisition of temporary or permanent access rights, rights of way, easements etc.

<sup>13</sup> Economic displacement is defined slightly differently by EBRD as loss of land, assets or restrictions on land use, assets and natural resources leading to loss of income sources or other means of livelihood.

<sup>14</sup> Full replacement cost is defined in ESR5 as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement.

### 4.3.3 EIB Standard 6, 2022

EIB requires that:

- The promoter provides information on any expropriation of land and/or easement resulting in displacement and involuntary resettlement, likely related restrictions on access to land, shelter and/or livelihood and subsistence strategies and /or voluntary land acquisition to order to determine the need for an ESIA.
- Special attention to engagement with vulnerable, marginalize, and/or discriminated-against groups, Indigenous Peoples in the context of involuntary resettlement and/or economic displacement.

EIB's objectives are very similar to the objectives of IFC PS5. However, one of EIB's Standard 6 objectives references more details about mitigating social and economic impacts from unavoidable involuntary resettlement by "(i) providing timely compensation for a loss of assets as the full replacement cost; (ii) ensuring that resettlement is designed, planned and implemented with the appropriate disclosure of information to those affected along with their consultation and informed participation; (iii) providing displaced persons with access to grievance mechanisms; and (iv) as a development opportunity enabling displaced persons to benefit directly from the project, as the nature of the project may warrant."

The application of the standard references a similar scope of application as IFC PS5. Some additional details include that the standard applies to any resettlement activities that are already underway or finalised before the promoter applies to the EIB for financing, if such activities out in anticipation of or preparation for the project. EIB Standard 6 is more specific about not being applicable to resettlement resulting from voluntary land transactions, indicating that such transaction must be conducted with integrity, accountability, efficiency and transparency, and must be free of coercion, intimidation, fraud, and/or malfeasance.

EIB requires that, for projects in Candidate and potential Candidate countries to the European Union, all the requirements in its resettlement standard should be followed. EIB also requires compliance with any obligations arising from the applicable national legislation and international human rights instruments.

EIB's standard requires that the census and surveys to cover the same losses as IFC and EBRD, and notes that access to natural or cultural resources or services should be investigated through the fieldwork. The census also needs to include seasonal resource users who are not present at the time of the census but who have a legitimate claim to the land. Data should be disaggregated and differential impacts on different members of the household need to be investigated and understood. Validity of the duration of the cut-off date is highlighted and after a reasonable period or time (or time stipulated national law), the census, socioeconomic baseline and resulting valuation need to be updated.

Where livelihoods are land based, land for land compensation should be favoured by the project and offered as an option. If it is not offered, justification should be provided to EIB.

In cases where communal resources are lost, as with IFC and EBRD, EIB requires that continued access is provided to those resources, or that alternative resources of equivalent value are provided. Where this is not possible, EIB requires that justification is provided.

In relation to timing of compensation around taking over of land, EIB's standard clearly states that replacement land/housing/businesses or cash compensation will be provided prior to any displacement or access restrictions on land or natural resources. Where feasible, in-kind or cash compensation will be issued in the name of both the head of the household and his/her partner.

In cases where only part of the land or asset is acquired and the residual land is not residentially or economically viable, the project should offer the option to acquire the full plot. If there is a dispute in relation to the residential or economic viability of the remaining plot of land, a third-party valuator should be engaged to assess it.

If community facilities, utilities or public amenities are impacted, the project should replace them to a similar or better standard. The replacement should be carried out based on consultation with the project-affected community and relevant government stakeholders. When possible, the project, in cooperation with the relevant authority, will also improve social and public infrastructure with the aim of contributing to the sustainable and inclusive socioeconomic development of the affected and host communities.

On the topic of gender equality in resettlement, EIB has similar requirements to EBRD, but additionally states that the project will consider feasible measures for women to gain security of tenure and receive cash or in-kind compensation on equal terms as men.

Before the implementation of resettlement activities, the EIB, the project and any other responsible entity involved in the resettlement activities will formally agree on the content of the resettlement planning documents. The approved resettlement planning documents must be made available to the public. Where application for finance to EIB occurs after the resettlement planning document has been prepared and resettlement is underway, EIB may require a review of the process and corrective actions to bring the process in line with its standards.

Monitoring and evaluation requirements are similar to IFC and EBRD, although EIB requires that a completion audit should be presented to the bank regardless of the scale of resettlement. Where resettlement impacts are significant, the audit will be prepared by an external party.

EIB's standard includes annexes (1a and 1b) to cover the contents expected in a resettlement policy framework and a RAP/LRP.

## 4.4 Gap analysis between Macedonian law and international resettlement standards

Table 3.1 below highlights the key gaps between Macedonian expropriation laws and international standards as referred to in section 4.3.

**Table 4.2: Resettlement gap analysis - Macedonian legislation compared with IFC and EBRD international standards**

| Key issue                                 | International standards (IFC PS5, EBRD ESR5, and EIB Standard 6)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Macedonian legal requirements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Gaps                                                             | Proposed actions to bridge gaps identified |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------|
| Avoidance or minimisation of displacement | The project will consider feasible alternative project designs and sites to avoid or minimise land acquisition or restrictions on land use, other assets and natural resources.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>The Law on Spatial and Urban Planning states that planning should aim to improve living and working conditions for Macedonian citizens. The Constitution 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 in the form of the EIA procedure requires consideration of alternatives including siting options. The proposed industrial facilities should be sited in a way to avoid or minimise impacts on 'valuable lands' (eg, on perennial croplands, forests) and to use state-owned land in order to minimise land acquisition from private land-owners/leasers.</p> | None                                                             | None                                       |
| Avoidance of forced eviction              | <p>The project will avoid forced eviction<sup>15</sup>. EBRD stipulates that the exercise of eminent domain, compulsory acquisition or similar powers by a project will not be considered to be forced eviction if it complies with the requirements of national law and the provisions of ESR5, and is conducted in a manner consistent with basic principles of due process (namely, it provides adequate advance notice and meaningful opportunities to lodge grievances and appeals; avoids the use of unnecessary, disproportionate or excessive force; does not result in homelessness; and ensures the provision of adequate compensation before the eviction takes place).</p> | <p>The terms 'involuntary resettlement' or 'forced eviction' are not referred to in the Law on Expropriation. Instead, the term 'expropriation' is used which is based on the Government's power of eminent domain/land acquisition in the public interest.</p> <p>The expropriation authority is obliged to schedule and conduct a hearing (individual meeting) on the Expropriation Proposal, which may result in a settlement agreement. If a negotiated process has failed, compulsory expropriation is used as a last resort.</p>                                                                                                                                                                                     | Forced evictions are not expected to take place for the Project. | None                                       |

<sup>15</sup> Forced eviction in IFC PS5 refers to the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or lands which they occupy without the provision of, and access to, appropriate forms of legal and other protection.

| Key issue                          | International standards (IFC PS5, EBRD ESR5, and EIB Standard 6)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Macedonian legal requirements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Gaps                                                                                                                                                           | Proposed actions to bridge gaps identified                                                                                                                                                                                                                                                                                           |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Negotiated settlements             | The project will 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Land ownership/usage rights may be acquired or restricted through negotiated settlements with property owners and right-holders.<br><br>Negotiated settlements are required by the Law on Expropriation as a first pass attempt to acquire land. The last instance in which they can be concluded is after the final Expropriation Decision has been issued. Affected property owners are provided with the Expropriation Proposal, including the proposed amount of compensation and then individually invited to discuss a compensation proposal for the assets. The expropriation authorities are obliged to facilitate negotiations and to encourage the conclusion of a negotiated compensation agreement.<br><br>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. | None                                                                                                                                                           | None                                                                                                                                                                                                                                                                                                                                 |
| Consideration of vulnerable groups | IFC requires that resettlement impacts be avoided with particular focus on the poor and vulnerable. Particular attention should also be paid to the needs of the poor and the vulnerable in planning for physical displacement.<br><br>EBRD ESR5 clauses 17 and 18 require an assessment to address risks and impacts on vulnerable people throughout all of resettlement planning. Vulnerability analysis should be carried out and vulnerable people identified. Specific consultations should be carried out with vulnerable people and assistance measures should be tailored to the needs of the vulnerable people.<br><br>EIB Standard 6 clause 6 requires special attention to engagement with vulnerable, marginalize, and/or discriminated-against groups, Indigenous | There are social protection laws (e.g., Law on Social Welfare, 2009) that stipulate financial aid/state allowances for various categories of socially vulnerable people.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Gap: Macedonian laws do not call for specific consideration of vulnerable groups or provision of specific support to them during the land acquisition process. | When carrying out surveys for the LRP, the project will carry out analysis to understand categories of vulnerability and identify vulnerable people.<br><br>Bespoke entitlements will be discussed and set out for vulnerable people.<br><br>Separate consultations will be carried out with vulnerable people and groups as needed. |

| Key issue                                                                     | International standards (IFC PS5, EBRD ESR5, and EIB Standard 6)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Macedonian legal requirements                                                                                                                                                                                                                                                                                                                                                                     | Gaps                                                                                                                                                                           | Proposed actions to bridge gaps identified                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                               | Peoples in the context of involuntary resettlement and/or economic displacement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Consideration of gender aspects                                               | <p>Gender dimensions will be considered throughout the baseline surveys, impact assessment, mitigation implementation, and monitoring processes.</p> <p>The project will ensure meaningful participation of women and men in any consultations about land acquisition and displacement.</p> <p>EIB Standard 6 clause 34 states that where feasible, in-kind or cash compensation will be issued in the name of both the head of the household and his/her partner. EIB clause 53 requires the project to consider feasible measures for women to gain security of tenure and receive cash or in-kind compensation on equal terms as men.</p> | North Macedonia has adopted a set of legislative requirements 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).                                                                                       | Gap: Macedonian laws do not require specific consideration of gender issues during the national environmental impact assessment (EIA) procedure or land acquisition processes. | <p>For the LRP surveys, gender disaggregated data will be collected.</p> <p>The project will seek to understand the differential impacts that displacement will have on men and women.</p> <p>Livelihood restoration measures will consider the needs and preferences of women.</p> <p>Compensation will be paid jointly to both spouses where appropriate, and both spouses will be informed of the entitlement package.</p> <p>Consultation activities will encompass separate meetings for women with women facilitators where appropriate.</p> <p>Women will receive compensation on equal terms as men.</p> |
| Socio-economic surveys, census, inventory of affected assets and cut-off date | <p>The project will carry out socio-economic surveys to describe the baseline circumstances of PAPs.</p> <p>The project will carry out a census of PAPs and an inventory of affected assets, including land, structures, crops, communal amenities and natural resources. EIB also requires that access to natural and culture resources is also considered, including any seasonal resource users not present at the time of the surveys.</p>                                                                                                                                                                                               | <p>A socio-economic survey is not required as part of the land acquisition process.</p> <p>Macedonian law requires expropriation documents (Geodetic Report and Expropriation Proposal) to be prepared which present inventories of affected properties and cover basic information (i.e. names, addresses, identity numbers) about registered owners of these properties so that they can be</p> | Gap: Socio-economic studies are not required and land users who are not rights-holders are not required to be notified about the cut-off date.                                 | The LRP will include provisions to carry out socio-economic surveys as per lender requirements and to disclose the cut-off date and its validity widely in the project Aol, not just to affected landowners.                                                                                                                                                                                                                                                                                                                                                                                                     |

| Key issue                              | International standards (IFC PS5, EBRD ESR5, and EIB Standard 6)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Macedonian legal requirements                                                                                                                                                                                                                                                                                                                                                                                                                                           | Gaps                                                                                                                                                                                                                             | Proposed actions to bridge gaps identified                                                                                                                                                                                                                                                                                                                                                                        |
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|                                        | <p>The project will establish a cut-off date for eligibility (the date after which assets are not eligible for compensation) to be determined either by law or the end date of the census or inventory (whichever is the latest).</p> <p>EIB Standard 6 clause 23 indicates that the cut-off date will be valid: (i) for the period specified in national laws; or (ii) for the period specified in the resettlement planning documents; or (iii) for a reasonable time period from the census or inventory date. After this period the census, socioeconomic baseline and resulting valuation need to be updated.</p> | <p>identified and compensated. Such studies do not cover informal users.</p> <p>The day of issuing the Expropriation Proposals to PAPs is considered the cut-off date.</p>                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Valuation of affected lands and assets | <p>The loss of land, property and assets will be valued using the replacement cost method.</p> <p>Replacement cost is defined in section 4.3.2 above.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>The Law on Expropriation states that compensation for expropriated property (agricultural, pasture and forest land; residential land; residential and business structures) may not be less than the market value of the property. The market value is determined by a certified appraiser who is an authorised and licenced valuator - Bureau of Judicial Expertise - using methods established by the Law on Appraisal (based on European valuation standards).</p> | <p>Gap: The valuation methodology for market value under Macedonian law does not consider transaction costs. Not all economic losses are considered under North Macedonia law, for instance business losses are not covered.</p> | <p>The project will hire a certified land/asset valuator to determine the values of affected assets. The LRP will include a valuation methodology encompassing replacement cost which will form the basis of negotiations and compensation.</p> <p>Affected people will be entitled to compensation for losses, as per the entitlements matrix and eligibility criteria aligned with international standards.</p> |
| Eligibility                            | <p>PAPs 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</p>                                                                                                                                                                                                                                                                                                        | <p>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 recognise</p>                                                                                                                                                    | <p>Gap: National law does not recognise persons who have no legalisable legal right or claim to the land or assets they occupy or use, whilst this is a fundamental requirement of PS5 and ESR5.</p>                             | <p>The LRP will plan for surveys and interviews to understand use of affected land to gather a full picture of all economic losses, including to informal users,</p>                                                                                                                                                                                                                                              |

| Key issue                                                    | International standards (IFC PS5, EBRD ESR5, and EIB Standard 6)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Macedonian legal requirements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Gaps                                                                                                                                                                                                                                 | Proposed actions to bridge gaps identified                                                                                                                                                                                                                                                                                                                        |
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|                                                              | <p>to the land they occupy (also called informal users).</p> <p>Compensation for crops, trees, structures and other fixed asset losses will be provided to landowners, share-crop/lease tenants, and informal users whether registered or not.</p> <p>As referenced above, EIB requires that seasonal users be identified.</p>                                                                                                                                                                                                                                                                                                                                                  | <p>people who have no legalisable legal right or claim to the land or assets they occupy or use.</p> <p>Only formal land users (landowners and leaseholders) are eligible for compensation of crop losses.</p> <p>Only those with formal legal rights are informed about the expropriation process and have the right to appeal; other categories of affected people are not informed or consulted.</p>                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                      | <p>employees, tenants, and users of natural resources.</p> <p>All affected people, including seasonal users, will be entitled to compensation for losses, as per the entitlement matrix.</p>                                                                                                                                                                      |
| Compensation and benefits for PAPs                           | <p>The project will offer all PAPs and communities assistance to restore, and potentially improve, their standards of living and/or livelihoods to pre-displacement levels.</p> <p>Land-for-land will 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>Replacement land/housing/businesses or cash compensation will be provided prior to any displacement or access restrictions on land or natural resources. Where feasible, in-kind or cash compensation will be issued in the name of both the head of the household and his/her partner.</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. Compensation will be provided at market value or can be in the form of a replacement land/asset. The legislation does not include provisions to improve or restore standard of living and livelihoods of people affected by land acquisition.</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 prior to payment of compensation to the PAPs.</p> | <p>Gap: Macedonian law does not require livelihood restoration measures over and above paying compensation at market values.</p> <p>Further, construction works on the affected land may begin prior to compensation being paid.</p> | <p>The LRP will plan for supplementary livelihood restoration measures with the aim of restoring if not improving affected people's livelihoods.</p> <p>The Project will provide compensation for any given landowner prior to commencing works on the relevant land, noting that livelihood restoration support may continue after civil works have started.</p> |
| Loss of community facilities, utilities and public amenities | <p>Replacements will be provided for the loss of community facilities, utilities or public amenities, or access to them. EIB expects that community facilities, utilities or public amenities are replaced them to a similar or better standard, based on consultation with the project-affected community and relevant government stakeholders.</p>                                                                                                                                                                                                                                                                                                                            | <p>Macedonian law requires the construction contractor to preserve and restore the community facilities affected as a result of construction works.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | None                                                                                                                                                                                                                                 | <p>Impacts on community facilities, utilities, public amenities will be assessed as part of the LRP and impacts avoided to the extent possible.</p> <p>Where not possible, appropriate mitigation will be developed based on a replacement approach that provides similar or better standards based on consultation with</p>                                      |

| Key issue             | International standards (IFC PS5, EBRD ESR5, and EIB Standard 6)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Macedonian legal requirements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Gaps                                                                                                                                                                                                                                                                                    | Proposed actions to bridge gaps identified                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                         | community and government stakeholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Meaningful engagement | <p>The project must conduct meaningful and ongoing consultations with affected people and communities throughout resettlement planning and implementation in line with IFC PS1 and EBRD ESR10. Consultations will be supported by the disclosure of resettlement documentation, including valuation methodologies and the entitlements matrix.</p> <p>From the earliest stages and through all activities the project will involve affected men and women, and vulnerable groups, conducting separate events where appropriate.</p> <p>All engagements will be documented.</p> | <p>Public hearings on the planned activities are carried out as part of the EIA process. As per national law, the expropriation process is accompanied by engagement run by the relevant state authorities.</p> <p>Affected people are required to be individually notified about any expropriation and invited to individual meetings with the project.</p> <p>There are no requirements regarding disclosure of the other land acquisition/resettlement documents.</p> <p>There is no requirement to identify and specifically engage with vulnerable persons or groups.</p>                                                     | <p>Gap: The public hearing for the EIA took place in 2009, consultations for the Project will be conducted as part of the ESIA process.</p> <p>Resettlement documents do not need to be disclosed and vulnerable people or groups do not need to be consulted with special efforts.</p> | <p>The LRP will be produced with the undertaking of resettlement specific consultation in line with international standards.</p> <p>This will entail a combination of group and individual meetings, using iterative, two-way engagement. Separate consultations with women and vulnerable groups may be planned. The project will document all engagement activities and results. Resettlement documentation including this LARPF and the forthcoming LRP will be disclosed to PAPs.</p> |
| Grievance mechanism   | <p>A widely publicised grievance mechanism, which consists of both formal and informal channels, will be developed as per IFC PS1 and EBRD ESR10. The mechanism should be established as early as possible in the land 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 PAPs or their representatives.</p>                                                                                                     | <p>Complaints related to land expropriation 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 Finance (its Department for Property and Legal Affairs) to the Administrative Court.</p> <p>The decisions of the court are then followed. The affected parties can appeal to the relevant administrative court for protection of their rights.</p> | <p>Gap: A project specific grievance mechanism is not required under national law.</p>                                                                                                                                                                                                  | <p>This LARPF sets out the proposed grievance mechanism that will be used to handle grievances. The LRP will include specifics such as contact details for lodging grievances.</p>                                                                                                                                                                                                                                                                                                        |

| Key issue                                                     | International standards (IFC PS5, EBRD ESR5, and EIB Standard 6)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Macedonian legal requirements                                                                                                                                                                                                                                                                                                               | Gaps                                                                                                                            | Proposed actions to bridge gaps identified                                                                                                                       |
|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Land acquisition and resettlement planning and implementation | <p>The project must 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.</p> <p>If the stage of project development prevents the preparation of a full resettlement/livelihood restoration plan, a policy framework (this document) will be prepared as is prepared as a first step.</p>                                                                                                                                                                                                                                                                                                                                                | Article 26 of the Law on Expropriation requires a Geodetic Report and/or Expropriation Proposal must be prepared to substantiate the land/property expropriation for the project. It must contain information such as number of cadastral parcels, title holder names, type and class of land, total area, area of land to be expropriated. | Gap: Macedonian law does not require a project specific resettlement document addressing all types of loss to all types of PAP. | This LARPF begins to address this gap. A subsequent LRP will further address the international requirements.                                                     |
| Organisational capacity and commitment                        | <p>The project will designate specific personnel, including management representatives, with a clear allocation of responsibility and authority to plan and implement land acquisition and resettlement activities.</p> <p>The project will prepare a budget proportionate to the required resettlement-related planning, mitigation, monitoring, evaluation and reporting activities. The project will ensure the availability and timeliness of the required funds.</p>                                                                                                                                                                                                                                                                                      | No requirement                                                                                                                                                                                                                                                                                                                              | Gap: Macedonian law does not have specific requirements on organisational capacity or budgeting.                                | The LRP will contain information about project implementation resources, responsibilities and budgeting.                                                         |
| Monitoring and evaluation                                     | <p>The project will establish procedures to monitor and evaluate the implementation of the resettlement plan. Monitoring will involve the participation of key stakeholders, including affected communities.</p> <p>For projects with significant displacement impacts the project 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 periodic external compliance reviews</p> <p>EIB requires a completion audit be presented regardless of the scale of resettlement. Where resettlement impacts are significant, the audit will be prepared by an external party.</p> | Macedonian law does not include stipulations for monitoring and evaluation of the land expropriation process.                                                                                                                                                                                                                               | Gap: national law does not require monitoring of resettlement/expropriation activities for completion or effectiveness.         | The monitoring activities and indicators are outlined at a high level in this LARPF and will be elaborated on in the LRP. A completion audit will be undertaken. |

Source IFC PS5; EBRD ESR5; EIB Standard 6

## 4.5 Land acquisition and livelihood restoration framework principles

The project's guiding LARPF principles take account of national requirements and incorporates the guiding principles of the international standards and gap analysis discussed in the previous section. The principles for project land acquisition, leasing of land, and involuntary resettlement are as follows:

- Involuntary resettlement and land acquisition will be minimised or avoided where possible. Where acquisition of land use rights is unavoidable, management measures will be identified to minimise adverse impacts.
- Forced evictions will be avoided.
- Lack of title will not hinder eligibility for livelihood restoration support or some types of compensation. Affected persons without clear land or asset titles will have access to entitlements for assistance and compensation for the loss of non-land assets and land where appropriate<sup>16</sup>.
- Affected persons, including untitled land users, will be meaningfully consulted to inform the process to obtain agreements. The engagement and consultation process will lead to negotiations and include information disclosure (regarding land acquisition needs and the LARPF principles), data collection (on what and who is affected), consultation on options, presentation of the valuation results and entitlement package, and consultations leading to signature of agreements. Negotiations for the final agreement will be undertaken in good faith. Much of the consultation and negotiation process will be undertaken with land owners and users in individual meetings, however it may be appropriate to organise group meetings, for instance at the beginning to explain to people in the same area or with the same land tenure arrangements how the land acquisition process will be implemented.
- Negotiated settlements is the preferred project approach.
- Compensation levels will be sufficient to replace the permanently acquired assets at full replacement cost<sup>17</sup> in local markets (using current market prices).
- All in kind replacement compensation (land for land, house for house, business for business) or cash compensation will be provided prior to land clearance impacts arising such as displacement or access restrictions on land or natural resources; payments in negotiated settlements such as leases will be made according to the signed schedules. Relating to allowances, where eligibility confirmation or assessment of transitional needs are still ongoing, some transitional allowances or support (eg, related to vulnerability aspects and coping, livelihood restoration, or rental assistance) may be provided after construction begins, in accordance with the LRP schedule for entitlements. Time lags will be kept to a minimum between impact and support to restore or improve living standards, livelihoods and living conditions.
- Should replacement agricultural land be identified as compensation, it must be at least equivalent in terms of productive potential, access and other locational advantages in relation to the old location. The absence of legal title to use and benefit from land does not limit rights to compensation for loss of resource. Conflict resolution and grievance redress mechanisms will be identified as part of planning, implementation and monitoring phases.

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<sup>16</sup> This is subject to confirmation with multiple stakeholders (eg, municipality, cadastral office, or neighbouring landowners) to avoid any opportunistic situations.

<sup>17</sup> The calculation of full replacement cost will be based on the following elements: (i) fair market value of the asset (with no depreciation); (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any.

- Affected people may be allowed to continue to plant and harvest crops on land after acquisition until informed by the project, either within signed agreements or by notifications. The project will inform when the last harvest can be gathered after which no more planting is eligible for compensation. If the land is needed for project use while standing crops remain, then the project will compensate for them.
- For temporary losses of land use, for instance during construction activities and land used for equipment and materials storage, cash compensation will be paid. No land for land will be offered because the land will be remediated to its original condition and continue to be used as previously.
- Livelihood restoration and mitigation measures will be managed as sustainable development activities. Particular attention will be given to vulnerable displaced persons without land titles.
- When livelihoods are affected, affected persons will be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them to pre-project levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
- Monitoring of adherence to land agreements, leases and livelihoods restoration plans will be undertaken.

Although options will be offered and compensation in kind (land for land etc) is often preferred, payment of cash compensation for lost assets may be appropriate where livelihoods are not land-based. Payment of cash compensation may also be appropriate when the land taken for the project is a small fraction of the affected asset, for instance 10 percent or less of the holding and the remaining area is economically viable. Cash compensation may also be paid where there are active markets for land use titles and labour, people actively use such markets, and there is sufficient supply of land, or the land is not being used by the owners. It is anticipated that normal land use (for instance crops or livestock grazing or activities that do not include vegetation growth above three to four metres at maturity) will continue in the area where the WTGs are. As part of the completion audit, the project will explain whether or not and why land for land was offered. Any damages to land and assets on the land caused by contractors during the construction activities will be addressed through cash compensation for lost productivity and by the provision of restoration measures (returning the land to its pre-project condition, providing seeds for the next harvest). The principles of this LARPF will guide the provision of compensation for such unforeseen damages caused advertently or inadvertently during construction and operation.

## 4.6 Methodology used to prepare the LARPF

The LARPF was prepared based on estimates of project land needs . Further surveys will be needed to support development of an LRP as detailed in section 6.3.

## 5 Displacement planning and minimising impacts

### 5.1 Overview

This section outlines how the project will estimate the value of the land and assets on it and establish plans or agreements that detail the terms of the land acquisition or lease. At present (March 2025) the project is progressing rapidly in terms of design. There were some design updates in February 2025 to minimise land impacts including relocation of the substation, realigning a short section of the OHL to align with the new substation location, and moving a WTG. Further technical studies including geotechnical studies and detailed design will be conducted in coming months.

### 5.2 Identification of landowners/land users

The land needed for the project has been broadly identified and areas and number of plots are summarised in section 3.3. Land needs have been categorised as privately owned or publicly owned and identification of landowners from cadastral records has begun. In some cases, the cadastre is not current and land ownership is not clear. A notary will be consulted where needed to support data gathering on land ownership.

With the exception of some discussions around the land needed for the substation, the process of land acquisition has not yet begun, as of March 2025. The project will hire a land procurement services company to help with contacting property owners and users to inform them of the need to acquire/lease their property and the amount required. Support will be sought from a local expert to help with negotiations and facilitation of meetings with landowners. The project will begin the negotiation process with the most critical plots first, such as the substation and access roads. Landowners have not been contacted yet and work is ongoing in an unobtrusive way at present to try and estimate an overall value of the land for budgeting and planning purposes (March 2025).

Much of the land needed for the project is agricultural and a large part of it is not currently in use. Some of the owners have inherited land and are not interested in cultivating it. Some of the government owned land is cultivated by informal users for small scale family plantations of tobacco.

Before any land acquisition or lease agreement, the project will need to gather all information required under PS5 requirements and national legislation to proceed with negotiations. This will include:

- Collecting legal documents to prove ownership of land
- Gathering social baseline information, carrying out asset inventories and identifying the affected person or household (landowners or users).
- Collecting personal identification and banking information from property owners to facilitate transfer of funds
- Carrying out property evaluation and negotiation of agreements

- Carrying out surveys and interviews to understand the usage of both government owned and private land to gather a full picture of all economic losses, including to informal users, employees, tenants, and users of natural resources (ecosystem services<sup>18</sup>)

### 5.3 Valuation process for compensation

A private sector accredited land surveyor has been recently hired to identify rates for land and immovable objects that can be used for agreements. The Law on Appraisal<sup>19</sup> and the Methodology on the Valuation of Real Estate<sup>20</sup> have been established by the project's independent land evaluator as the most appropriate guidance for assessing the market value of real estate for the project. The process of valuation will involve gathering and analysing relevant data from multiple sources, to reach objective and accurate assessment. The key documents and sources used in the evaluation will include:

- Property deed – provides legal ownership details and property boundaries.
- Website of the Real Estate Cadastre Agency of the Republic of Macedonia – offers official cadastral data and property-related information.
- Register of Prices and Rents – contains transaction records for comparable properties.
- Geodetic report – provides precise land measurement and topographic details.
- Statistical data – supports market trend analysis and economic factors affecting valuation.
- Interactive maps (e.g., Google Maps) – aids in visualising the property's location and surroundings.
- Site visit and examination of the surroundings – confirms the macro and micro location, purpose, functionality, and physical characteristics of the property.

To meet international standards, the compensation offered will be made to align with the methodology on the valuation of real estate and the full replacement cost criterion. Where transactions are affected by fees, costs, taxes, land registration processes the cost for these will be borne by the project and paid on top of the determined market value of the lost assets.

For trees and crops, the land surveyors will consult with the Ministry of Agriculture, Forestry and Water and academic specialists as necessary regarding market value, and compensation rates offered will take account of full replacement cost principles. Where trees will be lost, replacement cost will need to consider value of productivity and number of fruit bearing years for fruit trees, and the age and value of timber/fuel for wood trees. All land leases will aim to allow harvesting of existing crops on the land as long as it does not delay the project<sup>21</sup>. Notice to not plant new crops or trees will be provided to affected farmers. To the extent possible, trees on plots should be kept in situ and not removed.

An inventory of assets that will be lost or impacted will be conducted to register the degree of impact. The inventory will cover each individual's assets that will be lost or impacted, including physical structures like stalls for sales of goods or agricultural buildings, crops in the ground, land area for cultivation, trees, and income generating activities.

The surveys will be used to gather enough information to be able to identify the total income per family and the proportion that will be interrupted or lost due to project activity. Follow up

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<sup>18</sup> Ecosystem services are the various benefits that humans derive from ecosystems. They include 'provisioning services' which are akin to natural resources as referred to in IFC PS5, such as food items (mushrooms, berries, fish), freshwater, timber, biofuels, fodder, etc.

<sup>19</sup> Official Gazette of the Republic of Macedonia No. 115/10, 158/11, 185/11, 64/12, 188/14, 104/15, 153/15, 192/15 and 30/16

<sup>20</sup> Official Gazette of the Republic of Macedonia No. 54/2012, 17/2013, 21/2013 and 142/2014

<sup>21</sup> If it is not possible to wait for the harvest, compensation will be paid for losses.

verification may be required for families with high proportions of land, crops or livelihoods sources to be lost.

Procedures for calculation of compensation values will involve:

- Attribution of monetary values or materials at agreed-to rates equivalent to full replacement cost for shelter assets owned by families who only use them in specific agricultural seasons or trade.
- Attribution of monetary values to the crop assets according to rates per crop calculated by the government agricultural sector and agreed by the affected families.
- Attribution of monetary values to cover interrupted income for those with businesses wholly or partially affected by project development (if any).

IFC PS5 requires that full replacement cost is used for involuntary resettlement impacts. Replacement cost means that the affected person can replace the affected asset to the same condition. Full replacement cost typically reflects market value (when a property market exists) plus any transaction costs, transfer or retitling fees, or depreciation and salvageable materials.

In accordance with the requirements of ESR5, compensation values should be disclosed and applied consistently. Where values are subject to negotiation, amounts will be adjusted upwards to ensure fairness. A clear basis for the calculation of compensation will be documented and compensation distributed in accordance with transparent procedures.

All compensation/lease agreements will be recorded and signed with local witnesses as well as signed and some level of verification by the local authorities that agreements have been made with the rightful landowners and users. Any permanent land transactions will be registered via cadastral services. Spouses of both genders will be informed of the agreements and both will sign as recipients (as determined by specific ownership rights and national law). Where only one signs as the recipient, the other will sign as a witness. Copies of these documents will be held by the affected person and the project.

Commercial agricultural or forest plantations will be valued with the owners at replacement cost plus a factor for loss of business. The project will aim to reach agreement with the owner or concessionaire on fair compensation payment based on private negotiation.

## 5.4 Negotiation of settlements

Even though the possibility of resorting to expropriation makes the land acquisition “involuntary”, negotiated settlements<sup>22</sup> are the preferred approach for this project and are promoted under IFC PS5 and EBRD ESR5. Negotiated settlements avoid compulsory expropriation and eliminate the need to use governmental authority to acquire land or remove people forcibly. The project and its representatives will undertake the land lease and acquisition process and sign agreements. Details under which the negotiations were settled are to be fully documented.

Negotiated settlements are typically achieved by providing fair and appropriate compensation and other incentives or benefits to affected persons or communities, and by mitigating the risks

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<sup>22</sup> Negotiated settlements are agreements made between the project which requires the land and the owners or users of the land. Negotiated settlements outline terms considered acceptable to both parties. They are sometimes referenced as willing buyer-willing seller, or willing lessor-willing lessee agreements. For an agreement to be considered willing-buyer, willing-seller, IFC PS5 requires that following conditions should apply: (i) land markets or other opportunities for the productive investment of the sales income exist; (ii) the transaction took place with the seller's informed consent; and (iii) the seller was provided with fair compensation based on prevailing market values. These principles should apply to land consolidators, aggregators, or land developers in order to ensure fair property transactions.

of asymmetry of information and bargaining power. The land needs for the project are anticipated to be quite large.

If the land acquisition is temporary or permanent and a negotiated settlement can be established, a legally binding lease that is fully compliant with national laws will be used. These arrangements are yet to be confirmed.

If an agreement is not reached the expropriation process will be enacted. The law on expropriation, defines the following: article 6 (2) 'Public interest of importance for the Republic of Macedonia, in accordance with this law, is also determined for the expropriation of facilities, plants and lines for the production, transmission and distribution of electricity or the transmission and distribution of natural gas, plants and systems for the production and distribution of thermal energy, as well as water management facilities and plants, for the purpose of providing a public service.' In this case, it is the state of North Macedonia that initiates the expropriation process. If the plot of subject is related to a construction of a road or any other infrastructure of local importance (article 7), than the municipality should initiate the expropriation. The proposal for expropriation is submitted to the state administration body competent for property matters, or 'expropriation body'.

## 6 Livelihood restoration plan preparation

### 6.1 Overview

As described in section 3 the project is likely to result in permanent and temporary impacts on people's livelihoods. There are currently gaps in information regarding who will be impacted and the severity of the displacement impacts. Prior to any displacement occurring, the LRP will be prepared, payments will be made for land acquisition and first land lease instalments, and compensation will be paid for total or partial loss of assets and means of livelihoods. Some livelihood restoration support may continue after land has been taken by the project.

### 6.2 Content of a livelihood restoration plan

The LRP will be based on the principles outlined in section 4 and based on compensation for losses at full replacement cost where losses are permanent, and land is to be purchased outright. Although the number of affected persons and the extent of their displacement is not fully understood it is expected that cash compensation equal to or greater than full replacement cost as identified under IFC PS5 will be provided rather than replacement land or property as losses are expected to be small, with alternative land already available to affected persons. This will be kept under review as land needs are clarified and consideration of providing compensation in kind will be given on a case-by-case basis.

The process of identifying lost assets will be designed to involve affected people. The following methods will be used to inform the preparation of the LRP:

- A listing of all affected legal and informal landowners, tenants and users
- Inventory of all affected assets located within the project footprint

The minimum information to be presented in a LRP for this project is:

- An introduction to the project and regulatory framework.
- A description of the project activities that create impacts on livelihoods and actions to minimise them.
- A survey of displaced persons, an asset inventory and valuation, and the characterisation of the social baseline, including, if the scale of impacts merits it, results of a socio-economic survey
- A detailed description of compensation and other assistance, with measures tailored for vulnerable people.
- Results of consultations with displaced people (landowners and land users, and community representatives as appropriate) about the livelihood restoration planning process.
- A description of institutional responsibility for implementation of the LRP and procedures for grievance redress.
- Arrangements for monitoring, reporting and close-out.
- A timetable and budget detailing all costs, including relocation, compensation, administrative costs and monitoring fees.

### 6.3 Data collection requirements

In all surveys, inventories and valuations, consultation records and the management of data associated with them, the project and its representatives will comply with relevant national legislation and data privacy requirements. Where consent from affected persons is required to

process and store their data, such consent will be requested formally and the right to access and modification will be ensured. The project and its representatives will keep track of measures taken to ensure personal data privacy and security.

### 6.3.1 Household identification

To produce the plan, a survey of affected households will be carried out, undertaken with 100% of the displaced persons (individuals or households, landowners and land users).

The following information will be collected through the resettlement fieldwork:

- Demographic household data (household members by age and relationship to household head), ethnicity, religion, educational attainment, health determinants.
- Livelihood and income sources with details disaggregated per income source, and focussing on sources related to the lost assets.
- Household expenditures including basic services such as water, sewerage, electricity and taxes (as applicable).
- Identification of systems in place for livelihood and subsistence and identification of areas for improvement.
- Identify any gender issues that may affect the land acquisition and resettlement process.
- Identification of factors determining vulnerability (poverty level, women headed households, elderly, disabled and those with long-term illness, for example<sup>23</sup>) and identification of vulnerable people.

Baseline information will be disaggregated by gender and age. This household socio-economic data along with the ESIA social baseline data will be used during monitoring and evaluation to assess the extent to which measures in the LRP are effective in mitigating negative land acquisition and economic displacement impacts and providing similar or improved living standards and socio-economic conditions.

### 6.3.2 Asset inventory

The asset inventory will involve: a) measurement of all affected land assets and b) determination of non-land affected assets. The asset inventory will result in:

- Number and types of buildings and other assets on the land that will be affected.
- Land use classification of types of land use affected by the project.
- Land tenure arrangements for each affected property.
- A technical drawing of plot and structures including which aspects are affected by the project and which are not.
- Measurements of affected land and other fixed assets.
- Detailed descriptions and specifications of building materials.
- Photographs of the property and each structure.
- Recording of location with coordinates.

The asset inventory will be used to produce the final list of affected households and inventory of impacts. All fixed assets (ie, lands used for commerce, agriculture (including ponds), stalls or shops and secondary structures such as fences, wells, trees with commercial value, etc.) that will be affected by project activities will be identified, tagged, measured, their owners and users identified, with a record of the exact location with coordinates. The asset inventory will be the basis for calculating replacement cost of affected assets and determine severity of impact on

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<sup>23</sup> Specific factors to be determined.

affected assets and severity of impact to the livelihood and productive capacity of persons affected by such losses. It will typically be carried out in the presence of PAPs, their representatives and other relevant parties.

The project will be responsible for organising the resettlement field including the asset inventory, the household identification, the baseline survey and replacement cost analysis. The project will engage accredited land surveyors who will determine compensation rates that reflect prevailing market prices for all types of affected assets that will be used alongside the asset inventory to support the identification of entitlement packages for each affected person or household. The valuation methodology and rates will be reflected in the LRP.

## 6.4 Livelihood restoration

Should land acquisition or leasing result in negative changes to or loss of productive assets used for subsistence living or income generation, livelihood restoration measures may be identified. This would be decided upon the results of the resettlement fieldwork and asset inventory. If in addition to cash compensation further livelihood restoration measures are also required these measures will need to be elaborated with the meaningful and active participation of the affected persons. Livelihood restoration typically involves the provision of training and marketing support.

The LRP will identify displaced persons eligible for compensation and the entitlement package using the guidance in this LARPF. Based on IFC PS5, those affected by involuntary resettlement are entitled to compensation at replacement cost for lost assets. Replacement cost<sup>24</sup> means that the affected person can replace the affected asset to the same condition. Full replacement cost typically reflects market value (when a property market exists) without deduction of transaction costs, transfer or retitling fees, or depreciation and salvageable materials. The project will use full replacement cost as a basis for identifying fair and transparent negotiated settlements for permanent and temporary land acquisition.

The LRP should aim to allow harvesting of existing crops on the land where possible during preparations. However, once the project needs to begin using the land for works, there needs to be notice to harvest and not plant new crops or trees.

The LRP should be accompanied by an effective process of negotiation that includes the definition and presentation of a range of feasible options which the affected households can decide on. Time and effort should be afforded to ensure that options are understood and that the decision is based on full comprehension of aspects of each option. Women will be fully informed of entitlements packages and involved in the decision-making process to ensure that their needs are also met in the choices made. Women of the household will be encouraged to sign legal documents where possible and compensation payments made jointly to both spouses.

## 6.5 Livelihood restoration plan approval and disclosure

The project will be responsible for organising the production of land leases/agreements and the LRP. The LRP will need to be approved by any lenders involved in the project. Once an acceptable draft has been prepared, the LRP must be publicly disclosed. During the public disclosure period, the LRP will be presented to key stakeholders and made available in a summarised or full form as appropriate for the public consultation audience. Feedback from public disclosure will be incorporated in the final document and then it will be re-disclosed.

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<sup>24</sup> The calculation of full replacement cost will be based on the following elements: (i) fair market value; (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any.

## 7 Eligibility and entitlements

### 7.1 Overview

This section deals with the methods of identifying categories of PAPs and their potential eligibility for compensation and other assistance. Once the basic principles governing eligibility are defined, they help protect the project from speculators and opportunistic settlers. The eligibility criteria and entitlements are established with reference to both Macedonian law and IFC PS5.

### 7.2 PAP Categories

Categories of people who lose assets are likely to be those indicated in Table 7.1. If other categories are identified during land acquisition and livelihood restoration planning, they will be included according to the principles of this LARPF. The exact numbers of PAPs and the degree of impact on the households' livelihoods (their losses, ownership status, tenancy status etc.) will be determined during livelihood restoration planning.

**Table 7.1: Criteria for assessment of potentially affected households (to be kept updated)**

| Impact Type                      | Description                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A.</b>                        | <b>Households who own land that is required for the project (WTGs, substation, underground cables, OHLs and access roads)</b>                                                                                                                                                                                                                            |
| Permanent loss of land           | Households that will lose >50% or all of their land plot<br>Households that will lose part of their land plot (<50%)<br>Households that will lose rental income from tenants on their land plot<br>Households that will lose part of their land, their produce and any structure located within the project footprint.                                   |
| Temporary loss of access to land | Households that will lose access to their land plots and produce temporarily.<br>Households that will lose rental income from tenants on their land plot temporarily.<br>Households that may lose access to trees/crops located within safety buffers or construction areas around project components.                                                   |
| <b>B.</b>                        | <b>Households who own structures on land required for the project</b>                                                                                                                                                                                                                                                                                    |
| Permanent economic losses.       | Households that will lose income from closure of businesses and who lose structures erected for this activity.                                                                                                                                                                                                                                           |
| <b>C.</b>                        | <b>Households who use land but do not own it</b>                                                                                                                                                                                                                                                                                                         |
| Permanent economic losses        | Households with tenant farmers who will lose their produce and any structure located within the project footprint.<br>Households without legal entitlement that will lose their produce and any structure located within the project footprint.<br>Households that gather natural resources from the land, seasonally or otherwise, for sale or own use. |
| Temporary economic losses        | Households with tenant farmers who will lose their produce and any structure located within the project footprint.<br>Households without legal entitlement that will lose their produce and any structure located within the project footprint.<br>Households that gather natural resources from the land, seasonally or otherwise, for sale or own use. |

Physical displacement is not expected. Based on feedback from the Museum of Stip, there is one archaeology property located within the project area called site Gramada - in the village of Bučim, Municipality of Radovich. The project will aim to avoid any direct impacts and mitigate

any indirect impacts on cultural resources. Ecosystem services, such as use of grazing land, collection of water and plants may be adversely affected by the project but in a limited manner.

Vulnerable groups (either individuals or households that may include people living below the poverty line, female-headed households, elderly, young people and children) may be affected by resettlement. Vulnerable groups require special attention of their needs in the socio-economic assessment so that:

- They are individually consulted and given the opportunity to participate.
- Their compensation is designed to improve their pre-project livelihoods.
- Special attention is paid to monitor them in a meaningful and participatory manner to ensure that their pre-project livelihood is indeed improved upon.
- They are given assistance if they wish to make use of the grievance redress mechanism.
- Decisions concerning them are made in the shortest possible time.

The project will seek to understand the differential impacts that displacement will have on men and women. This may require:

- Intra-household analysis to identify differences in men's and women's sources of livelihood, including informal ones
- Analysis of women's rights over land and use thereof, including inheritance rights and co-ownership and usage rights over communal lands and other assets
- Analysis of the impact of the resettlement on women's ability to conduct work.

## 7.3 Eligibility

For the project, PAPs eligible for compensation and project assistance will include:

1. Landowners or users with a land title for the land to be acquired or leased
2. Persons who do not currently possess legal rights but have a claim that is recognisable under customary or national law
3. Persons who do not have any title or recognisable claim to the land lost

PAPs included under 1) and 2) will be compensated for the affected land and assets on the land. PAPs included under 3) will not be entitled to any compensation for the affected land, but will be entitled to compensation for their non-land assets and other assistance. If any businesses are affected, they will also be compensated.

Although it is not anticipated, sufficient notice will be given to any person or group using land who is not eligible<sup>25</sup> requesting them to vacate premises and dismantle any structures prior to the project's mobilisation and implementation. As necessary, for instance if the affected persons are identified as being vulnerable, moving assistance can be provided.

At this stage of design, there is no indication that any project land acquisition will impact existing community facilities, such as water pipelines, energy distribution towers, schools, health units, or marketplaces. An urban plan is currently being prepared, the purpose of which is to determine and avoid such conflicts. The process includes communication with various institutions and collecting their comments to avoid conflicts (energy companies, energy network, telecommunications, waterworks, and roads). The project will make all efforts to avoid such impacts in the future. Should such a situation occur, lost community resources will be eligible for compensation and the project will take necessary steps guided by this LARPF and IFC PS5.

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<sup>25</sup> For instance, if someone moves into the area after the cut-off date.

In some cases, the process for identifying eligibility depends on the type of displacement impact. Some guidelines for eligibility per type of impact are presented below. These will be more fully defined based on the results of the resettlement surveys and asset inventory.

### **7.3.1 Loss of agricultural land**

The final design of project components is mainly complete. The footprint will be mapped and all properties overlapping the affected areas will be identified.

The total impact of loss of agricultural land will be estimated based on the total footprint of the final design of the project and all of its components. All forms of agricultural use (for crops as well as for livestock growing) will be considered. The accredited surveyors will use nationally recognised sources (agricultural department, rural extension service providers, market traders, real estate professionals and trade specialists) to determine replacement cost of land as well as the structures and assets on the land.

Once all affected properties are identified, calculations will be made as to how much land with potential to be used for agriculture will become unusable on a temporary or permanent basis. To produce a conservative estimate based on a worst-case scenario, land that is not currently in use for some other purpose and that has the soil that could be used for planting or animal raising will be considered in the calculations. PAPs in categories 1 and 2 of eligibility (listed above in section 7.3) will be compensated for lost land.

### **7.3.2 Loss of crops**

All of the permanent and temporary components of the project will be considered when analysing this impact, as will crops that will be affected from damage caused by dust or other effects of the construction, operation or decommissioning process. As mentioned above, the accredited surveyors will make estimates based on footprints, type, age, productive value of affected crops and trees and nationally recognised sources for replacement cost. PAPs of all categories of eligibility will be compensated for the loss of the crops or allowed to harvest prior to works commencing if there is time.

## **7.4 Procedures for assessing entitlement**

Procedures for assessing entitlement to compensation and other forms of assistance will be organised along the following considerations:

- The identification of all people who are known to be affected by the project to be carried out in the early planning stages will be used to identify those eligible for assistance (as outlined in section 6.3).
- Asset inventories of each affected family will be used to make a detailed register of all affected assets including types of crops, their age, and productivity; quantity and size of land areas impacted and all non-farm livelihoods sources.
- All claims and cases will be analysed to ensure that all possibilities are covered by the entitlements matrix. The final decision about entitlement/s will be made by the project following review by local government authorities to avoid any non-compliance with legislation. Each household eligible for compensation or other assistance will then be informed of the basis of the decision and the options for assistance they have.
- This process will be fully documented for the full LRP, including the steps and decisions taken. Should complaints be lodged against decisions about eligibility, these will be dealt with through the established procedures for communicating and responding to grievances described in section 9.4 below.

- Agreements on compensation types and amounts will be signed by each household and witnessed by a local leader and project member of staff. The document will serve to clarify the rights of affected households and defend the project proponent in the case of any claims against it.

## 7.5 Entitlements

The resettlement fieldwork and asset surveys will provide the basis of the identification of PAPs and assets. A detailed entitlement matrix setting out the eligibility of each category of affected person and their entitlements will then be developed based on the results of those surveys. It is expected that losses will include those listed in the preliminary entitlement matrix below (Table 7.2) for example land, structures (sheds/fences etc), trees and crops. Entitlement packages to be developed for the LRP will be classified in terms of category of loss rather than category of person affected as each category of person may suffer more than one loss, so their entitlements accumulate. In-kind compensation (land for land and house for house) will be favoured over cash compensation where this is deemed appropriate. Table 7.2 presents initial recommendations for the entitlements which will be further developed as information becomes available and which will be finalised in the LRP.

**Table 7.2: Preliminary entitlement matrix**

| Type of Loss                                                                       | Category of project affected person                                                                                 | Initial recommendations for compensation entitlements                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Permanent loss of land                                                             | Landowners (individuals or companies or groups) who have a formal title or recognisable ownership claim to the land | Cash compensation at replacement cost or if land loss is considered severe (>50% of holding) replacement land (in-kind compensation)<br>Land lease agreement negotiated with landowner to cover at least market rates for rental of land over the duration of the lease. Transaction costs to be borne by the project or incorporated into fair rental prices. |
|                                                                                    | Tenant or other user with recognisable entitlement to use land                                                      | Cash compensation to cover lost rental payments<br>If land loss is considered severe (>50% of holding) support to find alternative land including transitional allowance for land development                                                                                                                                                                  |
|                                                                                    | Illegal landowners or landowners and users without recognisable entitlement to use land                             | If land loss is considered severe (>50% of holding) support to find alternative land including transitional allowance for land development (if applicable)                                                                                                                                                                                                     |
| Temporary loss of access to land (agricultural)                                    | Landowner (individuals or companies or groups) who have a formal title or recognisable claim to the land            | Cash compensation to cover loss of income from land rental for the duration of the temporary impact.                                                                                                                                                                                                                                                           |
|                                                                                    | Tenant or other user with recognisable entitlement to use land                                                      | Cash compensation to cover lost rental payments and cover any costs incurred preparing land for cultivation                                                                                                                                                                                                                                                    |
|                                                                                    | Illegal land user without recognisable entitlement to use land                                                      | Cash compensation to cover any costs incurred preparing land for cultivation                                                                                                                                                                                                                                                                                   |
| Commercial or non-residential building loss (sheds/agricultural outbuildings, etc) | Owner (individuals or companies) who have a formal title or recognisable claim to the building                      | Cash compensation for structure at replacement cost<br>Support to find alternative location for use<br>Relocation allowance                                                                                                                                                                                                                                    |
|                                                                                    | User without recognisable ownership claim                                                                           | Cash compensation for structure at replacement cost<br>Support to find alternative location for use<br>Relocation allowance                                                                                                                                                                                                                                    |

| Type of Loss                                                                 | Category of project affected person                                                                                                                                                                                                                                                                                           | Initial recommendations for compensation entitlements                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Crop losses                                                                  | Owner of crops                                                                                                                                                                                                                                                                                                                | Notice to harvest crops and not reseed or cash compensation to replace cost of standing crops plus cost of replacement seed                                                                                                                                                                                                                                                                                  |
| Tree losses                                                                  | Owner of trees                                                                                                                                                                                                                                                                                                                | Notice to harvest tree products<br>Salvage tree material free of cost<br>Cost of replacement seedlings<br>Cash compensation to cover lost income from tree products until seedling reaches maturity                                                                                                                                                                                                          |
| Income losses (other than agriculture)                                       | Owner affected by business loss                                                                                                                                                                                                                                                                                               | For permanent impacts, cash compensation of six months net business income or salary.<br>For temporary impacts, cash compensation of net income or salary for the number of months of business or employment stoppage for a period up to six months.<br>Cash compensation amounts based on paper evidence, oral testimonies or similar situation. At least government decreed minimum wage will be provided. |
|                                                                              | Employee affected by employment loss                                                                                                                                                                                                                                                                                          | Six months' wages, using the minimum wage as a basis where the wage rate cannot be verified.                                                                                                                                                                                                                                                                                                                 |
| Allowance for vulnerable people affected by economic displacement            | Households headed by a single parent, woman or widow; elderly (64+ for men or 62+ for women <sup>26</sup> ) headed households, households with a pregnant woman or newly born child (up to one year); households with a family member with a disability or long-term illness or who has mobility challenges; Roma households. | Further bespoke assistance to be determined following discussions with identified vulnerable persons                                                                                                                                                                                                                                                                                                         |
| Allowance for severe impacts                                                 | Rehabilitation assistance for displaced person (regardless of ownership status) with more than 50% of land holding affected                                                                                                                                                                                                   | Further assistance to be determined following discussions with identified persons                                                                                                                                                                                                                                                                                                                            |
| Damage to physical assets and to livelihood sources (agricultural resources) | Owner of damaged asset (regardless of ownership title status) living adjacent to areas where construction takes place                                                                                                                                                                                                         | Compensation paid by the Contractor according to replacement cost for damage to property, crops, trees<br>Assistance with preparation or rehabilitation of land after damage by project if relevant                                                                                                                                                                                                          |
| Livelihood restoration measures                                              | People losing use of productive land                                                                                                                                                                                                                                                                                          | Training<br>Financial management assistance                                                                                                                                                                                                                                                                                                                                                                  |
| Unforeseen impacts                                                           | Unknown                                                                                                                                                                                                                                                                                                                       | Will be documented and mitigated or compensated based on the principles of this LARPF                                                                                                                                                                                                                                                                                                                        |

Affected people will be consulted on livelihood restoration measures. Bespoke solutions will need to be developed which are appropriate to the impacts, markets and local norms and cultures. Support, such as improvements to existing agricultural activities, skills training, access to credit, entrepreneurship and job opportunities, will be made equally available to men and women and adapted to their respective needs and preferences. Choices will be available to eligible PAPs. ESR5 provides some useful indications as to appropriate types of livelihood

<sup>26</sup> Based on the Law on Pension and Disability Insurance, the insured person acquires the right to old-age pension when s/he turns 64 years of age men or 62 years of age for women

restoration measures according to various types of impact<sup>27</sup> which will be referred to in development of the LRP.

## 7.6 Cut-off date

For all project land needs, the project will identify who owns and uses the land, and who is eligible to be considered for compensation or assistance due to land acquisition or lease. Eligibility will be based on a cut-off date, which will typically be the completion date of the household surveys and/or detailed measurements of land and other assets affected by the project, whichever comes first.

PAPs who are identified in the project area prior to the cut-off-date will be entitled to compensation for their affected assets and to restoration measures sufficient to assist them to improve or at least maintain their pre-project living standards, income-earning capacity, and production levels (where applicable). Those who encroach into any project area after the cut-off date will not be entitled to compensation or any other assistance. The PAPs and community leaders will be informed of the cut-off date at the time of the resettlement fieldwork and asset inventory. Public and direct notifications disseminated throughout the project Aol will inform PAPs to not make improvements to their land. The notifications will also advise any people who illegally settle in the project area after the cut-off date that they will not be entitled to compensation or assistance under the project.

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<sup>27</sup> For example, where communally used natural resources are affected, initiatives that enhance the productivity of the remaining resources to which the community has access, and in-kind or cash compensation for loss of access or provision of access to alternative sources of the lost resource.

## 8 Implementation and funding arrangements

The project will be responsible for the development and implementation of the LRP as well as for funding land acquisition, lease arrangements, livelihood restoration, and resettlement mitigation measures.

Various entities are involved in land acquisition and resettlement of affected households. The project company plays a key role in hiring or contracting through a service provider organisation staff who are experienced at implementing the LRP. GoNM entities will have legislated duties which are identified in Table 8.1: .

**Table 8.1: Organisations involved in project resettlement**

| Name of organisation/actor                                                                                                   | Role in land acquisition and resettlement                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legal adviser                                                                                                                | Responsible for developing and coordinating the arrangement of agreements (long-term lease or purchase).                                                                                                                                  |
| Land procurement services company                                                                                            | Responsible for supporting the land securing or acquisition process by identifying landowners, engaging with landowners, negotiating compensation, and facilitating the signing of agreements and registration with the cadastral agency. |
| Private sector land evaluator or independent land valuer (including real estate, agronomical and forestry experts as needed) | Responsible for conducting a land valuation of project affected land using national land valuation standards.                                                                                                                             |
| Livelihood restoration planner/Independent E&S advisor                                                                       | Responsible for supporting the project with the development of the LARPF and LRP including undertaking the household surveys.                                                                                                             |
| Alcazar/Invall                                                                                                               | Responsible for negotiating settlements, development of this LARPF and the subsequent LRP, consultations with PAPs, grievance management and all other aspects of implementation in line with international standards and national law.   |
| Land expert and or community liaison officer (CLO)                                                                           | Project staff responsible for supporting the identification, engagement, information disclosure and compensation negotiations for PAPs, particularly in relation to informal use.                                                         |
| Local government authorities                                                                                                 | Responsible for providing agreement with the provisions of the entitlements matrix and providing no-objection stating that local laws are not contravened.                                                                                |
| Project lenders                                                                                                              | Responsible for reviewing and approving the LARPF and LRP.                                                                                                                                                                                |

In addition to the above entities, Alcazar Energy intends to contract a community liaison officer to support local engagement and consultation activities.

The LRP will provide the budget for preparing and implementing the plan. Typical costs included are:

- Land acquisition and livelihood restoration plan preparation, including for surveys (asset inventory, socio-economic survey and affected household identification)
- Staffing for implementation including management involvement and supervision
- Costs for evaluators and valuation activities
- Compensation costs for land
- Compensation costs for crops, trees

- Compensation costs for residential and economic assets (structures – buildings, fences, walls)
- Relocation allowance (if applicable)
- Livelihood restoration measure costs (if considered applicable)
- Grievance and conflict resolution solutions
- Contingency (usually at least 10%)

Monitoring roles and responsibilities are discussed further in section 10.3. Details on the breakdown of responsibilities for land acquisition, livelihood restoration and any resettlement will be provided in the LRP.

## 9 Meaningful engagement and grievance redress

### 9.1 Overview

The LARPF is aligned with the project's overall principles of stakeholder engagement as exemplified by IFC PS1 and project documents including the Scoping Report and the Stakeholder Engagement Plan (forthcoming).

### 9.2 Participation, consultation, and disclosure

The views of PAPs on land acquisition and economic displacement matters that affect them directly will be considered during land acquisition and livelihood restoration planning. The LRP preparation process will be managed in a manner aligned with informed consultation and participation. Consultations and negotiations will be carried out with all PAPs who are open to negotiated settlements or who lose assets involuntarily because of the project. Potential conflicts and communication channels for grievances will be addressed via meaningful consultation and the grievance mechanism.

The project will undertake the following activities:

- Dissemination of information about the project and its land acquisition needs, including this LARPF
- Meetings with PAPs to inform them of their rights, entitlements, and the grievance mechanism and to solicit feedback on the planned land acquisition/leasing activities.
- A meeting to inform PAPs about the intended resettlement fieldwork, affected household identification, , the asset inventory survey and how they are part of the establishment of the cut-off date.
- Sign off by PAPs of the resettlement fieldwork survey and asset inventory results.
- Engagement with PAPs individually about their preferred compensation (land or cash) and livelihood restoration planning if required.
- Production of the LRP
- Identification of entitlement packages for PAP based on the resettlement fieldwork and determination of full replacement cost
- Presentation of offers to acquire land and entitlement packages to PAPs
- Final negotiations and signature of land agreements
- 
- Sharing information to PAPs when payments will and have been made into their bank accounts.
- Notification to harvest and not replant prior to works commencing
- Implementation of livelihood restoration support
- Inclusion of PAPs' perceptions about effectiveness and logistical efficiencies in monitoring livelihood restoration.

All consultation, negotiation and disclosure efforts will be documented. The views of men and women will be documented by gender so that trends may be determined. Women and vulnerable groups such as people living below the poverty line, female-headed households, elderly, and young people and children will be identified and special measures put in place, as

needed, to enable their contributions to resettlement planning and consultation. Women-only meetings hosted by women facilitators will be convened where necessary. Meetings will be conducted in the preferred language of the PAPs..

As appropriate, the project will actively engage with other key stakeholders in livelihood restoration planning and monitoring.

### 9.3 Disclosure of this policy framework

It is expected that a non-technical summary (NTS) of this LARPF will be disclosed as part of the land acquisition process. The NTS of the LARPF will be made available on the project website and in hard copy within the direct Aol communities. Public consultation feedback will be incorporated into the final LARPF.

The LRP produced for the project in the future will also need to be disclosed in alignment with IFC PS requirements.

### 9.4 Grievance redress mechanism

Care will be taken to proactively prevent grievances through careful land acquisition design and implementation, and by ensuring full participation and consultation with the PAPs, and by establishing communication and coordination among the various implementation entities. Nonetheless, there may be unanticipated circumstances that give rise to grievances.

The Stakeholder Engagement Plan (SEP) will include the community grievance mechanism (CGM) to be implemented for the project which aligns with the requirements of IFC PS1 and PS5. The CGM will be available to address concerns and grievances including those related to land acquisition and economic displacement impact. A project staff member will be responsible, and trained appropriately, for managing the grievance process.

The most common grievances related to land acquisition and economic displacement are valuation amounts, boundary disputes, ownership objections, or requests to subdivide a property. PAPs will have the right to appeal the valuation provided within a 30-day calendar period from receipt of notification of the valuation.

The CGM will follow the steps outlined below.

#### 9.4.1 Step 1: Receive, acknowledge and record grievance

PAPs may raise issues, concerns or grievances orally or digitally (by telephone, website or e-mail). PAPs will be told they have a designated cooling off period to raise grievances or issues after agreements have been signed – this will be determined in the LRP. Then the grievance will be lodged and the project will send an acknowledgement letter within five working days.

#### 9.4.2 Step 2: Assess and assign grievance

A variety of factors will be considered when reviewing the grievance such as potential impacts on vulnerable groups, local perceptions, potential number of PAPs affected, and upcoming project activities.

Based on the nature of the concern/grievance, the project will identify an appropriate team of one to three individuals to undertake an initial investigation.

#### 9.4.3 Step 3: Investigate complaints and grievances

Investigations will be undertaken as soon as practicable. Investigations may include photographs and other evidence, witness statements, interviews with affected stakeholders and

other parties, review of site registers, documentation review, and other information gathering activities.

Depending on the nature of the grievance, investigation and definition of fair resolution may be undertaken by a third-party specialist if considered necessary.

#### **9.4.4 Step 4: Respond to grievance and agree on resolution**

Parties involved in the investigation will prepare a resolution to be presented to the complainant. If the proposed resolution is accepted by the complainant, it will be implemented, and the grievance moved to the close out stage. The results of the initial investigation including any proposed actions will be communicated to the complainant within 30 calendar days.

If the proposed resolution is not accepted, the escalation procedure will be enacted (see 9.4.6). The project should also review the process to identify any ways to improve policies or activities.

#### **9.4.5 Step 5: Close out grievance**

If the proposed resolution is accepted by the stakeholder, the grievance will be marked as closed out (see below) and the relevant documentation completed.

The grievance will be closed out in the register as:

- Resolved - the resolution has been communicated, agreed and/or implemented.
- Unresolved - the complainant did not accept the proposed resolution and has appealed to other entities for resolution.
- Abandoned - the complainant is no longer contactable and efforts to trace whereabouts have been unsuccessful.

Corrective actions, compensation and other activities related to the close out of the grievance must be implemented before the grievance can be fully closed.

Completion of actions and closure of the grievance will be recorded at the grievance resolution form.

##### **9.4.5.1 Record Keeping and Documentation**

Throughout the process records will be kept including the grievance receipt, investigation, close out reports and grievance resolution form. Grievances will be logged in a register and tracked.

##### **9.4.5.2 Monitoring and Evaluation**

The outcome will be monitored by the project and evaluation will include satisfaction of the complainant.

All costs involved in resolving the complaints (meetings, consultations, communication and reporting/information dissemination) will be borne by the project.

#### **9.4.6 Escalation procedure**

The CGM identifies three levels in the resolution process:

##### **9.4.6.1 Level 1: Immediate resolution through dialogue with complainant**

In some instances, the appropriate response to resolve the grievance may be obvious and agreed immediately, or within a less than a week, by all parties. If the explanation or proposed solution is not accepted at this level, then it will be escalated to Level 2 and an investigation may be required.

#### **9.4.6.2 Level 2: Involvement of the project proponent and/or, third party organisations**

In the case of more complex grievances, the approaches to find a resolution may take longer and require that more than one approach may be implemented as the discussions around resolving the grievance progress. The involvement of project staff (in addition to the community liaison officer) and/or external third-party organisations to help investigate and come up with a proposed resolution may be needed. The project will aim to close out a grievance within a maximum of 30 calendar days after it is registered whenever possible.

#### **9.4.6.3 Level 3: External mediation or a legal process**

If discussions have not resulted in an acceptable resolution, the complainant or the project may decide to refer the matter to an external mediator or the legal process. The project could invoke a legal resolution process. The use of the resolution initiates a negotiation process. The resolution is an alternative administrative procedure to the Expropriation Law that is used as a last resort.

Whether the resolution is accepted by the complainant and the project or not, the grievance moves to close-out and is recorded as resolved or unresolved.

# 10 Monitoring and reporting

## 10.1 Overview

The overall objective for monitoring livelihood restoration and compensation is to make an evaluation of the process and outcomes to determine:

- If PAPs have been meaningfully consulted and compensated in full and before implementation of the project activities.
- If PAPs are now living at a higher standard than before, living at the same standard as before, or are poorer than before.
- Whether livelihoods have been improved (or at least restored) or are yet to be restored or improved.

Monitoring will involve obtaining the perspectives and feedback of key stakeholders, such as PAPs, including women and vulnerable people, as well as project staff and any LRP implementing partners.

## 10.2 Monitoring indicators

Typical livelihood restoration monitoring indicators are presented in Table 10.1 and will be adapted in the LRP based on the measures to be implemented. Gender, vulnerability and age-disaggregated data will be gathered and reported on.

**Table 10.1: Indicators for monitoring**

| Monitoring Indicators                      | Basis for Indicators                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Delivery of entitlements                   | <ul style="list-style-type: none"> <li>• Have all PAPs received complete entitlements according to the amount and categories of loss?</li> <li>• Has compensation been disbursed to the PAPs according to the plan?</li> </ul>                                                                                                                                                                                                         |
| Consultation, grievance and special Issues | <ul style="list-style-type: none"> <li>• Has consultation taken place as scheduled?</li> <li>• Has any PAP used the grievance redress procedures?</li> <li>• What were the outcomes and timeframes for close out of grievances?</li> <li>• Have conflicts been resolved?</li> <li>• Are there any special issues related to land acquisition or leasing that affect other project activities or creating new project risks?</li> </ul> |
| Budget and timeframe                       | <ul style="list-style-type: none"> <li>• Has all land been acquired in time for project implementation?</li> <li>• Are funds for livelihood restoration being allocated as agreed and on time?</li> <li>• Have livelihood restoration implementation activities been achieved according to the agreed plan?</li> </ul>                                                                                                                 |

## 10.3 Monitoring roles and responsibilities

Monitoring and evaluation will be the responsibility of the project proponent and its environmental and social consultants or inhouse specialists. Lenders will also monitor the implementation of land acquisition and livelihood restoration activities for compliance with their standards.

During implementation, an internal monitoring report will be produced by an E&S specialist each month. The duration of this reporting will be determined in the LRP.

External reporting may include quarterly progress reports to the lenders from their advisors.

## 10.4 Completion audit

EIB requires that a completion audit is presented regardless of the scale of resettlement. Should the project result in substantial displacement impacts, when the LRP implementation is complete, the project may ask an independent resettlement specialist to produce a completion audit report. The completion audit report will address the requirements presented in the guidance note on PS5 and in ESR5, broadly:

- Executive summary
- Background with information about the monitoring process
- Outline of objectives
- Key findings on impacts
- Summary of mitigation measures and whether they met their objectives
- Timing of displacement, restoration and compensation
- Any outstanding issues
- Key findings and conclusions including on whether the monitoring process can end
- Recommendations or corrective actions

The resettlement plan will specify the timing, scope and success indicators of the completion audit.

# Appendices

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## A. Applicable international standards

Project related land acquisition and involuntary resettlement will be completed in line with the following applicable standards:

- International Finance Corporation (IFC) Performance Standards (PS) on Environmental and Social Sustainability, 2012
- European Bank for Reconstruction and Development (EBRD) Environmental and Social Requirements (ESRs), 2024
- European Investment Bank (EIB) Environmental and Social Standards, 2022
- The Asian infrastructure Investment Bank (AIIB) Environmental and Social Framework (ESF), 2021 (2021 ESF)<sup>28</sup>
- The U.S. International Development Finance Corporation's (DFC) Environmental and Social Policy and Procedures, 2024
- Equator Principles 4, 2020 (EP4)
- United Nations (UN) Universal Declaration of Human Rights (UDRH) and UN Guiding Principles on Business and Human Rights (UNGPs)
- Principles underpinning the Sustainable Development Goals (SDGs) and the Ten Principles to the United Nations Global Compact (UNGC)
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- The following good international industry practice (GIIP):
  - Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets (IFC, 2007)
  - Addressing Grievances from Project Affected Communities (IFC, September 2009)
  - Good Practice Handbook on Land Acquisition and Involuntary Resettlement (IFC, October 2023)

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<sup>28</sup> If the project entered the AIIB's investment pipeline after November 2022, we understand that the AIIB's 2022 ESF may apply.

