

Koridori Srbije

Corridor X Highway Project

End of Term Impact Evaluation
Study for WB funded Sections on
E75 - Integrated Report

2018-015

Issue | 16 September 2019

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Job number 216219-00

Arup
77/4 Kneginje Zorke Street
11000 Belgrade11
Serbia

ARUP

Document Verification

ARUP

Job title		Corridor X Highway Project		Job number	
				216219-00	
Document title		End of Term Impact Evaluation Study for WB funded Sections on E75 - Integrated Report		File reference	
				4-10	
Document ref		2018-015			
Revision	Date	Filename	2018 01 15 ETIE WB_ Integrated report_ Draft.docx		
Draft 1	15 Jan 2018	Description	First draft		
			Prepared by	Checked by	Approved by
		Name	IH, MP	MP	AB
		Signature			
Draft 2	13 Jun 2018	Filename	2018 06 13 ETIE WB_ Integrated report_ Draft 2.docx		
		Description	Revised as per WB comments received during their site visit		
			Prepared by	Checked by	Approved by
		Name	MP, AP	MP	AB
		Signature			
Draft 3					
		Description			
			Prepared by	Checked by	Approved by
		Name			
		Signature			
Issue	16 Sep 2019	Filename	2019 09 16 ETIE WB_ E75 Integrated report_ Issue.docx		
		Description			
			Prepared by	Checked by	Approved by
		Name			
		Signature			

Issue Document Verification with Document



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Acronyms

Abbreviation	Full Name
CM	Cadastre Municipality
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ETIE	End of Term Impact Evaluation
fYROM	former Yugoslav Republic of Macedonia
GC	Grievance Commission
GoS	Government of the Republic of Serbia
HiPERB	Hellenic Plan for the Economic Reconstruction of the Balkans
IFI	International Financing Institutions
KS	Koridori Srbije
OP	Operational Policy
PAP	Project Affected Person
PERS	Public Enterprise Roads of Serbia
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
WB	World Bank

Executive Summary

- p1. The Government of the Republic of Serbia (GoS) is currently developing two southern sections of the toll highway Corridor 10 – the 86 km of E80 (from Prosek to Dimitrovgrad/Bulgarian border) and the 74 km of E75 (from Grabovnica to Levosojе/fYROM border). The subject of this report are the three sections along the E75 highway financed by the World Bank (WB):
- Section 1 from Grabovnica to Grdelica – 5.6 km (S1)
 - Section 3 Lot 6 from Tunnel Manajle to Vladicin Han – 6.0km (S3L6)
 - Section 4 from Vladicin Han – Donji Neradovac – 26.3km (S4)
- p2. The objective of this integrated report is to assess the impact and management of the land expropriation process undertaken for the project sections financed by the WB as well as impacts on the local community resulting from implementation of works on those sections.
- p3. The entire 160 km of Corridor 10 project required significant land expropriation with over 10,000 expropriation cases processed to date, and also included involuntary resettlement. As part of the loan agreements to finance this project the International Finance Institutions (IFIs), among them WB, requested that the land acquisition process is implemented in line with international best practice at the time (namely, the World Bank OP 4.12). To that end, the Resettlement Policy Framework (RPF) was developed and approved in 2009, to bridge the gaps between the local legislation requirements and the IFI requirements. Later the Resettlement Action Plan (RAP) was prepared for each of these sections. RAPs for the sections S1 and S4 were published in 2011, and the RAP for the S3L6 was published in 2014.
- p4. The construction of sections financed by the WB affected 3 municipalities – Leskovac, Vladicin Han and Vranje. Sections Grabovnica – Grdelica and Tunnel Manajle – Vladicin Han affected only one municipality – Leskovac nad Vladicin Han municipality respectively, but the Vladicin Han – Donji Neradovac section affected two municipalities: Vladicin Han and Vranje.
- p5. 2,296 cases covering 225ha of land were processed on the WB funded sections of E75 highway. Impacts on the community are inevitable during a construction project of this size. Some of these impacts tend to be negative as the physical impact of a highway construction project presents difficulties for local residents due to local roads being damaged by heavy vehicles, access to land is restricted by construction, other access mediums (bridges and overpasses) are blocked and damaged, and the negative externalities of the main construction project (refuse and pollution) can encroach private property and damage the utility networks of non-expropriated land owned by local community members. However, construction works also bring benefits to a community.
- p6. One of the positive aspects of the project is financial gain. Compensation rates for E75 sections financed by the WB ranged from 380 to 750 RSD for farm land and are considered higher than the market price. In addition to compensation under expropriation for land, crops and structures, PAPs received transitional allowance for expropriation of residential

structures and reimbursement for loss of income, when business structures were affected. PAPs also received rental allowances for the plots that weren't expropriated, but temporarily occupied by the Contractor during the construction works. The project had a positive impact on the consumer spending of the affected households, allowing the PAPs to buy houses, agriculture machines, cars and valuable household appliances and enabling them to improve their living conditions in a sustainable manner.

p7. The project also posed a great opportunity for employment and 43.6% of PAPs and 11.4% of the respondents from the Control surveys reported that one or more members of their households were employed with the Contractor. Indirectly, the project positively affected local businesses, such as restaurants, cafes and petrol station, which is reflected in higher turnovers due to increased number of people in the area.

And ultimately, the new highway provides access-related benefits to the communities, due to the vicinity of the new road. It is now easier for the members of the community to reach public service institutions and municipality centres. Additionally, local roads are now less congested and safer.

p8. On the whole, more surveyed PAPs said that they had experienced positive impacts rather than negative impacts, suggesting that the financial benefit of the expropriation generally outweighed the severity of the inconveniences to the local community. However, certain areas with room for improvement were identified during the project implementation.

p9. One of the key challenges to the delivery of land expropriation and mitigation of social and resettlement impacts is participation of the multiple entities responsible for different aspects of land expropriation and mitigation of social and resettlement impacts. As a consequence, monitoring and recordkeeping weren't clearly assigned and that resulted in inconsistently maintained records between the involved institutions. Furthermore, the lack of a more systematic and coordinated stakeholder engagement approach at times caused confusion among locals and reinforced negative perceptions of the local community. Although there appeared to be some differences among contractors in terms of cooperation with the community, lack of binding contractual commitments to mitigate social impacts at a Contractor level represented another challenge. Limited resources among involved entities in the early stages of the project caused limited consultations with the local communities. However, the capacity of KS increased with time and they are now sufficient to manage the expropriation process themselves.

p10. Other conclusions as well as recommendations for future projects involving resettlement are presented in Chapters 4 and 5 of this report.

1 Introduction

- p11. The Corridor 10 is one of the most important pan-European transport corridors which connects Austria, Hungary, Slovenia, Croatia, Serbia, Bulgaria, Macedonia (fYROM) and Greece. The Government of the Republic of Serbia (GoS) is currently implementing several projects along the route of the Corridor to upgrade the existing road network to dual carriage way motorway along the entire Corridor. The goal of these projects is to create a transport system of the Republic of Serbia that will be compatible with the transport system of the European Union, facilitate sustainable economic development and ensure that the country capitalizes on its geographical position to continue its development as a key transit country within the Trans-European Network.
- p12. The Government of the Republic of Serbia requested the assistance of the World Bank (WB) to lead the preparation and contribute to the financing of a program to develop two southern sections of Corridor 10 Highway project which includes the construction of 160 km of motorway south of Nis: Section E80 (from Prosek to Dimitrovgrad/Bulgarian border) and Section E75 (from Grabovnica to Levosoje/fYROM border).
- p13. The original cost estimate of the Corridor 10 Highway project was 1.3 billion EUR. The project is financed in parallel by the three International Financing Institutions (IFIs) referred to above and one bilateral donor, as indicated below:
- World Bank (WB) – EUR 298.5 million (US\$ 388 million equivalent);
 - European Bank for Reconstruction and Development (EBRD) – EUR 150 million;
 - European Investment Bank (EIB) – EUR 600 million;
 - Hellenic Plan for the Economic Reconstruction of the Balkans (HiPERB) – EUR 100 million.
- p14. GoS is also co-financing the project, along with having full responsibility for land acquisition and resettlement for the entire scheme.

1.1 Project Description

- p15. The new toll motorways of the Corridor 10 comprise 86 km of the E80 (Nis to Dimitrovgrad) and 74 km alongside the E75 (Grabovnica – Levosoje). These two main sections of the project have been divided into smaller sections and lots as demonstrated in the Tables 1 and 2 below. The subject of this report are three sections of the E75 highway where construction works are financed directly by WB, namely: Section 1 Grabovnica – Grdelica (S1), Section 3 Lot 6 Tunnel Manajle – Vladicin Han (S3 L6) and Section 4 Vladicin Han – Donji Neradovac (S4) as highlighted in Table 2 and Figure 1 below.

Table 1 Sections of the Corridor 10 E80

E80 SECTOR EAST					
Section	Lots	NAME OF THE SECTION		Length	Financed by
		From	To		
1	1	Prosek	Bancarevo	22.5 km	EIB
	2	Bancarevo	Crvena Reka		
	3	Bancarevo Tunnel			
2	1,2	Crvena Reka	Čiflik	12.7 km	EBRD
3	1	Čiflik	Staničenje	22.6 km	EIB
	2	Staničenje	Pirot East		
	3	Parallel Non-Commercial Road (PNCR) Čiflik – Pirot East		22.5 km	EBRD
4	1,2	Pirot	Dimitrovgrad	14.3 km	EBRD
5	1,2	Dimitrovgrad Bypass		8.7 km	WB
	3	Dimitrovgrad Bypass Tunnels			

Table 2 Sections of the Corridor 10 E75

E75 SECTOR SOUTH					
Section	Lots	NAME OF THE SECTION		Length	Financed by
		From	To		
1	1	Grabovnica	Grdelica	5.6 km	WB
2	1	Grdelica	Predejane	13.4 km	EIB
	2	Predejane	Carčina Dolina		
	3	Predejane Tunnel			
3	4	Manajle Tunnel		14 km	EIB
	5	Caričina Dolina	Manajle		
	6	Manajle	Vladičin Han		WB
4	1	Vladičin Han	Donji Neradovac	26.3 km	WB
5	1	Donji Neradovac	Srpska Kuća	16 km	HiPERB
	2	Srpska Kuća	Levosoje		GoS

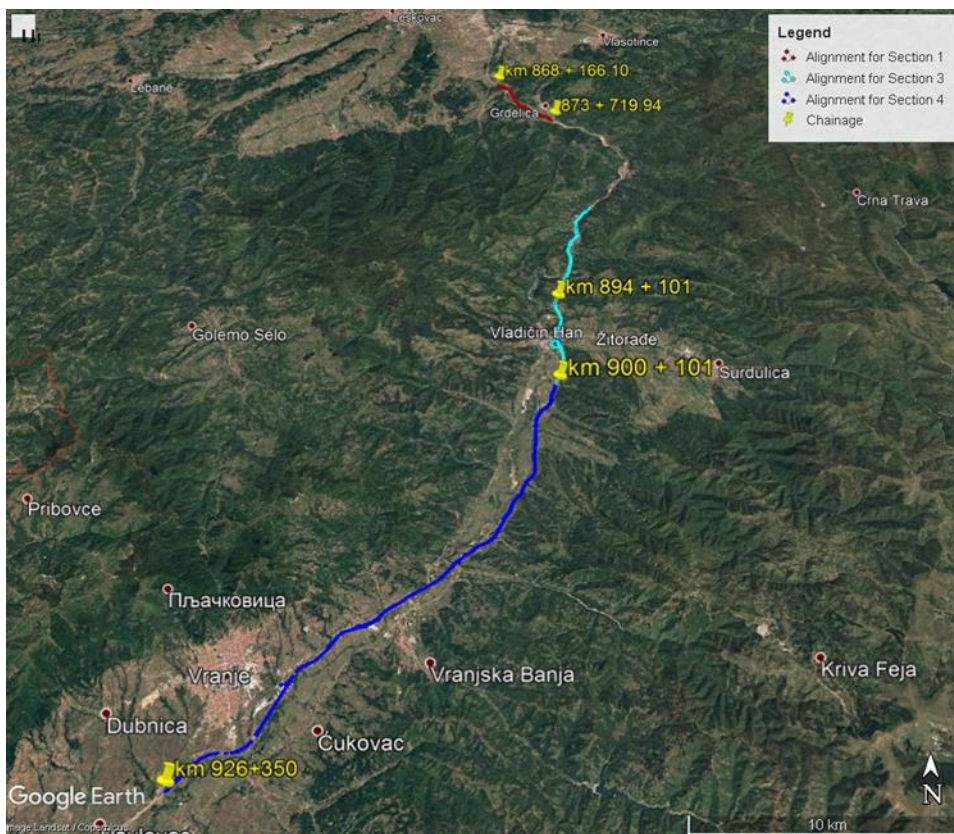


Figure 1 E75 Section South - Section 1 marked in red; Section S3 marked in light blue (lot 6 is marked with chainage), and Section 4 marked in dark blue

p16. The Corridor 10 project covers a relatively large area and requires significant land expropriation and involuntary resettlement. One of the requirements of the IFIs during the preparation of the project and particularly during loan negotiation was that the land expropriation process is implemented in line with the international best practice. The Resettlement Policy Framework (RPF) was signed by the GoS and IFIs in 2009. It states that the land expropriation for the project needs to be conducted in accordance with the WB requirements (OP 4.12). Koridori Srbije (KS), the Implementing Agent of the project, were tasked with setting up and implementing the processes to achieve compliance with the IFI requirements. The land expropriation process for the E75 sections financed by the WB began in 2011 for S1 and S4 and in 2012 for S3 L6 and has now been largely completed. With the works on S1 and S4 now completed, and on S3 L6 reaching final stages, KS considers that conditions have been met to conduct the End of Term Impact Evaluation study (ETIE) on resettlement for these sections of the project.

p17. The objective of the ETIE study is to independently assess the impact and management of the land expropriation process undertaken for the E75 project sections financed by the WB as well as impacts on the local community resulting from implementation of works on those sections. The impact evaluation was undertaken by assessing present living conditions of the project affected people (PAPs) in reference to the conditions prior to the start of expropriation, as well as comparing the current living conditions of PAPs to the rest of the local community. The evaluation assessed the impact of compensation and assistance

provided to the affected people to mitigate impacts of physical and economic displacement, restore their livelihoods and, where possible, improve their living standards.

p18. The key findings are presented in chapters 2 and 3 of this report, where chapter 2 includes the summary of impacts on each works section and chapter 3 covers procedural issues applicable across all sections affected. Chapters 4 and 5 includes the summary of conclusions and recommendations.

1.1.1 Approach and Methodology

p19. The purpose of this End of Term Impact Evaluation study is to assess the efficiency of the expropriation process undertaken for this project section and its effects on the local community vis-à-vis socio-economic conditions prior to the impact. The study also evaluates institutional arrangements, stakeholder engagement and the grievance mechanism adopted for this road section.

p20. Prior to the commencement of the ETIE studies for the WB funded project sections of the E75 Highway, the Consultant developed and agreed with KS a methodology for undertaking these evaluations. This methodology is described in detail in Appendix A.

2 Summary of Key Findings

p21. A brief description and impacts noted on the three WB funded projects on E75 are presented in this chapter.

2.1 Description of sections

p22. A summary of key information for each of the sections is presented below.

Table 3 Summary of key information for E75 Section 1 (Grabovnica - Grdelica)

Summary of key information on E75 Section 1 (Grabovnica - Grdelica)	
Length	5.6 km
Financing	World Bank
Municipalities Affected	Leskovac
Cadastre Municipalities Affected	Mala Kopasnica, Grdelica, Oraovica
Contractor	Terna S.A.
Supervising Engineer	Louis Berger
Beginning of works	June 2012
Substantial completion	18 November 2016
Declaration of Public Interest (cut-off date)	Decision of the Government of the Republic of Serbia 05 No 465-9357/2010 dated 16 December 2010
Expropriation start and end date	2011 – 2011 (most cases processed by the end of the same year to ensure Contractor's accesses to land)

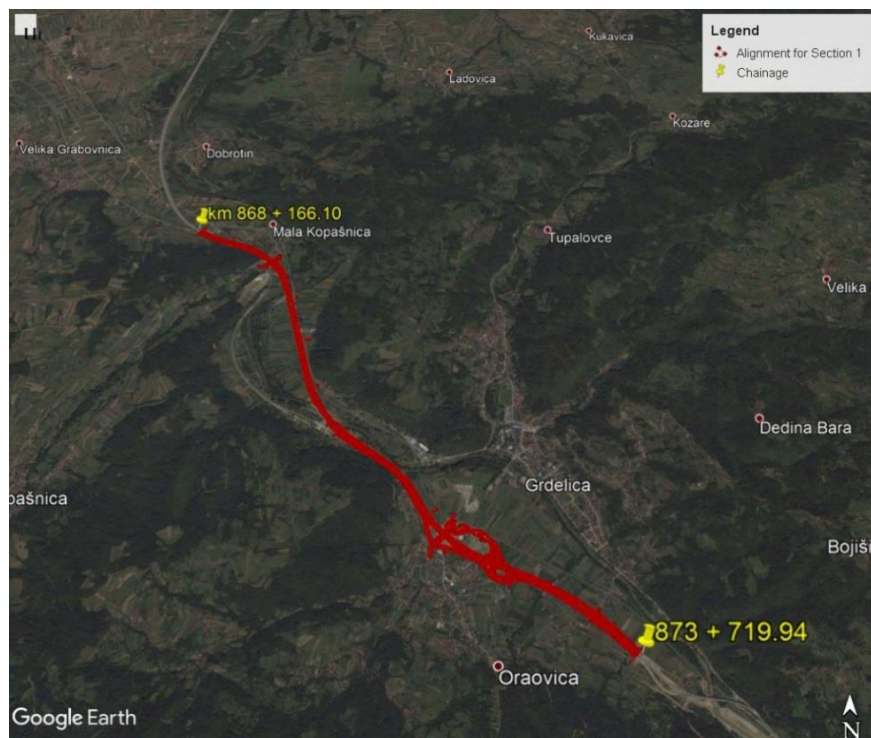


Figure 2 Map of the alignment of the section Grabovnica - Grdelica

Table 4 Summary of key information for Section 3 L6 (Tunnel Manajle – Vladicin Han)

Summary of key information on Section 3 L6 (Tunnel Manajle – Vladicin Han)	
Length	6 km
Financing	World Banka
Municipalities Affected	Vladicin Han
Cadastre Municipalities Affected	Krzince, Prekodolce, Vladicin Han 05, Vladicin Han 03, Polom
Contractor	Joint Venture Azvi-Rubau
Supervising Engineer	Louis Berger
Beginning of works	April 2015
Substantial completion	75% at the time of this report
Declaration of Public Interest (cut-off date)	Decision of the Government of the Republic of Serbia No. 465-9984/2011, dated 29 December 2011
Expropriation start and end date	2012 –2014 (most cases processed by 2014 to ensure Contractor’s accesses to land)

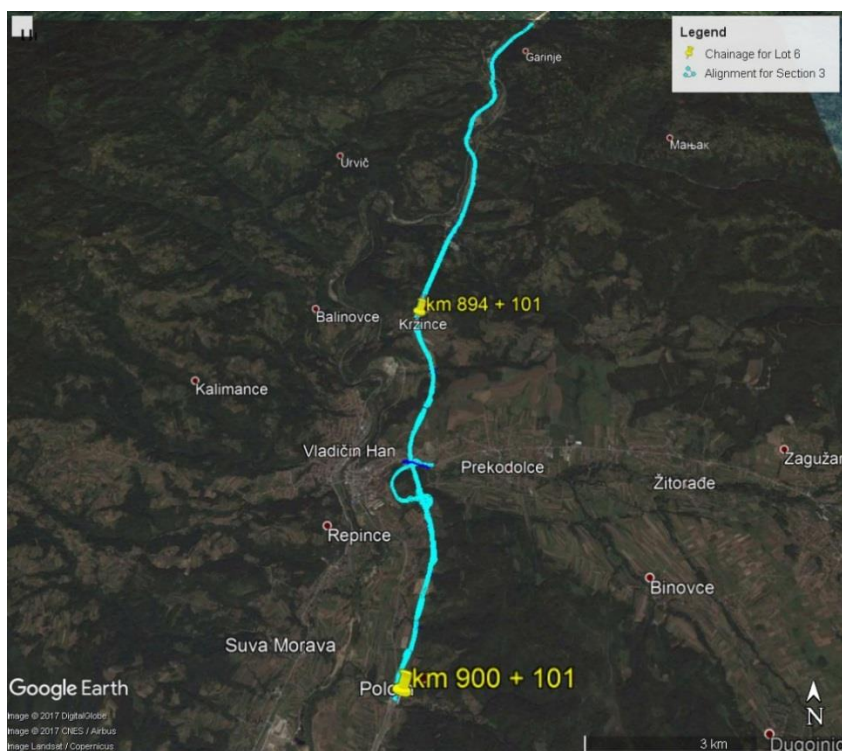


Figure 3 Map of the alignment of the Section 3 with the Lot 6 Tunnel Manajle – Vladicin Han within the marked chainage

Table 5 Summary of key information for Section 4 (Vladicin Han – Donji Neradovac)

Summary of key information on Section 4 (Vladicin Han – Donji Neradovac)	
Length	26.3 km
Financing	World Bank
Municipalities Affected	Vladicin Han, Vranje
Cadastral Municipalities Affected	Dekutinice, Gramadje, Polom, Vrbovo, Panevlje, Mazarac, Prevalac, Korbevac, Mostanica, Bresnica, Kumarevo, Ranutovac, Suvi Dol, Vranje II and I, Ribince, Donji Neradovac
Contractor	Terna S.A.
Supervising Engineer	Louis Berger
Beginning of works	June 2012
Substantial completion	November 2015
Declaration of Public Interest (cut-off date)	Decision of the Government of the Republic of Serbia 05 No. 465-9774/2010 dated 29 December 2010
Expropriation start and end date	2011 – 2012 (most cases processed by 2012 to ensure Contractor's accesses to land)

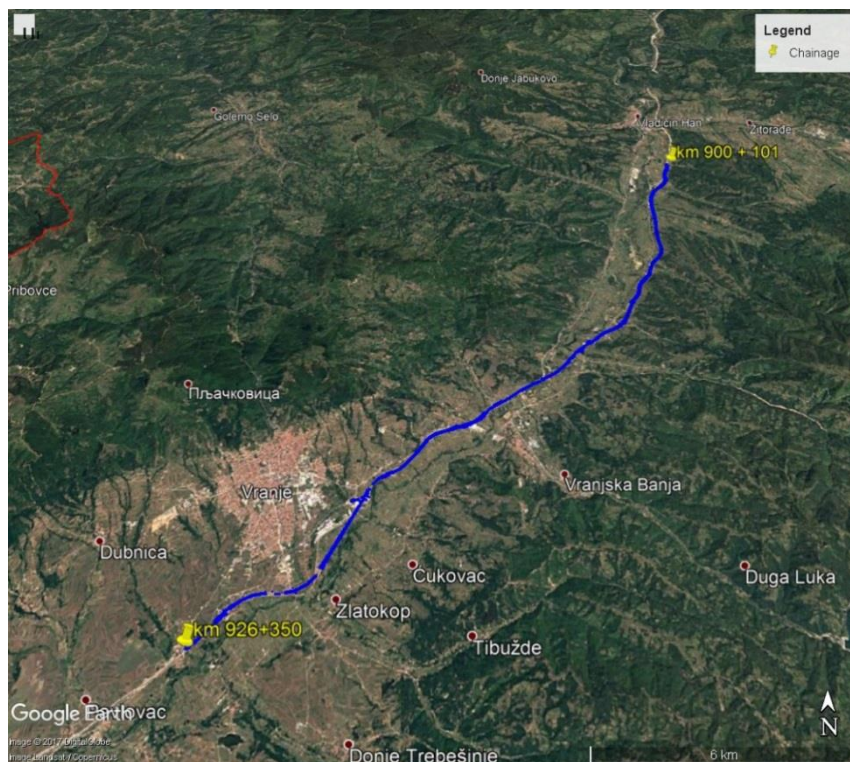


Figure 4 Map of the alignment of the section Vladicin Han – Donji Neradovac

2.2 Key impacts

p23. The table below summarises key impacts to land and people on these sections, based on records provided by KS and PERS.

Table 6 Key expropriation data for all three sections

Categories	Section 1 Grabovnica – Grdelica	Section 3 L6 Tunnel Manajle – Vladicin Han	Section 4 Vladicin Han – Donji Neradovac		Total
			Vladicin Han Municipality	Vranje Municipality	
No. of expropriation cases	311	322	519	1,144	2,296
No. of PAPs (individual private owners)	297	300	494	1,075	2,166
No. of PAPs (public owners)	12	14	23	41	90
No. of parcels	516	554	1,186	1,837	4,093
Total area acquired through Administrative Transfer (m ²)	261,276	94,127	392,587	1,509,819	2,257,809
Total area acquired through expropriation (m ²)	308,688	406,801	469,338	982,839	2,167,666

Categories	Section 1 Grabovnica – Grdelica	Section 3 L6 Tunnel Manajle – Vladicin Han	Section 4 Vladicin Han – Donji Neradovac		Total
			Vladicin Han Municipality	Vranje Municipality	
No. of expr. cases with residential structures	6	4	9 (5 residential, 4 vacant)	27 (23 residential, 2 vacant, 2 vacation houses)	46
No of land parcels with residential structures (expr. as unviable)	9	0	5 (3 residential, 2 vacant)	14 (12 residential, 2 vacant)	28
No. of expr. cases with auxiliary structures	7	19	62	53	141
No. of expr. cases with businesses	1	0	1	1 (potential)	3
No of land parcels with expropriated crops	311	145	258	444	1,158
Outstanding court procedures	10	10	0	3	23

2.3 Land Acquisition – Expropriation, Lease and Compensation

Legal Framework and Project's Institutional Arrangements

p24. The legal framework pertaining to involuntary resettlement in Serbia deals primarily with compensation for land and other assets expropriated where infrastructure and other forms of development are undertaken in the Public Interest.

p25. The main laws regulating the acquisition of land and other property undertaken in the Public Interest include:

- Republic of Serbia Expropriation Law (published in Official Gazette No 53/95, amendment in OG 16/2001, amendment in OG 20/2009 and latest amendment in OG 55/2013 which included the ruling of the Constitutional court with regards to compensation);
- Law on General Administrative Procedure (published in Official Gazette No 33/97, amendment in OG No. 31/2001 and later in OG 30/2010);
- Law of Contracts and Torts (published in Official Gazette No. 29/78, with amendments in OGs No. 39/85, 45/89, 57/89, 31/93 and 1/2003);
- Law of Planning and Construction (published in Official Gazette No 72/2009, with amendments in 81/2009, ... 145/2014) Previous version valid at the time of land acquisition for this section was published in 2003 OG 47/03);

- Law on Agricultural Land (published in Official Gazette No 62/2006, amendment in OG 65/2008 and OG 41/2009).

p26. However with the involvement from the IFIs in financing the construction of the highway, IFI requirements were also applicable for this project. Most notably:

- World Bank operational policy on Involuntary Resettlement O.P. 4.12 (December 2001)

p27. The process of land expropriation and compensation under the Serbian law includes several institutions. Key institutions involved in the Expropriation process for this project are presented in Appendix B.

p28. In general, the institutional framework for expropriation in Serbia is strong and broadly compatible with the IFI requirements at the time the loan was signed, especially with the World Bank OP 4.12 which was adopted by all IFIs as their primary reference. Nevertheless, there are some areas in which the national legislation differs from OP 4.12 requirements as indicated below:

- No requirement for the development of a Resettlement Action Plan;
- The lack of recognition of owners without formal title by the national legislation;
- Valuation of assets inclusive of depreciation costs;
- Lack of comprehensive provisions for additional assistance to affected people for restoration of livelihood;
- Lack of comprehensive methodology for identifying vulnerable people affected by the project as well as clear provisions for additional assistance to vulnerable groups;
- Lack of provisions for monitoring and evaluation of land expropriation and resettlement impacts and mitigation measures.

p29. This was mediated in part through the Resettlement Framework (RPF) which was adopted by the GoS and IFIs in 2009. During project implementation KS and PERS demonstrated commitment to bridge these gaps where feasible, as described in this report. Key principles and processes of the undertaken expropriation are described below.

p30. According to the national legislation the expropriation process begins, from the perspective of the land owners, following the Declaration of Public Interest for the highway. The date when the public interest is declared is also considered to be the cut-off date for the assessment of the value of land and any associated properties on that land.

Design Considerations Related to Land Expropriation

p31. In order for Public Interest to be declared, the Beneficiary of Expropriation needs to present to the government a feasibility study justifying the need for specific expropriation. This study includes the estimated land affected, and where possible number of affected land plots, as well as a breakdown of costs associated with expropriation. The feasibility study contains review of alternative alignments and justification for the chosen alternative. However some design alterations are possible in later stages, usually due to technical issues.

p32. During the feasibility stage several options were considered, taking into account the topography of the area, the existing infrastructure, affected communities, as well as technical difficulty and cost of construction. The adopted alignment mostly follows the existing regional road along the valley but diverts from larger settlements, except in the case of Vladicin Han. The impact to the town were mitigated by allowing the highway to cross the area via two bridges and a tunnel, thus limiting the land take, and subsequently resettlement. There were no major alterations to the alignment on E75 during construction however some small alterations to the design were made, some at the request of the local community and some due to technical reasons.

Planning resettlement

p33. Under the Serbian Expropriation Law, Resettlement Action Plans (RAPs) are not required to be developed for major infrastructure projects declared to be in the public interest. There are however comprehensive laws in place that ensure people affected by such infrastructure projects are compensated fairly, based on the market value, for any land, houses or other property that is expropriated.

p34. For this project the land expropriation process was further strengthened through the provisions of the Resettlement Policy Framework. RAPs were ultimately developed for all sections of the K10 project, in line with the RPF requirements. They provided additional insight into the socio-economic conditions of the affected communities and included preliminary inventory of PAPs for each section. Most RAPs were developed in 2011 and early 2012, after expropriation had already begun on some of the sections, and their purpose was more in recording the current conditions rather than providing specific instructions for actions to be undertaken. The exemption is the RAP for section Tunnel Manajle – Vladicin Han (E75 S3 L6) which was developed as a standalone document separate from the original RAP for the entire section 3, which included several performance indicators for analysis.

p35. Also according to the national legislation, PERS were not required to prepare a baseline census of the affected people apart from the basic inventory of PAPs which is prepared based on the main designs and the information from the cadastre. Nevertheless, PERS keeps an updated inventory of affected people which includes information on the timeline of expropriation for each case, details on the expropriated assets and any issues occurring (complaints, court procedures, etc.), however this inventory doesn't include information on paid compensation as this information is recorded by a different department of PERS (financial dept).

2.3.1 Permanent Expropriation

p36. As per the decision made by KS and PERS at concept stage, all land needed for the construction of the highway was permanently expropriated and there was no temporary land expropriation as per the Serbian law. This includes the land needed for the actual highway plus the adjacent area, access roads, deposit areas, borrow pits, land needed for relocation of existing utilities (power cable towers, transmitters, water and wastewater networks, etc.), river regulations etc. The only temporary acquisition of land was undertaken by the Contractors under supervision of KS, for land temporarily needed during construction.

- p37. The land expropriation process for the sections financed by the WB began in 2011 for S1 and S4 and in 2012 for S3 L6. According to PERS and KS most of the expropriation was finished by 2012 for S1 and S4 and by 2014 for S3L6, in terms of ensuring Contractors access to land. This meant that all of the identified land parcels required for the construction were either in the property of PERS (compensation was agreed and paid) or were the subject of an ongoing judicial process. For the land parcels which were the subject of the judicial processes, access was granted through the Decision issued by the Ministry of Finance allowing access on the basis of public interest. This Decision grants access while the court procedures, initiated by the PAPs, continue in parallel. The Decision also grants the legal authority for assisted possession of land and property in cases when the owner refuses to vacate the property. As this is an unpopular measure and isn't in line with IFIs' principles, it is typically left as a last resort and only when the delay in access starts causing significant and costly delays in the construction works.
- p38. During construction, additional expropriation took place on all three sections, mostly for the purpose of widening the construction area (transport routes and deposit areas), borrow pits, electricity poles, construction of access roads, river regulations, etc. These additional cases predominantly involved small areas of land and typically affected previously identified PAPs.
- p39. Koridori Srbije assigned to the Architecture Company Urbanopolis Ltd. design of the Project Plan for Construction of the Park Vrla. According to the design, two phases of the project were anticipated. It was confirmed during the site visit, that most of the land needed for the realisation of Phase 1 was state-owned, while only one parcel was privately-owned. As the construction permit is not required for this type of projects (Official Gazette of RS, No. 72/09, 81/09, 64/10, 24/11, 121/12, 42/13, 98/13, 132/14, 145/14), land acquisition can be carried out through an agreement with the owners, instead of the expropriation process. The Project Plan for Construction of the Park was later disregarded, and the land acquisition was not carried out.

Compensation

- p40. In accordance with the Expropriation Law of Serbia, affected people were first offered compensation in-kind. During the interviews representatives of PERS stated that the Ministry of Agriculture initially started the process of identifying replacement parcels within the same cadastre municipalities or the neighbouring cadastre municipalities to be offered to the affected people. However, a vast majority of PAPs refused these offhand and opted for monetary compensation. Undertaken surveys support this finding indicating that land owners who noted that they were offered replacement land were not interested in compensation in-kind, while most of them reported that this offer was not made at all. It is also indicative that less than 15% of the surveyed PAPs invested their compensation money in purchasing new land and in most of those cases this included land parcels for rebuilding the houses and property which was expropriated. This corresponds to similar findings across other sections of the Project. The main reasons for choosing monetary compensation over replacement land stated by survey respondents were poorer quality of the offered replacement land as well as unsuitable location of land parcels (greater distance to place of residence, higher transport costs, etc.).

- p41. During the process of defining the compensation to be offered, PERS and KS adopted the approach of uniformed prices for land. The local tax authority was tasked with identifying a unified market value of land based on category and class of the land, rather than having a separate evaluation for each land plot, which would have been based on a category and class of the land but also the position and location of the land parcel and access to it.
- p42. This lead to minimising the efforts in producing compensation packages but also to reducing the discrepancies in the evaluation of neighbouring land parcels. The authorities considered how the local community would be affected if seemingly similar land plots received different compensation, based on the recorded cadastre information.
- p43. Analysis of compensation offered compared to current market value prices prepared for E75 WB sections is shown in Appendix C and indicates that the compensation offered was higher than market value (in some cases 200-300% higher). Uniformed compensation rates offered for different land types are shown in the table below.

Table 7 Compensation prices for agricultural land and non-agricultural land (RSD/m²) offered to land owners on E75 sections S1, S3 L6 and S4

Categories	Grabovnica – Grdelica	Tunnel Manajle – Vladicin Han	Vladicin Han – Donji Neradovac	
			Vladicin Han Municipality	Vranje Municipality
Farm land (RSD/m ²)	543 / 698 ¹ – 60	450 - 700	380 – 750	380 – 750
Construction land outside of urban area (RSD/m ²)	No info provided	No info provided	450 – 650	450 – 650
Construction land within urban area	1092	800	No info provided	No info provided
Courtyard	No info provided	800	780 – 850	780 – 850

- p44. Available information indicates that acquisition of land was undertaken largely in a timely and appropriate manner. Although most compensation had been paid to PAPs within 30 days of signing of the compensation agreements, there were some delays in the execution of payment on S1 and S4 by the end of 2011. These were caused by a shortage of compensation funds in the national budget, due to incorrect allocations required to settle the expropriation agreements. The issue was resolved in early 2012, once the national budget had been revised and additional funds were allocated to finalise the expropriation procedure. However, for a time it disabled KS and PERS in delivering compensation in accordance with the principle of the rapid payment as set out in the National Resettlement Policy Framework.
- p45. The lengthy court procedures caused delays in transferring property ownership from private to public, and therefore limiting rights of access to certain parts of the roads section. As a result, the works on S1 were heavily delayed while on S4 some delays to the Contractor's works schedule were noted, although not as much as on S1. This issue was not registered on S3L6 at all. KS and PERS scheduled assisted possession of land on several occasions on S1 however eventually the issue was resolved amicably, with the KS reaching

¹ 542.5 for land in Oraovica and Grdelica; 697.5 for land in Mala Kopasnica

agreement with the locals to take possession of land prior to receiving compensation. There was only one case of assisted possession of land which involved the stonecutter workshop in Mala Kopasnica on S1 (see chapter 2.5.1 for more info on this case).

Impact of permanent expropriation

p46. Based on the results from the repeated survey it can be concluded that expropriation didn't adversely impact most of the affected households. Actually over 50% of affected households had less than 20 acres expropriated. The percentage of interviewed PAPs that still own significant surface of land is relatively high, which suggests they still have high potential for agricultural activities. Therefore it is not surprising that the impact of partial expropriation of land was not significant on the majority of PAPs.

p47. The figures below represent the independent assessments by PAPs of the impact the expropriation has had on their households, based on the conducted surveys. The tables represent the area of land expropriated vs area still in possession of PAPs, as reported by the PAPs during the survey.

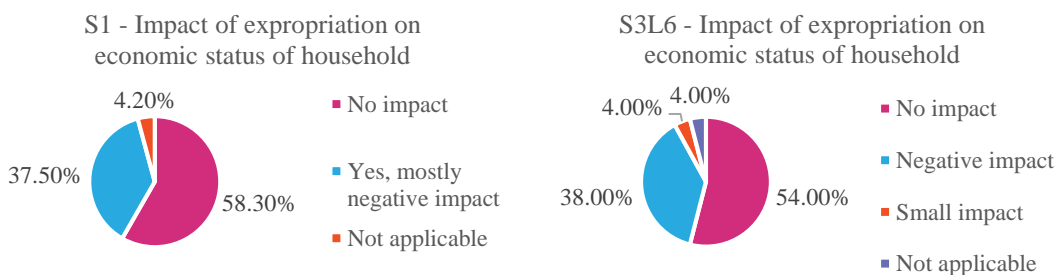


Figure 5 Impact of partial expropriation on economic status of households on S1 and S3L6

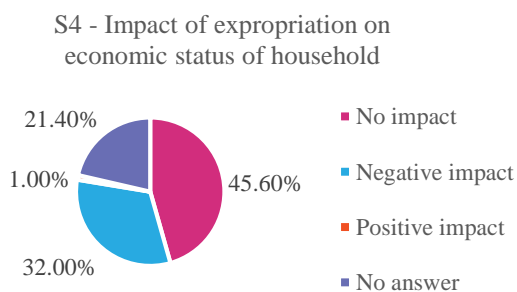


Figure 6 Impact of partial expropriation on the economic status of households on S4

p48. As reported by the PAPs, 58.4% of them had less than 20 ares of land expropriated. However, as indicated in the Table 8 below, 39.3% of the respondents still possess 1ha of land, or more (18.9% of the respondents own 1-2ha of land, while 20.4% of them own over 2ha of land).

Table 8 Area of land reportedly still in possession of polled PAPs

Total area of land still in possession	S1 Grabovnica – Grdelica % of polled PAPs	S3L6 Tunnel Manajle – Vladicin Han % of polled PAPs	S4 Vladicin Han – Donji Neradovac % of polled PAPs	Total
No more land	18.8%	2.0%	12.6%	11.4%
< 10 ares	27.1 %	6.0%	10.7%	13.4%
10 – 30 ares	27.1 %	10.0%	15.5%	16.9%
31 – 50 ares	8.3 %	8.0%	7.8%	7.9%
51 ares – 1 hectare	2.3 %	6.0%	6.8%	5.4%
1 – 2 hectares	16.4 %	30.0%	14.6%	18.9%
> 2 hectares	0.0%	26.0%	27.2%	20.4%
Do not remember, n/a	0.0%	12.0%	4.8%	4.5%

p49. Over the last five years, only 15% of surveyed PAPs bought new land. Considering that the market price of land is lower than the compensation received it can be concluded that a large majority of PAPs was not interested in purchasing new land to compensate for the expropriated land.

p50. The results of the repeated 2016 survey demonstrate that PAPs are distinctly split in their opinions regarding the compensation offered. The survey for S1 shows that around half of participants were either fully or partly satisfied with the compensation, while the rest were unsatisfied. The satisfaction with the offered compensation was greater on the other two sections (65% satisfaction on S4, and 76% on S3L6).

p51. It should also be noted that, in addition to dissatisfaction with the compensation offered, majority of unsatisfied PAPs are also objecting to the process itself stating there were discrepancies in valuation and lack of support from the authorities during the expropriation process.

p52. Those who were dissatisfied with the expropriation process or compensation provided the following key reasons:

- 1. Inconsistency of compensation rates related to different project sections in other municipalities and market price**

p53. Information obtained indicates that dissatisfaction with the offered compensation amount was one of the key reasons for PAPs on all three sections to appeal to the court. During conversations, affected people were noting that the compensation amounts offered on other sections of the project were more favourable than the compensation value offered in the municipalities Leskovac, Vladicin Han and Vranje, and that the rates were not unified. According to PERS the only differences in the prices offered were due to different classifications of land.

2. The process of valuation

p54. The representatives of the municipality stated that some of the owners were objecting to the process of evaluation as prescribed by the law, claiming that the land should have been evaluated based on class only, and based on the national averages (therefore taking into consideration values from other richer municipalities). The representatives of the municipalities and PERS provided some justification for the issues noted by PAPs in terms of evaluation. Even though uniformed prices were introduced, during the preparation of the compensation offers, they relied on the cadastre information to identify the category and class of the land parcels. There were cases (less than 15 % of all affected parcels) where the cadastre information did not match the situation on site, usually to the detriment of the owner. Where possible, PAPs were then allowed additional time to register the change in the cadastre before compensation was determined.

3. Duration of expropriation and compensation process

p55. As was already mentioned above, there were some delays in payments as a result of the issues with the available funding from the national budget in 2011, affecting the compensation disbursement on S1 and S4. The PAPs are mostly not too concerned with this issue now, because they were all fully compensated eventually and were paid the late interest fees as well. However, at the time, the delay caused significant concerns among the PAPs, as they didn't have sufficient guarantees that they would eventually receive payment.

p56. The bigger issue were the prolonged court procedures which postponed payment of the compensation significantly. This issue was most severe on S4 as this section included numerous cases of physical relocation and in some of these cases very little time was left from when the compensation was paid to when the families had to relocate to new permanent residences. KS and PERS had to instate the assisted possession of land on several occasions (although only once effectively) because the hindered transfer of ownership over land was causing delays in construction (where penalties are significantly higher). At the time this was a cause of great concern and anxiety within the community. Some of the PAPs are still not satisfied with how the process was handled stating that their property remained intact for months after they were forced to move out.

p57. KS and PERS confirmed that they tried to provide the PAPs as much time as possible to allow for a smooth transition. However, the assisted possession of land, although unpopular, had to be utilised to accommodate the Contractor's works schedule.

4. Rejection of requests for expropriation of unviable land

p58. Dissatisfaction of PAPs due to rejection of their requests for expropriation of unviable land parcels, even though present in all three sections, was most commonly mentioned during the survey for S3 L6. Almost one-third of the interviewed PAPs on this section have an issue with unviable land (not counting those whose requests for expropriation of unviable parcel were accepted) and who, for that reason, have re-submitted or are planning to submit requests for expropriation of unviable land. However, it is not evident that PAPs on this section had any additional justification for land viability, as on any other section. During the key informant interviews it was suggested that PAPs frequently made unjustified requests for expropriation of unviable land hoping to utilise on the favourable compensation rates.

2.3.2 Unviable Plots

- p59. The Serbian Expropriation Law states that only the area needed for the project will be expropriated under domain of public interest. This meant that all border parcels affected by the project had to be split and renamed, allowing only part of the parcels to be expropriated. Within the law this was meant to be a tool to allow owners to keep their land and continue cultivation, but also a tool to reduce the cost of expropriation. To account for economic value of the remainder of the parcel, the law allows, under Article 10, expropriation of the remaining part of the land plot should it be proven that the remaining part isn't economically viable.
- p60. According to the law, owners whose land is only partially located within project boundaries could request expropriation of the remaining part of a land plot. A court appointed agricultural expert needs to confirm whether the remaining land parcel is economically unviable and that this partial expropriation is adversely affecting the livelihood of a household. Viability of land parcels could be based on its size, shape and access. Once it is confirmed that the land parcel is unviable it becomes part of the expropriation process and the compensation for that land is determined in the same manner as the rest of the expropriated land.
- p61. Due to the sheer number of claims on this Project some informal procedures were adopted to help expedite the process. Therefore, the requests for expropriation of parcels of up to 50m² in size were automatically approved by the municipalities. For land parcels of up to 500m² the municipality consulted with PERS and their decision was made based on the shape and topography of the land parcel as well as availability of access. In cases where the viability of the land parcel wasn't obvious, or in cases where owners appealed the original decision, or in all cases where the area of the remaining land parcel was greater than 500m², an independent valuation expert was hired to assess the case.
- p62. PERS noted that they made decisions based on the information they had at the time, but that they also consulted KS on whether access was envisaged for a given land parcel in the future. In cases where it was not clear from the design if access would be provided, requests were rejected. Those requests which were rejected by PERS could be resubmitted at any time or further appealed by the affected people in the courts.
- p63. Because the law recognises that the economic viability of property may not be disputed only during the implementation of works, and that some adverse effects from the project could only be evident during operations, there is also a provision of the law to protect the property owners after the construction. There are no restrictions as to the number of claims for unviable land that any owner can submit for a single land parcel. Also, all requests for expropriation as unviable under article 10 can be submitted at any time from the start of expropriation up until two years after the operational permit for the highway is issued.
- p64. During the interviews with KS and PERS representatives it was noted that the general complaint from the PAPs early on was re-parcelling of the existing land plots for the purpose of expropriation. PAPs believed that this approach is unfair mostly because of the economic viability of the remainder of the parcel. During the expropriation process the PAPs were advised to submit requests for expropriation of unviable land, which many of them did. In

turn, the tendency among KS, PERS and Municipalities was to accept the reasonable requests whenever possible. However, according to the representatives of municipality Vladicin Han, PAPs frequently made unjustified requests which would result in their rejections. Rejections commonly lead to initiation of court procedures.

p65. Court procedures regarding expropriation of unviable land are lengthy, approximately a year long, where an expert witness's re-evaluation takes the most time. Both PERS and PAPs are allowed to object to the expert witnesses' evaluations and in those cases the Ministry of Finance serves as an arbitrator.

p66. Table 10 bellow summarizes the outcome of requests for expropriation of unviable parcels that have been submitted to PERS so far.

Table 9 Requests for expropriation of unviable parcels on all three sections covered by this report

Unviable land parcel requests	Accepted		Rejected		Total submitted
	No.	%	No.	%	No
Grabovnica – Grdelica	125	65.8	65	34.2	190
Tunnel Manajle – Vladicin Han	121	61.4	76	38.6	197
Vladicin Han – Donji Neradovac:	500	64.3	278	35.7	778
Municipality Vladicin Han	147	63.9	83	36.1	230
Municipality Vranje	353	64.4	195	35.6	548
Total	746	64.0%	419	36.0%	1,165

2.3.3 Temporary Land Lease

p67. There was no temporary expropriation. The only cases of temporary land acquisition within the project affected area were the locations which the Contractor temporarily occupied during construction – for their main compound, storage and plant facilities, and temporary deposit areas. This process of identifying the land parcels, negotiating the temporary possession of land plots with land owners and the land hand back at the end of the agreed period was the sole responsibility of the Contractor. In terms of their responsibility to KS they were obligated to provide evidence of a signed agreement and paid compensation, as well as acquiring necessary permits should they be required by law (for construction of temporary compounds, for example). The only issues recorded with regards to temporary land acquisition were land encroachment (when the Contractor would utilise more land than was agreed) or failure to return the land in the original state. In these cases, KS interfered to instruct the Contractor to remedy or compensate for damages. The project affected area is predominantly rural and the majority of PAPs possess plenty of land (44.7% own more than 50 ares). The affected households mostly engage in subsistence agriculture and a great number of land plots isn't cultivated. By leasing their land to the Contractor, PAPs received rental allowances and therefore financially benefited from those plots.

p68. Overall, it is considered that land evaluation and compensation process were undertaken largely in accordance with Serbian Law and IFI requirements. Negative perceptions of PAPs

were mainly influenced by a combination of project implementation and external circumstances, such as high expectations based on preliminary information and rumours, time taken to complete land expropriation and finalise payment.

2.4 Compensation for Crops

p69. The project affected area on the three sections subject of this report is mostly rural. As a result, most of the affected households had some kind of crops on the expropriated property. Compensation for crops was determined on a case-by-case basis in accordance with the Serbian Expropriation Law. The compensation rate for crops/plants was determined, as per the Law, by an accredited agricultural expert witness engaged by the affected municipality. The methodology for valuation is based on specific articles of the law and considers the value of crops and time required to reproduce them; value of fruit bearing trees in terms of potential value of the harvest in the current market as well as time needed to reproduce such a harvest; the replacement cost (e.g. input, labour) to re-establish vineyards and orchards until they reach full yielding potential etc.

p70. There were only a few cases on each section where the offered compensation for crops was rejected by the PAPs. PAPs objected to the number of fruit and nut trees noted in the compensation proposal and in some cases they objected to the valuation of the income from planted crops. These cases went to the local court. The court appointed agricultural experts who would quickly review the inventory of crops and submit their reports which were used to determine the court's decision. The market values of crops tend to change year to year so sometimes the timing of the court appointed valuation worked for or against the original proposal. However, the representative of PERS pointed out that there were no significant differences in assessment of value of crops between the original expert evaluations and re-evaluations by the expert witnesses appointed by the court. Nonetheless, in all cases PAPs received either the same amount offered or higher. Once the court reaches the decision PERS are notified of the outcome and the amount due for payment. This information is kept within each individual case. These court cases tended to be resolved relatively quickly.

2.5 Affected Structures and Businesses

p71. With regards to determination of the compensation due for structures on the expropriated land parcels, according to the law the compensation is determined based on individual valuations conducted by certified valuation experts (expert witnesses). It included the construction value of the structure, as well as administrative and transaction fees and taxes, and additional monetary allowance to cover moving expenses. The Law, however, does not prescribe transitional allowance and therefore in this case WB requirements were considered (as dictated by the RPF). Determination of compensation for structures under the Expropriation Law is the same regardless of the reason for expropriation (structures within the area of expropriation or unviable structures). In case of partially affected structures, the entire structure is considered subject to expropriation.

p72. According to the Serbian Expropriation Law, the affected structures have to be compensated at market value. The compensation received allowed the PAPs to purchase

replacement houses in and around the area, as presented in the analysis of compensation offered compared to current market value prices which is included in Appendix C.

p73. Compiled information received from KS and PERS shows that expropriation on these three section included structures as well. Namely there had been 23 expropriated structures on both S1, also 23 structures on S3 L6, and 171 on S4. These structures included residential houses expropriated for the purposes of the project, residential structures expropriated as unviable as per PAPs requests, businesses, weekend houses and auxiliary structures. In total 36 residential houses were expropriated for the purpose of the project resulting in physical relocation of households (5 on S1, 3 on S3L6 and 28 on S4). The alignment of S4 section affected several villages and suburban areas close to Vranje, resulting in expropriation of larger number of residential buildings on this section.

Physical displacement

p74. As noted above, a total of 36 households were physically relocated as a result of expropriation. In addition to the compensation prescribed by the law (replacement value of the house, supporting structures and utilities, moving allowance and administrative fees) the households also received the transitional allowance as a one-off payment in the amount equivalent to 6 monthly minimum wage salaries at the time the payment was made, which equals to 133,584.00 RSD (approximately 1,100 EUR at the time). However, from 36 households listed, one owner from Municipality Vladicin Han who lived alone deceased during expropriation, and therefore had not received transitional allowance. For two households in Municipality Vranje status of resettlement was not clear at the time the resettlement report was prepared. In the meantime, Consultant was informed that those two households had been relocated, however, he did not receive information weather they were provided with the transitional allowance. At the request of WB additional analysis was performed on these three sections to assess the impact of physical relocation on the affected households. The summary of outcomes is shown in the tables below.

Table 10 Summary of relocated households on Section Grabovnica - Grdelica

CM where expropriation took place	CM of the new residential building	Housing solution
Mala Kopasnica	Mala Kopasnica	Refurbishment of the house already owned by the household
Mala Kopasnica	Mala Kopasnica	Refurbishment of the house already owned by the household
Mala Kopasnica	Grdelica	Bought new residential house
Mala Kopasnica	Grdelica	Bought an apartment
Oraovica	Oraovica	Bought new residential house

Table 11 Summary of resettled households on the section Tunnel Manajle – Vladicin Han

CM where expropriation took place	CM of the new residential building	Housing solution
Krzince	Krzince	Built new house on the same property
Krzince	Krzince	Built new house on the same property
Vladicin Han 05	Vladicin Han 05	Bought new house close to the original location

Table 12 Summary of resettled households on the section Vladicin Han – Donji Neradovac - Municipality Vladicin Han

CM where expropriation took place	CM of the new residential building	Housing solution
Gramadje	Gramadje	Built new house on the same property
Polom	Polom	Bought land and built new house on it
Polom	Polom	Refurbished the old house they have owned on the remaining part of the parcel
Polom	Jelasnica	The owner deceased during expropriation
Vrbovo	Vrbovo	Bought land and built new house on it

Table 13 Summary of resettled households on the Section Vladicin Han – Donji Neradovac - Vranje Municipality

CM where expropriation took place	CM of the new residential building	Housing solution
Prevalac	Prevelac	Bought new land with house under construction on it. Finished the house and moved in.
Prevalac	Prevelac	Refurbished the old house they've owned on other location
Prevalac	Prevalac	Bought land and built new house on it
Prevalac	Prevalac	Bought land and built new house on it
Prevalac	Prevalac	Bought land and built new house on it
Vranje II	Vranje city centre	Bought apartment in Nis which they lease, but live in cheaper rented apartment in Vranje
Vranje II	Vranje city centre	The owner moved in the family house, but deceased in the meantime
Vranje I	Vranje city centre	Bought a house and renovated it
Vranje I	Vranje city centre	Bought new house
Vranje I	Vranje city centre	Bought new house
Vranje I	Vranje city centre	Bought land and built new house on it
Ribince	Ribince	Bought land and built new house on it
Ribince	Ribince	Bought land and built new house on it

CM where expropriation took place	CM of the new residential building	Housing solution
Ribince	Ribince	Built new house on the parcel he already owned
Ribince	Ribince	Bought land and built new house on it
Ribince	Ribince	Bought land and built new house on it
Ribince	Vranje city centre	Bought the house under construction and finished it
Ribince	Ribince	Bought land with the existing house on it
Ribince	Ribince	Bought land and built new house on it
Ribince	Donji Neradovac	Bought land and built new house on it
Ribince	Vranje city centre	Moved in with his children into flat he already owned
Ribince	Ribince	Bought a land with the house under construction and further invested in its construction. It's still unfinished
Ribince	Unknown	The Consultant could not reach the owner of expropriated household

p75. Based on the Consultant's 2016 repeated survey results, the compensation offered to the households affected by physical displacement is considered to be adequate and above average market prices in the area.

2.5.1 Affected Businesses

p76. As previously noted, the project affected mostly rural areas so only 4 businesses were affected by the project under all three sections covered under this report. Table 15 summarizes the businesses expropriated on the three E75 sections financed by WB.

p77. The law and the procedure require that the PAPs with the expropriated business structures receive compensation that includes reimbursement for the loss of income. As indicated in the table below, this requirement was fulfilled, except in cases of pending court procedures.

Table 14 Summary of expropriated business premises on all three sections

CM where expropriation took place	Type of business	Summary
Section 1 Grabovnica – Grdelica		
Mala Kopasnica	Stonecutter workshop	The expropriation agreement for this case was signed in 2012. However, the owner refused the compensation offered and therefore, the judicial procedure was initiated. Since there was no progress with the case, PERS had to enforce the assisted possession of the land plot in 2015 based on the Declaration of Public Interest issued by the Ministry of Finance. Prior to the execution, the owner was presented with the revised proposal which had been drafted in consultation with KS, WB and PERS. The amount stated in that offer had been deposited to the bank account and made available to the owner, while the equipment had been temporarily stored in the old factory facility nearby. Since then the owner submitted additional grievances complaining on the condition of temporary storage

CM where expropriation took place	Type of business	Summary
		and also claiming that the deposited amount is no longer available. This case requires additional monitoring.
S3 L6 Tunnel Manajle – Vladicin Han		
Krzince	Business within the family residence	The business was part of a building with dual function (family residence and business), however, with the slight alternation in the design, the expropriation of the structure was avoided completely. The owner received compensation, including reimbursement for loss of income.
S4 Vladicin Han – Donji Neradovac		
Polom	A store with a bakery	A store with a bakery located on the ground floor of the residential house were expropriated together with the house. The original offer was proposed in 2011 and after several adjustments, it was finally accepted in 2014. Although the owner seemed satisfied with the compensation received, which also included reimbursement for the loss of income, he claimed that he was rushed to relocate. His property was torn down with assistance prior to the compensation being received. He initiated judicial procedure against PERS requesting compensation for damaged goods even though he allegedly removed the goods before the demolition of structures. This court case is still pending.
Bresnica	Tavern “Car” Potential expropriation	The property is right next to the main interchange connecting Vranje to the new highway. Initially the expropriation only affected a small area of the property, but this disrupted the functionality of the business (difficult access and no parking area for the restaurant). The owner requested expropriation as unviable which was refused by PERS. The owner appealed and the final decision still hasn’t been reached. Additionally the owner initiated a court procedure against PERS for loss of income because he needed to shut down the business due the nuisance from project implementation. The case is still ongoing.

p78. From the table above it appears that the basic requirements of the Resettlement Policy Framework were met in principle in the cases with the affected business however, the court proceedings need to be monitored for the outcome to ensure all of the RPF principles had been met in full. In the potentially affected business on S3 L6, PERS demonstrated a proactive approach in addressing challenges and found the solution to avoid expropriation of the residential house and business premise which lowered the impact of expropriation on the affected household.

2.6 Socio – Economic Context, Economic Change and Local Perceptions of Change

p79. Detailed information on the demographic characteristics of the affected municipalities, economic development of the area and local perception of the economic change can be found in the Appendix B. This subchapter includes only a brief summary of the comparison of socio-economic indicators used to assess the impacts of the Project on the local community.

p80. Among the people interviewed for the repeated surveys, vast majority were men. The survey targeted owners of the property, and therefore this is not surprising since the majority of property in Serbia, particularly in the south of the country, is still owned by the male population. This gender structure is the result of the typical divide of property in rural areas, where male heirs would split the land and assets while the female heirs were meant to marry off and therefore forfeit all claims to the family land. However, this tradition has been fading recently and therefore, the gender structure of land owners is expected to diversify more over time.

p81. The survey findings suggest that a typical household size in the local area of this section is predominantly between 1-2 people. The majority of households either have at least one household member over the age of 65, or a household commonly consist of elderly people, which reflects the relatively old demographic structure of the region and general population decrease in the predominantly rural south-east region of Serbia.

p82. The employment status of the surveyed people coincides with their age; as over half of the respondents stated they were retired. The proportion of unemployed people was also significant in both PAP and control surveys, especially on S1. The combination of high levels of unemployment and economic inactivity (due to old age), may provide some explanation for the lack of development in Serbian rural areas in general (which is characterised by fragmented subsistence agriculture). The economic predicament of the region surveyed is generally poor.

2.7 Impacts and Mitigation During Construction

p83. Impacts on the community are inevitable during a construction project of this size, and the nature of these impacts tend to be negative. The physical impact of such a large construction project is evident to community members, and often an inconvenience. However, construction works also bring benefits to a community. A specific list of the benefits and impacts as identified by the community during the surveys is presented below:

1. Indirect benefits from the Project

p84. According to the repeated surveys' findings for these sections, around 15% of interviewed PAPs had at least one household member employed directly for the purpose of the construction project. The employment type and duration varied - people were employed as drivers, security guards, machine operators, as physical labour, etc. Some members of the community also benefitted indirectly by providing goods and services to the Contractors, for example, cafes, small shops, local petrol stations etc. A number of PAPs cited that they had leased their private land to Contractors to allow them to dispose of building materials and debris from the construction project. The benefits of the project were also indicated by comments made by PAPs and citizens who often stated that there is evidence that the villages are livelier, people have more money to spend which then affects entire communities.

2. Access impacts and rerouting of local roads

p85. Many of the surveyed people (in both repeated PAP and citizens surveys) on each of the sections stated that they experienced difficulties in accessing their land plots, houses or local

infrastructure due to construction works. These problems generally related to either increased journey time (and associated costs of travel) due to local roads being closed or diverted, and the lack of overpasses and underpasses. Several PAPs claimed that their parcel is reachable only through neighbouring parcels.

p86. Some of these impacts could not be avoided due to the nature of the construction process and the terrain of the site. In general, the main design of the road sections considered access to all land plots and connectivity of local roads in the final layout, but there were no temporary access routes included in the design during construction which meant limited access to certain privately owned land. The works on some of these sections took several years, meaning that the owners of those parcels were not able to cultivate that land, which thereby hindered their livelihood. KS and PERS worked closely with the Municipalities and the Contractors to ensure accesses was restored quickly and safe passages were organised. Particular consideration was given to the traffic signalling at the temporary crossings.

3. Damage to local roads

p87. Damages inflicted to local roads were also commonly stated as negative impacts from the Project construction. Heavy traffic or deterioration of local roads forced the locals to use alternative roads which increased their travelling time and costs. The Contractors were required by the contract to repair all damages to the local infrastructure. However, as these activities are relative to the end of the construction phase, Contractors do not have an obligation to repair the roads regularly during construction. Even so, technical, environmental and social monitoring evidence suggests that most, although not all damages have been rectified regularly when possible.

4. Damages to houses and other property

p88. PAPs also complained that the construction activities, mainly earthworks, blasting (on S3L6) and vibration from construction and particularly from the trucks using local roads caused disruption to their lives and damages to their property. Several court cases were initiated by PAPs based on damages inflicted on their houses. In these cases, the court appointed experts who examined the damage and provided statements on the potential causes of the noted damage. The main issue in these cases was that Contractors didn't perform the baseline survey of the condition of these structures so the expert witnesses had to deduce the actual cause of damage. In a few cases some amount of damage was attributed to construction works and those damages were compensated to the owners.

5. Impacts to the utility value of land and water supply

p89. Additional impacts were identified in relation to utility value of land and assets of PAPs due to the proximity of the road and interventions related to the project construction. They were commonly mentioned by PAPs on all three sections and they included: disruption of utility services (phone lines, water and electricity supply), intersection of drainage canals and damage of irrigation pumps, poorly solved drainage from the highway, and encroachment and damage of private land. Responses of the control group largely aligned with issues cited by PAPs themselves.

p90. KS confirmed they are aware of some of these issues and they tried to intervene in the remediation as soon as they were made aware. Some of the impacts could be easily remediated (e.g. disruption of services and encroachment on land), however others (e.g. canals and drainage solutions) required changes in the main design and, therefore, demanded additional costs and time delays. KS and PERS will continue to work with the PAPs to resolve the remaining issues.

6. Nuisance from construction (noise, vibration, dust or mud)

p91. The local community on all three sections claimed that the noise and vibrations from the construction activities were not adequately mitigated and also claim that the constructed noise barriers are not effective. In some cases where the alternative road is next to the alignment, the noise barriers are erected between the highway and the alternative road but instead of lowering, they are actually amplifying the noise from the alternative roads for the houses next to it. When asked about this issue, KS stated that further studies have been undertaken to assess the effectiveness of noise barriers.

p92. As described in the chapter 3.3 of this report (Grievance management), main grievances related to construction impacts and impacts to local infrastructure are passed by the Contractor to the Supervising Engineer and reviewed by KS representatives on site. The monitoring of noise levels on site which is performed by the Contractor and the EMPSC show that the noise levels very rarely exceeded the allowable noise levels (less than 10% of all samples from S4 and less than 5% from S1 showed exceedance). It is possible that this high number of grievances stems from the locals not being accustomed to any significant noise (as most affected areas are rural) therefore making any increase in noise levels disturbing.

p93. On the other hand grievances regarding mud and dust were regular and applicable to all Contractors. It would seem that the measures planned and implemented for reduction of mud on local roads and suppression of dust were not adequate.

2.8 Support of Vulnerable Population and Local Communities

p94. The entitlement matrix of the Resettlement Policy Framework makes note of mitigation measures for vulnerable people and envisages that vulnerable people will be given additional financial assistance to ensure that they will be no worse off after the project and can maintain and restore their livelihoods. Information collected for these and other sections of the Project indicate that due to the prevailing socio-economic situation in the area the majority of affected households could be considered poor. However, it was also noted that there were not enough indicators to conclusively identify the vulnerable groups among PAPs due to lack of adequate methodology to tackle this complex issue.

p95. A comprehensive methodology for identifying people who are, or will become vulnerable during the project implementation, should be developed for each specific project. Depending on the impact and the scope of the project, various characteristics can be used as indicators of vulnerability: employment, age, sex, health, household size and structure, access to lifelines, etc. It is important to note that, although the project affected population might have the similar characteristics, not everyone experience the same level of vulnerability, as not

everyone experience the same exposure to the project related change, nor have the same coping capacities.

- p96. KS decided to cooperate with the Centre of Social Work (CSW) which is the authorised organization present in all municipalities in Serbia that uses national criteria for defining eligible beneficiaries. One of the proposed methods was to combine the socio-economic data from the survey with the data from the local Centre for Social Work. Based on the findings of the comparison, additional allowance would be suggested to the most vulnerable. Taking into account the high rate of poverty in the area, the emphasis would be put on the most vulnerable among the vulnerable with the aim to improve their living conditions. However this analysis showed that even though a great number of the affected households are poor, only one household on S1 were eligible to be considered vulnerable (see below for details).
- p97. Nevertheless some measures were implemented during the implementation of works to assist the local community and especially those most vulnerable. These are also noted below.

Support to Vulnerable people

- p98. The owner from Mala Kopasnica is disabled (suffering from effects of a stroke) and was living alone in one of the houses that was expropriated for the construction of section 1. As he refused the compensation offered for his property, a court procedure was initiated in 2012 and finally resolved by the end of 2016. Considering his health and social situation, PERS and KS joined the efforts to assist him with the temporarily relocation for the duration of the court process by accommodating him in the house with all the necessary amenities owned by PERS, and providing him with financial assistance on numerous occasions. Additionally, as per the KS instruction, the Contractor has also made some minor improvements to the yard and the access to improve his living conditions and mobility. He received monthly assistance for utility bills as well as firewood for heating. A regular house visit from the local medical team had also been arranged. As a result of these actions, his living conditions had improved. After the court case was resolved, he moved into the apartment in Grdelica and he stopped receiving financial assistance from the project but the regular house visits from the medical team have continued.

Support to Local Communities

- p99. In terms of support to the local communities, the KS adopted a similar approach as for other sections of K10, which is to work together with municipalities to identify the most effective way to support them.
- p100. One of the main contributions to the local community on Section 1 Grabovnica – Grdelica is the donation of a terrain vehicle to the Leskovac Health centre. The purpose of the vehicle was to enable medical teams' easier access to the elderly and ailing citizens living in the more remote parts of the municipality. In the last four years since the vehicle was donated it has significantly improved service of the mobile medical units and proved invaluable during the municipality's assistance with the immigrant crisis.
- p101. On Section S4 Vladicin Han – Donji Neradovac, KS together with the Municipality built a new house for an elderly lady on the remaining part of her parcel. Namely, her small unit

and part of the parcel were expropriated, which meant she needed to move, however, the KS assistance allowed her to stay in the neighbourhood and among friends. Also on this section, a family that was affected by flooding unrelated to the project has been temporarily settled in one of the houses expropriated as unviable in village Gramadje. Additionally, KS built several underpasses as a response to requests of locals for the passages to be provided to directly connect main parts of villages which had been intersected by the alignment.

p102. As an additional form of free assistance, Koridori Srbije organised a training - Course of Basic Practical Computer Skills within a livelihood restoration program to the interested PAPs. The training was held in the office of municipality Vladicin Han on 10 and 11 April 2014 following the open call from municipality to the all interested citizens to participate in the training. Beside the basic computer skills, the training covered the use of potentially most useful websites for the community that is engaged in agricultural activities. The course caused great interest among citizens and 45 participants completed the training. Additionally, the PAPs who took part in the training had the opportunity to get information about the unclear details regarding the expropriation directly from the representatives of KS who were open for all questions related to the land acquisition process.

p103. Although there are no official records of the effectiveness of the measures instigated by KS and PERS, it was confirmed during the survey interviews that instead of providing additional financial assistance, KS and PERS arranged for assistance in kind to the local community in a number of ways over the course of project implementation. These included:

- Frequent consultations during the land acquisition process;
- Postponing finalising of compensation agreements until the PAPs finalised administration with the cadastre office for reclassifying the purpose of the land (thus ensuring higher compensation rates);
- Distribution of firewood for heating from expropriated forests to households chosen based on their socio-economic status;
- Allowing construction materials from the expropriated structures to be collected by the previous owners.

p104. It can be concluded that KS and PERS were actively involved not only in mitigating impact from the project, but also in facilitating additional positive changes to the local community, beyond the project impact.

3 Common Issues

3.1 Institutional Capacity and Resources

- p105. Several institutions have been involved in the process of land expropriation and compensation as was presented in chapter 2.3 of this report.
- p106. The analysis of the institutional arrangements for managing land expropriation for E75 WB funded sections indicate a number of similar issues as on other sections along the Corridor 10. The main issue is that there are a significant number of stakeholders, most of them public sector organisations. They have taken over parts of the land acquisition process as part of their regular duties in accordance with the Serbian legal framework, but it seems that there is a lack of understanding of their wider role and assigned responsibilities within this project.
- p107. One of the consequences of this lack of capacity and resources was reflected during the early stages of the project implementation when the limited resources resulted in limited consultation with the local communities, which was conducted mostly by the municipalities and only in the areas of their responsibility. This approach caused some confusion among the community and loss of trust early on.
- p108. Further on in the project implementation the lack of understanding of the overall purpose resulted in insufficient activity on certain tasks and lack of communication between these institutions. The incomplete records therefore make it very difficult to assess the actual impacts of the land acquisition process.

3.2 Stakeholder Engagement

- p109. The Serbian legislation does not have the same requirements for stakeholder engagement as the IFIs. Even in cases of major impact projects like this one, the consultation is limited to responsible agencies during certain stages of the project planning process, and the public is consulted via public hearings which tend to be poorly attended.
- p110. Stakeholder engagement is limited to national agencies, ministries and other institutions whose approval is required in the planning and permit acquiring stages of the project implementation. Engagement with some stakeholders is necessary throughout the construction stage as well. However the local legislation and regular practice don't require any kind of direct engagement with the local community through any stage of the project implementation.
- p111. Similarly the national legal requirements for disclosure of information refer mainly to the planning documentation for the scheme which is publicly disclosed for at least 30 days before building permits could be issued. The Environmental Impact Assessment is also required under the law for projects of this scope and this document is similarly disclosed for public opinion before it can be adopted. Any further disclosure of information related to the project documentation is not required by the law.

- p112. Initial consultations and disclosure of information were held with the local community to inform the PAPs about the project and to understand their perceptions on the project in terms of negative and positive impacts. The public consultation for the EIAs relevant to this works section were held over a period of time from 2006 till 2009 – at first in draft form and then finally were disclosed publicly along with all subsection of E75 at a public hearing held on 12 March 2009 in Municipality Vranje.
- p113. Public consultations regarding the proposed Corridor 10 road alignment and associated social impacts for the section Grabovnica – Grdelica were held on 4 February 2011 at the Grdelica Community Centre and were organised by KS with the assistance of the local municipality.
- p114. Several public consultations regarding the proposed Corridor 10 road alignment and associated social impacts for the section Tunnel Manajle – Vladicin Han were held during May 2012 at the Vladicin Han municipality offices. Land owners whose property would be affected by expropriation were notified of these consultations by letters delivered by post to their home addresses. Notification were also posted on advertising boards in the municipality office and through local media as well.
- p115. Public consultations regarding the proposed Corridor 10 road alignment and associated social impacts for the section Vladicin Han - Donji Neradovac were held on 5 May 2011 at the Municipality Vladicin Han. Additional public consultations were conducted on 6 November 2013, 22 November 2013, 6 December 2013, 21 January 2014 and 24 January 2014 to inform PAPs about the need for additional land acquisition.
- p116. RPF and RAPs include some provisions for engagement with the local community, through the introduction of the Grievance Commission and other measures. Therefore the implemented stakeholder engagement for this project went beyond the legislation provisions of public consultation prior to construction. KS had prepared and with the assistance from the municipalities distributed leaflets about the project (general and specific) to the local community. Municipality offices kept copies of the RPF and RAPs on display for the local community, and these were also published on website pages of KS, PERS and the municipalities (where possible).
- p117. In the process of concluding compensation agreements with affected people, representatives of the municipalities reportedly informed people of their rights under the law and provided legal advice, although it appears that this method lacked a more systematic approach. Municipalities' representatives stated that they would frequently go out to meet PAPs in their own villages and community centres in order to conduct the required consultation regarding the expropriation. Minutes of these consultations were prepared for each individual case and kept in individual case files. Representatives of KS and PERS reported that they also frequently visited the site, which was also confirmed by PAPs and the municipality representatives. However no records were kept of these community engagement activities and therefore, the frequency and scope of these activities could not be verified. The WB representatives also met with PAPs and representatives of the affected municipalities on several occasions where affected families had the opportunity to directly present their opinions on expropriation to the representatives of the World Bank.

- p118. Based on the statements from the main stakeholders in the expropriation process (PERS and the municipalities) key information about the project, expropriation process and construction was communicated to affected people and communities, there appear to be mishandling of information at early stages of the land expropriation process. As a result, the public lost trust in the responsible agencies and had confusion over some procedures (e.g. submission of the requests to expropriate unviable parcels).
- p119. During construction of works, the contractors are obligated to notify the authorities (police, fire department, municipality, or other) in case of significant disturbance to the existing infrastructure (water, electricity, traffic, etc.).
- p120. Representatives of affected municipalities pointed out to the close communication and cooperation between the KS, PERS and the Municipality, as was confirmed during interviews with PERS and KS. However, the representatives of Municipality Vladicin Han stated that, from their point of view, the cooperation with the Contractors varied. They noted that their cooperation with the Contractor on S3 L6 (JV Azvi-Rubau) was limited due to the Contractor's unwillingness to assist in resolving municipality issues that impact the implementation of the works.
- p121. During key informant interviews, a representative of local community Panevlje and surrounding villages within S4 indicated good cooperation and communication with representatives of KS and PERS but mentioned that the cooperation with the Supervising Engineer (Luis Berger) representatives could have been better as they were not willing to communicate with them outside of officially scheduled meetings. On the other hand, representatives of the local community Bresnica (also on S4) claimed that the interests of the local community were not taken into account during the design process which resulted in many omissions in the main design. They also expressed dissatisfaction with the lack of activity from KS and PERS to remedy these omissions.
- p122. Lack of proper information dissemination regarding scheduled construction works were registered during PAPs surveys on S3L6. It was noted that construction activities (schedule and impacts) were not well disclosed or properly announced to the community. This mostly referred to information about blasting activities, where almost half of the surveyed PAPs claimed not to have received such information in advance.
- p123. During the data collection for this evaluation no references were made by participants or records identified of any NGO activity or their engagement with regard to the project.

3.3 Grievance Management

- p124. The Serbian legal requirements do not include any kind of obligational grievance redress system to be established. Some informal grievance redress is always present, but with more serious issues, the only remedy the citizens have is the courts. Having identified this gap in the national legislation, the RPF includes a requirement to establish a Grievance Commission (GC) for each works section of the K10 highway, which would consist of representatives from KS, PERS, municipality and local community. The objective of the independent grievance commission was to provide guidance/advice to the community, and to deal with

any complaints/grievances associated with any expropriation or resettlement under the scheme.

- p125. Even though these bodies were established for the three E75 sections financed by WB, they were not particularly utilised as the local community refused to acknowledge them since their representatives were not chosen by the community. In part the effectiveness of the GC was hindered by the fact that representatives of KS and PERS were not present on site full time, which meant the GC could only operate during pre-arranged meetings. Over time a less formal mechanism was established during project implementation, relying on KS staff on site, Contractors, municipalities' representatives and the CSE.
- p126. On S1, the local community established their own association and elected their own representatives for further communication with the Municipality and the representatives of PERS and KS. The original purpose of this association was to serve as a mediator between the parties, however in the early stages the PAPs' main concern was to insure higher compensation values for land and property. They tried to negotiate with PERS, but did not accept the formal explanation of the limited window for negotiation under the local legislation. Deterred by their failed attempt, the association declared that they did not believe the government had any interest in resolving the grievances from the locals, and the cooperation stopped. This left the PAPs to individually submit their grievances, same as on the other sections on the E75.
- p127. Most PAPs would submit their grievances directly to the Contractor at the site offices. The procedure was similar for all sections - Contractor had an obligation to appoint a Grievance Manager and maintain the grievance log. The name and contact information of a Grievance Manager were clearly shown at the entrance of the Contractors', KS and Engineer's offices. Once recorded, the grievances were assessed by the Contractor and appropriately forwarded. The summary of received grievances was included in the Contractor's Monthly Reports. Grievance log, with recorded and processed grievances is kept by the Contractor and is issued to CSE or KS upon request. KS do not maintain their own grievance log for these sections. CSE does keep records on grievances, forwards them where needed and those related to Contractor's actions are monitored until they have been resolved.
- p128. From these records it can be concluded that the majority of the complaints fall under the following: land encroachment and disposal of waste, late payment / lack of compensation agreements; disturbances due to noise, vibrations, dust or mud, damages to private property and public infrastructure, lack of access to the property still in private possession (beyond the boundary of expropriation), problems with crossing of the River Vrla (relates to Section 3 Lot 6), requests for expropriation of unviable land plots. Below is the summary of findings from the repeated PAP survey regarding grievances.

3.3.1 Section 1 Grabovnica - Grdelica – Findings from PAP surveys with regards to Grievance Management

- p129. In terms of officially submitted grievances, more than half of respondents from the survey did not submit any formal complaint or grievance. The rest mainly refer to initiated

court procedures over compensation, particularly those which are still ongoing or had lasted for several years. The PAPs are dissatisfied with the length of the process and the inconsistencies in the experts’ opinions. In addition to compensation, PAPs have formally complained about rejected requests for unviable land/property, unauthorised access to private property, delayed payments, etc. With an exception of ongoing court procedures, all grievances have been resolved.

Table 15 Official grievance submitted by PAPs on S1

Grievance	No of surveyed PAPs	% of surveyed PAPs
No	30	62.5
Yes	17	34.4
No response	1	2.1
Total	48	100.0

p130. The PAPs were generally well informed about who to contact in case they have a grievance, however several respondents pointed out that there were quite a few cases where PAPs were also contacted directly by several lawyers who tried to impose their services and manipulate the PAPs by raising their expectations.

p131. During the interviews conducted for the first focus group regarding court procedures, PAPs who instigated court proceedings have been asked several additional questions on the reasons for initiating court processes, as well as their duration and outcome. The most common reason for initiating court procedures as stated by the PAPs was their dissatisfaction with the offered compensation amount, however other motives had been noted as well. Four most common reasons could be singled out from the collected statements:

- General dissatisfaction with offered prices for private property
- Dissatisfaction with the categorisation of land
- Discrepancies in valuation of the property
- Late payments of compensation

3.3.2 Section 3 Lot 6 Tunnel Manajle – Vladicin Han– Findings from PAP surveys with regards to Grievance Management

p132. Regarding complaints or grievances related to the expropriation process, half of the surveyed PAPs on this section had not submitted any formal complaints or grievances, while some stated they are awaiting further completion of works to decide whether to submit formal grievances. The PAPs who have submitted official grievances have done so for the following reasons (1) low valuation of assets, (2) encroachment of land, (3) damages on private structures and property, (4) delays in payment of compensation (5) request for unviable land (6) inadequate valuation of property, and (7) damage to utilities (access to water). Most of the grievances have been resolved and the remaining ones are under jurisdiction of the Contractor and the court.

Table 16 Official grievance submitted by PAPs on S3L6

Grievance	No of surveyed PAPs	% of surveyed PAPs
Yes	17	34.0
No	25	50.0
Depends on outcome of construction works	6	12.0
No response	2	4.0
Total	50	100.0

p133. PAPs interviewed within the focus group regarding court procedures stated various reasons for initiating court procedures, but the majority of replies can be summarised as follows:

- Dissatisfaction with the compensation amount offered
- Damages to property caused by the construction of the Highway
- Encroachment of land and disputes over temporary possession of land
- Requests for expropriation of unviable land parcels
- Late payments of compensation

3.3.3 Section 4 Vladicin Han – Donji Neradovac - Findings from PAP surveys with regards to Grievance Management

p134. Regarding complaints or grievances related to expropriation process, almost half of the surveyed PAPs had no complaints or grievances whatsoever. The PAPs who filed official grievances noted the following reasons: (1) low compensation rates, (2) damage to private property, (3) delays in compensation payment, (4) refusal of requests for expropriation of unviable parcels, (5) encroachment of land, (6) unfair and lengthy court procedures, (7) uncooperative behaviour of local authority and PERS, and (8) inadequate valuation of property.

Table 17 Official grievance submitted by PAPs on S4

Grievance	No of surveyed PAPs	% of surveyed PAPs
No	54	52.4
Yes	40	38.8
Plan to submit	5	4.8
Other	4	3.9
Total	103	100.0%

p135. Among the PAPs who instigated court proceedings three main reasons stand out:

- Dissatisfaction with the compensation amount offered

- Discrepancies in valuation of the property
- Ownership problems (these are usually initiated between family members)

p136. All grievances have been resolved, apart from the ongoing court procedures. Many PAPs stated that court procedures are very lengthy, sometimes with duration of several years. Some believe that lawyers are responsible for this since they are paid by the respondent and it is in their interest to sustain the procedure as long as possible, while others blame the differences between the expert witness evaluations which many experienced. It was common on this section as well to hear complaints from the PAPs regarding aggressive behaviour of the local lawyers trying to incite the PAPs to sue for higher compensation, “guaranteeing” them pay-out 2-3 times larger than offered.

3.4 Court Procedures

p137. The local expropriation law doesn’t envisage any kind of negotiation with regards to expropriation of property under public interest. The only legal remedy for the owners not satisfied with the offered compensation, or even disputing the expropriation, is through a judicial procedure. A court procedure is initiated automatically in cases where PAPs refuse the valuation of land or other assets offered within the expropriation packages. Typically duration of the judicial process takes several months to a couple of years or more. The reasons for the prolonged processes is in the judicial system itself and in the over crowdedness of the courts. The court hearings in each case are scheduled a couple of months apart, and can be postponed if all parties fail to show up. In cases related to expropriation, court appointed experts need to evaluate the property in case (agricultural experts, structural engineers, etc.), which can take a couple of months. Then there are delays caused by appeals to the chosen valuation experts, appeals to their reports, to court decisions, etc. All of this makes the judicial process quite long and potentially expensive for the owner (as all court related costs are settled once the process is finished).

p138. PERS records do not keep track of the outcome of the court procedures in a unified database. Once the court reaches the decision PERS are notified of the outcome and the amount due for payment. This information is kept within each individual case.

3.5 Monitoring and Recordkeeping

p139. Serbian legislation prescribes limited requirements for monitoring and reporting when compared to OP 4.12. These refer mostly to reporting on financial and technical aspects of the project, while the requirement to report on social impacts remains vague and general. Therefore, there is no standardised approach to recordkeeping for large scale projects like this in Serbia. The RPF includes requirements for monitoring and this requirement is also reflected in the RAPs however, it appears that responsibilities for monitoring and recording of impacts from expropriation were not clearly assigned and, therefore, the system was not properly established with records inconsistently maintained between the involved state institutions.

- p140. Similarly, the requirements for monitoring and addressing social impacts from construction activities as required by the RAPs were not spelt out in the Contractor's obligations. KS, as the project implementation entity, appeared to be understaffed to take full monitoring responsibilities for an expropriation of such magnitude. And there was little support in this process from other stakeholders. The exception is the Contractor on S3 L6 (JV Azvi-Rubau) which, due to its internal policy, has taken an active role in monitoring of social impacts during construction works and collecting and addressing grievances of PAPs which generally improved the situation on site.
- p141. Over the project implementation it became obvious that improvements in record keeping were necessary. Each organisation increased their capacity and introduced improved record keeping systems. However due to the lacking overarching system, individual records are not properly cross referenced and therefore are not easily maintained and updated.
- p142. No records of stakeholder engagement by PERS and KS were kept and there are still issues recording grievances.

4 Conclusions

p143. This chapter contains the overarching summary of the conclusions from the ETIE studies conducted for the WB funded sections on E75.

p144. It should be noted that findings for all three sections covered under this report are relatively similar. This is in part due to the national legislation being implemented across all sections by state agencies, who operate under the same procedures. And all of the provisions of the RPF which are outside the national legislation were managed by KS which explains the similar approach and therefore similar issues on all sections. The last section to be implemented was Section 3 Lot 6. Both the municipality Vladicin Han and KS have had the benefit of their previous experience on the neighbouring Section 4 and other sections, which helped minimise some of the impacts. Therefore when reviewing the findings noted, it should be understood that all noted impacts although applicable to all three sections, were mitigated better and faster on Lot 6.

4.1 Positive Impacts

p145. Considerable efforts were made to implement positive practices throughout the project and ensure the benefit of the affected community. During the process of expropriation, only the land needed for the actual highway and the adjacent areas was expropriated. The authorities considered how would different compensation rates based on the recorded cadastre information affect the community. In order to avoid disparity in compensation rates, a uniformed market value of land based on its category and class was adopted on each section. In cases where the process of reclassifying the purpose of the land with the cadastre office was pending, compensation agreements with PAPs were postponed until finalization of administration. This allowed the PAPs to receive higher compensation rates.

p146. In cases of expropriation of residential structures and physical relocation, PAPs received transitional allowance that amounted to 6 monthly minimum wage salaries at the time the payment was made. Furthermore, PAPs were allowed to collect construction materials from the previously owned structures, although they were compensated for it.

p147. In addition to compensation under expropriation, PAPs with the affected businesses received reimbursement for the temporal or permanent loss of income. Plots that were temporarily occupied by the Contractor during construction weren't expropriated, but temporarily leased from the PAPs. PAPs received rental allowances and upon the contract expiration, the plots were returned to the owners in the original state.

p148. As the PAPs refused to acknowledge the original entity established to address the issues PAPs were faced with during the procedure, an informal grievance mechanism was developed, relying KS and other stakeholders' representatives on site.

p149. Additionally, KS and PERS provided assistance in kind to the affected community. One of the best examples is a donation of a terrain vehicle to Health Centre in Leskovac, which considerably improved service of the mobile medical units, thus facilitating positive change beyond the project impact. A training Course of Basic Practical Skills was organised by KS

in the office of municipality Vladicin Han. Apart from being useful for the community in terms of computer literacy, the training provided information about most useful agriculture websites. Firewood for heating was distributed from the expropriated forests to the vulnerable households.

4.2 Land Expropriation

p150. Land expropriation was undertaken following the regulatory framework of Serbia which is broadly compatible with the requirements of the World Bank, specifically Operational Policy 4.12. The project Resettlement Policy Framework (RPF) was adopted by GoS and the investment banks in 2009 in order to bridge the gaps between the local legislation and OP requirements. In areas where the national legislation differs from the requirements set out in the World Bank OP 4.12 KS and PERS demonstrated commitment to bridge these gaps during project implementation.

p151. The land acquisition process for these sections began in 2011 (S1 and S4) and in 2012 (S3L6) following the Declaration of Public interest for each section which is considered the cut-off date for that particular section. Expropriation process mostly finished by the end of 2012 (for S1 and S4) and in 2014 for S3L6, however additional limited expropriation was required throughout the implementation of works. Key expropriation data for all three sections is provided in the table below.

Table 18 Key expropriation data for all three sections

Categories	Grabovnica – Grdelica	Tunnel Manajle – Vladicin Han	Vladicin Han – Donji Neradovac		Total
			Vladicin Han Municipality	Vranje Municipality	
No. of expropriation cases	311	322	519	1,144	2,296
No. of PAPs (individual private owners)	297	300	494	1,075	2,166
No. of PAPs (public owners)	12	14	23	41	90
No. of parcels	516	554	1,186	1,837	4,093
Total area acquired through Administrative Transfer (m ²)	261,276	94,127	392,587	1,509,819	2,255,809
Total area acquired through expropriation (m ²)	308,688	406,801	469,338	982,839	2,167,666

Categories	Grabovnica – Grdelica	Tunnel Manajle – Vladicin Han	Vladicin Han – Donji Neradovac		Total
			Vladicin Han Municipality	Vranje Municipality	
No. of expr. cases with residential structures	6	4	9	27	46
No of land parcels with residential structures (expr. as unviable)	9	0	5	14	28
No. of expr. cases with auxiliary structures	7	19	62	53	141
No. of expr. cases with businesses	1	0	1	1 (potential)	3
No of land parcels with expropriated crops	311	145	258	444	1,158

p152. In addition to expropriation, under the law land owners are entitled to request expropriation of the remaining land parcel as unviable land. The economic viability of the remaining land parcel is determined by expert witnesses based on the size, shape and topography of the parcel. Due to the relatively small size of original land parcels, there had been a significant number of requests for expropriation of unviable land. Table 20 below summarizes the outcome of requests for expropriation of unviable parcels that have been submitted to PERS so far.

Table 19 Requests for expropriation of unviable parcels on all three sections covered by this report

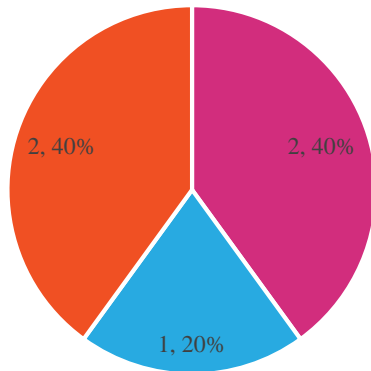
Unviable land parcel requests	Accepted		Rejected		Total submitted
	No.	%	No.	%	
Grabovnica – Grdelica	125	65.8	65	34.2	190
Tunnel Manajle – Vladicin Han	121	61.4	76	38.6	197
Vladicin Han – Donji Neradovac:	500	64.3	278	35.7	778
Municipality Vladicin Han	147	63.9	83	36.1	230
Municipality Vranje	353	64.4	195	35.6	548
Total	746	64.0%	419	36.0%	1,165

- p153. Even though section specific RAPs were prepared for the project sections financed by the WB, land expropriation and mitigation of impacts during construction of works were conducted similarly to other sections of the Corridor 10 project following provisions of the project RPF. The RAPs themselves provided baseline data for comparison but provided little in the way of performance indicators against which the implemented measures could be evaluated. However, it is the Consultant's opinion that the absence of these indicators in the RAPs per se has not compromised the implementation of the land expropriation process or the compensation paid as the provisions of the RPF were followed. It merely made the evaluation of the process a little more difficult.
- p154. Undertaken evaluation suggests that the affected people across all WB-financed sections on E75 received adequate compensation, at least comparable to the market value of affected assets (for reference the price comparisons are presented in Appendix C). Where PAPs expressed negative views, they were influenced mostly by other factors, such as damages and limited access to private property during construction works, rejections of requests for expropriation of unviable parcels, inconsistency of compensation rates between the different project sections and lengthy court procedures. Some court appeals against provided compensation took place, but it is not considered to be non-compliance with RAP or represent a major expropriation impact. On the other hand, the lack of record keeping created a challenge for assessing this impact fully.
- p155. The findings also show that expropriation cases for the detailed design were processed in good time (typically within 3 months) with the exception of a period of time in 2011 where payments were delayed due to the issues with available funding from the national budget. At the time of this report there were no outstanding payments for concluded agreements on compensation. Payments against ongoing court procedures will be made once the court decision is final as dictated by the national law.

4.3 Affected Structures and Businesses

- p156. With regard to affected structures and businesses, the compensation offered to the affected households is considered to be largely adequate and above the market prices in the area since the vast majority of PAPs whose residential structures were expropriated bought new homes/apartments to live in. During the conducted surveys the majority of those resettled assessed the new living conditions as better than the ones in their original residences.
- p157. All physically relocated households received the additional transitional assistance in the amount equivalent to 6 monthly minimum wage salaries at the time payment was made (133.584,00 or approximately 1.100,00 EUR at the time), to which they were entitled to under the RPF.
- p158. In respect to the affected business, it appears that the requirements of the RAP have been met, however, some cases require further monitoring due to unresolved court processes. For additional engagement on behalf of the stakeholders, see Chapter 3.2.
- p159. A total of 36 households were physically relocated as a result of expropriation

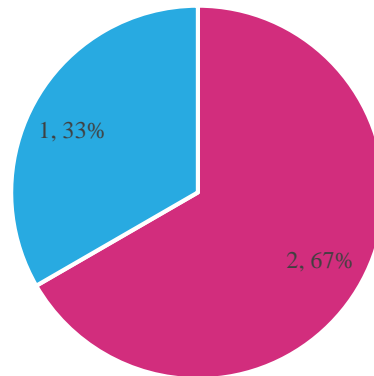
Section Grabovnica-Grdelica



- Refurbishment of the house already owned by the household
- Bought an apartment
- Bought a new residential house

Figure 8 - Summary on Relocated Households on section Grabovnica - Grdelica

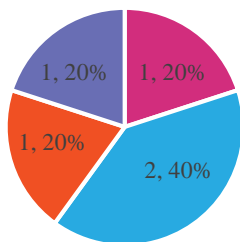
Section Tunnel Manajle-Vladicin Han



- Built new house on the same property
- Bought new house close to the original location

Figure 7 - Summary on Relocated Households on section Tunnel Manajle-Vladicin Han

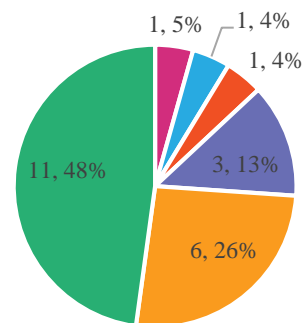
Section Vladicin Han-Donji Neradovac (Vladicin Han)



- Built new house on the same property
- Bought land and built new house on it
- Refurbished the old house they have owned on the remaining part of the parcel
- The owner deceased during expropriation

Figure 9 - Summary on Relocated Households on section Vladicin Han – Donji Neradovac (VHan)

Section Vladicin Han-Donji Neradovac (Vranje)



- Unknown
- Bought new apartment
- Built new house on previously owned land
- Moved into previously owned house/apartment
- Bought a house and invested in limited or extensive renovation
- Bought new land and built house

Figure 10 - Summary on Relocated Households on Section Vladicin Han-Donji Neradovac (Vranje)

4.4 Socio-economic conditions

p160. In terms of socio-economic conditions of the local community, some small improvements have been noted compared to 2011 and 2012 before the land acquisition process began. Direct and indirect benefits of the project (provided compensation, employment, business and supply chain opportunities) were the key factors for this. Many PAPs improved their living conditions and some invested in purchase of agricultural machinery and starting new businesses. Additional support was organised for vulnerable population and the community in general by KS, PERS and the Contractors through provision of heating and construction materials, training etc.

p161. Tables below comprise several indicators that might give insight into the main socio-economic characteristics of PAPs surveyed for the purpose of preparation of the Resettlement Action Plans (baseline surveys) and of the PAPs (Repeated PAPs Survey) and citizens (Control /Citizens Survey) surveyed for the ETIEs in 2016.

Table 20 Comparative Overview of Indicators in Baseline and Repeated PAPs Survey and Control Citizens Survey

No.	Indicators	Baseline PAP Survey	Repeat PAP Survey	Control Citizens Survey
1	Average Family Size	3.8	4.2	4.2
2	Average monthly income per household	25,666.66 RSD/247 EUR	46,244.00 RSD/380.33 EUR	44,217.33/364EUR
	Adjusted for inflation	30,430.33 RSD	N/A	N/A
3	Average monthly income per household member ²	6,628.33 RSD/63.90 EUR	11,150.00 RSD/92 EUR	11,155.00 RSD/92EUR
	Adjusted for inflation	7,822.66 RSD/	N/A	N/A
4	Proportion of households below poverty line ³	33.9%	38.6%	30.6%

² Based on statements of respondents on monetary monthly income, without agriculture income and descriptive additional income (the care of others, overtime and part time job....). Average monthly income in the PAPs 2016 column is slightly higher than realistic one since one income from working abroad has been included (around 6000 EUR/per month).

³ Methodology for determining the poverty line for 2010 and for 2016 is different, and therefore percentages shown in the table are not comparable as such. In 2010 the poverty line was 8,800 RSD (13,108 RSD adjusted for inflation) plus 5000 RSD for each additional member. For the data from the 2016 Survey we applied the modified criteria from: Siromaštvo u Srbiji u 2014. Tim za socijalno uključivanje i smanjenje siromaštva. Avgust 2015. Beograd ([click for the reference](#)). In this document, the poverty line in Serbia in 2014 was determined to be 11.340 RSD for one member household with 70% increase for each additional adult family member (14 years and above) and 50% for each child younger than 14 years. Since the structure of the surveyed households is not available, it was decided to adopt the following criteria: one and two member households are assumed as adult households only, households with 3+ members are assumed with the average increase (60% for each new member). Additionally, households without regular monthly income were classified to be below the poverty line.

No.	Indicators	Baseline PAP Survey	Repeat PAP Survey	Control Citizens Survey
5	Proportion of households rating their economic status as: ‘above average’ ‘average’ ‘modest’ ‘poor’	0.0% 24.5% 46.3% 29.2%	3.1% 25.9% 44.7% 25.6%	2.3% 29.5% 32.6% 35.6%
6	Changes in economic status of households in last five years to: Better Worse	N/A N/A	13.6% 37.4%	14.0% 26.65
7	Pattern of spending compensation received	20% for current needs	4.9% for current needs 37.8% for upgrading housing conditions or buying a new house 14% for purchasing new agriculture land	N/A
8	Purchasing new or second hand appliances	N/A	48.8%	38%
9	Changing in employment status of household members: Got employment Lost employment	N/A N/A	17.0% 20.7%	20.0% 27.3%
10	Households with members employed on construction works	N/A	43.6%	11.4%
11	Proportion of families without earning members	9.3%	5.0%	4.6%

4.5 Stakeholder Engagement and Grievance Management

p162. The implemented stakeholder engagement went beyond the legislation provisions of public consultation prior to construction. KS actively participated in the communication with the local communities, directly and through local municipalities. They worked closely with the Contractors and CSE to mitigate the adverse impacts of the construction works and to assist the local communities as much as possible.

p163. Although, it appears that the process lacked a more systematic and coordinated approach thus, some of the activities were never properly recorded, and at times some of the information provided to the communities seemed confusing which reinforced the negative perceptions of the local community.

p164. Monitoring and reporting on impacts to PAPs during construction works was not properly organised, managed or documented. The established Grievance Commission, as a standalone institution, was not a sufficient instrument for mitigation of social impacts of the project and its role should be revised. However, even without a formal organisation it is recognised that the project participants were actively involved not only in mitigating impacts from the project, but also in facilitating additional positive changes to the local community, beyond the project impact.

p165. Since the recordkeeping of the grievances was not properly managed, it is not possible to confirm the number of grievances, type of grievances or the ultimate outcomes/resolutions. However during the surveys and interviews conducted for the purpose of this report it was confirmed by the Project Promoters and by the interviewed PAPs that the local communities had proper channels for submission of grievances and most of the grievances were addressed promptly.

p166. During the survey the PAPs were asked whether they submitted any formal grievances, whether they knew who to submit the grievance to, and if they submitted the grievance what was the cause and outcome. On section Grabovnica-Grdelica, 34% of surveyed PAPs submitted official grievances. The most common reasons for initiating court procedures as stated by the PAPs were the following:

1. General dissatisfaction with offered prices for private property
2. Dissatisfaction with the categorisation of land
3. Discrepancies in valuation of the property
4. Late payments of compensation

p167. On section Tunnel Manajle-Vladicin Han, 34% of surveyed PAPs submitted official grievances. The most common reasons for initiating court procedures as stated by the PAPs were the following:

1. Dissatisfaction with the compensation amount offered
2. Damages to property caused by the construction of the highway
3. Encroachment of land and disputes over temporary possession of land

4. Requests for expropriation of unviable land parcels
5. Late payments of compensation

p168. On section Vladicin Han-Donji Neradovac, 38,8% of surveyed PAPs submitted official grievances. The most common reasons for initiating court procedures as stated by the PAPs were the following:

1. Dissatisfaction with the compensation amount offered
2. Discrepancies in valuation of the property
3. Ownership problems (these are usually initiated between family members)

p169. Issues concerning offered prices could only be resolved through court procedures. Although in cases where the complaint was based on the mis-categorisation of land PERS allowed additional time to the landowners to formally change the categorisation on the cadastre. Issues like encroachment and damages were dealt with quickly by KS representatives on site and the Contractors.

5 Recommendations and Lessons Learnt

p170. Further to the conclusions made in the previous chapter of this report, we are highlighting some of the lessons learnt and recommendations for future projects involving land acquisition and resettlement.

1. Land acquisition process should have a single entity taking overarching responsibility for land acquisition, implementation and monitoring of RPF/RAP and assuring the quality of the implementation process. It is considered that KS now have the necessary capacity to manage the expropriation process themselves.
2. RAP should be developed before the start of expropriation and include clear definition of Key Performance Indicators (KPI), as well as requirements for monitoring and reporting.
3. RPF/RAP should include a clear methodology for determining vulnerability of project affected people with several indicators to be monitored over time, particularly if the project affects poverty stricken areas.
4. There should be a higher focus on the design – to invest more in the preparation stage (proper geological and geotechnical investigation, responsible design following meaningful consultation with the community and the local representatives) – proper design to include access (temporary - during construction and permanent after the road is operational), proper drainage, ensure local infrastructure and communication is sustainable (during construction and operation).
5. Proper baseline of existing utility infrastructure should be undertaken prior to the impact in order to assess the actual impact from the project.
6. The standardisation of valuation reports should be introduced in future projects to avoid discrepancies in format and information disclosed by individual experts.
7. Stakeholder engagement approach should be properly planned and structured with clearly assigned responsibilities at all organisational levels; and provisions set in place by the project Promoters prior to the start of land acquisition process, to ensure control over the information flow to limit negative perceptions by PAPs and affected communities. Information about mitigation of impacts, including timeline for compensation, contractor obligations and process and ways to raise concerns and claim damages should be clearly stated and disclosed to the public in a meaningful way.
8. KS should maintain appropriate stakeholder engagement and grievance log/data base and ensure disclosure of key information about the project construction, grievance redress and claims procedures, to achieve effective stakeholder engagement.
9. Establish a grievance management procedure and nominate the entity with the overall responsibility of the process, include several channels for reporting of grievances for the community and communicate those frequently, include instructions for communication with the community (timeframe to acknowledge the grievance, to resolve it, to update on the resolution progress, etc.) and keeping records of grievances received and resolved.

10. If a Grievance Commission is established it should be considered how the members of the Grievance Commission are chosen and to take steps early on to ensure the public's confidence in the GC.
11. Implementation entity and Contractor should be appropriately staffed to undertake adequate monitoring of all activities related to impacts on the community (both in terms of knowledge and experience, as well as number of staff).
12. Planning and implementation of timely livelihood restoration support should be included into the Lessons Learnt part of the Final report. The aim of this support is to ensure people are well equipped to utilise their compensation money sustainably and improve their livelihoods. Where possible, this support should be provided on other sections of this project and on other projects as well. Planning and implementation of a livelihood restoration support should be adequately resourced.
13. The oversight of the transitional allowance should be included into the Lessons Learnt part of the Final report to ensure similar oversights are avoided on other sections or projects.
14. A need for a designated independent team to be appointed to provide free legal aid to all the PAPs should be included in Lessons Learnt part of the Final report. This would reduce the negative perception of the process as the PAPs would be better informed and equipped to face the unavoidable impacts and challenges of such projects.

Appendix A

Methodology

A1 Methodology

p171. The study includes a review of secondary data, as well as collection of the primary data through key informant interviews, focus groups, a repeat survey of PAPs and a control sample survey of the local community, with the purpose to obtain rounded information from all participants in the process, including project affected persons, local communities, government agencies, Koridori Srbije and Roads of Serbia (PERS, the Beneficiary of Expropriation).

A1.1 Scope of the Study

A1.1.1 Initial Document Review

p172. A desktop review of the existing documentation related to the expropriation process and implementation of the RAP was undertaken. This includes reports prepared by the Koridori Srbije, PERS, the Municipality and any independent reports collected, as well as Contractor's and Engineer's regular reports.

p173. The purpose of the initial document review was to collect the key background information on the expropriation, such as number of affected households, initiated court procedures and their outcomes, expropriation scheduled and duration, details of the court process and the land hand over for construction, etc.

A1.1.2 Primary data collection

p174. Collection of primary data involved collecting the socio-economic data directly from the people affected by the project, local communities and persons involved in the implementation of expropriation and resettlement. It included:

- Household surveys (the repeat survey of PAPs undertaken in 2016 (the repeat 2016 survey) and a control sample survey of the local community undertaken at the same time);
- Key informant interviews;
- Focus groups interviews.

p175. The purpose of household surveys is to collect socio-economic data on PAPs and local community, so a comparative analysis with the socio-economic conditions described in RAP can be undertaken. The questionnaire for the repeat 2016 survey was agreed with KS and contained questions allowing for comparison of data collected through the questionnaire used for the baseline surveys. Additionally, the questionnaire contained several follow-up questions on the amount received for compensation, modes of spending compensation money, level of satisfaction with compensation amount, expropriation on changes in the standard of living of an affected household.

The control sample survey included people from the local community who were not directly affected by the project.

p176. The purpose of the Key informant interviews was to understand the process of expropriation from the point of view of the government entities responsible for its implementation.

p177. Four focus groups were planned, the first one targeting PAPs who initiated court procedures, the second one targeting women whose households were expropriated, the third one aimed to assess the impacts of the construction of the Highway on the community and the fourth one that was supposed to include member of the Grievance commission.

A1.1.3 Data analysis

p178. In order to obtain a reliable overview of the opinions of PAPs and citizens regarding the impact of expropriation, expropriation management, effects of highway construction, as well as community economic and social status, some of the questions in the survey questionnaires were open ended. These questions were analysed by applying the qualitative method, with some appropriate simplification in order to express the findings in percentages and summarise the comments.

A1.1.4 Collection and Analysis of secondary data

p179. Processing of secondary data included collecting information such as statistical data on the development level of the municipalities, cadastre municipalities (villages) directly affected by the Corridor 10 site boundaries, and the Pcinj and Jablanica districts, the regional area to which the affected municipality belongs. The data from respective websites advertising properties for sale (houses, land, and business), as well as comments in the media on the expropriation process were also collected and analysed.

A1.2 Assumptions and Limitations

p180. In the course of collection of the data certain limitations have been identified and presented below:

- non-responsiveness of the PAPs and their general indifference to get involved in the repeated survey
- unavailability of PAPs who participated in the original survey due to the passed time (some PAPs have relocated, some – deceased)
- fragmentation of household properties, where the total land area owned by the household is split into several smaller parcels distant from each other
- unwillingness of PAPs who initiated court procedures to participate in the survey, due to general dissatisfaction with the process
- a limited number of women included in the process of expropriation and even smaller number of them willing to take part in the survey

p181. Due to the limitations noted above, the number of these PAPs that the Consultant managed to interview was not sufficient to form a credible sample for the survey. In order to achieve the target size of the sample, the Consultant interviewed additional PAPs who were not part of the original baseline survey. They were chosen from the inventory of PAPs focussing on those who (1) experienced major impacts from land acquisition (such as expropriation of houses), (2) who initiated court procedures, and (3) who made requests for expropriation of the unviable land. Altogether, 50 PAPs were included in the Repeated PAPs Survey, which is 15.5% of the total 322 PAPs listed in the Inventory of PAPs.

Appendix B

Institutional Arrangements

B1 Institutions Involved in Expropriation process

p182. Key institutions involved in the Expropriation process for this project are presented the Appendix B.

Table 21 Institutional Arrangements

Institution / Entity	Role in the expropriation process
Public Enterprise Roads of Serbia (PERS)	PERS is the official Beneficiary of Expropriation for the project. With regards to the expropriation process PERS are responsible for the following activities: preparation of expropriation reports based on the design; submitting the proposals for expropriation to the local municipalities, submitting all supporting documents to third parties and agencies of relevance, negotiations in respect to compensation, signing the compensation agreements, representing the GoS in court cases related to expropriation (regarding amount of compensation), liaise-on with other stakeholders in the expropriation process, etc.
Koridori Srbije (KS)	Koridori Srbije is a government entity established specifically to implement the Corridor X project including the land expropriation process on behalf of GoS. They have the overall responsibility for the project to the Lenders. This includes implementation of Lenders' requirements with regards to land acquisition and resettlement. They are also responsible for the timely disclosure of information related to the project.

Institution / Entity	Role in the expropriation process
Local Municipalities	<p>The respective Municipality, where properties are being expropriated, administers the expropriation process at the local level in conjunction with the Beneficiary of Expropriation. The role of municipalities was to review, admit and process all expropriation proposals submitted by the PERS. They are responsible for contacting the PAPs, presenting them with expropriation packages, and negotiation. At the valuation stage the Municipalities mandate is to administer the proposals of the parties and gather all necessary evidence. Once the compensation amount is determined the responsible officer drafts and compensation agreement which is presented to the land owner (PAP). The compensation agreement becomes effective if all parties agree on the compensation amount. The Municipality has to record the outcome and register the agreement with the cadastre office in order to finalise the transfer of ownership. The Municipality also has the responsibility to decide on requests for expropriation of unviable parcels (under article 10 of the expropriation law)</p>
Ministry of Finance	<p>The role of the Ministry of Finance was to present to the Government that the project proposal is satisfying the requirements of Public Interest. The Ministry is also responsible for issuing payments on the signed agreements for compensation of expropriated land. The instructions for payment are prepared by the Beneficiary of Expropriation based on the contracts provided by the Municipality. Additionally the Ministry of Finance can allow commencement of works in case of disputes, i.e. can grant access to a specific property even if the compensation has not been administered to the PAPs, before the effectiveness of the decision on compensation and/or prior to the conclusion of the Compensation Agreement.</p>
Tax Administration Office	<p>The role of the Tax Administration Office is to determine the market value of the expropriated land, individually for each land parcel.</p>
Ministry of Agriculture	<p>The role of the Ministry of Agriculture was to present to the PERS information regarding available agricultural land that can be offered as compensation in kind according to the Expropriation Law.</p>

Institution / Entity	Role in the expropriation process
Municipal Land Registry Office/ The Republic Geodetic Authority	The Real Estate Cadastre is the basic and public register of real estate and property rights to them and is within the authority of the Republic Geodetic Authority and the respective territorially based affiliates. Before the start of the expropriation process the Cadastre has to confirm the properties of land parcels in the project affected area and their owners. They also conduct the split of land plots (parcelling) to minimise the impact of land acquisition.
Courts	The Basic Courts mandate is to manage any disputes arising between the Beneficiary of expropriation and the PAPs in respect to compensation, adherence to legal proceedings throughout the entire process of expropriation. The court of Appeal decides on any appeal to decisions of the Basic Court.

Appendix C

Land and Housing Prices in Serbia

C1 Land and Housing Prices in Serbia

p183. The comparison of market and expropriation prices on other infrastructural projects in Serbia demonstrate that the expropriation prices in the Eastern and South Eastern section of the Corridor 10 were the most favourable for PAPs, and that they were at least 2.5 to 3 times higher than the market prices.

Table 22 Assessed market prices for agricultural land and non-agricultural land (RSD/m²) in 2011

Soil/culture	RSD/m ²
Farm land	380 – 750
Gardens	700 – 750
Orchards	600 – 750
Vineyards	
Meadow	420 – 500
Pasture	450 – 550
Forestry	380 – 700
Unfertile land	250
Building land outside of urban area	450-650 RSD/m ²
Courtyard	780-850 RSD/m ²

Table 23 Compilation of prices for land plots at different sections of the project, other projects and market transaction prices in 2012

Location/Region	Market transaction or expropriation	Price per 1 m ² in EUR
Subotica; north of Serbia (Vojvodina)	Expropriation for the Corridor 10 Highway North (E75 Horgos – Novi Sad) – separate from the Corridor 10 Highway project	0.62 EUR (70 RSD)
Bela Palanka, Pirot, Dimitrovgrad Bypass	Expropriation for the Corridor 10 Highway (E80 Section 4)	3.09-4.86 EUR (350 – 550 RSD)
Presevo	Expropriation for the Corridor 10 Highway (E75 up to border with FYROM) – separate from the Corridor 10 Highway project	10 EUR
Bujanovac	Expropriation for the Corridor 10 Highway (E75 Section 5 Lot 2)	8 EUR
Vranje	Expropriation for the Corridor 10 Highway (E75 Section 4 and Section 5 Lot 1)	5.75 EUR (650 RSD)

Location/Region	Market transaction or expropriation	Price per 1 m2 in EUR
Vladicin Han	Expropriation for the Corridor 10 Highway (E75 Section 3 Lot 6 and Section 4)	4.86 EUR (550 RSD)
Leskovac	Expropriation for the Corridor 10 Highway (E75 Section 1)	3.09-4.42 EUR (350 – 500 RSD)
Nis	Expropriation for the Corridor 10 Highway (E80 Section 1)	7.07-8.84 EUR 800 – 1000 RSD
Dobanovci- Batajnica / Belgrade Bypass	Expropriation for the Belgrade Bypass	17.68 EUR 2000 RSD
Ub, Lajkovac, Lazarevac, Ljig	Expropriation for the E-763 Highway	0.88-2.65 EUR 100 – 300 RSD
Agriculture land Vojvodina	Market transaction	0.5 – 1.0 EUR
Agriculture land Central Serbia	Market transaction	0.2 - 0.4 EUR
Agriculture land in Eastern Serbia	Market transaction	0.05 - 0.11 EUR
Agriculture land in Grocka (wider Belgrade area)	Expropriation for public interest project In Vinca	0.96-1.6 EUR (2015 exchange rate) 120-200 RSD
Agriculture land in Grocka (wider Belgrade area)	Market transaction price	2 to 4 EUR

p184. Additionally, the analysis reveals that the land market in the region is stagnant and renting of agricultural land is nearly non-existent. The price of land varies depending on location, quality etc. Lower quality of land is not purchased, while the price of good quality land plots varies between 3,000 and 54,000 EUR / ha, i.e. 1.8 EUR / m2 on average.

p185. Monetary compensation received for expropriation was sufficient to replace lost property/housing. Based on the statistic data issued by the government, the average price of flats in 2014 was Based on the statistic data issued by the government the average price of flats in 2014 was 78,194 RSD/m2 (equivalent to 640 EUR) in class II developed municipalities and 66.543 RSD/m2 (545 EUR) in class IV municipalities. The cadastre municipalities affected by the project are experiencing a decrease in population. This is reflected in the significantly high percentage of unoccupied residences in the three cadastre municipalities affected by the Project. Tables below illustrate numbers of residencies according to the occupancy status listed by cadastral municipality.

Table 24 Section Grabovnica-Grdelica

Cadastre municipality	Total number of residences	Occupied	Unoccupied (temporarily or abandoned)	Used occasionally (for vacation, recreation or during seasonal agriculture works)
Grdelica varos	829/100.0%	682/82.3%	137/16.5%	7/0.8%
Grdelica selo	398/100.0%	337/84.7%	39/9.8%	22/5.5%
Mala Kopasnica	117/100.0%	77/65.8%	40/34.2%	
Oraovica	763/100.0%	591/77.4%	117/15.3%	53/6.9%

Table 25 Tunnel Manajle-Vladicin Han

Municipality and cadastre municipality	Total number of dwellings	Occupied	Unoccupied (temporarily or abandoned)	Used occasionally (for vacation, recreation or during seasonal agriculture works)	Average number of household's member
Municipality of Vladicin Han	10169 / 100.0%	6699 / 65.7%	2731 / 26.8%	722 / 7.1%	3.05
Krzince	113 / 100.0%	80 / 70.8%	32 / 28.3%	0	2.91
CM Vladicin Han	3008 / 100.0%	2453 / 81.5%	536 / 17.8%	13 / 0.4%	3.17
Polom	175 / 100.0%	111 / 63.4%	48 / 27.4%	14 / 8.0%	3.33
Prekodolce	643 / 100.0%	459 / 71.4%	180 / 28.0%	4 / 0.6%	3.52

Table 26 Vladicin Han-Donji Neradovac

Municipality and cadastre municipality	Total number of dwellings	Occupied	Unoccupied (temporarily or abandoned)	Used occasionally (for vacation, recreation or during seasonal agriculture works)	Average number of household's member
Municipality of Vladicin Han	10169 / 100.0%	6699 / 65.7%	2731 / 26.8%	722 / 7.1%	3.05
Dekutinice	124	85 / 68.5%	22 / 17.7%	16 / 12.9%	2.88
Gramadje	103	69 / 67.0%	12 / 11.6%	22 / 21.3%	2.94

Municipality and cadastre municipality	Total number of dwellings	Occupied	Unoccupied (temporarily or abandoned)	Used occasionally (for vacation, recreation or during seasonal agriculture works)	Average number of household's member
Polom	175	111 / 63.4%	48 / 27.4%	14 / 8.0%	3.33
Vrbovo	189	110 / 58.2%	67 / 35.4%	12 / 6.3%	2.75
Mazarać	99	55 / 55.5%	31 / 31.3%	13 / 13.1%	2.55
Municipality of Vranje	32174	25378 / 78.9%	5390 / 16.7%	1304 / 4.1	3.22
Panevlje	87	56 / 63.4%	28 / 32.2%	2 / 2.3%	3.29
Kumarevo	77	71 / 92.2%	/	6 / 7.8%	3.38
Prevalac	77	45 / 58.4%	30 / 39.0%	1 / 1.3%	3.71
Korbevac	283	200 / 70.7%	79 / 27.9%	4 / 1.4%	3.32
Moštanica	182	131 / 72.0%	19 / 10.4	32 / 17.6%	3.15
Bresnica	125	98 / 78.4%	27 / 21.6%	/	3.11
Ranutovac	139	124 / 89.2%	10 / 7.2%	5 / 3.6%	3.68
Suvi Dol	250	181 / 72.4%	37 / 14.8%	29 / 11.6%	3.56
Ribince	152	129	19	4	3.66
Donji Neradovac	293	241	39	13	3.65

Appendix D

Socio-economic Characteristics

D1 Socio-economic Characteristics

D1.1 Section Grabovnica-Grdelica

- p186. The Section Grabovnica – Grdelica is located within the Municipality of Leskovac and affects three cadastre municipalities: Oraovica, Mala Kopasnica and Grdelica Selo.
- p187. According to the information available online⁴, the Municipality of Leskovac is classified as underdeveloped (class III), with the development rate between 60% and 80% of the national average. The classification is made based on the criteria from the Law on Regional Development⁵.
- p188. The Population of the Municipality of Leskovac as well as the whole area of Jablanica District has been declining for a long period of time. During the last two decades population decreased in almost all settlements in the Municipality of Leskovac, including the municipal centre Leskovac (from 161.986 inhabitants in 1991 to 144.206 in 2011) and its urban area (from 67.976 to 65.287). Rural areas of municipality record more intensive loss of population (from 94.010 in 1991 to 78.917 in 2011). All of the three cadastre municipalities on this section of the Corridor 10 route also experienced a decrease in population (Grdelica selo – from 1.228 inhabitants in 1991 to 1058 in 2011; Mala Kopasnica – from 303 to 213; Oraovica – from 2.165 to 1.944). Grdelica varos as the closest urban centre also lost its population in the last 20 years – from 2.431 in 1991 to 2.126 in 2011.
- p189. Ageing index (relation between the youngest age group 0 – 19 years and oldest group, over 64 years) in favour of the oldest age group, is, as expected, significantly higher in small settlements (villages).
- p190. According to the 2011 Census, there are 43.603 households within the Municipality of Leskovac, with slightly less households in urban areas (21.235) than in the rural ones (22.360). Three cadastre municipalities affected by the Corridor 10 have relatively small number of households: Oraovica – 593; Grdelica selo – 338 and Mala Kopasnica – 77. Nearby settlements where some of the PAPs have permanent housing are Velika Grabovnica (363 households) and Grdelica varos (698 households).
- p191. Changes in number of households are visible comparing to the initial baseline, but not to a great extent. The situation differs in urban and rural settlements. The number of households in urban area of the Municipality of Leskovac increased (from 20.135 in 1991 to 21.235 in 2011), but in rural areas

⁴ Regional Strategy of Rural Development of Jablanica and Pcinja Districts, year 2013-2017, Final draft, prepared by ARDA (Accredited Regional Development Agency and Development Centre for Jablanica and Pcinja District, Leskovac, 2013.), Financed by the Austrian Development Cooperation

⁵ Official Gazette RS, 1/2009; 30/2010; 89/2015

it has declined (from 23.844 in 1991 to 22.368 in 2011). Only in the village of Oraovica, the number of households increased during the last 20 years (from 561 to 593). Increasing number of households in contrast with the decreasing number of population is the result of so-called “tearing” (separation) of households, i.e. departure of grown up children from their parents in order to establish households of their own.

- p192. Jablanica region is one of the poorest regions in Serbia. The average number of employees in Jablanica District is 210 (while the national average is 278 per 1,000 inhabitants). The unemployment rate is around 40%, which is high.
- p193. The percentage of citizens who have not completed elementary school or have elementary level of education only is high. Among the citizens aged 15 and above, 31.6% do not have any formal education, followed by 22.0% of those who have completed elementary school. High school education was registered among 33.7% citizens, while only 3.2% and 3.7% of citizens have higher education and university level education, respectively.
- p194. The relatively high participation of agricultural production in the structure of income does not reflect the development of agriculture, but rather the underdevelopment of other economic activities. The agricultural production is mostly restricted to serving the household needs and minimal trade. This is further reflected through the information from the repeat 2016 survey, where only 10% of the interviewed PAPs confirmed that they purchased new agricultural land to replace the expropriated land.

D1.2 Section Tunnel Manajle-Vladicin Han

- p195. Municipality Vladicin Han is located in the Pcinj District in the South-East region of Serbia which is one of the most undeveloped areas in the country. Almost all of the standardly used development indicators (GDP, per capita income, employment rate etc.) are below the national average. The negative demographic, social and economic processes are highly evident in the whole area with some specific characteristics, such as the differentiated demographic changes in villages.
- p196. According to online sources⁶, the Municipality of Vladicin Han is classified in the lowest group of underdeveloped and devastated areas with the level of development below 50% of the national average. The classification is made based on the criteria from the Law on Regional Development⁷.
- p197. Pcinj District has seven municipalities: Bosilegrad, Bujanovac, Vladicin Han, Vranje, Presevo, Surdulica and Trgoviste. The proportion of the elderly population (over 60 years old) in the district is 18%, while the working age population makes up 64.4%. Within the citizens aged 15 or over, 8.6% are officially illiterate, and two thirds of those are women. 27.1% have no formal

⁶ Ibid.

⁷ Ibid.

education, 31.58% completed only elementary school, and 6.8% completed high school or higher education. Unemployment rate is around 30%. The ethnic picture shows the absolute majority of Serbians (93.8%) and the second largest group is the Roma population (4.3%).

p198. The agrarian structure of the area is very fragmented. Only small number of households possess more than 3 hectares of arable land. Agricultural structure of private holdings is not sufficient enough to ensure necessary minimum income to meet basic household needs and even less to allow investment in the development and enlargement of agricultural production. Agricultural households with old owners unmotivated to invest in the development and improvement of agricultural production are prevailing in the area.

p199. The regional study states that nearly half of the surveyed households (46%) viewed agriculture as the possibility for future development and 34% assessed full-time employment outside of agriculture as the potential for future progress. Fifteen percent of respondents recognized private business as an opportunity for development of households in the rural area. According to the survey, almost 50% of respondents in addition to expansion of agricultural production, intend to find work outside of agriculture for themselves and for other household members. Only 17% of households has started a new job in the last five years (trades, collecting forest products), 9% of respondents tried but did not succeed in starting a new job, and 68% of the surveyed households had not taken any actions in order to start a new job.

D1.3 Section Vladicin Han-Donji Neradovac

p200. The section of the E75 Highway Corridor 10 from Vladicin Han to Donji Neradovac which is 26.3 km long, administratively covers two municipalities (Vladicin Han and Vranje) and their 17 cadastre municipalities: Dekutince, Gramadje, Polom, Vrbovo and Mazarac in Municipality of Vladicin Han and Panevlje, Prevalac, Korbevac, Kumarevo, Bresnica, Ranutovac, Mostanica, Suvi Dol, Vranje II, Vranje I, Ribince and Donji Neradovac in the Municipality of Vranje.

p201. According to online sources⁸, the Municipality of Vranje is classified within the II development group, which means it is developed at the level of 80% to 100% of the national average, while the municipality Vladicin Han is classified in the lowest group of underdeveloped and devastated areas with the level of development below 50% of the national average. The classification is made based on the criteria from the Law on Regional Development⁹.

p202. Both municipalities are located within the Pcinj District in the South-East region of Serbia which is among the most undeveloped areas in the country. The negative demographic, social and economic processes are highly evident

⁸ Ibid.

⁹ Ibid.

in the whole area with some specific characteristics, such as the differentiated demographic changes in villages. Despite the fact that Pcinj District has been depopulating for the last several decades (decreased by 34.7% - from 243.529 inhabitants in 1991. year to 159.081 in 2011), the average age of the population has not been changing at the same rate across the villages / cadastre municipalities.

- p203. As expected, the ageing index in the smaller settlements is significantly higher. However, some of the cadastre municipalities show growth in population in the last two decades, and a relatively smaller aging index, which might be explained by migrations of people into these communities.
- p204. According to the 2011 Census both municipalities on the section Vladicin Han – Donji Neradovac are experiencing a decrease in population in the period from 1991 to 2011. Vranje is a more developed industrial centre which explains why the decrease there is only 3% (from 86.518 to 83.524) compared to Vranjska Banja with a 20,0% decrease (from 11.972 to 9.580) and Vladicin Han with 17,3% (from 25.255 to 20.871 inhabitants). Generally, the loss of population is more intensive in rural areas, but as was noted before, there are significant differences within the villages regarding changes in the population. Some of the villages impacted by the construction of Highway had intensive increase in population in the period between the two Censuses – Donji Neradovac increased by 40.6% - from 552 to 930 inhabitants, Suvi Dol by 38.7% - from 395 to 645 inhabitants, and Ribince by 21.4% - from 371 to 472 inhabitants, all in the Vranje municipality and in close proximity to the highway alignment. During the same period some of the villages lost over a fifth of their population (Mostanica 22.2%, Vrbovo 19.0%, Gramadje 17.2%, Mazarac 33.8%)¹⁰.
- p205. Similar to the previous sections discussed, agrarian structure in this area is very fragmented and does not allow development and enlarging agricultural production. The experts assessment of the area, based on the terrain, the quality of the soil and the connectivity to main transport roots, suggest that agricultural production could be a major source of income for the area. However the statements from the local farmers point to a number of problems and limitations, particularly when starting a new business: lack of financial resources (31%), lack of access to markets (16%), lack of knowledge and experience (14%), the difficulties in finding a partner (11%), complicated regulations (10%) and high taxes (10%). Respondents particularly stress out the importance of support by experts in starting a new business, which they obviously do not have. Major number of participants (76%) never tried to get loan or use advantages of a development fond, while only 11% submitted the request for it and were successful in acquiring it.

¹⁰ 2011 Census of Population, Households and Dwellings in the Republic of Serbia. Comparative over view of the number of population in 1948, 1953, 1961, 1971, 1981, 1991, 2002, and 2011 Republic Office of Statistic. Belgrade, 2014