



Montenegro: Construction of Bar-Boljare Highway - Environmental and Social Assessment

Gap Analysis & Disclosure Pack section Mateševo – Andrijevisa

Updated LAND ACQUISITION AND RESETTLEMENT FRAMEWORK (LARF)

Reflecting the Route change from Tunnel Trešnjevnik to Andrijevisa

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Abbreviations

Abbreviation	Meaning
BoE	Beneficiary of Expropriation
EBRD	European Bank for Reconstruction and Development
ESIA	Environmental and Social Impact Assessment
ESAP	Environmental and Social Action Plan
ESSS	Environmental and Social Scoping Study
EU	European Union
GIP	Good International Practice
GM	Grievance Mechanism
IDP	Internally Displaced Person
ILO	International Labour Organization
LARF	Land Acquisition and Resettlements Framework
MONSTAT	Statistical Office of Montenegro
MoT	Ministry of Transport
MNE	Montenegro
MONTEPUT	State owned road operating company – Project Manager
NSDI-II	National Strategy for Development and Integration 2015-2020
OHS	Occupational health and safety
OfG	Official Gazette
PAP	Project Affected Person
PR	Performance Requirement
LARP	Land Acquisition and Resettlement Plan
REA	Real Estate Administration
SEE	South Eastern Europe
SEETO	South East Europe Transport Observatory

Abbreviation	Meaning
SEP	Stakeholder Engagement Plan
SIA	Social Impact Assessment
TEM	Trans-European Motorways
TEN-T	Trans –European Transport Networks
WBIF	Western Balkans Investment framework

Key definitions

Adequate housing	Security of tenure provides occupants with legal protection against forced evictions, harassment and other threats. Adequate housing is measured by (i) availability of services, materials, facilities and infrastructure: occupants of housing that is adequate must have access to safe drinking water, sanitation and washing facilities, energy for cooking, heating and lighting, food storage, refuse disposal, site drainage and emergency services; (ii) Affordability: the cost of housing must not threaten occupants' ability to satisfy other basic needs, nor must it compromise their security of tenure e.g. because high rent exposes them to lawful eviction for non-payment; (iii) Habitability: adequate housing must guarantee occupants' physical safety and provide adequate space and protection against the cold, damp, heat, rain, wind, and other threats to health and structural hazards; (iv) Accessibility: adequate housing must be accessible to everyone, so that the specific needs of disadvantaged and marginalized groups, such as the elderly, persons with physical or mental disabilities, and children must be taken into account; (v) Location: housing must be situated so as to allow access to employment opportunities, healthcare services, schools, childcare centres and other social facilities. It must not be located in polluted or dangerous areas; and (vi) Cultural adequacy: housing must permit the expression of cultural identity, for example, through methods of house construction and building materials
Beneficiary of Expropriation (BoE)	The Transport Administration of the Ministry of Transport who represents the State and handles the Expropriation on its behalf
Cut-off date	The cut-off for Category 1 and 2 of Project Affected Persons will be the day when the official notification of the initiated expropriation procedure is sent and received to owners of property to be expropriated and annotated in the Cadastre. Investments made after the cut-off date will not be compensated unless they are requiring safeguarding health and life. In addition, MONTEPUT will publish an information about the Cut-off date informing the public that persons settling in the project area after the cut-off date may be subject to removal and that fixed assets added after the Cut-off date will not be compensated. If a person(s) should occupy the project area after the Cut-off date, they will not be eligible for compensation and/or resettlement assistance. Similarly, fixed assets (such as built structures, crops, fruit trees, and woodlots) established after the Cut-off date will not be compensated.
Compensation	Cash or in kind - meant to offset the loss of physical assets such as land or buildings. Primarily refers to the cost of payment for expropriated land (including trees and crops that cannot be harvested), housing, structures, and other fixed assets, including assets acquired for temporary project use. It includes the costs incurred to help directly acquire substitute properties
Economic	Loss of assets (including land) or access to assets that leads to loss of income or means of livelihood because of project-related land acquisition or

displacement	restriction of access to natural resources. People or enterprises may be economically displaced with or without experiencing physical displacement.
Entitlement	Compensation and other forms of assistance that PAPs have the right to receive in accordance with this LARF in the respective eligibility category.
Expropriation	The process whereby a public authority, in return for compensation, requires a person, household or community to relinquish rights to properties (land and structures) that it occupies or otherwise uses by the power of eminent domain.
Forced Eviction	Refers to the “acts and/or omissions involving the coerced or permanent or temporary involuntary displacement of individuals, groups and communities from homes and/or lands and common property resources which they occupy or depend on, thus eliminating or limiting the ability of an individual, group or community to reside or work in a particular dwelling, residence or location, without the provision of, and access to, appropriate forms of legal or other protections provided for under PR5 (2023) Refers to permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land, which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in this LARF. The exercise of eminent domain, compulsory acquisition or similar powers by a Borrower will not be considered to be forced eviction providing it complies with the requirements of national law and the provisions of this LARF and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate, or excessive force). Forced evictions refer to the coerced displacement of individuals, groups and communities from their homes, lands and/or common property resources (either legally owned or informally occupied) without the provision of, and access to, appropriate forms of legal and other protection, or adherence to the basic principles defined in this Standard. ▪ The following elements are key to what constitutes a forced eviction: coercion or involuntary character, ▪ Absence, inadequacy or lack of access to legal remedies and protections. Such legal remedies and protections include but are not limited to: access to a lawyer; adequate formal notifications; access to temporary housing; transitional food support, healthcare and access to a school for children of school age; and specific support for vulnerable individuals, including the sick and disabled. What does not constitute a forced eviction: The Project can resort to the courts to obtain formal adjudication, followed by law-enforcement actions by the relevant judicial organs, in line with processes and procedures set out in the national law. Where such a route is followed, any potential risks to human rights associated with public interventions by force should be assessed and mitigated

Good International Practice (GIP)	It refers to the exercise of professional skill, diligence, prudence and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the Project employs the most appropriate technologies in the Project-specific circumstances.
Involuntary resettlement	Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that will result in displacement. This occurs in cases of lawful expropriation or restrictions on land use based on eminent domain; and in cases of negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.
Land Acquisition	Land acquisition includes both outright purchases of property and purchases of access rights, such as rights-of way through eminent domain
Livelihood	Refers to the full range of means that individuals, families and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods (ecosystem services), petty trade and bartering.
Livelihood restoration	Livelihood restoration comprises a set of measures, which will be implemented to address economic displacement in order to improve or, at a minimum, restore livelihoods and standards of living of PAP to pre-displacement levels.
Moving allowance	The cash compensation for expenses directly associated to moving/relocation of the household or business – calculated as part of the compensation package for resettlement cost of household and business.
Physical displacement	Loss of house, dwelling or shelter as a result of project-related land acquisition which requires the affected person(s) to move to another location
Project Affected Person (PAP)	PAP is any person who, as a result of the implementation of the Project suffers impacts.
Project Manager	Refers to the responsible state agency for Project implementation, in this case MONTEPUT
Replacement value	Replacement cost is defined as a method of valuation yielding compensation sufficient to replace assets, and necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus such as taxes, stamp duties, legal and notarization fees, registration fees, reasonable moving costs, travel costs and any other such costs such as may be incurred as a result of the transaction or transfer of property. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material

	and labour for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that are of the same or better standard than affected property or sufficient to enable purchase or construction of an acceptable shelter reaching minimum community standard of quality and safety, whichever is higher.
Land acquisition and Resettlement Plan (LARP)	The document, specifying the procedures to be followed and actions required to mitigate adverse effects, compensate losses, and provide development benefits to persons and communities affected by the Project.
Restrictions on land use	Refers to limitations or prohibitions on the use of constructible land that are directly introduced and put into effect as part of the Project. These may include land use within easements or safety zones.
Route Change	Refers to the proposed changes of the route from tunnel Trešnjevik to Andrijevisa aimed to avoid and minimise social impacts especially community severance, cohesion and physical displacement
Security of tenure	A measure to protect the resettled persons, to the greatest extent possible, from forced evictions at their resettlement site (for example, social housing given to persons that are relocated that had no rights on the property they were occupying).
Severance	Separation of communities from land that they use, infrastructure, social networks and so on, which is usually the result of construction of linear projects such as this one.
Stakeholders	All individuals, groups, organizations, and institutions interested in and potentially affected by a Project, or having the ability to influence the Project.
Transitional allowance	Describes one-off cash compensation as an additional financial or other assistance to facilitate PAP adjustment after the Project related involuntary resettlement occurs.
Unviable/orphan land	Parts of land not acquired which are left unusable or undevelopable (either temporarily or permanently) because of the Project or expropriation.
Vulnerable group/individuals	Groups or persons who may be more adversely affected by project impacts than others on the basis of their socioeconomic characteristics, such as, but not limited to, sex, sexual orientation, gender, gender identity, caste, racial, ethnic, indigenous or social origin, genetic features, age, birth, disability, religion or belief, political or any other opinion, activism, membership of a national minority, affiliation to a union or any other form of workers' organization, property, nationality, language, marital or family status, medical condition, or migrant or economic status

1 Project objectives, location, rationale, history and benefits

The Bar-Boljare Highway in its length of 168 km, which the section Matešev – Andrijevi is a part of, forms the Trans European Motorway (TEM) branch route through Montenegro. This road is part of the E-80 and E-65 routes, comprising SEETO Route 4 and connects the Adriatic Coast (Port of Bar) to the border of Serbia (Boljare) and with ports on the Danube (Corridor VII and Corridor X) and, ultimately, with the entire so-called Pan-European corridor network and integrate the TEN-T extension in the Western Balkans.

The intention of Montenegro to construct the Bar – Boljare highway dates back to 2001 when by the decision of the Parliament it was decided to proceed with the development of the Spatial Plan ("Official Gazette of MNE" no. 45/01). The plan - Spatial Plan of Montenegro up to 2020 was subsequently adopted in 2008 ("Official Gazette of MNE" no. 24/2008¹) reserving space for the Highway by defining a dedicated corridor. The objective was to safeguard the space from other spatial demands and use (Spatial Plan Pg.133). The Strategy of transport development in Montenegro (2019-2035) also included the completion of the Section "Matešev - Andrijevi" part of the Bar - Boljare Highway into the unified list of priority infrastructure projects².

Since the time horizon of the 2008 Plan was up to 2020, on October 19, 2023 the Government of Montenegro has determined the Draft of the (new) Spatial plan of Montenegro with the time horizon up to the year 2040. After the disclosure, public insight, and consultation period ended, the final draft of the (new) Spatial Plan was adopted and disclosed on January 29, 2024 by the Ministry of Spatial Planning, Urbanism and State Property³.

The development history of the section Matešev- Andrijevi must be observed and understood in the context of the Bar-Boljare Highway as a whole, but also from the perspective of the 41 km long section Smokovac-Matešev, completed and under operation since July 13, 2022. The construction of Smokovac-Matešev section was alike Matešev-Andrijevi constraining the land use and guided by the principles of defining spatial limits for the highway corridor and the land use principles as defined in the Spatial Plan of Montenegro up to 2020. Hence, the principles of defining the highway corridor, including restriction, limits and land use were in place since 2008 and tackled the entire 168 km stretch of the Highway.

The development of the Bar-Boljare highway will have an impact on attracting transit goods and traffic flows, shortening transit times and generating cost savings, which will result in better exploitation of the Montenegrin economic potential and attract new foreign direct investment (FDI).

The Project is developed within Montenegro's legislative requirements and those of the European Bank for Reconstruction and Development (EBRD) as the Project is expected to receive project financing from this international financing institution. This is why impact assessment and risk management instruments are being prepared compliant to the requirements of the EBRD to meet the standards for projects classified as category "A"⁴ in accordance with the Environmental and Social

¹ <https://www.gov.me/dokumenta/c53c7c1d-1c2c-4c4d-b29c-9bd4aabce2b6>

² <https://www.gov.me/dokumenta/39f31ac4-a0b6-4228-bff1-47c82e6c5534>

³ <https://www.gov.me/clanak/prostorni-plan-crne-gore>

⁴ Developments on "greenfield" land, or major extension or transformation-conversion projects, which may give rise to significant or long-term environmental and social risks and impacts.

Policy (ESP) (2019).

The Government of Montenegro through the State-owned road operating company MONTEPUT now intends to complete the Detailed design and constructs the Section between Mateševu and Andrijevu (hereinafter referred to as: “Project”). MONTEPUT is the Project manager, and bears, inter alia, the overall responsibility for implementation of this Land Acquisition and Resettlement Framework (LARF).

This LARF refers to the Project in its 23.5⁵ km length. The starting point is at the entrance portal of the 555 m long tunnel after the Mateševu interchange at the end of the preceding section Smokovac-Mateševu and ends with the interchange in Andrijevu. The Project runs through two administrative municipalities, Kolašin and Andrijevu, respectively, and its land acquisition and resettlement needs impacts persons and their assets in 8 Cadastral Municipalities with details provided in chapter 1.3.

The activities undertaken in preparation of the mandatory documentation for the Mateševu-Andrijevu Section can be observed through **two consecutive development phases**, without overlapping sequences.

The **first phase**, started with the General Design (Louis Berger SAS-Paris, Simm Engineering – Podgorica) in 2008, when three alternative solutions of the alignment were examined. The Design activities continued in 2018 under the Technical assistance services (TA) supported through a Western Balkans Investment Framework (WBIF)⁶ Grant.

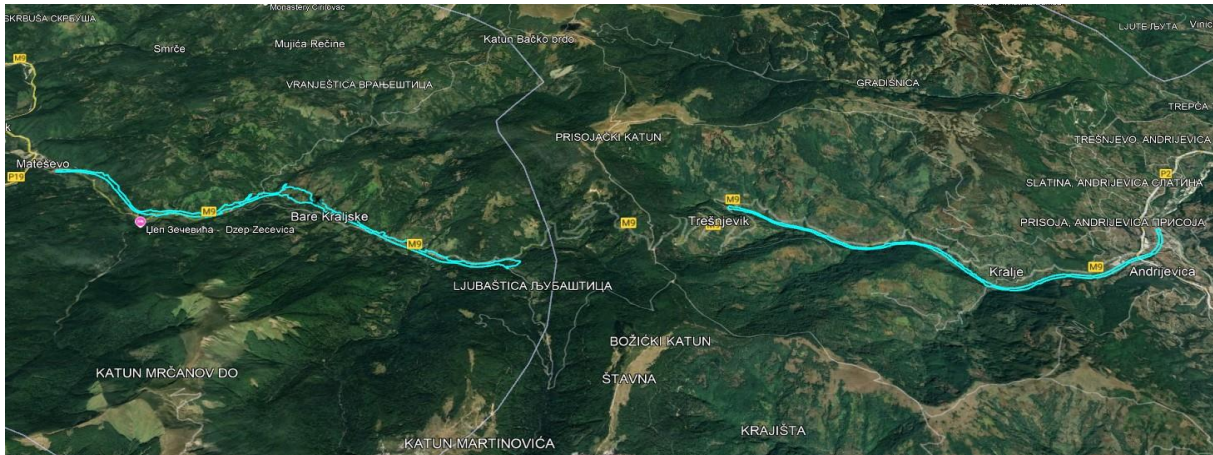
The **second phase** started the first half of 2024, and has been determined by: (1) the intention of the Government of Montenegro to request EBRD to financially support the construction of Section Mateševu Andrijevu, which required assessment of compliance of project activities with, inter alia, the Environmental and Social Policy of EBRD (2019) and the applicable Performance Requirements, and consequently (2) the decision of MONTEPUT to explore viable alternatives in the endeavour to respond to complaints raised by three out of eight settlements

This updated LARF builds on the September 2024 version which was prepared based on the approved Preliminary design (2023) and has assessed the impacts relevant to the decision taken by MONTEPUT in August 2024 MONTEPUT engaged in activities to modify the route from the Preliminary Design in the area from Tunnel Trešnjevik to Andrijevu with the aim to address historical concerns and complaints from three out of eight impacted settlements. The concerns have raised allegation that the variant adopted by the Preliminary Design (approved by the SRC) was not consulted with the public, and will have detrimental impacts to the functional and spatial integrity of three settlements, by inducing severance and major physical displacement impacts. The modified route was presented in details to the interested public during September 2024 (4 meetings were held with citizens from 8 local communities impacted by the Project). Detailed minutes of meetings are being kept and are available in the Project archive, while the key findings are summarized in project documents. Notwithstanding, there is no overall consensus on the modified route, and occasional individual concerns and criticisms and opposing views of the decision to change the route could have been heard during community meetings and in formal complaints, which requires MONTEPUT to continue

⁵ The entire length of the Bar Boljare Highway is approximately 168 km long and provides a strategic link from the Port of Bar on the Adriatic Coast to Boljare near to the border with Serbia.

⁶ The Western Balkans Investment Framework is an EU initiative, uniting regional beneficiaries, international financial institutions, and bilateral donors to enhance the European perspective of the Western Balkans. Due to its collaborative nature in line with the ‘Team Europe’ approach, the WBIF has been identified as the main vehicle for the implementation of the ambitious Economic and Investment Plan for the Western Balkans.

This LARF incorporates impacts from the Route change as elaborated by MONTEPUT in August 2024.



1.1 Key Project components

The Detailed Design will integrate the Route changes. This means that adjustments will be made to accommodate the suggested changes. In addition, beyond Route change further micro and site-specific adjustments will be made following the geotechnical, technical, and other investigations and measurements, to further take into account considerations and stakeholder concerns. This specifically refers to residential physical structures outside the Project footprint, that are not designed to be expropriated, but might be exposed to adverse impacts (visual, noise, safety etc) due to proximity either during construction or operation.

In addition, there are 5 structures, which do not fit the content criteria of any of the three tables, which are currently covered by the Expropriation design, for relocation of regional and local roads. They are not included as MONTEPUT intends to reconsider the design solutions for the road deviations and relocation in order to minimize, and possibly avoid land acquisition and resettlement impacts in the aforementioned cases.

1.2 Methodological approach and criteria for assessment of project related land acquisition

The impacts to land rights and assets are typical for a linear greenfield road project implemented in mountainous areas. The assessment relied on and was determined by the accuracy of the developed technical documentation (i.e. approved Preliminary design as amended by the Conceptual design for the Route change from the exit portal of Tunnel Trešnjevnik to Andrijevisa in August 2024). Drawings, cadastral maps, and drone video provided by MONTEPUT and site visits were undertaken by the members of the ESIA consultants facilitated the assessment.

Guided by EBRD PR5 the following types of impacts have been identified:

Involuntary land acquisition and resettlement⁷ from lawful permanent expropriation based on eminent domain for the physical footprint of the highway (the footprint currently includes the alignment, bridges, exit and entrance portals of tunnels, interchanges). Rest areas, commercial areas, relocation and deviations of certain parts of the regional road R19, deposit areas for permanent placement of overburden of topsoil are not included in the Project footprint as the final solution will be elaborated during the Detailed Design. Notwithstanding, the design parameters set by MONTEPUT for design solutions of these elements will ensure avoidance of physical displacement impacts, preferably using state land.

Project impacts associated with land acquisition and restrictions on land use are expected to occur in different phases of the Project:

Before construction, land rights and associated land based assets will be permanently acquired through lawful expropriation for the physical footprint and will remain permanently affected and unavailable for use, leading to involuntary resettlement. Such assets will be acquired within the limits of the expropriation borders, delineated on each side of a public road, measured outwards from the line extending between the end points of the cross section of a road, at a minimum distance of:

- 4 meters for highways (from the outer border of the permanent works),
- 2 meters for main and regional roads; and
- 1 meter for municipal roads,

Note: Within the expropriation boundary, it is also expected that state land be identified.

During construction, additional land might be needed for temporary storage of topsoil and excavated materials etc. These areas will be identified during the Detailed Design stage in 2025. In case private land is required to set up workers' accommodation camps or site offices such land will be acquired by the EPC Contractor through negotiated settlements in willing-buyer-willing-seller-transactions monitored in line with this LARF, unless MONTEPUT provides public land for this purpose.

During the operation phase, there may be certain further land use restrictions. Prior consent of the administrative body or the local government body will be required for construction of residential, business, auxiliary and similar structures, dig tanks, septic tanks or power lines, in the width of 15 m

⁷ Involuntary 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 means of livelihood) as a result of project-related land acquisition or restriction of access to natural resources

wide along the highway. Notwithstanding, in mountainous areas with unfavorable topography, it shall be allowed, with the consent of the administrative body or the local government body, to build residential, business, auxiliary and similar structures in the road protection zone, which shall be, as a minimum, 15 m away from the highways, from the outer edge of the roadside strip. In the road protection zone commercial development such as petrol stations, charging stations for electric vehicles, car repair shops, facilities for temporary storage of broken down vehicles, road bases, stations for providing assistance and information to traffic participants, as well as traffic areas of commercial facilities along a highway, which are used to access and are in the function of the highway and traffic (*shops, catering, tourist, sports and recreational and other facilities*), is allowed subject to permitting (in line with Article 92 of the Law on Roads MNE).

Temporary occupancy of land for some maintenance works during Operation.

Potential permanent restriction of land use. The Law defines the following restriction zones:

- **Road protection zone** refers to a continuous area along a public road that is subject to restrictions on space use due to harmful environmental effects on the road and road traffic and vice versa.
- **Controlled development zone** refers to a continuous area along outer limits of a road protection zone in which the range and scope of development is restricted, and which is of the same width as the road protection zone and serves to protect a public road and traffic on it.

1.3 Tentative Project footprint and its associated land impacts based on the Preliminary design as changed through the Conceptual Design for the Route change from Tunnel Trešnjevnik to Andrijevica (with maps, description and photographs)

The Project runs through two administrative municipalities, Kolašin and Andrijevica respectively, and the expropriation spans across 8 Cadastral Municipalities depicted on Figure 2 (left hand side before the entrance to the Tunnel Trešnjevnik and right hand side after the Tunnel exit i.e. Route change).

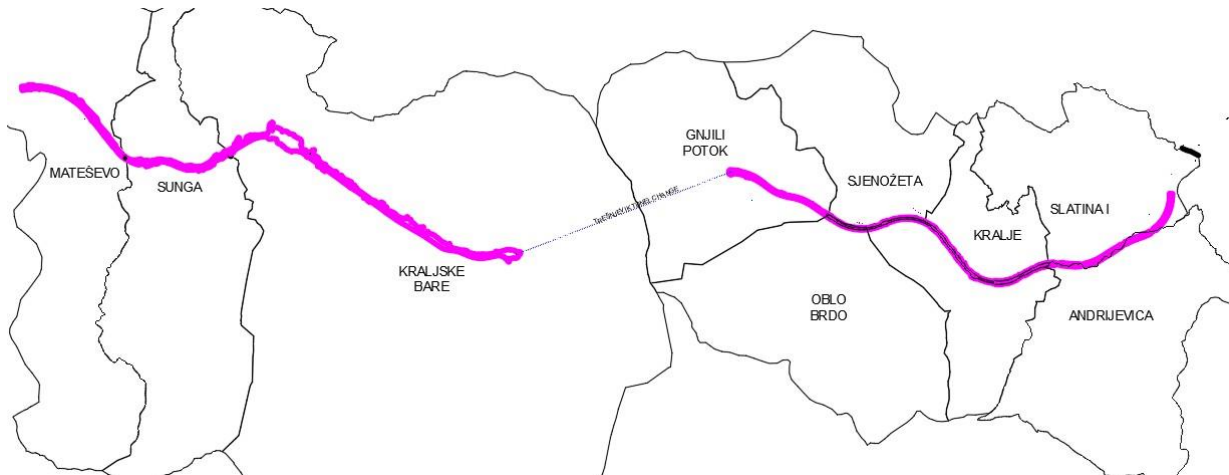


Figure 2: Overview of Cadastral Municipalities

The tables below provide comparative overview of estimated involuntary land acquisition and resettlement impacts based on the Preliminary design prior to Route change (Table 1) and Preliminary design after Route change (Table 2).

Table 1: Estimated impacts from involuntary land acquisition and resettlement based on the Preliminary design before Route change

Municipality	Cadastral Municipality	Expropriation cases (number)	Land plots (number)	Area of land (m2)	Number of PAPs (title holders)	Physical displacement (permanent residence)	Physical displacement (seasonal use and abandoned)
Kolašin	Mateševo	10	35	85.326	46	0	1+ 1*
	Sunga	12	63	105.959	26	0	2
	Bare Kraljske	44	167	412.062	73	3**	1
Sub-total I		66	265	603.347	145	3	5
Andrijevica	Gnjili Potok	38	108	146.409	46	1	7
	Sjenožeta	29	82	190.681	47	0	3
	Kralje	59	139	137.251	89	5	6
	Slatina 1	83	260	274.603	169	9	9
Sub-total II		209	589	748.944	351	15	25
Total (I+II):		275	854	1.352.291	496	18	30

*One of the two identified structures has been already acquired for the footprint of the preceding section Smokovac –Mateševo but was not demolished and appeared in the inventory

**One of the three structures is required for the footprint of the rest area to avoid impact to the residential structure. In addition, during the Detailed design phase, the route optimization will be additionally investigated and it is already anticipated that further avoidance of displacement impacts in Bare Kraljske is to be implemented.

Table 2: Estimated impacts from involuntary land acquisition and resettlement based on the Preliminary design after Route change in August 2024

Municipality	Cadastral Municipality	Expropriation cases (number)	Land plots (number)	Area (m2)	Number of PAPs (title holders)	Estimated Physical displacement impacts (permanent residence)	Estimated number of Physical displacement (seasonal use)
Kolašin	Mateševo	10	35	85.326	46	0	1+ 1*
	Sunga	12	63	105.959	26	0	2
	Bare Kraljske	44	167	412.062	73	3**	1
Sub-total I		66	265	603.347	145	3	5
Andrijevica	Gnjili Potok	33	73	78.635	45	0	0
	Sjenožeta	17	38	53.683	25	0	0
	Kralje	37	61	100.771	52	0	1
	Slatina 1	25	57	61.768	41	0	0

	Andrijević ⁸	18	31	33.607	36	1***	0
Sub-total II		130	260	328.464⁹	199	1	1
TOTAL:		196	525	931,811	344	4	6

* One of the two identified structures has been already acquired for the footprint of the preceding section Smokovac –Matešev but was not demolished and appeared in the inventory

**One of the three structures is required for the footprint of the rest area planned to be re-designed to avoid impact to the residential structure. In addition during the Detailed design phase the route optimization will be additionally investigated and it is already anticipated that further avoidance of displacement impacts in Bare Kraljske is to be implemented

***Structure is approximately 2 m outside the expropriation border.

Following the Route change physical displacement impacts were reduced from 38 (18 for permanent residence) to 10 (4 for permanent residence).

Table 3 below lists physical structures outside the expropriation boundary but fronting the highway up to 100m. These structures shall be further investigated during the detailed design to apply commensurate technical protection measures in consultation with the PAPs or expropriated at the owners` request.

⁸ The Route change included a small part of CM Andrijević due to change of the location for the interchange (from CM Slatina to CM Andrijević).

⁹ The estimation is given based on the Conceptual design which is less detailed and will vary

Table 3: Structures fronting the highway in a distance up to 100m from the carriageway

Municipality	Number of structures (residential, seasonal or abandoned)	Distance from highway (m)
Kolašin	2	≥15
	4	16-30
	4	31-50
	2	50-100
Sub-total I	12	
Andrijevića	1	≥15
	3	16-30
	2	31-50
Sub-total II	6+1*	
* the distance for this structure is currently not know as it is located above the future exit portal of Tunnel Trešnjevnik which will be determined by the Detailed Design		

In addition to all of the above, there are 5 structures, which are not required for the footprint of the alignments, but are adjacent to or potentially required for relocation and deviations of certain parts of the regional road R19. For these structures, MONTEPUT has indicated that the Detailed Design will be required to explore alternative solutions to avoid impacts.

1.4 Expropriation design

Based on the Preliminary Design, the Real Estate Administration (REA) (Uprava za nekretnine) developed a detailed Elaborate for Expropriation. This document serves as a crucial component of the technical design, determining the project's footprint and identifying the owners, land, and immovable assets affected by involuntary land acquisition. The study relies on the latest data from the land registry maintained by the REA. The comprehensive database includes an inventory of land and assets, titles over land and assets, total land area, area required for expropriation, personal data of titleholders, and information on whether physical structures possess permits. The protection of private data will adhere to data privacy regulations.

In addition to the cadastral data, field visit surveys were conducted to complete the inventory of assets, which serves in the valuation process. The Elaborate must be updated to reflect the route change. Along with the detailed design, the final Elaborate for Expropriation will be developed, setting the final land acquisition needs. This will be combined with other methods, such as public consultations and field walk surveys, as it may not identify certain Project Affected Persons (PAPs) and their properties eligible for compensation and assistance under this Land Acquisition and Resettlement Framework (LARF).

1.5 Past and future efforts to avoid and minimize involuntary resettlement impacts

The activities undertaken so far in preparation for the Mateševo-Andrijevića Section, can be observed through two continuous development phases, without overlapping sequences.

The **first phase**, started by the General Design (Louis Berger SAS-Paris, Simm Engineering –Podgorica) in 2008, when three alignment alternative solutions were examined. The work continued in 2018 when the Government of Montenegro benefited from Technical assistance services (TA) for the

preparation of the Preliminary Design and Social Impact Assessment (ESIA) supported through a Western Balkans Investment Framework (WBIF)¹⁰ Grant.

The **second phase** started during the first half of 2024 and was marked by two determining factors: (1) the Intention of EBRD to financially support the Government of Montenegro through a loan which required assessment on compliance of the entire project activities with, inter alia, the Environmental and Social Policy of EBRD (2019) and the applicable Performance Requirements, and consequently (2) the decision of MONTEPUT to address, at that time already raised and known concerns of three out of eight settlements, through formalizing and enhancing stakeholder engagement activities in exploring viable alternatives to the alignment in the areas of concerns (from the exit portal of Tunnel Trešnjevik to interchange Andrijeva). The concerns have raised allegation that variant the adopted by the Preliminary Design (approved by the SRC) was not consulted with the public, and will have detrimental impacts to the functional and spatial integrity of their settlements, by inducing severance and major physical displacement impacts. Acting towards resolution and accepting the concerns as legitimate and justified, in August 2024 MONTEPUT engaged in activities to modify the route from the Preliminary Design in the area from Tunnel Trešnjevik to Andrijeva. This was followed by a detailed presentation of the changed route during September 2024 in all 8 local communities impacted by the construction of Matešev - Andrijeva Section. Detailed minutes of meetings are being kept and are available in the Project archive, while the key findings are summarized in project documents. Despite these efforts and active communication with local communities, there is still no overall consensus on the routing, and occasional individual concerns and criticisms of the route change have been observed during the community meetings and through formal grievances.

MONTEPUT will continue engaging with the local communities during the Detailed Design phase, to ensure inclusive adaptive design management for which feasibility can be assessed once the EPC Contractor is selected. The SEP provides details of the consultation and engagement activities undertaken, concerns raised and feedback.

In summary, the route change has been a positive development, reducing displacement and supporting community sustainability. However, there are still unmet expectations, residual and new concerns and opposition to the route. MONTEPUT's engagement with local communities has been instrumental and demonstrates the importance of stakeholder involvement in infrastructure projects. The intention to continue with the communication is essential for the project's success.

1.6 Why a Land Acquisition and Resettlement Framework

The Project is classified as a category "A" project of the EBRD screening categorization as listed in Appendix 1, item 6. "Construction of motorways, express roads and lines for long-distance railway traffic; airports with a basic runway length of 2,100 meters or more; new roads of four or more lanes, or realignment and/or widening of existing roads to provide four or more lanes, where such new roads, or realigned and/or widened sections of road would be 10 km or more in a continuous length" of the EBRD's 2019 Policy document. As such, the Project requires a special, formalized and

¹⁰ The Western Balkans Investment Framework is an EU initiative, uniting regional beneficiaries, international financial institutions, and bilateral donors to enhance the European perspective of the Western Balkans. Due to its collaborative nature in line with the 'Team Europe' approach, the WBIF has been identified as the main vehicle for the implementation of the ambitious Economic and Investment Plan for the Western Balkans.

participatory assessment process in compliance to the EBRD's comprehensive set of specific PRs that it is expected to meet, covering key areas of environmental and social impacts and issues including involuntary land acquisition and resettlement.

MONTEPUT as the implementing entity is expected to implement the Project including the land acquisition process in compliance with the national as well as EBRD requirements, specifically:

- Applicable legislation in Montenegro (the Expropriation Law and the Law on Bar Boljare Highway)
- EBRD Environmental and Social Policy¹¹, specifically Performance Requirement No. 5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement) coupled with EBRD PR 10.

1.7 Objectives of this LARF

The objective of the LARF is to protect affected people against the social and economic risks of displacement, describe the likely impacts associated with land acquisition and outline the principles, which will be followed to address these. This includes the provision of compensation and/or other assistance measures. The LARF establishes the principles for awarding compensation for the impacts of future land acquisition and to secure the commitment of MONTEPUT for implementing land acquisition in accordance with PR5. The disclosure of the LARF will inform affected people and other stakeholders about these principles and the commitments and should facilitate a transparent process.

¹¹ <https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>

2 Legal framework

2.1 The Constitution of Montenegro

The Constitution of Montenegro (Official Gazette of MNE No. 1/2007 and 38/2013) promotes civil and human rights, and gender equality, prohibits discrimination etc. Article 58 guarantees property rights and prevents deprivation or restriction to property rights unless so required by the public interest, with rightful compensation. Based on the Constitution, ratified international agreements and generally and accepted rules of international law shall make an integral part of the internal legal order, shall have the supremacy over the national legislation and shall apply directly when they regulate relations differently than the national legislation. This provision of the MNE Constitution is a significant tool in direct implementation of EBRD Policy Requirements in all Project aspects. Furthermore, the Constitution of Montenegro proclaims protection and guarantees of human rights embodied in the International Bill of Human Rights. On May 11, 2007, Montenegro became a full member of the Council of Europe stepping into rights and obligations of such membership.

2.2 The Law on expropriation

The Law on Expropriation (Official Gazette No. 055/00, changes 012/02, 028/06, 021/08, 030/17, 75/18, and 33/24) focuses on the process of acquiring and providing compensation, or in specific circumstances replacement property, for any affected property needing to be expropriated in the public interest. It addresses physical and economic displacement for those stakeholders who have legal rights according to the law. The Law on expropriation does not use the term "involuntary resettlement", but instead uses the term "expropriation" which is based on the governments eminent domain power. The Law on expropriation also defines the requirements and agreements related to expropriation and compensation issues.

The main provisions of the Law are as follows:

- Outright purchases of immovable property (land, residential and other structures) are defined as **full (complete) expropriation**. **Partial (incomplete) expropriation** includes the instigation of an easement over the immovable property or a lease of land for up to 3 years. Temporary occupation of land is also possible when needed for construction or other works (accommodation of workers, materials, machines, etc.).
- The Beneficiary of expropriation may submit the expropriation proposal only after public interest has been declared (by law or by the Government of Montenegro). The proposal is submitted to the authority competent for property affairs – the regional unit of the municipality on whose territory the property proposed for expropriation is located.
- The expropriation proposal has to include: (i) information on the properties to be expropriated, (ii) proof that public interest has been declared, and (iii) proof that the expropriation beneficiary has paid the entire amount of compensation to the account of the Finance Ministry in advance.
- The Law allows for negotiated settlements on the amount and type of compensation between the expropriation beneficiary and property owners, until the Decision on Expropriation becomes valid. In that case, the expropriation procedure is terminated.
- If a negotiated settlement has not been reached, the competent authority issues a Decision on Expropriation but is required to enable property owners to raise their concerns before issuing the Decision. The amount of compensation is specified in the Decision.

- Affected persons are entitled to lodge an appeal against the Decision with the Finance Ministry. However, the appeal does not hold up the enforcement of the Decision. Affected persons may further challenge any decisions of the Finance Ministry by initiating an administrative dispute with the Administrative court. The expropriation beneficiary may acquire possession of the affected property when the Decision on Expropriation becomes valid, if compensation has already been provided to the property owner. Exceptions are allowed for urgent cases. If it is determined that the expropriation of a part of the owner's property would result in the owner having no economic interest in using or not being able to use the remainder of the property, that remaining part of the property will also be expropriated at his/her request. All persons who have formal legal rights on land and structures, as registered by the Cadastre, are entitled to compensation. Compensation provided to formal owners of property is defined as fair compensation in cash or in kind (replacement property). When compensation is provided in cash, it is determined "in the amount of the market value of similar properties in the area, plus any losses of income during the resettlement period). When compensation is provided in kind, the owner is provided with replacement property at the same value as the previous property, plus any losses of income during the resettlement period.
- The Law regulates in detail the types of compensation for different assets (agricultural land, construction land, residential facility, commercial premises, forests, crops, etc.)
- The Law stipulates that land can be accessed only after the Decision of Expropriation is legally binding given that the compensation has been paid or replacement property provided or if the owner has refused to receive the compensation amount (which needs to be evidenced). The Law allows the land to be accessed also in cases of [urgency to construct a specific structure, or complete works or to prevent significant damages to the public on a case-by-case basis, which is decided by the Administration for property](#). Before such a request is upheld, the Beneficiary of expropriation must have enumerated the land and assets and assessed their values. Payment of the set compensation is not required as per Article 29a.
- [Article 35 requires compensation to be paid at market value, increased for moving and transitional costs.](#)
- [Article 46 requires](#) that the socio-economic conditions and specific vulnerabilities must be taken into consideration which can lead to an increased compensation if these are "of significance to the livelihood of the owner" (large number of household members, number of household members earning income, the health status of the household members, monthly income of the household, and other socio-economic features, etc.).
- [A committee established by the competent authority and approved by the competent authority determines the amount of compensation.](#) The committee consists of five members, of which at least three members must be court-accredited experts for valuation of property. The methodology for valuation is defined by the Ordinance on Methodology for Assessing Property Value adopted by the Finance Ministry. The Ordinance refers to the International Valuation Standards and European Valuation Standards as the basis for valuation.
- [Property rights on the new property are formally transferred](#) based on the final Decision on Expropriation and proof that compensation has been provided/paid.
- The Law foresees rights of [PAPs \(those with formal legal rights\) to appeal](#) at many stages of the expropriation procedure, beginning with administrative and judicial appeals (i.e. against the decision on public interest and the decision on expropriation).
- With recent changes, the entire compensation process is conducted within the

administrative procedure while the earlier authority of the Court to determine compensation in extrajudicial proceedings has been abandoned.

- Those who have formal legal rights are informed throughout the expropriation process (i.e. passing of the decision on public interest; before the decision on expropriation is passed, the municipal office in charge of expropriation has to invite the affected person with formal legal rights to a meeting to present any facts which may be relevant for expropriation).
- The Law on Spatial Planning and Construction defines cases of removal of an informally built structure of primary residence (constructed prior to the Cut-off date), when the local municipality is obliged to provide alternative accommodation to the household – this coupled with some Court decisions in the past enables the Beneficiary of Expropriation (BoE) to pay at replacement cost structures constructed without a building permit.

2.3 The Law on the Highway Bar-Boljare

In order to facilitate the Bar - Boljare Highway project, on December 8, 2014 the Assembly of Montenegro adopted the Bar - Boljare Highway Law (applicable to the section Mateševo-Andrijevića), in a form of *Lex specialis*. The Law governs expropriation procedures for this particular Highway, the process of preparation and review of the detailed design, the building permit requirements, the requirements for execution of preparatory works, taxes, customs duties and other levies. The Law overrides some of provisions of the Expropriation law, The Law on Spatial Planning and Construction, several import and tax laws and by-laws etc. However, umbrella Law is the Law on Expropriation. The Law enabled efficiency to processes, dividing the Project into phases, allowing phased design and construction, which is beneficial to the Highway project.

2.4 Other laws and regulations influencing resettlement process

Below are the most influential MNE laws and regulations of relevance to the process of involuntary land acquisition and resettlement:

Table 4: List of significant MNE laws of relevance to resettlement

Law of reference	Main features
Laws and regulations of principal importance to property ownership, land tenure and compensation	
Law on property and property relations (Official Gazette MNE No. 019/09)	- stipulates fundamental provisions of property relations, including the right of ownership and other rights <i>in rem</i>, possession of movable and immovable property, as well as the manner of acquiring, transfer, termination and protection of ownership rights, co-ownership and joint ownership rights, right on yields emanating from owned thing, easement rights etc; - defines that property rights are acquired through the creation of a new thing (i.e. construction), merging, mixing, and construction on another's land, separation of fruits, adverse possession, and acquisition of property from non-owners, occupation and in other cases determined by law.
Law on State Survey and Cadastre (Official Gazette MNE No. 029/07, 032/11, 040/11, 043/15, 037/17 and 017/18)	- defines state survey, real estate cadastre and real estate registration, line cadastre, basic state map and topographic maps, state border survey, surveying and other issues of importance for state survey and cadastre; - establishes the Real Estate Property Cadastre as a single public

Law of reference	Main features
	- record; - contains, inter alia, data on formal owners of the properties and data on expropriation.
Law on State property (Official Gazette MNE No. 021/09 and 040/11)	stipulates fundamental provisions on public ownership and other proprietary rights of the State and local self-government units.
Rulebook on Methodology for assessment of property value (Official Gazette MNE No. 064/18)	- defines key principles of assessment of immovable property value, including those governing assessment in the process of expropriation; - stipulates that in certain cases of property assessment value (i.e. expropriation), certain additional legal or/and international standards that are to be followed must be precisely cited; - defines important concepts: time of assessment, fair value, fair market value, market value, investment value, market lease, the standard of continuous enterprise (in assessing loss in case of economic displacement), assessment methodology etc.
Laws and regulations of principal importance to expropriation and resettlement process, and PAP grievances	
Law on Administrative Procedure (Official Gazette MNE No. 056/14, 020/15, 040/16 and 037/17)	- regulates the rules and obligations of government authorities, state administration, local government, local government bodies, institutions and other entities exercising public authority activities, in order to achieve protection of the rights and legal interests of individuals, legal persons or other parties, as well as the protection of public interest (including expropriation and other process in resettlement before the state administration); - defines that decisions by administration bodies are subject to the possibility of administrative appeal (except if the appeal is not allowed by law) in the first instance, as part of the regular legal grievance mechanism available to PAPs.
Law on Administrative disputes (Official Gazette MNE No. 054/16)	- regulates jurisdiction, composition of the court and rules of procedure on the basis of which the court decides on the legality of an administrative act and other administrative activities, in order to ensure the judicial protection of the rights and legal interests of individuals and legal entities and other parties, jeopardized by the actions of state authorities; - defines that against all decisions (or lack of decision) of government authorities, state administration, local government, local government bodies, institutions and other entities exercising public authority activities a court process can be initiated according to this law, as part of the regular legal grievance mechanism available to PAPs.
Law on Litigation court procedure (Official Gazette MNE No. 022/04, 028/05, 076/06, 047/15, 048/15, 051/17, 075/17, 062/18, 034/19 and 042/19)	- defines principal rules for all civil court proceedings and cases of court disputes if not regulated by other laws in a different manner, including administrative disputes; - provides provisions of court process in all property issues cases and cases of compensation for damages, right of appeal in a second court instance, extraordinary court remedies, appeal jurisdiction and proceedings etc as part of the regular legal grievance mechanism available to PAPs.

Law of reference	Main features
Laws and regulations of principal importance to planning and construction (including large construction i.e. Project)	
Law on Spatial planning and construction (Official Gazette MNE No. 064/17, 044/18, 063/18, 011/19 and 082/20)	- regulates the system of spatial planning in Montenegro, the manner and conditions for construction of structures and other issues of consequence to construction of structures; - defines a category of "Complex engineering facilities" for which special technical and documentation requirements are set, which includes highways, main and regional roads, tunnels, bridges etc; - regulates development of plans that are in correlation with large construction projects (Spatial plan of Montenegro, regional and specific spatial plans etc.) which partially includes assessment of social and environment impacts, and are subject to revision, and if needed, they are obligated to explore viable alternatives in cases of severe social or environmental impacts; - regulates that the process of development and approval of spatial plans is subject to "public enquiry", which is a form of public consultation and the chance for stakeholders and PAPs to influence projects in an early stage, and by this legally defined process, are provided with a grievance mechanism as part of that approval of plans; - regulates process of concept and main construction design, including expropriation elaborate as the key document for the expropriation process, but also that is the only legally envisioned social assessment documents that needs to be prepared for a project; - defines a process of "legalization" of structures built without a proper construction licence, thus also providing legal basis for compensation of owners of informally built structures in the process of expropriation and resettlement; - defines cases of removal of an informally built structure of primary residence, when the local municipality is obliged to provide alternative accommodation to the household.
Law on Local Self Government (Official Gazette MNE No. 002/18 and 034/19 and 84/2022)	- defines legal process and local institutional arrangements of spatial planning and construction in project of local public interest; - defines that local municipalities are responsible for establishing public interest for expropriation in projects of their own jurisdiction.
Laws and regulations of principal importance to issues of family relations, gender equality and social welfare	
The Family law (Official Gazette MNE No. 001/07, 053/16, 67/20)	- proclaims spouses individual and shared marital property and defines individual property as the property that the spouse acquired before the marriage, and property acquired during marriage through inheritance, gift or other forms of acquisition, and that the shared marital property constitutes the property that the spouses acquire in the course of work the duration of the marital community, as well as income from that property; - proclaims equality of spouses, forbids any form of discrimination.

Law of reference	Main features
Law on Prohibition of discrimination (Official Gazette MNE No. 046/10, 040/11, 018/14 and 042/17)	- defines discrimination as any differentiation or unequal treatment of a person or group of persons exclusion, restriction or preference of a person that is based on race, skin colour, ethnicity, social or ethnic origin, affiliation to a minority nation or minority national community, language, religion or belief, political or other opinion, gender, gender change, gender identity, sexual orientation and / or intersex characteristics, health status, disability, age, financial status, marital or family status, affiliation to a group, political party or other organization, as well as other personal attributes; - forbids any form of discrimination and provides measures for protection against discrimination for persons or groups that may be subject to forms of discrimination. - ensure security of tenure
Law on social housing (Official Gazette MNE No. 027/13, 001/15, 042/15, 047/15)	- proclaims the right to social housing that can be realized by natural persons who do not have an apartment or other residential facility or persons whose residence facilities are not in the proper standard and which from the income they generate cannot provide a different residential facility; - proclaims that the right to social housing is exercised in a manner that the state or local municipality offers apartments for rent, allotment of construction land for the construction of social housing, by providing building materials for the construction of a new or reconstruction of an existing residential building, giving subsidies for social housing and granting long-term loans to users of social housing.
Law on Free legal assistance (Official Gazette MNE No. 020/11 and 020/15)	provides legal assistance to vulnerable groups through Court departments, where people are able to access free legal advice provided by authorized lawyers.

2.5 Overview of EBRD Requirements

The EBRD's Environmental and Social Policy (ESP) (May 2019) applicable to this Project sets out a comprehensive set of specific Performance Requirements (PRs) the Project is expected to meet. Land Acquisition, Involuntary Resettlement and Economic Displacement requirements are defined in the EBRD PR5. Application of this Performance Requirement supports and is consistent with the universal respect for, and observance of, human rights and freedoms and specifically the right to adequate housing and the continuous improvement of living conditions.

The term involuntary resettlement refers to both physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood) as a result of project-related property acquisition and/or restrictions on property use. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse property acquisition, or restrictions of use, which will happen when lawful expropriation or restrictions on property use based on eminent domain is used, or in case of negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions. Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for affected persons and communities, as well as environmental damage, and adverse socio-economic impacts in areas to which they have been displaced.

In order to follow EBRD PR5 principal objectives, the Project shall include and apply actions that will:

- avoid or at least minimise involuntary resettlement whenever feasible by exploring alternative project designs;
- mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to assets and land;
- restore or, where possible, improve the livelihoods and standards of living of displaced persons to pre-displacement levels;
- improve living conditions among physically displaced persons through the provision of adequate housing, including security of tenure at resettlement sites;
- provide timely compensation for loss of assets at replacement cost;
- assist displaced persons in their efforts to improve their livelihoods and standards of living or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of Project implementation, whichever is higher;
- conceive and execute resettlement activities as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the Project to share in project benefits;
- ensure that resettlement activities are implemented with appropriate disclosure of information, consultation and the informed participation of those affected and other stakeholders throughout the Project cycle and in all its phases, and facilitate their early and informed participation in decision-making process;
- provide grievance mechanism to displaced persons, accessible and available procedures for settling land acquisition and resettlement and construction related disputes. The GM will be established as early as possible in the Project planning phase and available during the full Project cycle;
- monitor and audit the land acquisition, resettlement and livelihood restoration process.

The EBRD policy requirements recognize the following categories of displaced persons (Note that the word "persons" covers both people and legal entities):

- **Category 1:** Formal right holders - persons who have formal legal rights to the land (including customary and traditional rights recognised under national laws) or assets.
- **Category 2:** Holders of recognisable rights - persons who do not have formal legal rights to land or assets at the time of the census, but who have a claim to land or assets that is recognised or recognisable under national law.
- **Category 3:** Informal users - those who have no recognisable legal right or claim to the land they occupy (including seasonal resource users such as herders/fishing families, hunter and gatherers who may have interdependent economic relations with communities located within the project area).

These principles and action plan are adopted by this LARF, and shall be applied during Project implementation, governing all activities where land acquisition and involuntary resettlement occurs.

2.6 Gap review (comparison of MNE legislation with EBRD policies and identification of potential gaps with the proposed gap filling measures)

All projects financed by the EBRD have to fulfil both national legislative requirements for land

acquisition and displacement and the EBRD's requirements, in this case PR5. The purpose of the gap review is to identify if there are differences in these requirements and to propose gap filling measures for successful and EBRD compliant resettlement planning and implementation. The table below provides an overview of specific gaps between the national expropriation law vis-à-vis EBRD PR5 and the recommendations for remedy and/or mitigation in order to comply with the PR5 requirements.

Table 5: Gap Analyses - Legal Framework for Expropriation and the EBRD's PR5

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
Involuntary resettlement, physical and economic displacement	The wording used in the MNE laws is expropriation and is based on the Eminent domain power of the State	The term involuntary resettlement refers to physical or economic displacement (see paragraph 1) occurring as a result of affected individuals / communities not having the right to refuse land acquisition or restrictions on land use (See paragraph 2).	Gaps closing measures are provided in the following columns related to entitlements.
Resettlement instruments, Resettlement and/or Livelihood Restoration Frameworks and Plans	An Expropriation study as an inventory and plan of impacted land and structures, identified by cadastral plots, including list of formal owners (from the REA) is required, and is part of the design. No socio-economic assessment is undertaken . A plain census of PAPs and affected assets is part of the study. The socio-economic assessment is called for at the later stage and is conducted on a case-to-case basis. No additional land acquisition management instrument is required.	When the exact nature or magnitude of the land acquisition or restrictions on land use is still unknown, a Resettlement and/or Livelihood Restoration Framework will be developed. See paragraph 22. Once the individual project components are defined and the required information becomes available, the framework will serve as a basis for the development of a detailed Resettlement Action Plan (RAP) or Livelihood Restoration Plan (LRP). (See paragraph 22).	This LARF is developed as a gap closing measure and shall be followed by LARP once the Detailed Design is completed and impacts stemming from land acquisition are accurately identifiable.

¹² Whenever in this table reference is made to paragraphs these relate to relevant paragraphs of EBRD PR5

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
Negotiated settlements	Negotiated settlement in the context of the national law refers to a stage in the expropriation process where the state and the owner negotiate the compensation package. The Law on Expropriation allows the parties to agree on the forms and amount of compensation, as well as on the transfer of immovable property that is being expropriated outside the procedure prescribed by the Law until the decision on expropriation becomes legally valid. If such settlement is achieved the expropriation process ceases.	Negotiated settlements in acquiring land are encouraged to avoid expropriation and eliminate the need to use governmental authority to remove people forcibly. (See paragraph 10).	No gap
Information disclosure, consultation and informed participation of affected persons, including host communities	The Law requires informed participation and negotiation of the compensation packages, but does not tackle resettlement sites.	Affected persons (men and women) shall be given the opportunity to participate in the eligibility requirements, negotiation of the compensation packages, resettlement assistance, suitability of proposed resettlement sites and proposed timing. Consultations will continue during the implementation, monitoring and evaluation of compensation payment and resettlement. The client should consult with affected people and summarize the information contained in the LARP for public disclosure to ensure that they understand the compensation procedures and know what to expect at the various stages of the Project.	MONTEPUT and the BoE shall consult with affected people and summarize the information contained in the LARP for public disclosure to ensure that they understand the compensation procedures and know what to expect at the various stages. The LARF and LARP will be disclosed in line with chapter 8 of the SEP and publicly consulted and encourage feedback and incorporate any comments received. Keep LARF and LARP in public domain during Project life.
Avoidance or minimisation of displacement	The Law on Spatial Planning and Construction defines objectives of spatial and construction planning as balanced spatial development in accord with social and economic capacities.	Consideration of feasible alternative project designs to avoid or at least minimise physical and/or economic displacement, while balancing environmental, social and economic costs and benefits.	The MNE legal framework provides sufficient basis for exploring feasible alternatives in the Project planning phase.

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
	However, there are no specific legal requirements to minimize in particular involuntary resettlement.		MONTEPUT has explored modifications to the adopted route to minimize physical and/or economic displacement at the level of the Detailed design. The alternative was presented to the local communities and their feedback and acceptance solicited during September 2024. During the Detailed Design phase, further opportunities will be explored to the extent technically and financially feasible.
Cut-off date	The MNE Expropriation Law establishes the cut-off date as the day of official notification of the initiated expropriation procedure sent and received by property owners. The after the cut-off date is recorded will not be compensated, except for the costs that were indispensable for the use of the property.	The cut-off date is a moratorium date for all claims for compensation within the Project affected area. Persons who move into the project affected area after the cut-off date will not be eligible for compensation and other types of assistance.	The cut-off as the day when owners whose properties will be expropriated received the official notification of the initiated expropriation procedure. Public announcement in local language of the cut-off date is required.
Socio-economic assessment and census	The law requires Implementation of a simple baseline assessment on project affected people with formal or recognizable title, including impacts related to land acquisition but without assessment of the economic situation.	Implementation of a socio-economic baseline assessment on project-affected people, including impacts related to land acquisition and land use restrictions. See paragraph 14. Implementation of a census to identify the persons who will be displaced, determine who will be eligible for compensation and assistance and take inventory of affected land and assets. The census should also take into account seasonal resource users who may not be present in the project area during the time of the census. See paragraph 15.	Persons who have no recognisable legal right or claim to the land they occupy, including seasonal resource users such as herders/fishing families, hunter and gatherers who may have interdependent economic relations with communities located within the project area would not be enumerated in the census.

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
			Implement a full-scale socioeconomic baseline assessment in development of the LARP as mandated by this LARF
Categories of displaced persons	Based on the right to adequate housing the Expropriation law recognizes also persons without formal title to the assets they occupy and use in particular related to buildings used as primary residence if constructed prior to the Cut-off date.	EBRD PR5 recognizes the right for compensation for all cases of involuntary resettlement (as previously defined) caused by the Project. Affected persons include: - Category 1: those who have formal legal rights to the land (including customary and traditional rights recognised under national laws). - Category 2: those 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. - Category 3: those who have no recognisable legal right or claim to the land they occupy, including seasonal resource users such as herders/fishing families, hunter and gatherers who may have interdependent economic relations with communities located within the project area.(See paragraph 18).	In practice, there are no gaps when it comes to persons without formal rights (in particular in cases of physical displacement from structure constructed without a building permit). MONTEPUT has confirmed that its practice is based on the right to adequate housing and the recent Decision of the Court of Human rights in Strasbourg, France.
Entitlements in case of economic displacement (temporary or permanent)	The Law does recognize the right of (formal) owners to compensation of lost income during the period of resettlement. It also stipulates that the financial and other personal/family circumstances of the previous owner must be taken into consideration if such circumstances are “of significance to the livelihood of the owner” (large	Categories 1 and 2 are entitled to: - compensation for loss of assets or access to assets, at full replacement cost - Replacement property of equal or greater value, or cash compensation at full replacement cost	No major gaps when it comes to formal titleholders. Compensation will be provided in line with EBRD PR 5, as defined under the “Key principles of land acquisition while Specific entitlements are listed in the Entitlements Matrix ensuring informal

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
	number of household members, number of household members earning income, the health status of the household members, monthly income of the household, etc.). However, the Law does not foresee compensation for economic displacement to the same extent as PR5 (e.g. compensation for informal owners/users who will be economically displaced, ensuring a system of assistance, etc.).	Category 3 are entitled to: - Loss of assets other than land (crops, irrigation infrastructure) at full replacement cost. All three categories are entitled to: - compensation for the cost of re- establishing commercial activities elsewhere, - compensation for lost net income during the period of transition, - compensation for the costs of the transfer and reinstallation of the plant, machinery or other equipment, - transitional support based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living, - additional targeted assistance (credit facilities, training, or job opportunities) and opportunities. Owners of businesses and employees losing pay or employment are eligible to receive this assistance. Assistance to offset any loss of a communities` commonly held resource (such as rangeland and pasture, non-timber forest resources, water resources for agriculture, recreation or fishing) should be provided.	users of private land receive compensation at replacement cost for investments made to land, they do not own.

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
Entitlements in case of physical displacement	The Law allows a choice to request replacement property of equal or higher value, or cash compensation at market value.	Categories 1 and 2 should receive a choice of replacement property of equal or higher value, or cash compensation at full replacement value where appropriate. Category 3 should receive a choice of options for adequate housing with security of tenure. All categories are entitled to resettlement/ relocation assistance.	Choices shall be given in advance and without deduction of depreciation. Category 3 is unlikely to be identified but if identified such persons shall receive adequate housing with security of tenure.
Joint property	The Family law presumes that the ownership rights acquired during marriage are equally shared between spouses irrespectively if these rights are recorded as such in the Cadastral. This is defined as joint property rights of spouses. Property rights inherited or acquired with inheritance remain the sole ownership of the spouse who acquired/inherited such property. Women are equal in all aspects of life including access to formal financial institutions and/or have bank accounts.	Ensure that the documentation for ownership or occupancy and compensation is issued in the names of both spouses or single head of households, whichever is relevant to each situation, and that other resettlement assistance, such as skills training, access to credit and job opportunities are equally available to women and adapted to their needs. Alternative methods and/or modalities for compensation should be considered where women are less likely to have access to formal financial institutions and/or have bank accounts.	No gaps. In cases where PAPs (women or men) have no bank account the BoE will facilitate such bank account is opened for the PAPs to receive the compensation which is usual practice. Cash transfers are not allowed in cases of Government led land acquisition as expenditure are strictly earmarked and are regularly audited.
Compensation at full replacement cost	The compensation is defined as "fair" cash compensation, determined by the market price of the same type of property in the same or similar area of the municipality as determined by independent professional valuation experts. Depreciation is deducted from compensation (included by decreasing the market price value appraisal). Registration fees and transfer taxes are not applicable to expropriation. The Expropriation	Compensation for loss of assets will be provided at full replacement cost, usually calculated as the market value of the assets plus the transaction costs related to restoring such assets (such as registration and transfer taxes). The valuation method for determining replacement cost must be documented in LARP. Where land markets are in a formative stage, clients should seek valuation by external independent professional valuation experts.	Gap – depreciation deducted in valuation. Compensation and assistance to PAPs will be at replacement value without depreciation and allowing as determined by the EBRD PR5 and as provided in the entitlement matrix of this LARF.

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
	law stipulates that cash compensation will be increased with profit lost, moving allowance, and socio-economic characteristics of the affected household.		
Compensation in kind/cash	Compensation is provided in cash or in kind. In-kind compensation is possible if the property is agricultural land, agricultural structure (i.e. livestock breeding), business premises or living premises used for business, at owners request and if other conditions are met (if appropriate replacement property is available and property used for livelihood)	Losses that cannot be valued easily, or compensated in cash, can be compensated in kind if appropriate. Where livelihoods of affected persons are land-based, land-based compensation will be offered, taking into account seasonal and agricultural timing requirements. Payment of cash compensation for lost assets may be appropriate where: ▪ livelihoods are not land-based ▪ livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable ▪ active markets for land, housing and labour exist, displaced persons use such markets, and there is sufficient supply of land and housing.	All agricultural land and business premises owners) must be made aware of the possibility and advantages of in-kind compensation other than land, additional efforts must be made to locate possible and appropriate in-kind compensation opportunities. All measures and owners request must be documented in LARP/LRP.
Other resettlement/relocation assistance	Provision of loss of income during the relocation period depending on the actual use of property and resettlement assistance defined in Articles 46 and 35 of the Law on Expropriation	Provision of relocation/resettlement assistance sufficient for affected people to restore and, where possible, improve their standards of living and/or livelihoods. Specific resettlement assistance should be provided for the poor and the vulnerable.	No gap

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
Restoring (improving) standards of living and livelihoods, opportunities for deriving benefits from the project	The compensation as defined in the MNE law is defined as just compensation without specifically tackling the issues of pre and post standards of living. However, the concept is to replace the loss land and assets. The law is silent on opportunities for deriving benefits from the project.	The aim of compensation at full replacement cost and other resettlement assistance is to, at a minimum, restore standards of living and/or livelihoods of displaced persons to pre-displacement levels, or ideally improve them. The client will provide opportunities to displaced persons and communities to derive appropriate development benefits from the project.	Minor gap in monitoring and comparing pre and post displacement standards. To close the gap a Socio-economic survey shall be conducted to inform the LARP and allow the LARP Completion Audit to allow comparison.
Timing of compensation	The BoE is required to submit proof of financial funds for compensation prior to start of expropriation. The expropriated assets can be taken into possession when the expropriation decision is legally valid and compensation paid, or previous owner declined the payment (for any reason). However, if BoE can prove urgency needs or damages administrative authority in charge of expropriation can allow taking possession prior to compensation payment, which in practice happens often.	Compensation will be provided before displacement or imposition of restrictions. Alternative housing and/or cash compensation has to be provided prior to relocation. The process of promptly compensating economically displaced persons for loss of assets or access to assets should be initiated prior to displacement.	Taking of land and related assets after payment of compensation shall apply as a rule. If the offer for compensation is rejected by the previous owner, the land and related assets can be taken into possession once the funds equal to the offered amount have been secured and earmarked in a designated account, and with prior approval of EBRD.
Loss of benefits and income for workers and employees	No particular legal provision	In addition to compensation at full replacement cost and transitional support, displaced persons must be assisted in their efforts to improve, or at least restore, their livelihoods and living standards.	LARP shall include measures and design adequate support and assistance commensurate to the impact, as a way to bridge the gap in accordance with this LARF, and all measures must be demonstrated and documented to the satisfaction of the EBRD.

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
Gender aspects	Men and women have equal rights in Montenegro, including the right to be title holders. Spouses are presumed to be equal title holders by the law.	Women's perspectives must be obtained through consultation and their interests factored into all aspects. Documentation of ownership or occupancy and compensation should be issued in the names of both spouses wherever possible, and other resettlement assistance, such as skills training, access to credit, and job opportunities, should be equally available to women and adapted to their needs.	The process will be gender sensitive and encourage women to participate in the decision-making process.
Vulnerable groups	Compensation can be determined to a higher level from the market price taking into account the financial and other personal and family circumstances of the PAP, if those circumstances are essential for livelihood (the increased number of household members and the number of family members of working age, employed members, health status of household members, monthly household income, etc.).	The client will specifically take into account any individuals or groups that may be disadvantaged or vulnerable and undertake the necessary actions to ensure they are not disadvantaged in the resettlement process, are fully informed, aware of their rights, and able to benefit equally from the resettlement opportunities and benefits. Vulnerable or at-risk groups include people who, by virtue of gender identity, ethnicity, age, disability, economic disadvantage or social status may be more adversely affected by displacement than others or may be limited in their ability to claim or take advantage of project benefits.	MONTEPUT will identify any vulnerable persons and/or groups that might be disadvantaged in the resettlement process or that could benefit from the positive effects of the development activities. MONTEPUT and the Transport Administration of the Ministry of Transport (MoT) as BoE will liaison with the institutions and authorities administratively operating in the Project area to use existing data and knowledge to identify vulnerable groups and individuals, to provide additional measures for mitigation of impacts in coordination with such institutions and include such authorities in the Project cycle from its offset. Resettlement activities will be vulnerability sensitive.

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
Grievance Mechanism (GM)	There is no requirement to have project specific grievance mechanism, apart from the institutional one.	The Grievance Mechanism will be set up as early as possible in the process to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons and/or members of host communities, including a recourse mechanism designed to resolve disputes in an impartial manner. Consistently with the EBRD PR10, the grievance mechanism, process, or procedure should address concerns promptly and effectively, using an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, at no cost and without retribution.	MONTEPUT has established a Project Grievance Mechanism and appointed a Grievance Officer as described in the LARF and SEP scaled to the risks and adverse impacts of the Project.
Monitoring & Evaluation	No specific monitoring procedures are required by MNE laws to be implemented by the BoE.	Monitoring of the resettlement and livelihood restoration process will be carried out in accordance with EBRD PR1 and should involve key stakeholders such as the affected communities. Depending on the scale of a Project's resettlement, the client may have to commission an external completion audit of the LARP/LRP to determine that the provisions have been met. It may identify corrective measures and after their implementation, the client's obligations are brought to a close.	Monitoring and evaluation of the resettlement/livelihood restoration plan will be carried out during implementation in order to track progress, identify problems and make changes where necessary. Major changes need to be communicated and agreed with stakeholders, particularly affected people and the EBRD (and/or other lenders). A final Land Acquisition and Resettlement Execution Report will be developed and submitted to EBRD when all land acquisition has been completed and all impacts successfully mitigated.
Legal assistance	Displaced persons are provided legal advice at the initiation of land acquisition.	Displaced persons should be provided with legal assistance to help them complete administrative requirements prior	No gaps

Issue	Provisions of MNE laws relevant to land acquisition and resettlement	EBRD Policy requirements ¹²	Gaps and measures for bridging the gaps
	Any cost related to professional legal assistance provided to the displaced person is covered by the BoE	to land acquisition and, if needed, to seek redress from the courts.	
Loss of public amenities	Mitigation of loss of public utilities is well covered, but amenities in the meaning assigned by EBRD PR 5 is not.	To mitigate loss of public amenities, undertake meaningful consultation with the locally affected community to identify and agree upon a suitable alternative where possible. (See paragraph 40).	Undertake meaningful consultation with the locally affected community to identify and agree upon a suitable alternative where possible.

3 Principles, objectives and processes of Land Acquisition, Compensation and Assistance

The principles guiding land acquisition for the Project, as committed to by MONTEPUT as the key responsible entity, are as follows:

1. **MONTEPUT** has explored alternatives to avoid or at least minimize physical and economic displacement. MONTEPUT considered these alternatives through the Route change and will keep evaluating them. This ongoing evaluation is why a complete census and inventory of persons, land, and assets is available. MONTEPUT will update this information during the detailed design phase through the update of the expropriation plan.
2. **A detailed LARP will be developed as guided by the provisions of this LARF.** The development of the LARP will include a **socio-economic survey and census**, which will identify both formal and informal land/property users as well as vulnerable persons/households.
3. **Vulnerable people** affected by land acquisition will be assisted based on their specific needs, assessed on a case –by case basis;
4. All available measures to **identify owners and users** of affected land and contact them will be undertaken, and only in exceptional cases where such measures did not yield results, temporary representatives will be appointed for them in the expropriation process;
5. Eligibility and the cut-off date will be determined as follows:
 - Eligibility of persons/legal entities with formal legal rights or rights that are recognisable under national legislation will be defined through legal instruments (registration in appropriate registries, results of inheritance procedures, concluded contracts and similar).
 - Eligibility of persons with no legal rights or claims to the structures they occupy (users of structures with no legal basis), and persons affected by the relocation of a business will be determined based on their presence in the Project affected area, at the time of the census and socio-economic survey which will be the cut-off date.
 - Eligibility of persons with no legal rights or claims to the land they occupy (informal users of affected land), will be determined based on their presence in the Project affected area. This will happen at the time of site visits carried out by certified appraisers of affected land to carry out inventory of assets and their valuation or at expropriation hearings.
6. Compensation for assets will be provided at **full replacement cost**, regardless of whether they are formally registered or not;
7. **In case of physical displacement, compensation will be provided prior to taking possession of acquired assets;** in cases of acquisition of only land, as a rule, compensation will be provided when expropriation decisions are legally binding and prior to land entry and any civil works, while the only exception may be if the affected owner cannot be identified, contacted or is seeking higher compensation through the appeal process. In such cases, compensation will be executed after all legal actions have been completed in accordance with the law;
8. All compensation and assistance will be provided **equally to men and women**;

9. A **grievance mechanism** will be implemented through which all affected people can submit their complaints and grievances in relation to compensation and resettlement and expect a timely answer;
10. Compensation, resettlement and livelihood restoration activities will be **regularly monitored** including through development of a completion resettlement report.

3.1 The Cut-off date

The cut-off day will be the day of official notification of the initiated expropriation procedure sent and received to owners of property to be expropriated. Persons who encroach on the Project area after the cut-off date are not entitled to compensation or any other form of resettlement assistance. Similarly, fixed assets (such as built structures, crops, fruit trees, and woodlots) constructed after the cut-off date will not be compensated.

For potential encroachers and squatters, a moratorium notice informing the public shall be made to serve as the cut-off date for eligibility to entitlements. The date of the notice shall correspond to the commencement date of the Census. This information will include posted warnings that persons settling in the Project area after the cut-off date may be subject to removal without compensation. In addition, at the beginning of the Census, every individual surveyed shall be informed about the moratorium date and the respective consequences of commencing activities after the date of beginning the Census.

Full information about the cut-off date will be announced in line with the disclosure requirements provided in the SEP.

3.2 Census and socio-economic survey

The census is a process of compiling a 100 percent sample of individuals, households and businesses (formal or informal) who will be physically and/or economically displaced by a project.

The census will include:

- A list of all owners of affected land, structures or other assets including type of ownership for each asset – formal (registered), customary or informal (unregistered).
- A list of all users of each land plot and each structure or other assets, if different than the owners, with contact details and the basis for use – registered contract, unregistered written contract or oral contract, informal use with or without the knowledge and approval of the owner.
- A list of persons who will be economically displaced by the project and in what way (such as seasonal users of land/ resources in the project affected area or employees of affected businesses).
- In cases of physical displacement, a list of all individuals who will have to relocate.
- In cases of economic displacement, a list of businesses and their owners, type of business activity (formal or informal), lists of business employees, monthly profit and employee salaries.

The census data needs to be supported and cross-referenced with the following information:

- A list and map of affected land plots, showing the total affected area, with registration numbers, land type (agricultural, construction, industrial) and current land use (pasture, meadow, forest, orchard, and so on).

- A list and map of main structures located on each land plot, their purpose (residential or business), area size and legal status, whether formal (registered, with construction permit) or informal (unregistered, without construction permit).

Relationship between the census and socio-economic survey. The data collection and management process for the census and the socio-economic survey is largely the same, particularly with respect to field investigations. The objective of the Socio-economic survey is:

- establish a social and economic profile of affected individuals, communities and groups that will be used, among other things, to: (i) devise livelihood restoration activities, (ii) provide the pre-impact baseline against which post project livelihood restoration and standards of living will be assessed and monitored and (iii) provide the information for a gender analysis.
- census: identify all affected people.
- inventory of affected assets: provide the basis of compensation entitlements.
- vulnerability analysis to identify vulnerability factors and pre-identify vulnerable people.

The Census and inventory of assets will be developed in order to gather and analyse data and information required to identify all categories of impacts, the PAP directly affected by loss of assets caused by the implementation of the Project. The census survey also serves other essential functions:

- identifying characteristics of displaced households, including a description of production systems, labour, and household structure
- provide baseline information on PAP's livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;
- provide information on vulnerable groups or persons for whom special provisions may have to be made;
- identify public or community infrastructure, property or services that may be affected;
- provide a basis for the design of and budgeting for the resettlement program; and
- establish baseline conditions for monitoring and evaluation purposes.

As deemed relevant, additional studies on the following subjects may be required to supplement or inform the census survey:

- land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, etc.;
- the patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project; and
- social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g., community organizations, ritual groups, nongovernmental organizations (NGOs)) that may be relevant to the consultation strategy and to designing and implementing the resettlement activities.

A socio-economic survey on people affected by the Project, including all persons from impacts related to resettlement, restrictions on land use and public amenities will be undertaken. The aim of socio-economic baseline assessment is providing a realistic image of the socio-economic conditions of all affected people, households and businesses. The data collected has to be usable for identifying impacts and designing appropriate mitigation measures. The primary purpose of the socio-economic survey is to gain an understanding of the living standards of affected people / households, their sources of income, their access to services and infrastructure. Different survey forms for different target groups where necessary – for example, for households that are to be physically relocated and for businesses. The surveys will include a comments section for surveyors to note down any

observations on issues which are not included but may be of importance for resettlement planning. The survey forms have been tested and have helped refine the form and duration of the survey. The results of the survey will be presented in the resettlement/livelihood restoration plan and show why and how certain mitigation measures were designed. The survey also supplements the census data. The data collected through the survey also serves as a basis for monitoring impacts and evaluating achieved progress in restoring living standards/livelihoods during and after resettlement implementation. Comparing post displacement data collected through monitoring with the baseline data collected through the socio-economic survey will provide information on whether livelihoods and standards of living have improved, deteriorated or stayed the same.

The assessment will identify impacts within a Project's social context and the needs and rights of the affected people and develop appropriate actions to minimise and mitigate resettlement impacts. The Project's socio-economic survey questionnaire template is provided in the Annex 1 of this LARF.

To comply with the protection of personal data provided by the Law on protection of individual data of MNE (Official Gazette No. 079/08, 070/09, 044/12 and 022/17), all detailed excel files containing individual information will be kept as a separate file and at the MONTEPUT data base, available only upon request with justified interest, and will not be published.

3.3 Recording seasonal or occasional land/resource use

The ESIA identified that people use some land and assets in the project-affected area occasionally or seasonally. Other activities involving access to resources may be carried out when formal work opportunities are not available such as lumber collection. In both cases, these activities can constitute an important source of livelihood and/ or subsistence for affected households and losing access to resources can leave dependent people or households more vulnerable. This is particularly relevant to the census because if it is carried out at a time when these people are not present in the affected area, they may not be recorded and the impacts on their livelihoods will not be recognised and mitigated. It may also be impossible to determine all persons who are engaged in such activities and record them individually particularly if they normally live in a different part of the country.

To overcome challenge, the census activities will be planned at a time of year when seasonal land users are present in the project area or use the affected resources. If it is not possible to coordinate with other census activities, a separate census process may be necessary. Additionally, the census registration activity will be spread over a longer period of time to capture seasonal and/or part time use. If it is impossible to register all affected people who engage in seasonal and/or occasional land use, focus group meetings will be organised with some of them (who could be identified) and define mitigation measures for the whole group rather than individuals. Use the opportunity to collect socio-economic data on affected people during the focus group meeting, if possible. Also, there may be a need to develop a process for identifying legitimate landowners or users who are not present for the census but come forward at a later date. The process should be transparent about accepting applications of assistance after the cut-off date and the nature of any documentation that may be required.

3.4 Consideration of vulnerable people

The ESIA process has conducted a preliminary vulnerability assessment and has assessed to the extent feasible at this point vulnerability in the specific context of the project induced resettlement and the wider environment. The census has not been completed as mentioned above due to early planning stages to initially understand the vulnerability among affected people and how resettlement could impact on their lives and thus design assistance measures to involve them in

resettlement planning and benefit from development opportunities. Data have been triangulated between the Baseline of the ESIA, the information and data shared by relevant authorities active in the area of Social work and social assistance which has generated the below drivers of vulnerability in the project area:

- (i) Municipality of Kolašin. The centre for Social Work in Kolašin has confirmed 3 categories of vulnerability support: Low income and social support as the main source of livelihood (individuals that are living below the poverty line.), disability support, family care and support.
- (ii) Municipality of Andrijevisa. The centre for Social Work in Andrijevisa has confirmed a total of 3 categories of vulnerability support: Monetary support for low-income households (below the poverty line), disability support, family care support.

The following have been identified to reside in the project area and in observation of the Route change:

Table 6: Persons receiving support in the two municipalities

Settlement	Low-income Monetary support	Disability support	Home care
Municipality Kolašin			
Bare Kraljske	2	1	13
Mateševo	0	1	2
Municipality Andrijevisa			
Gnjili Potok	2	/	4
Sjenožeta	2	1	5
Kralje	3	/	24
Slatina	1	2	31

However, confirmation whether these vulnerable persons are also affected by involuntary land acquisitions and resettlement will be determined in the LARP.

For these persons compensation itself may not allow restoration of livelihood to pre-Project level and tailored assistance will be designed following the socio-economic survey in development of the LARP.

3.5 Livelihood Restoration measures wherever livelihoods are affected

Livelihood restoration measures are implemented to ensure that affected people restore or, if possible, improve their pre-project standards of living, livelihood and employment activities. It is critical that baseline socio-economic surveys fully capture both the standard of living and all the types of livelihood (monetary and non-monetary) that a displaced person/household/business is dependent on. However, some forms of livelihood may not be declared during the survey, such as those that are informal or illegal. Livelihood restoration must be coordinated with physical resettlement and factored into the choice of resettlement locations. Solutions for restoring and improving livelihoods must be appropriate for the local context and circumstances. Available options and opportunities for livelihood restoration will be explored where affected people are already living (or close to it) and factor this into decision making. Consult with relevant stakeholders, particularly

service providers and businesses active in these areas (employment services, local businesses, agencies providing education and/ or training, micro loans etc.) Make arrangements for people affected by the Project to have priority in accessing jobs created by the Project, both during construction and operation.

The aim of the Project will be to enable people to continue with the same activities as before displacement in the same or nearby locations by adequacy of compensation and additional support.

The figure below depicts Steps and factors for defining options for livelihood restoration¹³

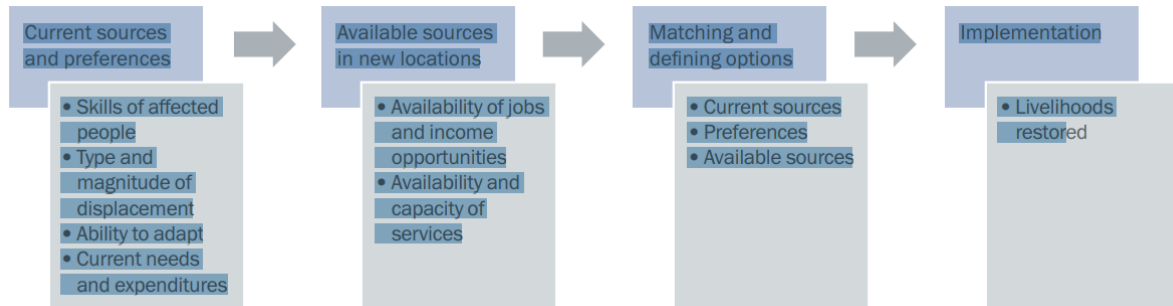


Figure 3: Steps and factors for defining options for livelihood restoration

3.6 Community facilities, utilities and public amenities

The Project may incidentally affect water or power supplies, sanitation facilities, among other things. Where impacts occur such equipment and/ or associated services will be replaced to a similar or better level. The replacement of services can be through enhancement of existing networks to ensure continued service supply. The utility providers have provided the locations of these facilities, utilities and have provided for specific avoidance and compensation measures along the route which will be in detail elaborated in the Detailed design. If impacts occur not as a result of land acquisition, but during the construction period because these were uncharted and impacts unforeseeable, such impacts will be managed in line with the relevant clauses of the EPC Contract relying on the above fundamentals.

3.7 Avoidance of Forced eviction

Forced evictions are prohibited by international human rights law, by the EBRD's ESP and by PR5. Prohibition of forced eviction applies to this Project alike. This prohibition is absolute and applies regardless of circumstances and the extent of the evictions. Expropriation is not considered a forced eviction provided it complies with the conditions stated in PR5, paragraph 13. There is a highly unlikely risk that the Project faces situations in which groups of ineligible people (for example, people having encroached on the project's footprint after the cut-off date) or people having already received their compensation refuse to leave even though all commitments under local legislation and PR5 have been met. If such a case should nonetheless occur the Project will need to get them to leave the area while avoiding an eviction that might constitute a forced eviction.

The Project will deploy the following mechanisms to avoid forced evictions but still clear the land for

¹³ Source: EBRD Resettlement Guidance good Practice Notes

the works:

- consider in a fair manner any claims by the individuals/community that refuses to leave,
- consult and liaison with trusted community members, community elders and leaders to help solve the situation,
- as a last resort address the courts to obtain formal adjudication, followed by law-enforcement actions by the relevant judicial organs, in line with processes and procedures set out in law. Where such a route is followed, any potential risks to human rights associated with public interventions by force should be assessed and mitigated.

Where all avenues to reach amicable outcomes have been exhausted and a project ends up having to proceed with unavoidable evictions, the obligation to avoid a forced eviction still applies.

Where unavoidable evictions must be exercised, MONTEPUT will Inform EBRD ahead of any eviction action being taken, including providing:

- a memo establishing the rationale for the unavoidable eviction, including a description of the origin of the issue, the rationale for the land being urgently needed, and the avoidance measures taken,
- a plan of action describing precisely how the unavoidable eviction will be conducted, and which remedies will be in place¹⁴, as well as the consultations undertaken with relevant stakeholders, including government, security forces, as warranted, and civil society organisations. Document the implementation of the unavoidable eviction by appropriate means and provide associated documentation to the EBRD.

3.8 Compensation at replacement value

The Project has accepted the Replacement value standard defined as a method of valuation yielding compensation sufficient to replace assets, and necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus such as taxes, stamp duties, legal and notarization fees, registration fees, reasonable moving costs, travel costs and any other such costs as may be incurred as a result of the transaction or transfer of property. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material and labour for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that are of the same or better standard than affected property or sufficient to enable purchase or construction of an acceptable shelter reaching minimum community standard of quality and safety, whichever is higher.

State owned land is scarce in the Project area which disables the Project to ensure in-kind

¹⁴ Such as: considering all alternatives to eviction and demonstrating the “unavoidable” character of the eviction, conducting an eviction impact assessment, respecting human rights and due process (including proper notifications, resort mechanism and availability of legal remedies), respecting the rights to information and meaningful consultation, ensuring that the eviction does not result in homelessness, taking specific safeguarding measures during and after the eviction, particularly with regard to the use of public force and presence of independent observers (see details in the United Nations Fact Sheet) (See OHCHR (2014), in particular, the section entitled “Obligations when an eviction is unavoidable”)

compensation if required by PAPs. Furthermore, experience has proven that the process of compensating in-kind is burdened with prior approvals at different levels of authorities, which protracts the process and often leads to refusal.

3.9 Process overview

This is a step-by-step presentation of the expropriation process, as defined by the Expropriation law:

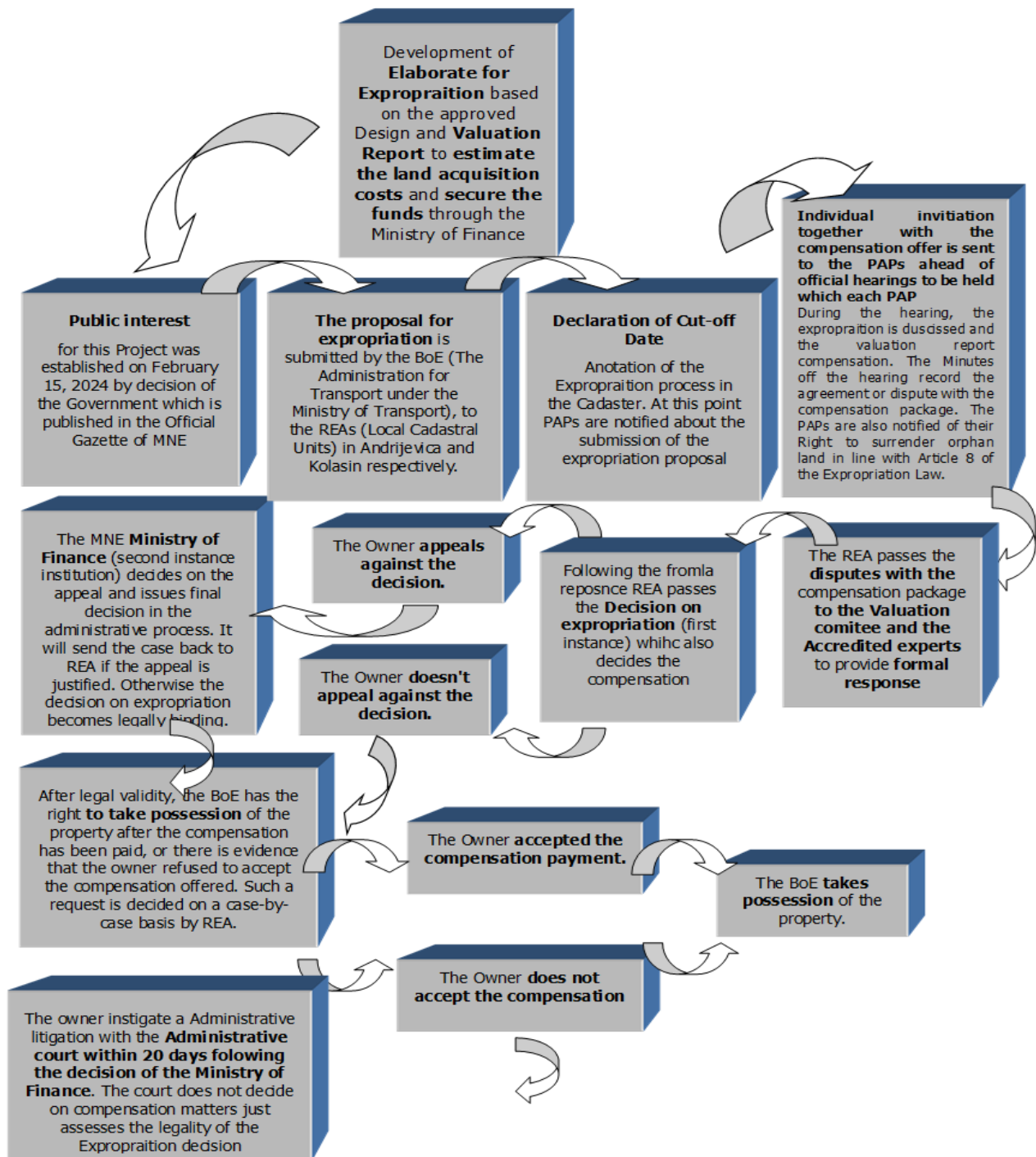


Figure 4: The Expropriation process step-by-step

4 Tentative resettlement and compensation strategy

4.1 Eligibility for compensation

All PAPs identified prior to the cut-off date shall be entitled to compensation, according to the compensation principles of this LARF.

Project Affected Persons are defined to include the following categories of persons:

- with formal or recognisable ownership rights on the land being acquired for the Project, regardless if it is entire or only part of their land, permanent or temporary occupation;
- with formal or recognisable ownership rights on immovable property (structures, trees, crops, etc), built with or without building permissions, or planted with or without landowners consent or legal rights, that are being acquired;
- with formal or informal ownership over businesses that are affected by the loss of all or part of the land or structures on which businesses are functioning;
- with formal or informal ownership over animal husbandries and agricultural processing that are affected by the loss of entire or part of the land, permanent or temporary, on which they are based;
- with title of tenancy or lease on private or public land or other immovable property being acquired for the Project, regardless it is entire or only part of their land or property, permanent or temporary occupation;
- with their livelihoods directly dependent on the affected land, structure or businesses (e.g. employees, seasonal workers);
- without any formal or recognisable legal right to the property they are occupying prior to the cut-off date; and
- users and the local communities, using public amenities (i.e. public pastures) or affected community facilities.

The entitlements for different categories of impact and PAPs shall be as per the Entitlement Matrix presented in chapter 5.2. The Entitlement matrix has provided for a broader spectrum of potential impacts some of which might not occur during the Project but have been included on a precautionary basis.

As a general rule, in case of:

- PAPs that are physically displaced from their homes (regardless of their ownership status) will be offered support in acquiring adequate replacement housing on their request, or cash compensation at replacement cost;
- Forced evictions are prohibited. Forced evictions of persons who have no recognizable legal right or claim to the land or homes they occupy (squatters) and that have no other owned property, is not allowed. The Project Promoter will offer them adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction in the future;
- Payment of compensation prior of taking possession of the property acquired for the Project is a general rule.
- Compensation for joint spouse's property will be paid out to the name of both spouses;

- In all cases of economic displacement, when the Project affects livelihoods or income generation, measures to allow affected persons to improve, or at least restore, their incomes or livelihoods shall be taken.

4.2 Entitlement Matrix

The determination of eligibility criteria is in lieu with developing and identifying the census and inventory of all assets impacted by the Project to allow full compensation in line with entitlements, eligibility for compensation and evaluation methods for resettlement under this LARF. These are summarized in the below Entitlement Matrix.

Table 7: Entitlement matrix

Type of loss/Impact	Person with rights	Compensation policy
Economic displacement		
Land		
Permanent loss of land (construction, agricultural, forest land, pastures etc) regardless to severity of loss (partial or complete loss)	Formal right holders (including customary and traditional rights recognised under national laws)	Cash compensation at full replacement value and Livelihood restoration assistance in cases of land-based livelihood
	Holders of recognisable rights	Provide support for the legal recognition of rights and, once rights are recognised, Cash compensation at full replacement value
	Formal user (tenants) of private land who cultivate land under formal agreement with formal title holder	Notice that the land is subject to expropriation at least three months in advance of land entry to enable the tenant to find other land for lease.
	Informal users (users of agricultural land and livelihood is land based)	Assistance to identify resources for use, prior to land entry (if required) Notice that the land is subject to expropriation at least three months in advance of land entry to allow the person using the land informally to find an alternative option and vacate project-affected land. Livelihood restoration assistance in cases of land-based livelihood
Agricultural, forest land and/or pastures land becoming economically unviable	Formal right holders (including customary and traditional rights recognised under national laws)	In case the remaining area of land is not viable (viability of land is assessed on a case-to-case basis by an independent expert and will take into account economic indicators, and safety and accessibility for human use or occupancy), it can be expropriated upon PAPs request and compensated according to type of property. Any identified economically unviable – orphan land, will also be acquired, if requested by the owner and determined as unviable, by certified appraisers.
Plants and structures on agricultural land (other than houses)		
Loss of annual crops, that could not have been harvested prior to land repossession	Owners of crops formal or informal	Harvesting crops or Cash compensation at replacement value. Loss of annual crop will be avoided by adjusting construction schedule

Type of loss/Impact	Person with rights	Compensation policy
Loss of perennial plants and trees (fruit bearing trees, vineyards and fruit bearing plants)	Owners of plants regardless of their formal rights and types of their tenure rights over the land	The right to collect fruits or lumber and Cash compensation at replacement value on the basis of sort, year and productive value, including the value of time needed to produce such crop and net income loss, as well as costs of investment (work and labour force), to plant a new vineyard, orchard or similar, till the moment it reaches the full fructuous potential.
Affected vineyards and orchards not yet fruit bearing		Harvesting crops/yield and Cash compensation sufficient to re-establish or buy a similar vineyard or orchard, including the value of time needed to reproduce a replacement vineyard or orchard and net income loss.
Wood mass (mature or nearly mature)		Harvesting of woods or The replacement cost determined based on the value of the “wood on the stump” at market value
Forests without mature wood mass		Harvesting of woods or Cash compensation sufficient to re-establish a similar forest, including the value of time needed to reproduce a replacement forest and net income loss.
Nursery not yet yielding		Cash compensation sufficient to re-establish planting material (nursery and other reproductive material).
Buildings used for keeping and raising livestock (sheds, stables, etc.)	Owners of structures used for keeping livestock	Cash compensation at replacement value
Impact on agricultural employees, or processors	Workers, employees	In case of disturbance of income source priority in employment on the Project, if possible and on a case-by-case basis (In accordance with social assessment processed in LARP)

Type of loss/Impact	Person with rights	Compensation policy
Business (but not agriculture)¹⁵		
Business structures (shops, café and hospitalities) etc.	Owners with formal title (including owner with legally recognisable claim), building constructed without building permit on land they own, or land owned by third persons- commonly state owned	Cash compensation at replacement value and Costs of equipment and inventory relocation and re-installation and Lost net income during the period of transition (measured based on census survey and official financial statements)
	Formal user (tenant)	Notice that the business structure is subject to expropriation at least three months in advance of land entry to allow the person to find an alternative option and vacate the premises.
Loss of non-agricultural businesses	Workers, employees	Priority in employment on the Project, if possible and on a case-by-case basis (in accordance with social assessment processed in LARP). Collaboration with the National Employment Service for Job placement agencies and the Contractor once selected (The tender for selection of contractor will include a preferential clause for local labour)
Loss of buildings (houses, flats) leased and providing source of livelihood	Owner of property	Cash compensation for lost assets at full replacement value
Physical displacement		
Buildings (residential, houses, apartments etc.)	Formal right holders (including customary and traditional rights	Cash compensation at replacement value

¹⁵ No businesses were identified up to this stage but the provisions are precautionary included

Type of loss/Impact	Person with rights	Compensation policy
	recognised under national laws) building constructed without building permit on one's own plot of land or constructed without building permit on someone else's or state-owned – not eligible for legalization	
	Holders of recognisable rights	
	Lessee of the affected property	Notice that the structure is subject to expropriation at least three months in advance of land entry to allow the person to find an alternative option and vacate the premises.
OTHER RESETTLEMENT SITUATIONS		
Impacts caused by temporary occupancy of land (for worker's camps, site offices and similar)	Property owner (including owner with legally recognisable claim)	Market price of lease for duration of the occupancy. The land must be returned to original condition. Improved quality of the land due to top soiling work should not be removed, except if agreed differently with PAP. and Replacement cost in accordance with this matrix for lost assets attached and Compensation for any damages to the property evaluated at replacement value
Established permanent easement rights on the property (i.e., right of way over land or property)	Property owner (including owner with legally recognisable claim)	Compensation for decrease of market value of land or building due to easement rights implementation and Compensation at replacement value for affected crops, orchards, nurseries etc. in accordance with relevant sections of this matrix. and Compensation for any permanent loss of income due to easement evaluated at replacement costs as assessed by accredited experts by assessing net gains potential of land after easement

Type of loss/Impact	Person with rights	Compensation policy
Impact on vulnerable groups	Vulnerable PAPs	On top of all rights defined in this matrix, vulnerable PAPs will be provided additional legal assistance and help. Any additional support required for any affected vulnerable households will be determined on case-to-case basis during socio-economic survey. Main drivers of vulnerability will rely on the vulnerability criteria for receiving support from the Centre of Social work and will be taken into account and in consultation with PAPs. LARP shall develop a detailed methodology based on the socio-economic surveys. These PAPs are given priority of employment on the Project if possible.
Restrictions on land (except in cases where such restrictions are already imposed prior to the cut-off date for reasons other than the Project)	Holder of valid construction rights prior to the cut-off date	The compensation policy shall be determined in detail in the LARP. Such right must be proven to have existed at the cut-off date and that the loss is directly and exclusively attributable to development of the Project. This will be subject to further assessment in the design and LARP. Compensation in the amount of evidenced decrease in market value of land where a structure cannot be constructed, due to decision to not issue a permit. If acquired in the context of this Project compensation and full replacement cost.
Affected community assets/facilities		
Impacts on community assets/facilities, infrastructure etc. and public amenities	Depending on the type of impacts owner of asset/facility and indirectly communities suffering impacts	In kind Restoration/Replacement for any impact/damage/loss of community assets facilities which can be restored, rehabilitated or remediated. This could also include compensation in other areas of operation (if possible and agreed by the communities) to address their development priorities.

4.3 Valuation of affected assets (principles, methodology, arrangements for valuation implementation) and cash compensation

4.3.1 Land

The Principles that are applied are based on the standard of fair value. In the context of this Project it is the market value defined as: the estimated value for which the asset could be traded on the market, as agreed between a willing buyer and a willing seller, who are completely independent from each other and have no other vested interest, after negotiations where parties have been acting in good faith, made an informed decision, without coercion. This value is increased in all cases for moving and transaction costs.

Compensation for the expropriated agricultural land shall be determined in cash in accordance with the market value of such land. The compensation for the expropriated cultivable agricultural land to a person whose livelihood depends on the revenue from that land, at his request and if the conditions for this have been met, shall be determined by giving into ownership another adequate land of the same culture and class or adequate value in the same place or within the nearby area. The compensation for the former owner of the expropriated facility that was used for raising cattle and storage or processing of agricultural products, and whose livelihood depends on the revenue from those activities, at his request and if the conditions for this are met, shall be determined by giving into the ownership another facility where he can be able to continue the performance of the activities at the place proposed by the former owner within the boundaries of his agricultural land, and in accordance with the applicable regulations. For loss of business or residential premises the Law on expropriation requires the BoE to provide replacement property if requested by the owner which shall be provided before the actual demolition of the premises.

Compensation for expropriated construction land shall be determined in money in accordance with the market price of such a land.

4.3.2 Structures

Compensation for expropriated structures, dwellings, business premises etc. shall be determined in accordance with the market price of such immovable property. The BoE may offer the PAP, at his request and if the conditions are met to do so, in ownership or co-ownership a replacement structures in the same area which, in accordance with the structure, area and location of premises correspond to the conditions of accommodation or performance of the activity, before expropriation. The BoE shall be obliged to provide the lessee of the apartment in the expropriated apartment building or apartment as a separate part of the building, before demolition of the building, with another adequate apartment for use, with security of tenure.

4.3.3 Fruit bearing trees or vineyards

Valuation for assets attached to land shall be done by accredited experts by using the replacement formula i.e. the Compensation equivalent to the cost to raise a replacement full yielding tree, including the time needed to reproduce replacement trees, and compensation for lost yields until till trees reach full productivity.

Compensation for an expropriated vineyard or orchard that give fruits shall be determined by determining compensation for the land in accordance with Article 36 of the Law on expropriation and adding to that amount the market value of non-amortized investments in growing and maintaining such a vineyard or orchard and the amount of net return that would be provided by this vineyard, with respect to its age and fertility, for the number of years necessary for the new vineyard

or orchard to grow and become fertile. Compensation for an expropriated young vineyard or orchard that do not give fruits shall be determined by determining the compensation for land in accordance with the provisions of Article 36 of this Law, and adding to that amount of the investments made for its growing and the amount of net return that would have been generated for as many years as this vineyard or orchard has until the moment of expropriation. In accordance with the provisions of paragraphs 1 and 2 of this Article, the compensation for individual trees of orchard and grapevine located on the expropriated land shall be determined.

Compensation rates is calculated in compliance with the full replacement cost principle, whereby the compensation rate “C” for one tree or the entire vineyard is determined by application of the following formula:

$$C = V \times D + CL$$

V – investment cost without depreciation

D - average time required to re-establish the tree to an adult production level, in years

CL - cost of the labour required to maintain the crop during the period of time needed to re-establish it to its previous yielding level

The calculated unit rate C is then applied to the whole plot based on the enumeration of all standing fruit bearing trees.

Compensation for expropriated nursery shall be determined as in the case of agricultural land (Article 36), and the compensation determined in such a manner shall be increased for the market price of the planting material (seedlings and other material for reproduction) that the former owner has not used until the day of transferring the immovable property to the expropriation user

4.3.4 Payment process

Following the Legal validity of the Decision of Expropriation payments are due within 15 days when the PAPs has received the Decision. Payments are made to the PAPs bank accounts. Should the PAP not hold a bank account, they will be assisted in opening such as cash payments are not permitted in the use of public funds especially in the process of expropriation.

4.4 Entitlements – Associated Considerations

Additionally, some entitlement features are explained in more details below:

The legal status of structures: The status of structures (residential and business) can vary from formally constructed structures, with all appropriate permits and registered in the Cadastre, to those that have been constructed informally, without the required permits (i.e. the construction permit) and not registered in the Cadastre. The informally constructed structures (or part of structures) can be differentiated to those that are eligible for legalization (usually constructed without permits but in accordance with urban plans and on own land) and those that are not eligible for legalization according to MNE laws (either structures are not in conformity with urban plans or there is a land ownership issue - usually constructed on public or state-owned land). In all these situations, ownership on the structures is not in question, but the status in the expropriation process could be. The MNE Law on expropriation refers to Cadastre for information on structures and ownership of structures.

In the resettlement process according to this LARF, this will be rectified by detailed Census & inventory of assets. All types of structures are eligible for compensation, as defined in the Entitlements Matrix.

Sources of livelihoods: Incomes and sources of livelihoods of affected persons/households can also be formal and informal. Persons whose incomes/sources of livelihoods are affected, regardless of their status, will be eligible for compensation and/or assistance, as defined in the Entitlements Matrix.

Resettlement Assistance: Resettlement assistance will be defined based on the outcome of the socio-economic survey, in accordance with the specific needs of affected people. This assistance is very often, but not exclusively, provided to vulnerable households and individuals which are physically or economically displaced by a Project and can include the following:

- Assistance to resettle to appropriate accommodation with security of tenure. For example, a vulnerable household that has no other place of residence than the affected informal residential structure, may be assisted to resettle to a municipal social apartment, with a long-term contract to ensure security of tenure;
- Assistance to find alternative agricultural land or living premises, if cash compensation is selected;
- Assistance to obtain personal or other documents, to help with accessing services available under national legislation;
- Assistance to access social welfare;
- Assistance to enrol children into school, to access health care, etc.
- Provision of transitional allowance;
- Assistance in relocation by helping families move to another home (relocation of furniture, equipment, personal belongings of families, etc.)

MoT and MONTEPUT will cooperate with institutions, organizations and other stakeholders that can help provide needed services, such as the Ministry of Health, Ministry of Agriculture and Rural Development, Ministry of Labour and Social Welfare, local Municipalities and other organizations to assist PAPs in accessing appropriate services and/or achieve rights to which they are legally entitled.

Transaction costs: are costs an affected owner incurs as a result of the involuntary transaction (whether negotiated or resulting from a compulsory process), which she or he would not have incurred if the Project had not taken place.

Livelihood Restoration Assistance: When implementation of the Project leads to loss of income sources and/or means of livelihood due to economic displacement of PAPs together with compensation for affected assets, MoT and MONTEPUT will implement livelihood restoration measures which will be further defined in the LARP. Such measures may include:

- Access to employment opportunities created by the Project (e.g. employment on construction);
- Local procurement of goods needed for Project implementation (local sub-contractors, construction materials, accommodation of Project workers and employees in local establishments, locally provided worker's canteens etc.);
- Transitional allowance to cover costs of re-establishing business activities elsewhere;
- Assistance to identify and access other income/livelihood generation activities;
- Providing agricultural measures, amelioration, irrigation and other training in methods of increasing yield and production, providing training for other members of a household not engaged in agriculture, etc.;

- Assistance in retraining for other available employment opportunities;
- Provision of transitional support whilst re-establishing agricultural activities;
- Moving costs and/or assistance for transport of equipment, machinery, etc.

Livelihood Restoration Assistance will be defined based on the outcome of the socio-economic survey, in accordance with the specific needs of affected people. MoT and MONTEPUT will cooperate with institutions, organizations and other stakeholders, such as Ministry of Economy, that can provide this assistance based on the court decision, Ministry of Agriculture and Rural Development, Ministry of Labour and Social Welfare, local Municipalities and other organisations to assist PAPs in accessing appropriate services and/or achieve rights to which they are legally entitled.

Impacts caused by temporary occupancy of land: All land temporarily occupied for the Project will have to be fully rehabilitated and reinstated once the agreement period for land use has ended and the land is returned to their owners. Land will be cleared of any waste and all equipment will be removed. Improved quality of the land due to top soiling work should not be removed, except if agreed differently with the PAP. Preventive measures may also include topsoil conservation to preserve the quality of the affected land, which will be implemented by awarded contractors and monitored by the MONTEPUT. The goal of these measures is to enable owners or users of the land to maintain the quality of land at least at the level before the implementation of the Project.

Gender sensitive assistance measures: Reaching EBRD standards in resettlement also requires an understanding of the differential ways that the Project will impact on women. Individual needs of gender sensitive measures will be determined during public consultations and the socio-economic survey. However, experience has proven that during public consultations most households will be represented by men although decision making is likely to be joint.

To reach a goal of identifying, designing and assessing the Project so it can promote gender specific mitigation and equal development opportunities for women and men, measures may include:

- additional support for female-headed households in negotiations, legal process, livelihood restoration and replacing assets;
- skills, job training and job opportunities for women;
- access to, and usage of, infrastructure and utilities for women;

Assistance for Vulnerable Groups: Specific measures to assist any vulnerable group identified through the Census and socio-economic surveys will be defined in accordance with their specific needs. The vulnerability criteria will correspond with the criteria used by the Centres for Social Work. The support will range from legal support need additional services from social workers. Some vulnerable PAPs may need assistance to access social welfare payments which they are entitled to. MONTEPUT and MoT will liaise with the Municipality over assistance and support to vulnerable PAPs etc.

5 Land Acquisition and Resettlement Plan (LARP)

5.1 Minimum elements of the LARP

Any project supported by EBRD where PR5 is applicable require development of a site-specific resettlement instrument once the final route is known. In agreement with EBRD and to manage effectively the land acquisition process the LARP can be developed with a phased approach. The first phase would cover the section from Mateševo to the entrance to the Tunnel Trešnjevnik, given that the alignment will unlikely change significantly for this section. In the second phase, the LARP will be expanded to cover land acquisition impacts from the exit of the Tunnel Trešnjevnik to Andrijeviča. MONTEPUT will develop the LARP in house, possibly with the assistance of the consultant providing Technical assistance to the Project, with detailed guidance as provided in this LARF. The LARP will be based on up-to-date and reliable information about (a) the proposed sub-project and its potential impacts on the displaced persons and other adversely affected groups, (b) appropriate and feasible mitigation measures, and (c) the legal and institutional arrangements required for effective implementation of resettlement measures. The Outline and minimum elements together with the Socio-economic Questionnaire tailored to the local context for development of the LARP are provided in Annex 2.

5.2 Process of development and approval of LARP

Activities on the preparation of site-specific, sub-project LARP will be disclosed in the way to enable meaningful participation of PAPs. That assumes the phase of preliminary preparations will include disclosure of preparations for population census, disclosure of census results while respecting privacy of personal information, disclosure of socio-economic baseline assessment, as well as disclosure of LARP drafts. The purpose of public disclosure and discussions is to ensure meaningful participation of PAPs in the process of preparation, implementation and monitoring of resettlement instruments.

Census survey and baseline socioeconomic studies make the core element of the LARP and will be based on principles set in chapter 4.2.

After clearance by relevant institutions as relevant the first draft of LARP shall be submitted to EBRD for review and agreement. Once reviewed and approved the LARP shall be disclosed in the manner foreseen for this LARF as defined in chapter 7 to be followed by public consultations. A Guide to Land Acquisition and Compensation will be developed. This is to ensure that affected people understand the compensation procedures and know what to expect at the various stages of the sub-project (for example, when an offer will be made to them, how long they will have to respond, grievance procedures, legal procedures to be followed if negotiations fail etc.). Outcomes of the consultation shall be documented and reported with the final document of the LARP and sent to EBRD for agreement. The final LARP will again be disclosed in areas accessible to affected people, published in local newspapers in the community(s) affected by the relevant sub-project and on internet portal of MONTEPUT, and made available throughout the Project life cycle, LARP implementation and process of resettlement.

5.3 LARP implementation

No activities on construction works can commence until and unless compensation has been paid, or appropriate compensation set aside on an escrow or similar account, or replacement property administered to PAPs, as outlined in the Entitlement Matrix. Implementation of the LARP is an

obligation of MONTEPUT and will monitor overall implementation, collaborate with the municipalities on which territory the constructions are taking place, collaborate with contractors and disclose information to PAPs and communities.

Table 8: LARF Implementation

	Activity	Responsibility	Timeline
1.	Dissemination of Project details (physical footprint, timeline etc.)	MONTEPUT	September 2024 and onwards during 2025
2.	Cut-off date	REA	Individually against each owner at the time the information on expropriation is submitted to the PAP.
3.	Census to identify all PAPs who will be economically or physically displaced Inventory and assets and socioeconomic baseline data	MONTEPUT	From April 2025
4.	Review of LARP by EBRD	EBRD	September 2025
5.	Disclosure of draft LARP	MONTEPUT	October 2025
6.	Public consultative meeting	MONTEPUT	November 2025
7.	Disclosure of final LARP	MONTEPUT	December 2025
8.	Land acquisition and Valuation of assets for both Municipalities	Evaluation Committee	January – December 2025
9.	Compensation payment	MoT	Up to December 2025 before commencement of works and taking possession over land
10.	Implementation of additional assistance and livelihood restoration measures	MONTEPUT	2025
11.	LARP interim Audit	MONTEPUT	March 2026
12.	LARP Completion Audit	External consultant/TA Consultant	Upon completion of all resettlement activities

6 Consultation and disclosure

The LARF is part of the „Disclosure package“ that contains environmental and social assessments, technical documentation and reports required for Project approval both by EBRD and the national authorities.

The LARF as part of the **Disclosure Package for this Project** will be in English and Montenegrin and will be disclosed electronically on the following website together with invitations to any public consultation, discussion or meeting:

- The website of MONTEPUT (<https://monteput.me/>)
- The website of Municipality Andrijevica (<https://opstinaandrijevica.me/>)
- The website of Municipality Kolašin (<http://www.opstinakolasin.me/>)
- EBRD's website (www.ebrd.org).

Given the constraints of digital inclusion in most of the areas within the Project area of influence, information that documents have been disclosed and the details of the planned public consultation, discussion or meeting will be sent directly to the Community elected representatives - presidents of Local Communities (Mjesna Zajednica) with printed copies made available:

- In the community offices of the local affected communities - Mjesne zajednice
- In the headquarter of MONTEPUT in Podgorica,
- In the offices of Municipalities Kolašin and Andrijevica, and
- Pertinent documents during each public consultation for review.

Notification that the Disclosure Package is available to the public and how and where it can be accessed including an invitation to attend the public presentation and consultation meeting will be also announced through:

- Social media campaigns, and
- Newspaper and radio announcements.

The disclosure package will remain available for public review during a period of 120 calendar days prior to the consideration of the Project by the EBRD's Board of Directors. During the disclosure period, MONTEPUT assisted by external consultants engaged in development of the Disclosure package will organise public consultations and encourage stakeholders to provide feedback. Following the 120-day period, after the public consultation process is completed, a Public Consultation Report will be prepared and the disclosure package updated as necessary.

7 Grievance mechanism

The EBRD's PR5 requires clients to establish a Project specific grievance mechanism to receive and facilitate the resolution of grievances from persons affected by land acquisition and resettlement. This is in addition to the national existing judicial or administrative remedies. The grievance mechanism for these impacts is part of the system established for the project as a whole per PR10 and as defined in the SEP.

The Grievance Mechanism¹⁶ is a process intended to:

- build and maintain trust with all stakeholders;
- prevent adverse consequences of failure to adequately address grievances;
- act as dispute avoidance avenue and prevent escalation to national judicial and administrative authorities, and
- help identify and manage stakeholder concerns and thus support effective risk management.

During meetings with three local communities in July 2024 it was reiterated that MONTEPUT will set up a process through which grievances are received, acknowledged, investigated and responded to – collectively referred to as the **Grievance Mechanism**. General information was provided including timeline when it is expected that MONTEPUT will formally inform all stakeholders of the Grievance Mechanism by communicating the availability, its function, the contact persons and the procedures for submitting comments/concerns or grievances through the elected representatives of the local communities i.e. Presidents of Mjesne Zajednice as the preferred option of the local communities.

The types of grievance falling in any of the typology below are admissible:

- **Grievance or complaint** – refers to an expression of dissatisfaction with the project activities related to census, valuation of land and assets, dispute over ownership, eligibility rules, compensation principles and processes, access to land before compensation has been paid compensation rates for the various types of affected asset, survey process and cut-off date, resettlement assistance measures, livelihood restoration measures etc. The grievance or complaint can refer to any breach of compensation and resettlement principle as set in this LARF.

7.1 Registering a complaint

The entire grievance process will be administered and owned by MONTEPUT who has ultimate responsibility.

The Grievance Mechanism will consist of a **Central Desk (CD)** with **Local Admission Desks** in both affected municipalities (collectively referred to as Grievance Mechanism) and will be administered by MONTEPUT.

Any grievance can be brought to the attention of the Grievance Mechanism verbally (personally or by telephone) or in writing by filling in the Public Grievance Form ([Annex 3](#)) (by personal delivery,

¹⁶ The Montenegrin legal framework does not require establishment of a Project specific grievance mechanism as a way to communicate and solve public's concerns. However, EBRD PR 10 recognizes this as an important instrument requires clients establish a Grievance Mechanism to receive and facilitate the resolution of grievances from affected stakeholders, including affected communities.

post or e-mail to the address/number given below), without any costs incurred to the complainant.

Any grievance can be submitted to the **CD** via:

Društvo sa ograničenom odgovornošću „**Monteput**“ Podgorica
To the attention of the Grievance Mechanism for the Mateševo - Andrijevića Project
Att. Milica Bijelovic– Grievance Manager
grievance@monteput.me
office@monteput.me
Address: Avda Međedovica 130
Telephone: Telephone: +382 (20) 224 493
81100 Podgorica

Details of the local access points will be disseminated as part of the grievance awareness campaign. The Grievance Procedure will be free of charge, open and accessible to all, and comments and grievances will be addressed in a non-discriminatory and transparent manner.

Grievances may also be submitted anonymously with personal information only shared if a complainant agrees and will be treated confidentially. The grievance may be submitted without the use of the form if preferred. The use of the Grievance Mechanism does not stop a person from seeking other legal or administrative remedies available under the laws of Montenegro or with international bodies. Grievance will be handled discreetly and carefully to protect complainants from retaliation. The Project will not tolerate actions of retaliation and will investigate any allegations of retaliation.

Comments/concerns will be conveyed to MONTEPUT via the same means as grievances (see section below). Once received they will enter into MONTEPUT external communication procedures and feedback will be provided according to the requirements of the procedure. Concerns will be identified and every month concerns will be analysed, and a report provided to the senior managerial level. This will alert to concerns and acting as ‘early warning’ enable swift action to be taken to address the concerns and, thus, avoid the receipt of grievances in the future.

The system and requirements (including staffing) for the grievance redress chain of action – from registration, sorting and processing, acknowledgement and follow-up, to verification and action, and finally feedback – are embodied in this GM. As a part of the GM outreach campaigns, MONTEPUT will make sure that the relevant staff are fully trained and has relevant information and expertise to provide phone consultations and receive feedback. The project will utilize the existing system (hotline, online, written and phone complaints channels) to ensure all project-related information is disseminated and complaints and responses are disaggregated and reported.

The GM will be managed by using the Community Grievance Register as provided in Annex 3. Quarterly reports in the form of Summary of complaints, types, actions taken, and progress made in terms of resolving of pending issues will be prepared and disclosed by using the dashboards from Annex 6 of the SEP. Once all possible avenues of redress have been proposed and if the complainant is still not satisfied then the GM would advise of their right to legal recourse.

The grievance system has become operational on September 1, 2024 by appointment of the Grievance Manager in order to manage and appropriately answer complaints during its different phases. In addition to the GM, legal remedies available under the national legislation remain (courts, inspections, administrative authorities etc.).

MONTEPUT will in cooperation with Local Governments and community representatives make joint efforts of informing stakeholders about the Grievance Mechanisms’ role and function, the contact persons, admission channels, and the procedures to submit a complaint. Information on the GM

including the Grievance Form (Annex 3) will be available at:

- the website of MONTEPUT <https://monteput.me/> <https://www.gov.me/mki>
- the website of Municipality Andrijevica (<https://opstinaandrijevica.me/>
- the website of Municipality Kolašin (<http://www.opstinakolasin.me/>)
- through social media campaigns.
- during the pre-construction engagements meetings.

Hard copies will be available:

- in the offices of the Local communities (Mjesne zajednice) affected by the Project, and
- at the construction site prior to commencement of construction works.

7.2 The Grievance Procedure

Grievances will be responded to in a timely manner. In some instances, such as when a complaint is a very simple matter or is more of a question or request for information, MONTEPUT may be able to resolve a complaint shortly after it is received. In this case, the complainant will be given the information necessary and the issue addressed, and the complaint will be documented and closed once the complainant is satisfied with the information offered.

When grievances or complaints are more complex, and require some investigation, the following process will be used:

Step 1: Receive & Record & Acknowledge Complaint

- Multiple points of access are available for grievances to be received by the Project
- Once the complaint is received, it will be recorded in a register.
- MONTEPUT will acknowledge receipt of the complaint by letter within **5 working days** of receipt.
- The acknowledgement letter (sample provided in Annex 6a of SEP) will specify a contact person and a description of what the complainant can expect next, including a timeline.
- Regardless of general response and resolution time frames, some complaints may require immediate attention – for example, an urgent safety issue or damages to property or life-threatening situations
- Grievances of critical nature will be escalated early on to management of MONTEPUT.

Step 2: Evaluate, Assign Owner, and Investigate

- MONTEPUT will evaluate the complaint to determine how it should be managed and, in most instances, is assumed to have the required expertise to resolve it. It will then work to understand, investigate, resolve, and follow-up with the complainant. This may involve seeking information from different departments within MONTEPUT or other external stakeholders, the Municipalities Andrijevica and Kolašin or from contractors and supervision consultants at all-time protecting the identity and personal data if so required by the complainant.
- MONTEPUT will work with the complainant to understand the cause of the issue and will need to contact the complainant during the investigation.
- Investigation of grievance should seek to establish the validity of the grievance, verify claims made by complainant and seek evidence to substantiate them, and identify appropriate resolutions where required.

- Investigation may require visiting location of grievance, engagement with other parties (including third parties), photographs and review of documents. The investigation shall be prompt and aimed to be completed within **7 working days**. In more complex cases the investigation may take longer as needed but not more than **21 working days**.
- Care must be taken to protect the identity of the complainant and their personal information.
- Findings and proposed options for resolution should be documented.

Step 3: Consult on and Implement Resolution

- MONTEPUT will discuss the results and proposed resolution with the complainant, including a timeline for implementation.
- MONTEPUT will implement the resolution either directly or through a third party, which will be done in consultation with the complainant. Resolutions will be implemented without delay to prevent further loss or damages and as soon as technically or otherwise feasible.
- MONTEPUT will implement the resolution **within 30 working days**.

Step 4: Close out and Monitor

- After the complaint has been fully investigated, the resolution implemented and monitored, and no further action is deemed necessary to resolve the issue, MONTEPUT will close-out the grievance.
- In case of anonymous grievance, the final decision will be disclosed on MONTEPUT website.
- MONTEPUT will ask the complainant to sign a statement to acknowledge resolution. Signing the statement does not preclude the complainant from raising the issue again, or seeking other avenues for redress should the resolution not result in a permanent fix or the issue recurs.
- If the complainant does not agree with the resolution offered, MONTEPUT will close the complaint however the complainant may choose to appeal the decision to close the complaint (see Step 5) or seek other recourse.
- MONTEPUT may re-open the complaint if the complainant provides new information.
- MONTEPUT may contact the complainant after closure to ensure no other problems have arisen.

Step 5: Appeal (optional if complainant is not satisfied)

- MONTEPUT has established an additional mechanism for community members to appeal closure of a complaint when they are not satisfied with the outcome of the investigation and/or the proposed resolution. The second tier panel consists of **two members** from MONTEPUT and **one** from the local community. On a case-to-case basis, the second tier panel may choose to include one or more reputable and independent third parties to advise the panel.
- The panel may decide to refuse an appeal if they feel the complaint has not been presented in good faith.
- In cases where significant community concerns are raised MONTEPUT will provide for mediation in resolution of the concerns. The selection of the mediator will be conducted in consultation with the complainant and other key stakeholders to ensure there is trust in the process.
- At any time can the aide from judicial and administrative authorities be sought without

prejudice.

7.3 Monitoring and reporting on Grievances

MONTEPUT will be responsible for:

- Overall management of the Grievance Mechanism;
- Collecting data from local admission points on the number, substance and status of complaints and uploading them into the single regional database;
- Maintaining the grievance logs on the complaints received at the central and local level;
- Monitoring outstanding issues and proposing measures to resolve them;
- Disclosing quarterly reports on GM mechanisms;
- Summarizing and analysing the qualitative data received from the local grievance admission points on the number, substance and status of complaints and uploading them into the single project database;
- Submit regular social monitoring reports which shall include a section related to GM which provides updated information on the following:
 - Status of GM implementation (procedures, training, public awareness campaigns, budgeting etc.);
 - Qualitative data on number of received grievances (applications, suggestions, complaints, requests, positive feedback) and number of resolved grievances;
 - Quantitative data on the type of grievances and responses, issues provided and grievances that remain unresolved;
 - Level of satisfaction by the measures (response) taken;
 - Any corrective measures taken.

8 Implementation arrangement, monitoring and evaluation

MONTEPUT will be responsible for ensuring the development and implementation of future LARP is in line with this LARF. This will be facilitated through MONTEPUT coordinating the Expropriation in close cooperation with the Beneficiary of Expropriation, i.e. the Transport Administration of the Ministry of Transport. The Transport administration has an experience **Land acquisition Manager on board**, who will be directly managing the land acquisition process **The LARP** will be developed by **MONTEPUTs Legal department** supported by the **Land Acquisition Manager from the Administration for Transport** of MoT and the appointed **CLO and the Consultant providing Technical assistance to the Project (selection process in ongoing)**.

9 Monitoring, evaluation and reporting

Monitoring and evaluation of the resettlement and livelihood restoration process is a requirement of EBRD PR5 and will be carried out during implementation in order to track progress, identify problems and make changes where necessary. Major changes need to be communicated and agreed with stakeholders, particularly Project Affected Persons and the EBRD.

Monitoring will be a recurring task that starts from the resettlement planning stage and involves the measurement through time of information for three purposes:

- to identify deviations from objectives and commitments so that corrections can be made where needed
- experience based learning to improve future practice, and
- to strengthen accountability and transparency on progress and issues encountered.

Evaluation assesses the performance of a completed project against initial objectives, as well as its compliance with policies, standards and the initial LARP. Improvements and corrective actions are recommended, and learning occurs through evaluation. It will take the form of a final **Land Acquisition and Resettlement Execution Report** and submitted to EBRD when all land acquisition has been completed (that is, completion of compensation delivery and processing of grievances, not necessarily including all ongoing livelihood restoration activities, which may span a number of years after all compensation has been delivered) and all impacts successfully mitigated. The report should be structured as follows:

- a summary of final project impacts (both physical and economic displacement)
- a summary of key principles, including cut-off and entitlements, guiding the resettlement plan
- a description of efforts to avoid and minimise displacement
- a summary of consultation events and outcomes, including how they influenced entitlements and other features of the land acquisition, resettlement and livelihood restoration process, and any provisions made to ensure inclusion of women and vulnerable persons in engagement activities
- a description of the compensation delivery process
- livelihood restoration activities and their interim results
- activities meant to support vulnerable people
- a description of any issues encountered and how they were resolved
- a summary of grievances received and how they were resolved, including the list of any grievances and court cases pending at the date of submission of the report
- a description of resources mobilised to plan and implement land acquisition, resettlement and livelihood restoration activities
- key results of internal monitoring (and external if applicable), outstanding issues and lessons learned.

Currently an external completion audit is not warranted as displacement impacts are not considered

significant.¹⁷

The Monitoring will be realised through the following three components.

- Input monitoring (progress monitoring) – to measure whether the activities (goods and services) have been delivered as specified in the LARP/LRP. This is regularly carried out internally, by the client, usually on a weekly and monthly basis.
- Output monitoring (performance monitoring) – to measure the results of the inputs that have been delivered, such as the number of people/households that have been resettled, received replacement land or assets, cash compensation, livelihood restoration training, and so on. This is also regularly carried out by the client, usually on a monthly and quarterly basis.
- Outcome evaluation (impact evaluation) – to measure whether the delivery of inputs and the achievement of outputs are contributing to the successful accomplishment of objectives which have been set for LARP/LRP implementation.

Table 9: Monitoring Indicators

Input indicators	Measurement values	Frequency of measurement
Overall spending on land acquisition (including a breakdown of costs)	▪ Cash compensation ▪ Moving and transitional cost ▪ Costs of taxes and legal fees ▪ Miscellaneous	Monthly
Total number of land plots affected	▪ Number	One-off through Elaborate of Expropriation and updated once the Elaborate is updated to reflect the Route change
Total number of owners (co-owners) of affected land plots	Baseline data received through the census survey Updates will be made continuously as the implementation team identifies all owners/users of all land plots (for example, through the management of grievances).	One-off during census Updates as needed
Number of formal and informal (not registered in the Cadastre) households that have to be physically displaced	Baseline data received through the census survey and Valuation Report	One-off during census Updates monthly if needed Final during the Land Acquisition and Resettlement Execution Report

¹⁷ This is based on the presentation of the changed alignment from Tunnel Trešnjevnik and Andrijevisa (total length of changed alignment is app 12km)

Number of businesses that have to be relocated	Baseline data received through the census survey and Valuation Report	Monthly
Number of submitted requests for acquisition of orphan land	Number calculated from the total number of land plots affected	Monthly
Output indicators	Measurement values	Frequency of measurement
Number (and percentage) of PAPs who accepted the compensation offer.	The percentage should be calculated from the total number of PAPs, as identified by the census/survey	Monthly until payment is completed
Number of PAPs assisted by the implementation team by type of assistance and by category (owners/users).	Assistance to move or payment of moving costs Access to employment Other assistance (and type)	Monthly
Number of newly received, open and closed grievances; any trends; and average time for grievance processing	Measure the time interval between grievance registration and closure.	Monthly
Average time for payment of compensation	Average time between acceptance of the offer/signing of the contract and the execution of compensation. This should also be regularly monitored by the implementation team to determine if there are delays which could put affected people in a difficult position.	Quarterly
Number of cases where the Project accepted to acquire orphan land	Number of positively resolved relevant to the total number of submitted cases	Monthly

10 Budget and time frame

As a general rule, the cost burden of compensation for expropriation is borne by the Government of MNE and budgeted within the Budget for the upcoming fiscal years. Costs for the implementation of this LARF include categories: (a) administrative costs including cost associated with expropriation, and (b) additional compensation for property acquisition, and asset loss, including transitional and any other allowance as necessary, as per national requirements and this LARF.

A detailed budget cannot be provided at this time and will be included in the LARP.

ANNEX 1 – EXAMPLE OF SOCIO-ECONOMIC SURVEY QUESTIONNAIRE

SOCIO-ECONOMIC SURVEY

CONSTRUCTION OF MATEŠEVO ANDRIJEVIĆ SECTION

This survey is a part of the effort to gather data needed to develop the Land Acquisition and Resettlement Action Plan and evaluating potential social impacts which the construction of Matešev – Andrijević Section might have on the impacted local communities, and especially on individuals and households whose property will be expropriated. The questionnaire has embedded questions that are relevant regarding the requirements of the European Bank for Reconstruction and Development (EBRD) (Performance Requirement 5). The data collected herein will be protected under the Data protection Act of the Republic of Montenegro and will be utilized solely for the development of the LARP and will be shared with EBRD. You are strongly encouraged to participate in the survey, so the resettlement and compensation strategies are able to take into account the unique features of your household.

I - Identification of property owner and respondent (if different from the owner)

- 1.1. Owner's name _____
- 1.2. Age and gender _____
- 1.3. Phone number. Landline _____ Mobile _____
- 1.4. Cadastral municipality in which expropriated property is located _____
- 1.5. Parcel number _____
- 1.6. Cadastral municipality in which the owner has permanent residence _____
- 1.7. Name of the respondent (if different from owner) _____
- 1.8. Age and gender _____
- 1.9. Relationship with Owner _____
- 1.10. Phone number. Landline _____ Mobile _____

II – Household structure

2. Other persons living in the same household? **YES NO** (Please mark relevant).

If **YES**, please indicate:

- Number of children under 19 years of age _____
- Number of members 19 to 65 years old _____
- Number of members 65 and older _____

3. Is there a person in the household who is unable to live independently i.e. who needs constant care? **NO YES** (Please mark relevant) If **YES**, please provide more details about this person(s):

4. Does the household exercise the right to home care and assistance?

YES NO (Please mark relevant)

III - Type of household impacts related to land acquisition:

5. What is the total area of land the household owns:

- **agriculture land** _____ m2,
- **forest land** _____ m2;
- **other land** _____ m2

6. What is the area of the parcel / land subject to expropriation _____ m2.

Note: If structures attached to the land are subject to land acquisition their area are not to be calculated herein. The data should be provided in the sheet for residential structures or business premise if on separate parcel.

7. Is the whole plot or only part of it to be expropriated? **WHOLE PART OF THE PLOT** (Please mark relevant)

8. If only part of the plot is expropriated what is the area of this part _____ m2

9. Will you file an application for expropriation of the orphan land (under Article 8 of the Law on Expropriation which enable expropriation of unviable parcel during 2 years after completion of construction works): (Please mark relevant)

- No, the whole parcel is expropriated.
- I am not interested in expropriation the orphan land.
- Yes. I will ask
- I am not aware/informed of such a possibility.

10. Is the affected land in **your sole ownership** or **co-owned by others**? (Please mark relevant).

How many co-owners _____

11. Type of expropriated land as registered in the Cadastre (Please mark relevant):

- mostly arable land,
- predominantly vineyard,
- predominantly orchard,
- something else _____

12. Do you lease the land subject to expropriation? **YES NO** (Please mark relevant)

13. Does your household employ non-domestic workers to cultivate expropriated land?

YES NO (Please mark relevant)

14. Is expropriated land an important source of income for your household?

YES NO NOT ENGAGED IN AGRICULTURE (Please mark relevant)

15. What is income per year from this parcel? _____

16. Will you continue farming after the expropriation of this agricultural land.

YES NO NOT ENGAGED IN AGRICULTURE (Please mark relevant) Why?

17. Are you planning to buy new farmland?

YES NO NOT ENGAGED IN AGRICULTURE (Please mark relevant)

If NOT engaged, please clarify why?

18. Does the land affected host auxiliary structures? YES NO (Please mark relevant)

If YES, please specify type of structures and the area:

1. _____
2. _____
3. _____
4. _____

IV – Livelihood Sources

19. Total monthly household income (cumulative for each type of income and for all household members)

Labor income (EUR / month)

Income from permanent employment	Income from own private business	Income from casual work	Pension income	Agricultural income (total per year)
EUR	EUR	EUR	EUR	EUR

Social Support income (EUR/ month)

Monetary support due to low income	Disability support	Children's allowance
EUR	EUR	EUR

Real estate income and other income (EUR./ month)

Real estate revenue		Other revenue
Renting a house or apartment	Rent of agricultural land	
EUR	EUR	EUR

20. Household debt. Does the household have a monthly loan repayment obligation?

NO YES (Please mark relevant)

21. How do you plan to spend the money received from the expropriation?

- 1. For acquisition of a building plot, house or flat
- 2. For starting a business
- 3. For acquisition of additional agricultural land
- 4. For acquisition of agricultural machines
- 5. For medicines and treatment
- 6. For savings
- 7. For children and/or grandchildren education
- 8. For everyday life
- 9. For acquisition of a car
- 10. Other, please specify _____

22. Do you know whom to approach for the protection and exercise of your rights regarding expropriation procedure and highway construction ?

1. Yes, I know
2. No, I don't know whom I can turn to
3. I will try to inform myself

If you know, please indicate the contact details you are aware of:

Please, add any comments you have in regard to the preparatory works for the Mateševo – Andrijevića Section of the Highway up to now

Thank you for your time!

Questionnaire completed _____ Date and time of interview _____

V: ADDITIONAL QUESTIONS FOR PHYSICALLY DISPLACED HOUSEHOLDS

Owner's name _____

1. The area of the plot / plot where the structure to be expropriated is located _____ m²

2. Purpose of the structure: (Please mark relevant):

- For permanent residence of the owner and / or members of his / her household
- For rest and recreation of the family members and relatives
- For agricultural work
- For rent
- Not used, not occupied

3. The gross area of the structure is _____ in square meters

4. Year of construction / reconstruction of the facility _____

5. Type of material: solid material; improvised material

6. Amenities of the structure (Please mark relevant and add as appropriate):

- kitchen
- bathroom
- connected to the water supply

- connected to the sewage system or septic tank
- has electricity
- garage
- other: _____

7. Do you plan to purchase or built a new housing facility? **YES NO** (Please mark relevant)

If YES, please tell us where this facility will be located (name of the settlement/city):

(Please mark relevant)

- Not decided yet
- In the same settlement
- In the municipal centre
- In the town outside this municipality
- Has no plan to purchase or built new housing facility

VI: ADDITIONAL QUESTIONS TO BE ASKED ONLY TO OWNERS WHO LOSE THE BUSINESS

Owner's name _____

1. Is the business premises located: (Please mark relevant)

- Within the residential structure
- It is a separate structure
- In one of the auxiliary structures (garage, etc.....)

2. Cadastre number of parcel _____ and parcel area if the business premise is located on separate parcel _____ in m2

3. Gross area of the facility / business premise space _____ m2

4. Type of business _____

5. Number of employees in the business (the owner/s of the business and members of his/her family to be included).

- Total number _____
- Out of them are household members _____
- Number of permanently employed _____
- Number of seasonally employed _____
- Other type of employment _____
- Average monthly salary of employees (all categories above). _____

6. Is relocation of equipment, inventory and machinery required? If Yes, please list the major items.

7. Does any of the equipment, inventory or machinery require dismantling by specialized companies? If yes, please state type of equipment and specifics of the dismantling process.

8. Do you plan to continue same business activity on some other place: **YES NO** (Please mark relevant)

IF YES, Where do you plan:

- In the same settlement
- In other village in the same municipality
- In the municipal centre
- Outside this municipality

IF NO, Why _____

9. Is this business the important source of revenue for your household? (Please mark relevant)

- Yes, it is the only source
- Yes, it is significant source
- It is one of several similar revenues
- No, it is not significant

ANNEX 2 – MINIMUM CONTENTS OF THE LARP

The indicative outline of the LARP

Executive summary

1. Scope of the resettlement plan: Introduction

1.1 Scope and contents of this report

1.2 Key definitions

2. Project description and potential impact

2.1 Project objectives, location, rationale and benefits

2.2 Key project components (should be brief and can refer to the ESIA for further details)

2.3 The project footprint and its associated land impacts (with maps, description and photographs as relevant)

2.4 Avoidance and minimisation of project displacement impacts (should explain the iterative process of changing and adapting the design to avoid and minimise displacement impacts, and the outcomes of such process, with tabular and cartographic illustration as relevant)

3. Legal framework (to be adapted to the context in the jurisdiction)

3.1 The Constitution (or any other fundamental law, typically establishing high-level principles related to the public interest and expropriation versus protection of the right to private property)

3.2 The expropriation law (review of principles and processes)

3.3 Land tenure regime (including customary and informal regimes as relevant)

3.4 Legislative processes (if relevant)

3.5 EBRD policy on involuntary resettlement (brief summary of PR5 and this guidance note)

3.6 Gap review (comparison of local legislation with EBRD policies and the identification of potential gaps, if any, with the proposed way forward to meet PR5)

4. Principles, objectives and processes

4.1 Key principles and objectives (should spell out in a formal manner and at high level, without details, the key commitments the project is making as regards compliance with PR5)

4.1.1 Avoidance of forced evictions

4.1.2 Cut-off date and eligibility

4.1.3 Compensation at replacement value

4.1.4 Livelihood restoration wherever livelihoods are affected

4.1.5 Consideration of vulnerable people

4.1.6 Consultation-grievance mechanisms

4.1.7 Monitoring and external reviews

4.1.8 Key principles for implementation arising from agreements with government or law, particularly where government is playing a mandatory role in implementation

4.2 Process overview

4.2.1 Negotiated settlements (the process for arriving at a negotiated agreement, collective then individual negotiations, offers, refusals, acceptance, formalisation of agreement)

4.2.2 Process in case no agreement is reached • with expropriation (formalised ownership)
• without expropriation (informal occupation)

5. Baseline of affected assets and affected persons

5.1 Census of affected assets and affected households

5.1.1 Methodology

5.1.2 Implementation

5.1.3 Results

5.2 Socio-economic baseline surveys

5.2.1 Methodology

5.2.2 Implementation

5.2.3 Results (including livelihoods, social fabric, culture,

5.3 Affected land

5.3.1 Estimates of surfaces potentially required

5.3.2 Categorisation of land needs (permanent, temporary)

5.3.3 Land tenure regimes

5.4 Affected structures

5.4.1 Estimates of numbers of affected structures

5.4.2 Categorisation of structures

5.4.3 Structure ownership regime

5.5 Affected businesses

5.5.1 Estimates of numbers of affected businesses

5.5.2 Categorisation of businesses

5.5.3 Business ownership regime

5.6 Affected people

5.6.1 Estimated number of affected households and persons

5.6.2 Economic and physical displacement

5.6.3 Summary socio-economic description and categorisation of affected persons

5.6.4 Compensation preferences

6. Resettlement and compensation strategy

6.1 Entitlements

6.1.1 Eligibility for compensation

6.1.2 Entitlement matrix

6.2 Valuation of affected assets

6.2.1 Land

6.2.2 Structures

6.2.3 Crops and trees

6.2.4 Businesses

6.3 Resettlement packages (for projects with physical displacement – category (ii) of PR5, paragraph 41)

6.4 Cash compensation

6.4.1 Rates for all different types of assets

6.4.2 Payment process

6.4.3 Cash risk mitigation (including financial training, payment in instalments or any other relevant mitigation)

6.5 Incremental land acquisition (ongoing acquisition of small pieces of land during project construction and operation, beyond the scope of this resettlement plan)

6.5.1 Scope

6.5.2 Processes (including consultation)

6.6 Gender sensitivity assessment on proposed compensation entitlements (gender analysis and mitigation of any identified gender risks)

7. Livelihood restoration and improvement

7.1 Principles (eligibility, key aspects of livelihood restoration and improvement entitlements)

7.2 Restoration and improvement of land-based livelihoods

7.3 Restoration and improvement of non-land-based livelihoods (employability enhancement, project procurement and employment, and so on)

7.4 Training

7.5 Specific aspects related to gender

7.6 Specific aspects related to vulnerability

7.7 Partnerships and linkages for the planning and implementation of livelihood restoration and improvement

8. Consultation and disclosure

8.1 Main results of consultation carried out in preparation for the resettlement plan

8.2 Engagement plan for further stages

8.3 Disclosure

9. Grievance management and redress system

9.1 Key principles

9.2 Registration of grievances

9.3 First tier of amicable settlement

9.4 Resort mechanism and mediation

9.5 Appeal to court

10. Vulnerable people

10.1 Vulnerability analysis

10.1.1 Vulnerability definition and criteria in the context of the project

10.2 Potential activities to assist vulnerable people

10.3 Arrangements for the implementation and budgeting of assistance to vulnerable people

11. Monitoring and evaluation

11.1 General objectives of monitoring and evaluation

11.2 Auditing and monitoring during implementation

11.2.1 Scope and content – internal activities

11.2.2 Scope and content – external reviews

11.2.3 Indicators, including key performance indicators

11.2.4 Reporting

11.3 Completion audit

11.3.1 Objectives and scope

11.3.2 Success/completion criteria

11.3.3 Timing and implementation arrangements for completion audit

12. Implementation responsibilities and funding

12.1 Implementation responsibilities

12.2 Budget and arrangements for funding

12.3 Time schedule (including review of compatibility of resettlement schedule with overall project construction and development schedule)

Change management -Appendix A.

Detailed results of the census and socio-economic survey Appendix B.

Census dossier and methodology Appendix C.

Template of a claim registration and follow-up form Plus any other relevant appendices

ANNEX 3 - GRIEVANCE REGISTRATION FORM

GRIEVANCE FORM –	
INFORMATION ABOUT THE PERSON SUBMITTING THE GRIEVANCE	
Reference no. _____	
Full Name Note: you can remain anonymous if you prefer or request not to disclose your identity to the third parties without your consent	First name _____ Last name _____ ☐ I wish to raise my grievance anonymously ☐ I request not to disclose my identity without my consent
Contact Information: Please mark how you would like to be contacted (mail, phone, e-mail)	☐ By Post: Please provide mailing address: _____ ☐ By Telephone: _____ ☐ By E-mail _____ ☐ I don't wish to be contacted and will follow up on the resolution on the website of MONTEPUT
Preferred Language for communication	☐ Montenegrin ☐ Other please specify _____
Description of Incident or Grievance:	What happened? Where did it happen? Who did it happen to? What is the result of the problem?
Date of Incident/ Grievance	☐ One time incident/grievance (date _____) ☐ Happened more than once (how many times? _____) ☐ On-going (currently experiencing problem)
What would you like to see happen to resolve the problem?	
Signature: _____ (not required in case of anonymous complaints) Date: _____	
Please return this form to: Društvo sa ograničenom odgovornošću „Monteput“ Podgorica To the attention of the Grievance Mechanism for the Mateševo - Andrijević Project Att. Grievance Manager Milica Bijelovic grievance@monteput.me office@monteput.me Address: Avda Međedovica 130 Telephone: +382 (20) 224 493 81100 Podgorica	

ANNEX 4 – MONITORING RECORD KEEPING TEMPLATE

-General information-

No	Site	Land acquisition required	Land acquisition completed	No. of landowners (cases)	No. of landowners received compensation	No. of landowners (cases) on courts	No. landowners yet to be offered compensation	No. of landowners who did not receive compensation	No. of physically displaced households	Duration of expropriation based on sample
		(in ha)	(in ha)							
1	To be added once selected	0.00	0.00	0	0	0	0	0	0	0
TOTAL		0.00								