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List of abbreviations

Abbreviation	Meaning
BiH	Bosnia and Herzegovina
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
ESP	Environmental and Social Policy
ESS	Environmental and Social Standards
FBIH	Federation of Bosnia and Herzegovina
JPAC	Motorways of the Federation of Bosnia and Herzegovina
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
LC	Local Community
PAP	Project Affected People
PIU	Project Implementation Unit
PR	Performance Requirement
SRI	Socially Responsible Investments

List of Definitions for Terms Used in This Document

CENSUS AND SOCIO-ECONOMIC SURVEY	<p>The census is a process for compiling a 100% sample of individuals, households, and businesses (formal or informal) which will be physically and/or economically displaced by a project.</p> <p>The socio-economic survey is used to determine and analyse the socio-economic conditions of individuals, households, and businesses (formal or informal) which will be physically and economically displaced by a project (see <i>definition of physical and economic displacement</i> below).</p>
CUT-OFF DATE	The date after which anyone who moves into the project area is no longer entitled to compensation and/or assistance.
EBRD ESP 2019: PR5	Performance Requirement (PR) 5 addresses impacts of project-related land acquisition, including restrictions on land use and access to assets and natural resources, which may cause physical displacement (relocation, loss of land or shelter), and/or economic displacement (loss of land, assets or restrictions on land use, assets and natural resources leading to loss of income sources or other means of livelihood).
ECONOMIC DISPLACEMENT	Loss of assets (including land) or access to assets that leads to loss of income or means of livelihood as a result of the project. People or enterprises may be economically displaced with or without experiencing physical displacement.
EIB ESS 2022	EIB Environmental and Social Standards 2022 outlines the responsibilities to manage involuntary resettlement risks and impacts. Standard 6 applies to a specific project when its relevance is determined during the environmental impact assessment/environmental and social impact assessment (EIA/ESIA) process, and specifically to all EIB-financed projects that lead to permanent or temporary involuntary resettlement. Standard 7 outlines the responsibilities in terms of assessing, managing and monitoring project impacts, risks, and opportunities related to Indigenous Peoples as well as persons or groups that are vulnerable, marginalised or discriminated against due to their socioeconomic characteristics. It also calls for consideration of gender-differentiated impacts and risks of EIB projects.
ENTITLEMENT	Compensation and assistance which affected people have the right to receive during resettlement (see <i>definition of resettlement</i> below). Entitlements are defined for each individual project and are listed in the form of an Entitlements Matrix, i.e., a table provided in LARF/LARPs and containing information on who is entitled to what type of compensation and/or assistance.
LIVELIHOOD RESTORATION	Measures implemented to mitigate the effects of economic displacement – that is, to improve or, at a minimum, restore livelihoods and standards of living of affected people to pre-displacement levels.

MARKET VALUE	Value calculated based on prices of property in the area in which the particular property is acquired, which can be achieved for a particular property on the market, depending on supply and demand at that moment of setting the price.
MOVING ALLOWANCE	Cash compensation for costs directly associated to moving/relocation of a household or business.
PHYSICAL DISPLACEMENT	Loss of house/apartment, dwelling or shelter as a result of project-related land acquisition which requires the affected person to move to another location.
PROJECT AFFECTED PEOPLE (PAP)	Any person who, as a result of the land acquisition required by the project, loses the right to own, use, or otherwise benefit from a built structure, land, annual or perennial crops and trees, or any other fixed or moveable asset, either in full or in part, permanently or temporarily.
REPLACEMENT COST	Market value of the asset plus transaction costs (such as costs of registration, notarisation travel and any other such costs such as may be incurred as a result of the transaction or transfer of property). Compensation at full replacement cost is sufficient for the affected person to replace project affected land, structures, and other assets to the same or better standard in another location.
LAND ACQUISITION/ RESETTLEMENT FRAMEWORK (LARF)	A document developed when the exact nature or magnitude of the land acquisition or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown due to the project development stage. The purpose of a framework is to describe the likely impacts associated with land acquisition and outline the principles which will be followed to address these. Once the individual project components are defined and the required information becomes available, the framework serves as a basis for the development of a detailed plan (see item <i>Land Acquisition and Resettlement Plan</i> below).
LAND ACQUISITION AND RESETTLEMENT PLAN (LARP)	The document in which a client specifies the procedures it will follow and the actions it will take to mitigate adverse effects, compensate losses and provide development benefits to persons and communities affected by an investment project. The purpose of the plan is to present to all interested parties, including affected people, who exactly will be affected by land acquisition, how acquisition will be implemented and by whom, as well as the time frame and resources
RESETTLEMENT	Physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or resources, and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition and/or restrictions on land use.
STAKEHOLDERS	Any and all individuals, groups, organizations, and institutions interested in and potentially affected by a project or having the ability to influence a project.
VULNERABLE GROUPS	These groups include people who, by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status, may be more adversely affected by displacement than others and who may be limited in their ability to take advantage of resettlement assistance and related development benefits. Vulnerable groups in the context of displacement also include people living below the poverty line, the landless, the elderly, women- and children-headed households, ethnic minorities, communities dependent on natural resources or other

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displaced persons who may not be protected through national
land compensation or land titling legislation.

1 Introduction

1.1 Description and the Context of the Project

PC Motorways of the Federation of Bosnia and Herzegovina ("JPAC") is a public company from the Federation of Bosnia and Herzegovina (FBiH) in charge of management of motorway construction and management, maintenance, and protection of motorway operation in FBiH. One of JPAC's key projects is the development of the motorway which is part of the Trans-European Corridor Vc connecting Budapest (Hungary) and Port of Ploce (Croatia). The total length of Corridor Vc in FBiH is approximately 335 km. Approximately 100 km of the motorway is already constructed and operational.

The Corridor alignment is divided into four LOTs, as shown in the Figure 1 below. The subsection Konjic (Ovcari) - Prenj Tunnel - Mostar North belongs to the LOT 3 of the Corridor.

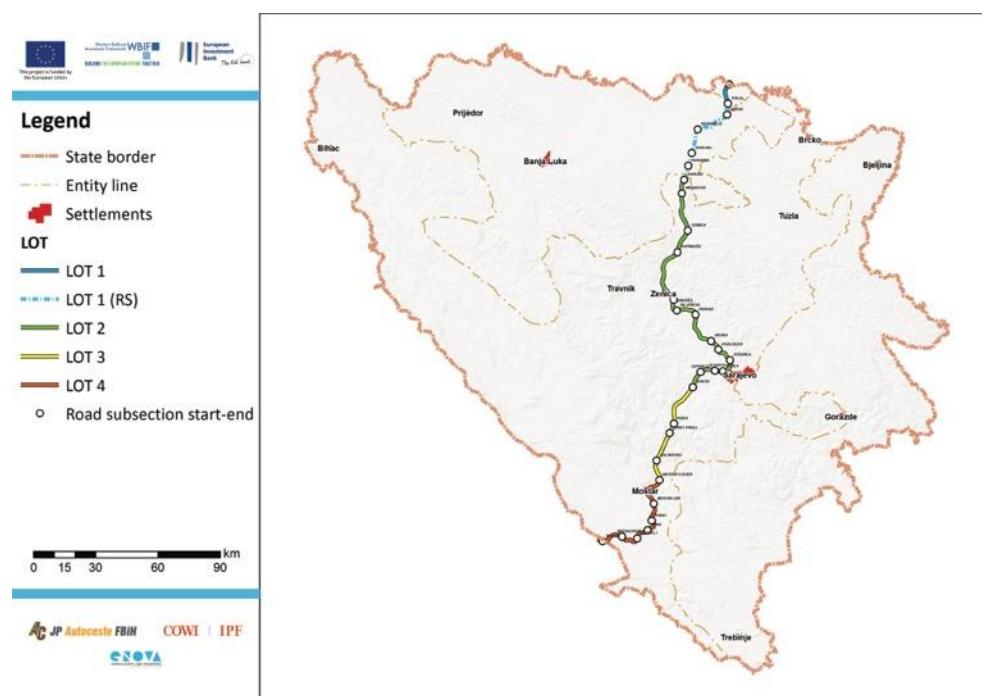


Figure 1: LOTs of Corridor Vc in Bosnia and Herzegovina

The European Bank for Reconstruction and Development ("EBRD") as the lead IFI and the European Investment Bank ("EIB") as the co-financier are considering providing financing to JPAC to construct a new motorway on subsection Konjic (Ovcari) - Prenj Tunnel - Mostar North on Corridor Vc (the "Project").

This motorway subsection is further divided and will be designed and constructed under three separate contracts as follows:

- > Konjic (Ovcari) - Prenj Tunnel, L=11.50 km
- > Prenj Tunnel, L=10.16 km + 1.20 km of the route before the tunnel
- > Prenj Tunnel - Mostar North, L=12.40 km

The figures below show both the motorway section and Konjic Bypass, and the settlements they pass through or nearby.

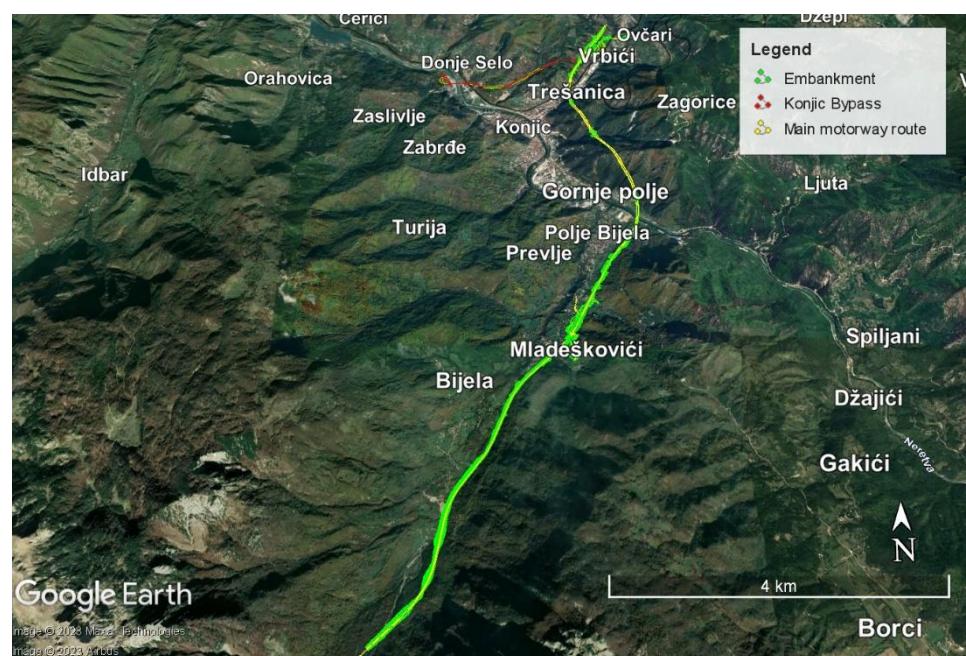


Figure 1-2: Motorway section passing through the settlements of Ovcari, Vrbici, Tresanica, Gornje Polje, Polje Bijela Bijela and Mlađeškovići

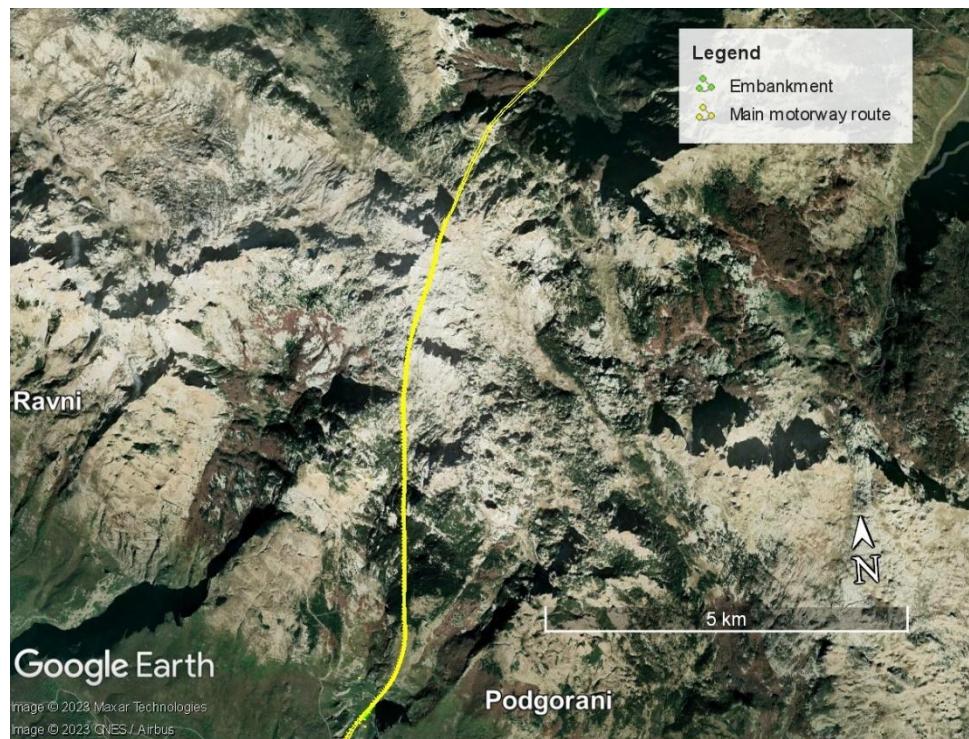


Figure 1-3: Motorway section passing through the Prenj Mountain

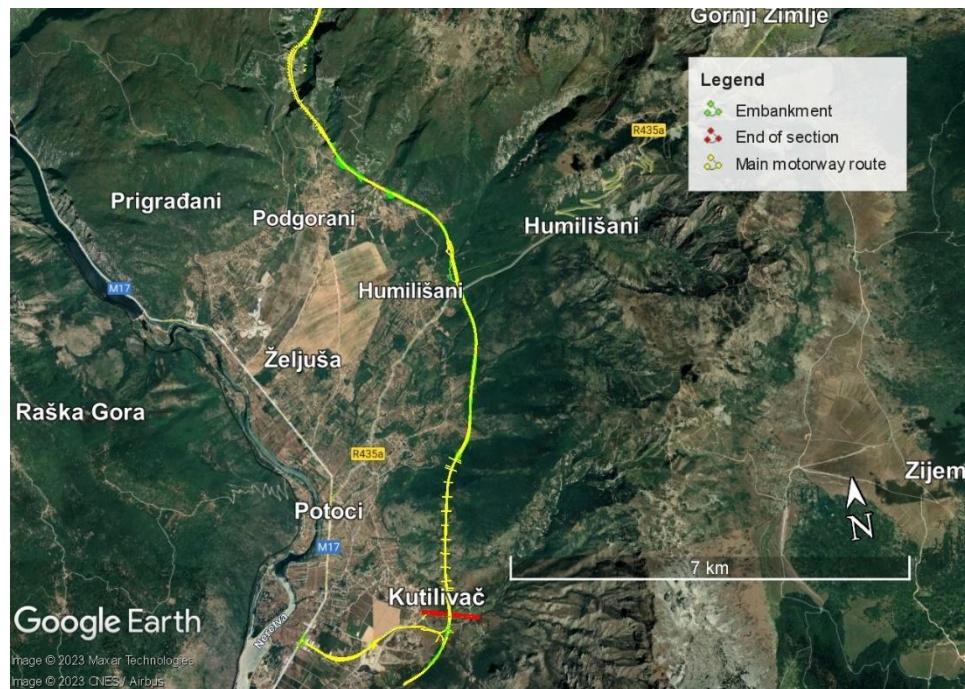


Figure 1-4: Motorway section passing through the settlements of Podgorani, Humilisani, Potoci and Kutilivac

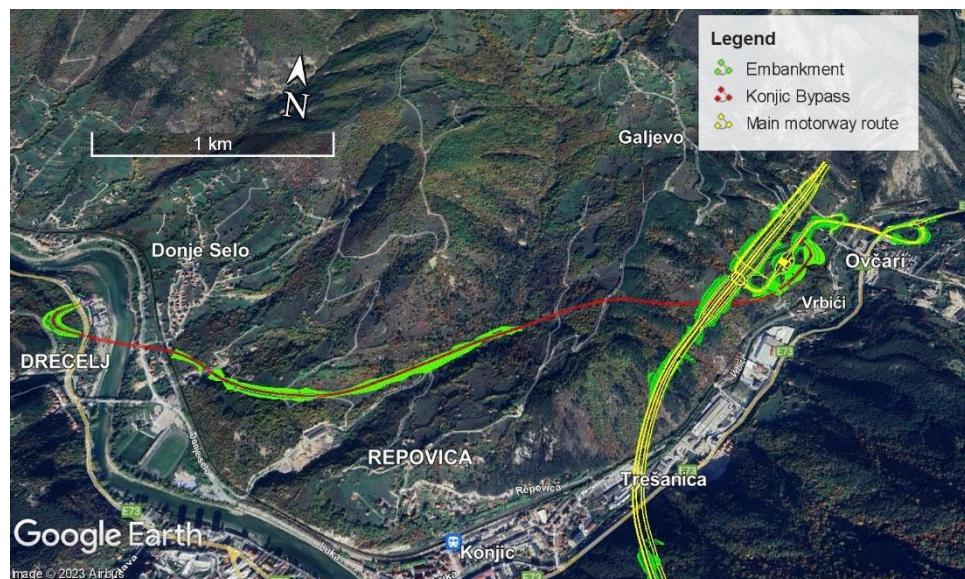


Figure 1-5: Konjic Bypass passing through the settlements of Ovcari, Vrbici, Repovica, Donje Selo and Drecelj

Total length of the subsection from Konjic (Ovcari) to Mostar North, $L=35.26$ km.

In addition, the south connection to main road M17, which has a role to bypass around Konjic urban area (hereinafter: Konjic Bypass), will connect the

motorway at Ovcari Interchange with the M17 to Jablanica. This bypass will allow for M17 traffic to access the motorway directly without entering the urban area of Konjic.

The detailed description of the entire alignment is provided in Volume 1: Environmental and Social Impact Assessment Report (Chapters 1-5: Introductory Chapters).

1.2 Purpose of this Land Acquisition and Resettlement Framework

JPAC as the implementing agency is expected to implement the Project in compliance with EBRD's Performance Requirements ("PR") defined in the EBRD Environmental and Social Policy (2019)¹ and EIB's Environmental and Social Standards (2022)².

This Land Acquisition and Resettlement Framework (LARF) for the motorway section Konjic (Ovcari)-Prenj Tunnel-Mostar North defines the general principles, procedures and entitlements with respect to potential impacts of land acquisition and resettlement for project purposes, in accordance with the applicable legislation in FBiH, as well as EBRD PR 5: *Land Acquisition, Restrictions on Land Use and Involuntary Resettlement*, and EIB Standard 6: *Involuntary Resettlement*, and Standard 7: *Rights and Interests of Vulnerable Groups*.

A **LARF for Corridor Vc**³ was prepared and publicised by JPAC in early 2017 to cover all sections of Corridor Vc funded by EBRD and EIB. It served as the basis for the development of this LARF specific for the motorway section Konjic (Ovcari)-Prenj Tunnel-Mostar North.

This LARF is developed in line with the Preliminary Design from 2022 and the Final layout of the project in dwg format, based on the motorway alignment adopted in the Spatial Plan for the Motorway on Corridor Vc in FBiH.

This LARF is also the basis for development of detailed Land Acquisition and Resettlement Plans (LARPs) for the four subsections:

- > (Konjic (Ovcari)-Prenj Tunnel
- > Prenj Tunnel itself⁴
- > Prenj Tunnel-Mostar North and

¹ Available at: <http://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>

² Available at: <https://www.eib.org/en/publications/eib-environmental-and-social-standards>

³ Available at: <http://www.ipautoceste.ba/images/larf.pdf>

⁴ The Expropriation Study for the Prenj Tunnel was initially prepared in December 2016 but will need to be updated due to the time lapse. The expropriation studies for other sections have not been developed.

> Konjic Bypass)

which will be developed once the exact nature and scope of land acquisition, or project-related restrictions on use of land, become known (i.e. upon the development of the Expropriation Studies based on design documentation).

During the preparation of LARPs, socio-economic surveys will be conducted. LARPs shall be developed on the basis of reliable and updated information and shall include more precise details on Project Affected People (PAP) and affected properties, project impacts, as well as the rights of all categories of persons affected by the project (consistently across each subsection). The LARPs shall also include detailed budget and timeframe.

1.3 Status of Land Acquisition Activities

JPAC will be the expropriation beneficiary, and land acquisition activities will be carried out by JPAC's Department of Legal and Property Affairs. The City of Mostar, is the expropriation authority for all of the affected land plots located on the territory of the City of Mostar, while the City of Konjic is the expropriation authority for all of the affected land plots located in this City.

The Expropriation Study for the Prenj Tunnel was prepared in December 2016 (and will need to be updated due to the lapse of time), and this subsection was declared to be of public interest in November 2022 by the Government of FBiH. Expropriation Studies have not been developed yet for any of the other three subsections covered by this LARF.

No land acquisition activities have been initiated yet.

2 Legal Review and Gap Analysis

2.1 FBiH Law on Expropriation

The Law on Expropriation of FBiH⁵ regulates the conditions and procedure for expropriation of property for construction of facilities in the public interest, compensation eligibility and amounts, handling of grievances and disputes handling and other issues pertaining to the expropriation process:

⁵ Official Gazette of FBiH, No. 70/07, 36/10, 25/12, 34/16

Table 1: Law on Expropriation FBiH

Public interest and purpose of expropriation	Property can only be expropriated upon the establishment of public interest for projects that bring greater benefit for the public (Art. 3 and 5). The Law lists several structures the construction of which justifies expropriation (including road projects). Public interest is declared by a special decree, a law or a spatial/urban plan. Expropriation may be carried out for the needs of FBiH, cantons, cities, municipalities, public enterprises and public institutions, unless otherwise provided by the Law.
Expropriation process	<p>A condition to start expropriation is the existence of evidence that the required funds have been secured and deposited with the bank in the assessed total sum for payment or proof of existence of replacement properties (Art. 24).</p> <p>The procedure for expropriation starts with a proposal for expropriation, submitted by the Expropriation Beneficiary to the relevant Municipality/City ("the expropriation authority"). The proposal contains data on the property for which expropriation is proposed, the owners of such property and the purpose for which expropriation is proposed.</p> <p>Negotiated settlements are explicitly encouraged by the Law (Art. 23). The expropriation beneficiary is required to publish a public announcement to invite the property owners and try to reach a prior amicable sale-purchase agreement with the affected owner. Expropriation beneficiary and property owner can agree on the matter of ownership and compensation on the basis of prior negotiations conducted in the negotiation phase even after the proposal for expropriation is submitted to the competent Municipality/City, or at any time until the decision on expropriation becomes final. In this case, such agreement on compensation shall be concluded before the competent Municipal/City Department and entered in the official records (minutes) that must contain all the data in order to be eligible for implementation. An agreement concluded in this way has the power of enforceable document and in such a case, the expropriation procedure shall be terminated by a conclusion. The signed agreement on compensation has to include the timing and rate at which cash compensation will be paid or in-kind compensation provided, as well as the provision on the registration of property ownership rights (Art. 26). If no agreement on compensation is reached within 2 months of the validity of the Decision on Expropriation (or less if the Municipal/City Administration decides as such), the Municipal/City Administration submits the valid Decision together with other relevant documents to the competent Court, at the</p>

	territory of which the expropriated real property is located, for the purpose of determining the compensation. The competent court ex officio decides in non-contentious proceedings on the amount of compensation for the expropriated real property.
<i>Process of identifying factual owners/users:</i>	After the submission of the expropriation proposal by the expropriation beneficiary to the municipality/city, the municipality/city appoints a committee for conducting the expropriation procedure. The committee is responsible for resolving the so-called “preliminary issue”, i.e., the issue of ownership, prior to issuing the decision on expropriation. Determination of ownership is based on information in land registry books ⁶ supplemented by site investigation. The committee organises a site investigation in the presence of the expropriation beneficiary, official court valuators of property and the identified property owner and user and informs the participants that public interest has been declared for the project and that an expropriation proposal has been submitted. A written record of the site investigation is prepared. The committee also invites the identified owners and users, organises a meeting in the municipality/city and issues a decision on the resolution of the preliminary issue (i.e., identifies the actual and current owner or user to whom the compensation will be provided). As the last step, the committee issues a decision on expropriation on the basis of the mentioned record and the documentation submitted together with the expropriation proposal. Affected people are entitled to lodge a complaint against this decision with the municipality/city, which is forwarded to the Federal Administration for Geodetic and Property Affairs as the second instance authority.
<i>Information and consultation requirements:</i>	Prior to the submission of the expropriation proposal, the expropriation beneficiary is required to publish a public announcement and invite all property owners for purposes of attempting a negotiated settlement (Art. 23). Affected owners are informed throughout the expropriation process, i.e., that a proposal for expropriation has been submitted (Art. 25). Before the decision on expropriation is passed, the Municipal/City authority has to invite the affected persons with formal legal rights to a meeting to present any facts which may be relevant for expropriation (Art. 27).

⁶ In practice, the person registered in the land registry is often different from the actual owner/user who may be the heir, the person who purchased the property but failed to report such transfer, etc.

<p>Types of expropriation:</p>	<p>Expropriation can be temporary (incomplete) or permanent (complete).</p> <p><u>Complete expropriation</u> allows the expropriation beneficiary to obtain legal title over the expropriated property.</p> <p><u>Incomplete expropriation</u> does not entail change of ownership of land. It provides the beneficiary with usufruct rights on the land and structures, as well as the lease of the land for a definite period. At the end of the lease, usufruct rights over land are returned to the previous owner.</p> <p>Right to request expropriation of remaining unviable land. Landowners affected by a partial loss of their real properties are entitled to request complete expropriation and the corresponding compensation, in case that partial expropriation would deteriorate the economic situation of the actual property owner or make the remaining part of the property useless or difficult to use (Art. 11). Owners must be informed of such right by the municipal/city authority. The right to request expropriation of the complete property may be submitted until the issuance of the Decision on Expropriation in the first instance, as well as during the appeal procedure if the affected owner was not informed of such right.</p>
<p>Temporary occupation of land</p>	<p>The Law also regulates temporary occupation of land for construction purposes. Land occupation must be requested by a formal proposal indicating its purpose, the property proposed to be used, the owner of the property and the duration (Art. 36). Municipal/City authorities decide on the approval for land occupation. Compensation must be provided in the amount of lease at market prices (Art 57 and 58).</p>
<p>Compensation</p>	<p>Compensation is provided at market value of the affected private property⁷ (Art. 12), determined on the basis of prices of property in the given area, calculated as the market price which could be achieved for a specific real property, depending on the supply and demand at that particular moment in time (Art. 46).</p>

⁷ No compensation is foreseen for government owned land.

The Law sets out in detail how compensation is determined for buildings, orchards and vineyards, forest land and timber, agricultural, construction and city land.

As a rule, appropriate replacement property is preferred by the Law (Art 45). It is defined as property in the same municipality or city which corresponds to the expropriated property in terms of the market value, and which offers approximately similar conditions of usage as they had prior to expropriation. **In case the property owner refuses such replacement property, or replacement property cannot be provided, compensation is paid in cash at market value of the property** (Art 46). The market value is based on the property prices in the area where the expropriated property is located, which can be achieved for the specific property in the market, and which depends on the demand and supply at the time of determining it. Property owners are entitled to compensation for any losses of benefits they would otherwise have from that property (Art. 54).

Compensation at market value is generally provided to the owners of buildings and land which are registered in the Land Register, the so-called formal owners. Owners of informally built structures are not entitled to receive the compensation. The owners of informal structures may demolish the structure and take away the materials within the time set by the responsible administrative department. Otherwise, the structure shall be removed at the expense of the owners of informally built structures. **The exception from this rule is when an illegally built residential building is the only residential building the owner and their closest family members (right to home) or their legal heirs possess, in which case they are entitled to the compensation at market value.** Conditions for recognition of the right to compensation to an owner of an informally built structure, in addition to the above, include:

- › that the responsible authority had not issued a final decision to remove the illegally built residential structure,
- › that the illegally built residential structure is registered on the official orthoimage of the territory of FBiH in the scale of 1:5000 developed by the Federal Administration for Geodetic and Property Affairs,
- › that the illegally built structure is the only home of the owner and members of their closest family, or their heirs.

Property owners are also entitled to additional compensation (Art 47):

- › based on “personal and family circumstances”, which are taken into consideration if such circumstances are essential for the owner’s livelihood, particularly in case a major part or whole of the land or commercial premises have been expropriated,

	<p>thus endangering the livelihood of the former owner, or in case members of an agricultural household must move from the area where they had been living;</p> <ul style="list-style-type: none"> ➢ lost profit: the former owners are entitled to the lost profit they would have earned if they had continued using the expropriated property. Lost profits are calculated from the date the owner lost possession of the property until the date he/she received compensation. <p>According to this, compensation may be increased above the market value. Both types of entitlements are defined by the Expropriation Beneficiary (EB) in cooperation with official court experts on a case-by-case basis.</p> <p>Compensation costs are borne by the EB. Compensation arrangements must be settled prior to the formal transfer of ownership of the expropriated property. In exceptional cases involving the construction/reconstruction of public infrastructure facilities, the Government of FBiH may allow taking possession of property prior to the effectiveness of the decision on expropriation or the payment of compensation, at the request of the EB and due to reasons of urgency⁸ or prevention of more significant damage. The exception does not apply to residential or commercial structures for which an equivalent replacement has not been provided by the EB. In such event, the EB is required to inform the affected owner of its intention to request the taking possession of property.</p>
Access to property	<p>For reasons of urgency and in order to avoid major damage, the expropriation beneficiary may take possession of land even before the Decision on Expropriation becomes final and before compensation is paid, but solely on the basis of a decision by the FBiH Government (Art 31). Prior to submitting a request to gain early access, the expropriation beneficiary must present to the owner the reasons for the urgency and an offer a negotiated settlement that allows early access to the property.</p>

⁸ The assessment of urgency is made on a case-by-case basis, taking into account factors such as potential financial harm to the investor resulting from a delay in the procedure caused by unresolved legal issues affecting the contractor's ability to continue the work, or wider impacts on the community if the works are essential - such as the inability to replace or repair a vital water pipe.

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	<p>The request for an early access to property is submitted to the Administrative Commission of the FBiH Government, while the Federal Administration for Geodetic and Property Affairs prepares the decision. The decision on early access to property is adopted by the FBiH Government.</p> <p>If the case involves expropriation of a residential or commercial structure, the expropriation beneficiary may not file a request for an early access unless a replacement property is secured.</p> <p>An administrative dispute may be initiated against the Decision of the FBiH Government which allows early access. The dispute does not delay early access to the property.</p>
<i>Grievance procedure</i>	The Law foresees the rights of affected citizens to appeal at many stages of the expropriation procedure, beginning with administrative and judicial appeals (i.e. against the decision on public interest (Art. 16), the decision on expropriation (Art. 30) and regarding compensation (Art. 60)).

2.2 Expropriation Procedure

The key steps in the expropriation procedure (as conducted by JPAC) are explained below:

Steps:

1. The expropriation beneficiary must publish a public invitation to property owners to try to reach a **negotiated settlement**. The parties then conclude a notarised purchase agreement on transfer of legal title.
2. In case a negotiated settlement has not been reached, the expropriation beneficiary files a **proposal for expropriation** to the relevant municipality/city. Even after this step, a negotiated settlement can still be signed until the decision on expropriation becomes final.
3. Upon receiving the proposal, the municipality/city must **notify the owners** that the expropriation procedure has been initiated, together with a warning to the owners that they shall not be entitled to compensation of costs of their investments in land or buildings (except the costs of regular maintenance) made after the date they received written notification that the expropriation procedure had commenced – **cut-off date**.
4. The municipality/city must then **meet with the owners** to discuss expropriation, and also notify them that they have the right to file a request for expropriation of the remaining unviable part of the property.
5. If land registry data do not correspond to the actual ownership situation (often the case due to out-dated information in the land registry books⁹), the municipality/city must **sort out the title issues** prior to proceeding with further steps.
6. The municipality/city issues a **Decision on Expropriation**. The PAP can appeal against this Decision to the Federal Administration for Geodesy and Legal Property Affairs. If still unsatisfied, the PAP can initiate an administrative dispute before the cantonal court.
7. When the Decision on Expropriation becomes final, the municipality/city **must invite the PAP to agree on the amount of compensation**. If the parties come to an agreement, a formal agreement is signed.
8. If no agreement on compensation is reached within 2 months, the municipality/city refers the case to the municipal court to determine the

⁹ E.g., the person registered in the land registry is different from the actual owner/user who may be the heir, the person who purchased the property but failed to report such transfer, to obtain ownership title, etc.

compensation. PAP can appeal against the court's decision and take the case to the cantonal court (whose decision is then considered final but can still be disputed at the Supreme Court).

9. Formal transfer of legal title in the land register is carried out on the basis of a valid Decision and proof of payment of compensation (in case monetary compensation is provided) or proof that the previous owner has acquired ownership of replacement property (in case replacement assets are provided).

2.3 Other Relevant Laws in FBiH

- > The **Law on Proprietary Rights** regulates the general issues of acquiring, using, disposing of, protecting, and terminating ownership rights and other proprietary rights and possession rights, including the issues of restricting such rights, the right of servitude, co-ownership and joint ownership rights, the procedure for acquiring property rights over land and/or structures erected on someone else's land. The Law states that ownership rights and other proprietary rights may only be limited or taken away in public interest and under the conditions defined by the Law in accordance with the principles of international law.
- > A significant provision of the Law is that occupants of property acquire ownership rights upon 10 years of conscientious and legal occupancy, or upon 20 years of conscientious occupancy. Conscientious occupancy means that the occupant does not know or could not know that he/she does not have occupancy rights. Legal occupancy refers to occupancy grounded on a valid legal basis.
- > In addition, the Law provides that the conscientious builder of a structure on land owned by another person is entitled to acquire such land, if the landowner did not oppose to the construction. The landowner is in this case entitled to request to be compensated for the market value of the land.
- > The **Law on Agricultural Land of FBiH** contains the basic definitions and principles regarding the management, protection, use, planning, and records related to agricultural land. The Law provides that a right of way may be established on agricultural land, as decided by the city or municipal council. The owners of such land are entitled to compensation in accordance with the Law on Expropriation.
- > The **Law on Construction Land of FBiH** allows for the legalisation of informally constructed structures on construction land in state ownership on which a structure has been built. This Law enables the subsequent issuing of a permit for construction, by the Municipal Council, in accordance with the Law on Spatial Planning. Legalization of informally constructed buildings is further regulated by decrees taken at cantonal level and implemented at municipality level.
- > The **Law on Administrative Proceedings of FBiH** is applied in the procedure of expropriation as a subsidiary law to the Law on Expropriation. It

regulates the procedures the administrative authorities apply when deciding on the rights and obligations of the citizens. Parties have the right to appeal the decisions issued in the first instance. The law offers the opportunity of appointing a temporary representative if, for example, the residence of the owner of property being expropriated is unknown. The temporary representative shall be appointed by the body conducting the procedure if so, required by the urgency of the case. If the temporary representative were appointed to act on behalf of a person whose residence is unknown, the authority conducting the procedure shall publish their conclusion on the bulletin board or in another usual way (in newspapers or other media outlets).

- > The **Law on Land Registry of FBiH** regulates keeping, maintaining and establishing land register, as well as entry of property and rights on properties in such land register. The right of ownership and other proprietary rights are acquired by registration in the land register. In the procedure of expropriation, the final decision on expropriation accompanied with the evidence of payment shall be considered the grounds for registration of the expropriation beneficiary as the owner.
- > The **Law on Non-Contentious Proceedings of FBiH** stipulates the rules the courts apply in proceedings and decision-making process on individual, family, property and other rights or legal interest, which are under the law resolved in non-contentious proceedings. The courts establish the amount of compensation for the expropriated property in non-contentious procedure. The parties may conclude an agreement on the form and scope of compensation, i.e. the amount of the compensation, and the court passes the decision that is based on their agreement, if it finds the agreement compliant with the regulations defining ownership relations.
- > The **Law on Bases of Social Welfare, Protection of Civilian Victims of War, and Protection of Families with Children** regulates social protection and aims at ensuring social protection to its citizens and their families that are in social need. Individuals and families in need are entitled to temporary, one-time, and other types of monetary assistance, as well as other types of assistance. Right to such assistance may be asserted before the responsible body of the municipality where the person and family reside.
- > The **Law on Prohibition of Discrimination** passed at national level stipulates the responsibilities and obligations of the legislative, judicial and executive powers in BiH, as well as the legal persons and individuals carrying out public authority, to act in a way that shall provide protection, promotion and creation of conditions for equal treatment of all citizens, particularly with regards to: employment, membership in professional organisations, education, training, housing, health, social welfare, goods and services intended for the public and public places, and performance of commercial activities and public services.

2.4 EBRD and EIB requirements

Along with the obligation for Socially Responsible Investments (SRI)¹⁰ to follow the national legislative requirements, it also has to fulfil the requirements of EBRD and EIB which will participate in the financing of the Project. The **relevant requirements** which need to be fulfilled are:

- > EBRD Environmental and Social Policy, specifically Performance Requirement No. 5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement)
- > EIB Environmental and Social Standards, specifically Standard 6 (Involuntary Resettlement) and Standard 7 (Vulnerable Groups, Indigenous Peoples and Gender)

The **key principles and requirements of EBRD and EIB** are:

- > to avoid or, at least minimise, project induced physical or economic displacement whenever feasible by exploring alternative project designs;
- > where displacement is unavoidable, to develop and implement appropriate compensation, resettlement and livelihood restoration action plans;
- > to mitigate adverse social and economic impacts from land acquisition (loss of housing and/or livelihoods) by providing compensation and/or resettlement options and restoration or improvement of livelihoods, regardless of whether formal legal rights on land / structures exist;
- > to never resort to forced eviction;
- > to provide compensation for loss of assets at full replacement cost¹¹, in a timely manner and prior to taking possession of acquired assets, except in certain cases including absentee owners, rejection of fair compensation offers and lengthy legal proceedings regarding competing claims;
- >
- >
- >
- > to improve or, at a minimum, restore the livelihoods, income earning capacity and standards of living of all displaced persons, including those who have no legally recognisable rights or claims to the land (present in the project affected area at the time of the cut-off date);
- > to ensure that compensation, resettlement and livelihood restoration activities are planned and implemented with appropriate disclosure of information, consultation, and the informed participation of those affected;

¹⁰ <https://www.ebrd.com/work-with-us/sri/funding.html>

¹¹ "Replacement cost" is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where such markets do not exist, replacement cost may be determined through alternative means, such as calculation of the undepreciated value of replacement material and labour for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety.

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- > to make special provisions for assisting disadvantaged or vulnerable individuals and/or groups (present in the project affected area at the time of the cut-off date) that may be more adversely affected by displacement than others and who may be limited in their ability to claim or take advantage of livelihood restoration assistance and related development benefits;
- > to ensure that vulnerable individuals and groups are duly and early on identified and that engagement is meaningful;
- > to ensure that compensation entitlement and delivery take into account gender aspects and that they are equally available to men and women and adapted to their specific needs;
- > to establish a grievance mechanism to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons, including a recourse mechanism designed to resolve disputes in an impartial manner;
- > to monitor the land acquisition, resettlement and livelihood restoration process and make adjustments (undertake corrective actions) to achieve the objectives of relevant policies.

2.5 Analysis of Gaps and Solutions

Table 2 presents the gaps between Lender and national legal requirements, and measures to bridge those gaps.

Table 2: Gaps and Solutions

Issue	EBRD/EIB requirements	Gaps between EBRD/EIB requirements and local legislation	Measures to bridge the gaps
Avoiding involuntary resettlement	<p>Involuntary resettlement in terms of EBRD PR 5/ EIB ESS 6 occurs:</p> <ul style="list-style-type: none"> ➢ In case of expropriation on the basis of the law and the right of the state to acquire assets from physical or legal persons or to restrict their rights to such assets upon establishment of public interest for construction of a structure; ➢ In case of negotiated resettlement when the client can resort to expropriation or impose legal restrictions if negotiations with a project affected person fail. <p>EBRD PR 5/ EIB ESS 6 require the client to explore all feasible alternative project designs to avoid or minimise the physical or economic displacement of people. Furthermore, the Client is expected to seek to acquire property through negotiated settlements by providing fair and appropriate compensation even if they have the legal means to gain access to the land through expropriation procedure.</p> <p>Efforts should be made to avoid involuntary resettlement, and where it is inevitable, such resettlement should be minimised through appropriate mitigation measures in order to alleviate adverse effects on project affected persons.</p>	<p>While the Law on Expropriation does not contain specific provisions on avoidance of expropriation, project designing processes typically seek to avoid or minimise resettlement and expropriation in practice within efforts to reduce costs.</p> <p>Furthermore, JPAC as the beneficiary of expropriation has the legal obligation to seek to achieve negotiated settlements. Pursuant to Article 23 of the Law on Expropriation, JPAC is conducting these activities in practice. This provision of the Law makes a reference to a purchase agreement as a way to avoid expropriation procedure and directs the parties to regulate their mutual relations with respect to the purchase of properties in accordance with the Law on Obligations.</p> <p>Efforts to achieve negotiated settlements open up the possibility to design an offer for displaced persons in compliance with EBRD PR 5/ EIB ESS 6.</p>	<p>Involuntary resettlement will be avoided where feasible, or minimised, exploring additional viable alternative project designs as needed during the development of the design documentation for this section. The Project will include continuous engagement with affected people to enable the consideration of micro realignments to avoid land acquisition where possible.</p>

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Issue	EBRD/EIB requirements	Gaps between EBRD/EIB requirements and local legislation	Measures to bridge the gaps
Negotiated settlements	Clients are expected to seek to acquire property through negotiated settlements by providing fair and appropriate compensation even if they have the legal means to gain access to the land through expropriation procedure.	Expropriation beneficiaries are legally required to seek to achieve negotiated settlements. The Law makes a reference to a purchase agreement as a way to avoid expropriation (see above).	Maximum efforts will be made to sign negotiated settlements with project affected persons in order to avoid expropriation, and such efforts shall be documented, as defined under the "Key Principles" chapter of this LARF.
Resettlement planning and implementation	<p>EBRD PR 5/ EIB ESS 6 require the Client carry out a socio-economic baseline assessment on project affected people, in order to identify impacts related to land acquisition and restrictions on land use and develop appropriate actions to minimise and mitigate resettlement impacts.</p> <p>EBRD PR 5/ EIB ESS 6 also requires preparation and implementation of detailed land acquisition plans.</p>	<p>The Law has no explicit requirements related to socio-economic surveys or development of resettlement plans.</p> <p>However, with a view of facilitating expropriation in an early phase, the Law requires development of an expropriation study which includes a geodetic and cadastral plan of the area identified for expropriation, list of affected owners and properties, evaluation of the property value, and other related information.</p> <p>The scope of the expropriation study is not, however, identical to the socio-economic baseline assessment as required by EBRD PR 5/ EIB ESS 6.</p>	As defined under the "Key Principles" chapter of this LARF, detailed Land Acquisition and Resettlement Plans (LARPs) will be developed for the components of this project that requires acquisition of property. The development of the LARPs will also include socio-economic survey and census which will identify both formal and informal land/property users as well as vulnerable persons/ households and livelihoods of all PAPs.
Cut-off date	EBRD PR 5/ EIB ESS 6 require that the client establish a cut-off date for eligibility and that the cut-off date is communicated throughout the project area.	<p>There are no differences with respect to determining the cut-off date (the date after which persons who take residence in the project area are not eligible to a compensation and/or assistance) between EBRD PR 5/ EIB ESS 6 and the national legislation.</p> <p>However, national legislation has no requirement to communicate the cut-off date throughout the project area.</p>	The cut-off date for the establishment of eligibility for this section will be the date when the City of Mostar and the City of Konjic will notify PAP that JPAC submitted the Expropriation Proposal. For structures built without permits or not registered in the land registry, the cut-off date will be the date of the Socio-Economic Survey. The cut-off date will also be disclosed at consultation meetings and records of the cut-off date notifications sent to each affected person will be kept by JPAC.
Compensation for displaced persons	The main requirement of EBRD PR 5/ EIB ESS 6 is that all displaced persons receive compensation for loss of assets at full replacement cost and other assistance in order to restore, and potentially improve, their standards of living and/or livelihoods to pre-displacement levels.	There are no differences between EBRD PR 5/ EIB ESS 6 and the Law on Expropriation with respect to the principle of determining the type of compensation, given that the Law favours allocation of a replacement property of equal value, and if the beneficiary of expropriation does not have appropriate property, it will offer cash compensation at market value of the property.	Compensation will be provided in line with EBRD/EIB requirements and paid prior to land entry, as defined under the "Key Principles" chapter. Specific entitlements are listed in the Entitlements Matrix.

Issue	EBRD/EIB requirements	Gaps between EBRD/EIB requirements and local legislation	Measures to bridge the gaps								
	<p>Project affected persons in terms of EBRD PR 5/ EIB ESS 6 may be classified as persons:</p> <table border="1" data-bbox="309 568 878 1392"> <thead> <tr> <th data-bbox="316 568 489 647">Categories of project affected persons</th><th data-bbox="489 568 878 647">Rights</th></tr> </thead> <tbody> <tr> <td data-bbox="316 647 489 811">a Those who have formal legal rights to the land (including customary and traditional rights recognised under national laws)</td><td data-bbox="489 647 878 811">Right to compensation for loss of assets at replacement cost</td></tr> <tr> <td data-bbox="316 811 489 1117">b Those who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under national laws (long time diligent owners and formal possessors and owners ex lege)</td><td data-bbox="489 811 878 1117">Right to compensation for loss of assets at replacement cost</td></tr> <tr> <td data-bbox="316 1117 489 1392">c Those who have no recognisable legal right or claim to the land they occupy (persons without recognised legal right – owners of informally built structures, land usurpers, etc.)</td><td data-bbox="489 1117 878 1392">Physically displaced persons from this category must be offered a choice of options for adequate housing with security of tenure, while economically displaced persons must be compensated for any losses on land (crops, infrastructure on the land, etc.)</td></tr> </tbody> </table>	Categories of project affected persons	Rights	a Those who have formal legal rights to the land (including customary and traditional rights recognised under national laws)	Right to compensation for loss of assets at replacement cost	b Those who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under national laws (long time diligent owners and formal possessors and owners ex lege)	Right to compensation for loss of assets at replacement cost	c Those who have no recognisable legal right or claim to the land they occupy (persons without recognised legal right – owners of informally built structures, land usurpers, etc.)	Physically displaced persons from this category must be offered a choice of options for adequate housing with security of tenure, while economically displaced persons must be compensated for any losses on land (crops, infrastructure on the land, etc.)	<p>However, there are two major differences between EBRD PR 5/ EIB ESS 6 and the Law on Expropriation.</p> <p>The <u>first</u> difference is the category of persons who are entitled to compensation. The Law refers to formal owners of property with the exception of "informally built houses for which the responsible authority did not issue a final decision on removal, and which are the only housing unit of their owners and members of their closest family", where owners of informally built, structure are entitled to compensation at the construction value of such structures. The requirement is that the object is recorded in the official 2017 official aerial survey of FBiH, and that the responsible authority did not issue a decision on its removal.</p> <p>The <u>second</u> difference lies in the fact that Lenders require compensation at replacement value – which is the market value of assets plus the transaction costs (sale tax, notary fees, registration costs, moving costs, etc.) related to restoring of such assets in a different place. On the other hand, compensation under the Law on Expropriation equals the market value of property and the Law does not explicitly refer to compensation for registration costs and compensation for transfer of ownership.</p>	
Categories of project affected persons	Rights										
a Those who have formal legal rights to the land (including customary and traditional rights recognised under national laws)	Right to compensation for loss of assets at replacement cost										
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c Those who have no recognisable legal right or claim to the land they occupy (persons without recognised legal right – owners of informally built structures, land usurpers, etc.)	Physically displaced persons from this category must be offered a choice of options for adequate housing with security of tenure, while economically displaced persons must be compensated for any losses on land (crops, infrastructure on the land, etc.)										

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Issue	EBRD/EIB requirements	Gaps between EBRD/EIB requirements and local legislation	Measures to bridge the gaps
Economic displacement	<p>EBRD PR 5/ EIB ESS 6 define economic displacement as a temporary or permanent loss of income or livelihood through interruption of person's employment or access to property, regardless of whether the affected people are physically displaced.</p> <p>The Client is required:</p> <ul style="list-style-type: none"> ➢ To compensate displaced persons for loss of assets or access to assets; ➢ To compensate, in cases where land acquisition affects commercial structures, the affected business owner for: (i) the cost of re-establishing commercial activities elsewhere; (ii) lost net income during the period of transition; and (iii) the costs of the transfer and reinstallation of the plant, machinery or other equipment; ➢ To provide replacement property of equal or greater value, or cash compensation at full replacement cost to persons from the category "a" and "b"; ➢ To compensate category "c" persons for lost assets (such as crops, irrigation infrastructure and other improvements made to the land) other than land, at full replacement cost; ➢ To provide additional targeted assistance and opportunities for economically displaced persons; 	<p>The Law foresees two measures:</p> <ul style="list-style-type: none"> ➢ an increase in compensation based on "personal and family circumstances" (if such circumstances are essential for the owner's livelihood) and ➢ compensation for "loss of profit". <p>However, such additional compensation is provided only to formal property owners.</p>	<p>Compensation will be provided in line with EBRD requirements and paid prior to land entry, as defined under the "Key Principles" chapter. Specific entitlements are listed in the Entitlements Matrix.</p>

Issue	EBRD/EIB requirements	Gaps between EBRD/EIB requirements and local legislation	Measures to bridge the gaps
	<ul style="list-style-type: none"> > To provide transitional support to economically displaced persons, as necessary. 		
Vulnerable groups	<p>EBRD PR 5/ EIB ESS 7 requires that particular attention must be paid to vulnerable groups and individuals.</p>	<p>There are no specific provisions in the Law on Expropriation which require consultations with and providing assistance to vulnerable groups in the expropriation process, while EBRD PR 5/ EIB ESS 7 require that special attention must be given to the needs of vulnerable individuals.</p> <p>The Law on Expropriation generally allows for increased compensation for expropriated properties to formal owners, and in each specific case taking into account the social status, financial situation, unemployment, income level, etc.</p>	<p>Appropriate measures will be applied in line with the requirements of this LARF and defined in LARPs.</p> <p>Detailed LARPs will be developed in accordance with the requirements of this LARF. The development of the LARPs will also include socio-economic survey and census which will be conducted simultaneously, and which will identify both formal and informal land/property users as well as vulnerable persons/households and how women and men may be differentially impacted by the Project.</p> <p>The Project will identify, assess and address impacts on vulnerable groups to determine vulnerability factors in the project area, identify and conduct specific consultations with vulnerable groups and plan and budget assistance measures tailored to the different needs of vulnerable groups.</p> <p>Measures will be in place to ensure meaningful participation of women and men in any consultations about resettlement. Consultation process shall ensure that women's perspectives are obtained and their interests factored into all aspects of resettlement planning and implementation.</p> <p>Women's and men's preferences in terms of compensation mechanisms, replacement land or alternative access to assets and natural resources rather than cash, will be explored and documented.</p>

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Issue	EBRD/EIB requirements	Gaps between EBRD/EIB requirements and local legislation	Measures to bridge the gaps
			Compensation entitlement and delivery will take account of gender issues, including (i) women's productive and household activities, (ii) fair modalities of cash compensation payment, and (iii) shares in resettlement property ownership.
Grievance mechanism	A project-specific grievance mechanism must be established.	While <i>the Law on Expropriation</i> does envisage the right of affected population (those with formal legal rights) to file complaints in various phases of the expropriation procedure, there is no requirement for establishment of an independent grievance mechanism to process complaints related to specific projects.	A grievance mechanism in line with EBRD PR 5/ EIB ESS 6 will be established as described under the "Grievance Mechanism" chapter of this LARF and future LARPs.
Participation/meaningful consultations	Meaningful consultation of affected persons and communities, including host communities, will be organised by the client throughout the process of resettlement planning and implementation. Consultation and engagement efforts should be supported with simple, practical, accurate and culturally appropriate documentation meant for broad dissemination to affected persons.	Several Articles of <i>the Law on Expropriation</i> stipulate notifying/consultation with property owners and stakeholders.	Disclosure of information and meaningful consultations will be carried in out in line with the requirements specified in this LARF, during preparation and implementation of LARPs.
Moving allowance	Lenders require that displaced persons receive compensation for moving costs and re-establishing utilities in new homes.	Compensation for moving costs is not stipulated in the national legislation.	Moving allowance will be provided to all relocated households and businesses, as defined in the Entitlements Matrix. Court experts that will evaluate structures (residential or commercial) will be required to add, under item "recapitulation", future costs associated with moving allowances.

3 Assessment of Preliminary Project Impacts

Overview

Based on the data obtained from Preliminary Design from 2022, the Final layout of the project in .dwg format and overview of land plots in the official Cadastre base of BiH¹², it can be estimated that approximately 350 land plots will be affected by the Project. These land plots are located in 10 cadastre municipalities: Galjevo, Dzepi, Konjic I, Dubravice and Bijela in Konjic, and Podgorani II, Podgorani I, Humilisani I, Potoci and Kutilivac I in Mostar.

The exact scope of land acquisition and location of affected land plots will be defined in LARPs, which will be developed for four subsections:

- Konjic (Ovcari) to Prenj Tunnel
- Prenj Tunnel itself
- Exit of Prenj Tunnel to Mostar North
- Konjic Bypass

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

- Before construction, certain land and associated assets will be acquired for the construction of the motorway, the Konjic Bypass, the access roads, construction waste disposal sites and new local roads, and will remain permanently affected and unavailable for use. Such assets will be acquired within the expropriation zone to be determined in the Expropriation Studies.
- During construction, some additional land is also expected to be needed temporarily for construction camps, material laydown areas, storage of topsoil and excavated materials, etc.

At the time of developing this LARF, it is not possible to define exactly how many assets or people will be affected in either of these phases. These impacts will be analysed and addressed in the future LARPs for separate sections of the road. However, it is likely that the Project will lead to the following impacts:

- Permanent loss of privately owned (agricultural, forest, residential, commercial or any other) land,
- Loss of annual crops or plants, fruit trees, forest trees,
- Loss of any improvements made to the land (e.g., irrigation systems, water wells),

¹² Federal Administration for Geodetic and Property Legal Affairs (2022). Source: <https://www.katastar.ba/pregled>

- > Permanent loss of formal (registered) or informal residential structures and physical displacement of households living in them,
- > Permanent loss of (or access to) formal (registered) or informal non-residential structure/premises (sheds, garages, business premises, etc.),
- > Relocation of formal or informal businesses and interruption in employment for any engaged workers,
- > Loss of income or livelihood associated with either of the above losses (economic displacement),
- > Temporary loss of public infrastructure (including access roads) during construction works

Some individuals or groups are considered more **vulnerable** than others and, if affected by the Project, will require the implementation of special livelihood restoration and/or assistance measures. Such groups might include:

- > persons who depend on the affected land for incomes/livelihoods and it is the only land they own or use,
- > informal users of affected land who have no sources of income or assets of their own,
- > elderly single headed households, single parent households, households whose heads are women, persons with disabilities, households with multiple members, etc. who have to be physically re-located,
- > persons who will be affected by physical and/or economic displacement, whose socio-economic status is low,
- > refugees, internally displaced persons, and post-war returnees
- > ethnic minorities
- > landless persons or persons without the right of use under national legislation

Assistance measures for these categories have been presented in Chapter 6 of LARF. Vulnerable individuals and households will be identified during the implementation of the census and socio-economic surveys to be conducted during the development of future LARPs. Vulnerability will be further explored at expropriation hearings once the expropriation proceedings begin, and assistance measures will be defined, implemented, and recorded.

4 Key Principles of Land Acquisition

JPAC has undertaken to adhere to the following principles with respect to land acquisition and restriction of access to property in the implementation of the Project, which will enable full compliance with all EBRD PR 5 requirements, EIB Standards and the bridging of all gaps identified between such requirements and national legislation:

1. **All involuntary land acquisition of property or restriction of access to assets** will be conducted in compliance with the applicable legislation in FBiH (in particular, the *Law on Expropriation*) and Lenders' requirements. In case of any inconsistencies between national legislation and EBRD/EIB requirements, the higher standards will be adopted.
2. **Involuntary resettlement will be avoided where feasible, or minimised**, exploring additional viable alternative project designs as needed **during the development of the design documentation for this section**. The Project will enable the consideration of micro realignments in order to avoid land acquisition where possible.
3. **Detailed LARPs will be developed** in accordance with the requirements of this LARF. The development of the LARPs will also include **socio-economic survey and census** which will be conducted simultaneously, and which will identify both formal and informal land/property users as well as vulnerable persons/households and how women and men may be differentially impacted by the Project. Specific gender dimensions of displacement will be taken into account further in the LARPs throughout baseline surveys, impact assessment, and mitigation and monitoring processes.
4. **All affected persons will be informed, meaningfully consulted and encouraged to participate** during LARP preparation and throughout the land acquisition process, in accordance with the information disclosure and consultation requirements set out in Chapter 7 of this LARF. The consultation process shall ensure that women's perspectives are obtained and their interests factored into all aspects of resettlement planning and implementation. Women's and men's preferences in terms of compensation mechanisms, replacement land or alternative access to assets and natural resources rather than cash, will be explored and documented. Measures will be in place to ensure meaningful participation of women and men in any consultations about resettlement, including appropriate times of meetings, transport, childcare support, as well as convening women only meetings when necessary.
5. JPAC will make maximum efforts to conclude **negotiated settlements** with PAP in order to avoid expropriation. Such efforts will be documented.

6. **Valuation of properties will be conducted by official independent and impartial court experts¹³.** Both formal and informal assets will be valued.
7. The **cut-off date** for the establishment of eligibility will be the date when the City of Mostar and the City of Konjic notify PAP that JPAC submitted the Expropriation Proposals. For structures built without permits or not registered in the land registry, the cut-off date will be the date of the socio-economic survey. The cut-off date will also be disclosed at consultation meetings.

Any persons who settle in the Project area after the cut-off date will not be eligible for any compensation, but will be given sufficient advance notice, requested to vacate premises and dismantle affected structures (if any) prior to Project implementation. Their dismantled structures materials will not be confiscated, and they will not pay any fine or suffer any sanction.

8. All owners and users of affected property at the time of the cut-off date, whether with or without fully recognised ownership rights, are eligible for compensation and/or assistance, as outlined in the Entitlements Matrix (Table 3: Entitlements Matrix) **Compensation will always be effected prior to land entry or taking of possession over property** by the expropriation beneficiary. Issues related to **payment of cash compensation will be discussed and agreed with owners and all affected members** of households. Cash compensation will be paid in full or in instalments as agreed with the owners and affected members of the households and as defined by contracts, to the bank accounts specified by the owners, with agreement of all affected members of the household. In cases where there is more than one owner of property (i.e., co-ownership of married couples), compensation amounts will be divided and paid to the bank accounts they specify.

In the case of **absentee owners** (e.g., people with legal rights to the land but who are living elsewhere), they will still be eligible for compensation and JPAC/City of Mostar and City of Konjic will make and document its efforts to find them and inform them about the process. These efforts may include efforts to reach them through their neighbours, publication of an ad in newspapers informing about the process, etc. If they cannot be found, and in accordance with local requirements, the compensation amount must be allocated in an escrow account and be readily available should the absentee owner reappear.

In case there are any **legal issues related to the ownership** of a property, the compensation amount must be allocated in an escrow account and be readily available once the legal issues related to the ownership have been resolved. These legal issues may include, for e.g., “preliminary legal issues” that occur prior to issuing the decision on expropriation (and are resolved by municipal/city committees), as explained in Table 1 (Chapter 2 - Legal Review and Gap Analysis) or to any court issues resolved by court authorities.

¹³ These are licensed experts found on the official court list. Property owners/users are allowed to engage a licensed expert from the court list different from the experts engaged by JPAC. In case of any disagreement between experts' opinions, the court engages a third expert and makes a final decision.

9. Construction related activities will be organised in a way to avoid or minimise economic displacement, i.e., by ensuring that access will be retained to local land uses. Any short-term impacts related to **temporary occupation of land** for construction purposes will be compensated in accordance with the Expropriation Law, as well as in accordance with the requirements of EBRD/EIB any informal owner/users affected by such temporary land occupation, as stipulated in the Entitlements Matrix in this document.
10. The **livelihoods and standards of living of affected persons shall be improved or at least restored** to prior conditions or to levels prior to the beginning of Project implementation, whichever is higher, in as short a period as possible. **Assistance for livelihood restoration** (where applicable) will be identified and provided by JPAC equally available to men and women and adapted to their respective needs, on a case-by-case basis and based on the conducted socio-economic survey (e.g., assistance to identify and access other income/livelihood generation activities, assistance to access training, skill development, job opportunities, agricultural development support, etc., identifying improvements which could help affected PAP to increase their yield and income on land). For this purpose, JPAC will cooperate with REDAH (Regional Development Agency for Herzegovina) which provides assistance to local and regional partners in designing, implementing and preparing projects with regard to entrepreneurship, rural development and agriculture. This Agency collaborates with the Faculty of Agriculture and Food Technology in Mostar, and the Faculty of Agriculture and Food Science in Sarajevo in various projects. It is experienced in organising seminars and workshops for local communities and businesses regarding agricultural activities.
11. Access to information and assistance for **vulnerable persons/households** will be facilitated by JPAC according to their specific needs, on the basis of case-by-case screening to be carried out with support from the City of Mostar (Department of Social Affairs) and City of Konjic (Department for Veterans and Disabled Persons, Refugees and Displaced Persons and Social Protection).
12. An effective **grievance mechanism** will be in place for receiving and addressing in a timely fashion any concerns about the Project, including issues covered in this LARF.
13. JPAC will **monitor the implementation of the land acquisition and resettlement processes** through official institutional arrangements in the manner described in more detail in Chapter 8.4 of this LARF. All transactions to acquire land rights, as well as compensation measures, relocation activities, livelihood restoration and resettlement assistance will be documented.

5 Principles of Valuation of Property

5.1 Compensation for Different Categories of Assets

Compensation for houses or other structures

The preferred option for structures built with permits by formal landowners on their own land should be a replacement structure in accordance with *the Law on Expropriation*¹⁴. In case of replacement assets, the following criteria should be applied to the greatest possible extent:

- > Structures should be of approximately the same size and involve the same possibilities of use,
- > Structures should be of similar size and standards, including access to utilities, and
- > Structures should be at a reasonable distance and have similar potential from the livelihood aspect (e.g., access to employment and agriculture).

If PAP are offered a replacement structure of smaller size or less favourable characteristics, the structure owners must be paid the difference in value.

If an affected owner decides to take cash compensation in lieu of replacement property or if it is not possible to find appropriate replacement property in the given area¹⁵, the structures shall be compensated in cash at full replacement cost. This will be the market value of the materials required to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labour and contractors' fees, plus the cost of any registration and transfer taxes. In determining the replacement cost, depreciation of the asset and the value of salvage materials are not to be taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. It also includes costs for levelling or other preparation for new construction or use. The costs shall be calculated at the time when the property is replaced, if this is not the case, the calculation shall take into account inflation.

Compensation will also be provided for any damages caused by construction activities.

For structures built informally (without permits), cash compensation for the structure will be offered at construction value to the structure owner. In case this is a residential structure and if the total paid compensation is too low to build or purchase another residential structure elsewhere, the structure owner will be provided with adequate accommodation for a period up

¹⁴ Article 12 of the Law on Expropriation: "The owner is entitled to receive compensation for an expropriated property in form of another property, and if the expropriation beneficiary cannot provide such property, the compensation shall be paid in cash in the amount of the market value of the expropriated property."

¹⁵ The process of securing adequate replacement property for affected owners typically involves the expropriation beneficiary (i.e., JPAC) working with the affected owners to identify suitable replacement properties. The expropriation beneficiary consults with competent municipalities/cities to determine availability of suitable replacement properties in the area and provides the affected owners with a list of replacement properties. If all conditions are met, the expropriation beneficiary provides affected owners with replacement properties. However, it should be mentioned that, in practice, owners in majority of cases decide to be compensated in cash at full replacement cost.

to two years free of charge starting from the date of payment, if he/she and the members of their family do not own any other residential facility. Further entitlements are detailed in the Entitlements Matrix in this LARF.

Compensation for construction land

The preferred option for construction land to be expropriated will be replacement with alternative land according to the provisions of the Law on Expropriation. The compensation package will usually include compensation for residential houses on the given plot.

If construction land is affected but the house itself is not, compensation will usually be in the form of cash. Cash compensation will be provided at replacement cost, i.e., the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes.

Compensation for agricultural land

As regulated by the *Law on Expropriation*, compensation for land provided to formal landowners shall be determined whenever possible in form of another appropriate property which enables the previous owner approximately equal terms of use. Equal terms of use are satisfied if the following criteria are met:

- > being acceptable to the affected owner/farmer,
- > being approximately the same size,
- > having a similar or better agricultural potential, i.e., fertility, slope, parcel shape, exposition to sunshine, and
- > being located at reasonable distance.

In case when the affected owner cannot be offered an equivalent property because no equivalent agricultural land can be found at reasonable distance or the land which is available is not acceptable for the owner, the body in charge of expropriation (i.e., city authorities in Mostar and Konjic) shall provide a written prove on failed attempts to find similar land and pay compensation for such land at full replacement cost.

For agricultural land, the replacement value of the land of equally productive potential or use which is in the vicinity of the affected land during the period before the project or in the pre-displacement phase, whereby the higher value should be taken into account, with the cost of land preparation required to bring it to the level similar to the affected land, including costs of registration in land registry and transfer fees.

The *Law on Expropriation* does not explicitly define the situation when it is possible to offer a plot of smaller size or a plot with lower agricultural potential in lieu, and whether it would be acceptable to pay the difference in cash including compensation in kind in order to settle the difference in size or potential. In situations when it is not possible to identify and offer a plot of the same size and with the same potential, while it is possible to offer smaller plots with less potential, the owner will be offered a possibility to receive a part of compensation in kind (replacement property – plot) and a part in cash. In such case it is necessary to valuate both plots, affected and replacement plot, in order to calculate the difference.

Informal land possessors will be compensated in cash not for land but for loss of assets (crops, irrigation infrastructure and other upgrades on the land) at replacement cost and provided with assistance for livelihood restoration where applicable, as detailed in the Entitlements Matrix.

Compensation for unviable land

Unviable land refers to land remaining after partial expropriation of land, which is too small in size to make cultivation economically profitable. In case where the landowner assesses the plot remainder as unsuitable for further agricultural use or in case where the land plot would lose its access road, the owner can apply for expropriation of the whole plot. Such situations are to be assessed on an individual basis by JPAC, based on the following criteria:

- > Size, dimensions and shape of the unviable part of the plot;
- > Agricultural or other potential of the remaining part of the plot compared to that of the expropriated part;
- > Access restrictions;
- > Size and nature of mechanical equipment typically used for cultivation on this plot and whether such equipment reasonably can be used given the size, shape and dimensions of the unviable part of the plot;
- > Potential restrictions to irrigation or drainage during the construction period.

These criteria will also be presented in the future LARPs and communicated with PAP during LARP specific consultations.

Compensation for unviable land, once recognised as such, will be based on the same entitlements as the main affected piece of land.

Compensation for crops and trees

Prior to land entry, all PAPs will be given the opportunity to harvest their crops.

For purposes of better understanding, separating out crops and trees, particularly annual crops vs perennials, can be done by categorising the different types of land use according to their characteristics. This can be helpful in determining the compensation arrangements for tenants and landowners.

Annual crops are crops that are planted and harvested within a single year. These include crops such as corn, wheat, soybeans and similar. Perennial crops, on the other hand, are crops that have a longer lifespan and can be harvested multiple times over several years. These include crops such as fruit trees, grapevines, berries etc.

It is important to detail the compensation arrangements separately for annual crops and perennial crops or trees. For annual crops owners, users and occupants (e.g, formal tenant/lessee or informal possessors) should be compensated for their labor and harvest, as they are the ones who have put in the effort and resources to plant and harvest the crops. For trees or perennial crops, the compensation arrangements may differ depending on the agreement between the user/occupant and the landowner.

All trees perennial and annual crops (that cannot be harvested prior to land entry) shall be compensated at full market value. Any potential damages as a result of construction works on trees and crops shall also be compensated at full replacement cost.

To the extent possible, expropriation and land entry will generally be phased in such a manner that any standing annual crops, regardless of their development stage, can be harvested before the land is taken from the land owner or land user. Annual crops that are harvested before land occupation by the beneficiary agency shall not be compensated. For those annual crops that cannot be harvested prior to land entry or that are damaged by construction works, they shall be compensated at full market value. Recent records of agricultural produce prices at cantonal or municipal level shall be used. Where such records are not available, the most recent official data published by the Agency for Statistics of BiH shall be used by agricultural experts.

The calculation of the full replacement cost requires consideration not only of the product of the crop over one year, but also of the cost of re-establishing the plantation (seedlings, soil preparation, fertilizers, others), as well as of the lost income during the period needed to re-establish the crop. In addition, appraisers will assess whether current productivity reflects the true productivity of the land or if it is a function of lack of inputs to the land. In the event that more than one year's compensation is due to the affected persons, the crops after the first year will be compensated at gross market value.

For trees and forests the calculation should be made in accordance with the principle of full replacement cost, whereby the rate of compensation C for a tree shall be determined by application of the following formula:

$$C = V \times D + C_p + C_l$$

V – Average market value of production of one tree for one year

D – Average period of time required to grow a new tree to an adult production level, in years

C_p – Cost of planting (seedling, soil preparation, initial fertilization)

C_l – Costs of the labour required to maintain the crop during the period of time needed to grow a new tree to the previous production level

The unit rate C per tree shall then be applied to the whole plot per the results of inventory of project affected trees on each project affected plot, to be conducted in the presence of land owners/users.

Per the professional guidelines applied by official valuers in FBiH, compensation rates will be generated for the following four stages of tree development:

- > Seedling,
- > Young, not productive,
- > Young, productive, and
- > Mature.

Unlike perennial plantation of fruit trees, where crops can be harvested over a prolonged period of time, the majority of commercial types of trees produce yield only once. The replacement cost should therefore be the market value of timber as to be calculated for each land plot with commercial trees by official forestry valuators based on factors such as the type and quality of the trees, the age of the trees, and market demand for the specific type of wood. If affected commercial forests cannot be logged before the expropriation beneficiary gains access to the plot, all trees shall be compensated for the value of lost timber.

Compensation for business-related losses

For business owners who own both the land and the structures on the property, that need to be relocated, the compensation should include:

- compensation at full replacement cost for both structures and land (in line with the same principles as defined above for residential assets),
- relocation costs (e.g., costs of the transfer and reinstallation of the plant, machinery or other equipment, cost of reinstated connections to utility services if applicable),
- loss of net income incurred as a result of Project activities until the full restoration of business activities¹⁶,
- Compensation for loss of salaries for employees.

Businesses losing only part of their land (but not relocating) will be provided with:

- loss of net income incurred as a result of Project activities until the full restoration of business activities,
- any damage caused by construction activities,
- the legal possibility to request acquisition of the remaining part of land plot and therefore relocate (with all accompanying entitlements as defined above for relocating businesses),

Tenants who lease the land and structures (which will be expropriated) for their business operations must be notified about the beginning of the expropriation process at the same moment the owner is notified – to allow sufficient time to identify another location and relocate. Such tenants shall be given at least 6 months to vacate and will be provided with moving allowance if the tenant is relocated by the Project earlier than regulated by the lease agreement, as detailed in the Entitlements Matrix.

¹⁶ If the restoration of business activities takes longer than expected due to required new location-specific permits or other factors, it may be necessary to define the compensation for loss of net income more specifically. This can be done through the compensation agreement between the EB and the affected business owner. In such cases, the compensation for loss of net income may be established for a specific timeframe based on the time required to obtain the necessary permits and approvals for the business to operate in the new location. The compensation amount may also be adjusted to reflect any additional costs or losses incurred as a result of the delay in business operations. It may also be necessary to establish a process for reviewing and adjusting the compensation if the restoration of business activities is delayed beyond the initially agreed-upon timeframe. This can help ensure that the affected business owner is fairly compensated for any losses incurred as a result of the acquisition and relocation of their business.

TYPE OF PROJECT AFFECTED RIGHT OR PROPERTY OR LOSS	ENTITLEMENT
1. HOUSEHOLDS	
1.1. Loss of land plot (formal landowners)	<p>Replacement property with similar or same characteristics or Cash compensation for land plot at full replacement cost for land plot +</p> <p>In case of partial loss of land plot: The right to request complete acquisition of unviable land plots and corresponding compensation at full replacement cost +</p> <p>Assistance for livelihood restoration (where applicable) to be identified and provided by JPAC on a case-by-case basis and based on the socio-economic survey (e.g., assistance to identify and access other income/livelihood generation activities, assistance to access training, skill development, job opportunities, agricultural development support etc., identifying improvements which could help affected PAP to increase their yield and income on land) +</p> <p>Additional assistance for vulnerable households on a case-by-case basis</p>
1.2. Loss of land plot (informal land possessors)	<p>Cash compensation for loss of assets (crops, irrigation infrastructure and other upgrades on the land) at replacement cost +</p> <p>Assistance for livelihood restoration (where applicable) to be identified and provided by JPAC on a case-by-case basis and based on the socio-economic survey (e.g., assistance to identify and access other income/livelihood generation activities, assistance to access training, skill development, job opportunities, agricultural development support etc., identifying improvements which could help affected PAP to increase their yield and income on land) +</p> <p>Additional assistance for vulnerable households on a case-by-case basis</p>
1.3. Loss of residential structure built with construction permit on one's own land or loss of formally owned apartment as part of a building	<p>Replacement structure with similar or same characteristics or Cash compensation at full replacement cost +</p> <p>Moving allowance and compensation for other resettlement related expenses +</p> <p>Additional assistance for vulnerable households on a case-by-case basis</p>

1.4. Loss of residential structure erected without a construction permit on one's own or someone else's land	<p>Compensation for the land to the owner at replacement cost + Provide legal support to obtain recognition of claim to structures if possible, so these PAP can further be provided with compensation for their legally held property at full replacement cost (as above for formal landowners)</p> <p><i>If legalisation is not possible:</i></p> <p>Cash compensation at construction cost to the structure owner + If the total paid compensation is too low to build or purchase another residential structure elsewhere, the owner of the informally built structure is entitled to be provided with adequate accommodation for a period up to two years free of charge starting from the date of payment, if he/she and the members of their family do not own any other residential facility¹⁷. After the expiry of the two-year period, if they do not find adequate accommodation on their own, JPAC must ensure in cooperation with competent social institutions that these persons are accommodated in adequate institutions (such as collective housing centres for the care of the socially vulnerable population). + Moving allowance and compensation for other resettlement related expenses + Additional assistance for vulnerable households on a case-by-case basis</p>
1.5. Loss of residential structure/apartment (lessee)	<p>Timely notification of the lessee (at the same moment when the owner has to be notified) about the beginning of the expropriation process, to enable the lessee to find alternative accommodation on time. Lessee to be given at least a 60-day period to vacate the residential structure/apartment, starting from the day of providing compensation for expropriated property to the owner. + Moving allowance (if the lessee is relocated due to the project earlier than regulated by lease agreement)</p>
1.6. Loss of auxiliary structure	<p>Built with permits: cash compensation at full replacement cost</p>
1.7. Temporary land occupation and losses (owner or user)	<p>Built without permits: cash compensation in the amount of construction value Affected land and infrastructure will be restored to pre-project conditions + Cash compensation for temporary land occupation in the amount of lease at market prices</p>

¹⁷ One of the main objectives of PR 5 is to improve living conditions of physically displaced persons through the provision of adequate housing with security of tenure at resettlement sites. Security of tenure refers to resettled individuals or communities that are resettled to a site they can legally occupy, where they are protected from the risk of eviction and where the tenure rights provided to them are socially and culturally appropriate.

	<p style="text-align: right;">+</p> <p>Cash compensation for lost assets (e.g., structures, trees) to the owner of assets</p> <p style="text-align: right;">+</p> <p>Compensation at market value for loss of net income from subsequent crops that cannot be planted for the duration of temporary possession (e.g., compensation for harvests lost as to be defined by official agricultural valuation experts)</p>
1.8. Losses related to establishment of a right of way (title holder)	<p>Compensation for reduced market value of the property¹⁸</p> <p style="text-align: right;">+</p> <p>Compensation for any damages to the property</p>
1.9. Loss of annual crops	<p>Right to harvest crops</p> <p>or (if harvesting is not possible)</p> <p style="text-align: right;">cash compensation for crops at full replacement cost</p>
1.10. Loss of perennial crops / orchards	<p>Right to harvest (pick fruits, vegetables, etc)</p> <p style="text-align: right;">+</p> <p>Cash compensation for perennial plants and trees at full replacement cost</p>
2. BUSINESSES	
2.1. Loss of business structures and land plot	<p>For formally built business facilities: Replacement property with similar or same characteristics</p> <p style="text-align: right;">or</p> <p style="text-align: right;">Cash compensation at full replacement cost</p> <p style="text-align: right;">+</p> <p>Cash compensation for costs of transfer and reinstallation of the plant, machinery or other equipment, costs of reinstated connections to utility services if applicable</p> <p style="text-align: right;">+</p> <p>Assistance for livelihood restoration (where applicable) to be identified and provided by JPAC on a case-by-case basis and based on the socio-economic survey, particularly in cooperation with the Regional Development Agency for Herzegovina (e.g. assistance to identify and access other income/livelihood generation activities, assistance to access training, skill development, job opportunities, agricultural development support etc., identifying improvements which could help affected PAP to increase their yield and income on land)</p>

¹⁸ Reduced market value represents a decrease in value of real estate due to establishment of right of way by the expropriation beneficiary and is determined on a case-by-case basis. It is paid in the form of cash compensation defined by an official court expert.

	<p>For informally built business facilities: Provide legal support to obtain recognition of claim to property if possible, so these PAP can further be provided with compensation for their legally held property at full replacement cost, or, if legalisation is not possible: cash compensation at construction value for any informally erected commercial structures</p> <p>+</p> <p>Cash compensation for costs of transfer and reinstallation of the plant, machinery or other equipment, costs of reinstated connections to utility services if applicable</p> <p>+</p> <p>Assistance for livelihood restoration (where applicable) to be identified and provided by JPAC on a case-by-case basis and based on the socio-economic survey, particularly in cooperation with the Regional Development Agency for Herzegovina (e.g. assistance to identify and access other income/livelihood generation activities, assistance to access training, skill development, job opportunities, agricultural development support etc., identifying improvements which could help affected PAP to increase their yield and income)</p>
2.2. Loss of business income	<p>Cash compensation for loss of profit as a result of the project (until the full restoration of business activities elsewhere up to 6 months), calculated based on average values of business transactions over the past three years recorded in the responsible tax authority</p> <p>+</p> <p>Assistance for livelihood restoration (where applicable) to be identified and provided by JPAC on a case-by-case basis and based on the socio-economic survey, particularly in cooperation with the Regional Development Agency for Herzegovina (e.g. assistance to identify and access other income/livelihood generation activities, assistance to access training, skill development, job opportunities, agricultural development support etc., identifying improvements which could help affected PAP to increase their yield and income)</p>
2.3. Loss of business in a leased structure (lessee)	<p>Timely notification of the lessee (at the same moment when the owner has to be notified) about the beginning of the expropriation process. The lessee to be given at least a 6-month period to vacate the business structure, starting from the day of notification to allow sufficient time to a business to identify another location and to relocate its assets.</p> <p>+</p> <p>Moving allowance (if the lessee is relocated due to the project earlier than regulated by lease agreement)</p>
2.4. Temporary land occupation during construction works (businesses)	<p>Affected land and infrastructure shall be restored to the pre-project condition</p> <p>+</p> <p>Cash compensation for temporary occupation of the land in the amount of a lease at market value</p> <p>+</p> <p>Compensation for any lost asset (such as structure, trees, etc.)</p>

2.5. Loss of salaries¹⁹	<p><i>In case of temporary interruption of business operations and consequently temporary interruption of work of employees:</i></p> <p>compensation for loss of salaries to employees, in the amount of the average salary for the last six months as considered to be a reasonable period to determine average salary (to be paid directly to the employer who shall submit proof of paid salaries in the transition period)</p>
	<p><i>In case of termination of business activities as a result of the project:</i></p> <p>compensation for severance pay to employees in the amount of salaries paid in the last six months (to be paid by the employer directly to the employees, and the employer shall submit proof of paid severance pay)</p>
2.6. Temporary losses of business income during construction works (businesses which are not relocating)	Cash compensation for loss of income until the completion of construction works which directly impact the business operations of the business, in line with assessment by court experts
2.7. Reduced value of business property due to acquisition of part of land on which business assets are located	Cash compensation for reduced value for business property, in line with assessment of court experts
3. OTHER	
3.1. Impacts on vulnerable groups	<p>On top of all rights defined in this matrix, vulnerable PAP will be provided additional assistance including legal assistance and help, as defined in Chapter 6 of this LARF. Any additional support required for any affected vulnerable households will be determined on case-to-case basis during socio-economic survey.</p> <p>These PAP are to be given priority of employment on the project if possible.</p>
3.2. Loss of public infrastructure	Public infrastructure will be replaced before destruction by infrastructure of the same or better specifications. It is important to ensure that any public assets that are replaced during the process are handed over to the relevant public authority upon replacement. This helps to ensure that the community retains access to necessary public

¹⁹ According to requirements of the Environmental and Social Policy 2019, in the case of businesses experiencing temporary losses or having to close as a result of project related displacement, employees losing pay or employment are also eligible for compensation.

OFFICIAL USE

(including access roads)	resources and that the public assets are properly maintained and managed over time. Consultations regarding public infrastructure to be carried out in various Project phases as detailed in the Stakeholder Engagement Plan.
3.3. Unanticipated impact (permanent or temporary loss)	Any unanticipated impact shall be mitigated in accordance with the principles and objectives of this LARF. In case of discrepancies between the Law on Expropriation and EBRD/EIB requirements in a particular case, the provision more favourable for the affected owner/user shall prevail.

6 Assistance to Vulnerable Persons

Special attention shall be given to the needs of vulnerable groups based on their personal situation, and appropriate measures shall be taken to assist such people.

Categories of vulnerable people include, but are not limited to:

- persons who depend on the affected land for incomes/livelihoods and it is the only land they own or use,
- informal users of affected land who have no sources of income or assets of their own,
- elderly single headed households, single parent households, households whose heads are women, persons with disabilities, households with multiple members, etc. who have to be physically re-located,
- persons who will be affected by physical and/or economic displacement, whose socio-economic status is low,
- refugees, internally displaced persons, and post-war returnees²⁰
- ethnic minorities
- landless persons or persons without the right of use under national legislation

The socio-economic characteristics and vulnerability of the affected population will be evaluated during the socio-economic survey. Key informant interviews / focus group discussions with relevant stakeholders, during project design, as well as consultations during individual hearings organised by JPAC. JPAC will collect information on the socio-economic status and vulnerability of PAPs which will be taken into consideration when proposing compensation and potential support to vulnerable households.

During the development of LARPs, possible vulnerability issues of the population living in the Project area including ethnicity issues²¹ will also be analysed by consulting with representatives of the local communities in the Project area of influence and consulting with interested and relevant NGOs.

²⁰ Refugees and displaced persons are covered by the Law on Displaced Persons and Returnees in FBiH and Refugees from BiH ("Official Gazette of FBiH", No. 15/05), which at federal level is implemented by the Ministry for Displaced Persons and Refugees and by relevant institutions.

²¹ Taking into account the war events that occurred in BiH between 1992 and 1995, which had a significant impact on the demographic structure due to large-scale displacement and ethnic homogenisation in many parts of the country, special attention will be paid to these categories of people who live in the project area.

Assistance to vulnerable people shall also include the following activities, depending on a case-by-case screening to be carried out with support from the municipalities/cities departments of social affairs:

- > Assistance during the compensation and resettlement process:
 - individual visits to the homes of vulnerable persons/households to explain eligibility criteria and entitlements (in particular for elderly people and people with disability/ chronic illnesses),
 - assistance during the payment process, i.e., ensuring that PAP have bank accounts into which compensation can be paid, and that compensation documents and payment process are well understood (in particular for elderly people /people with disabilities)
 - assistance to exercise the right to receive vulnerable people benefits provided under the Law on Bases of Social Welfare, Protection of Civilian Victims of War, and Protection of Families with Children, as applicable
- > Assistance in identifying and buying new property
- > Assistance in moving (e.g., special transport measures for persons with specific needs, etc.)
- > Assistance during the post-resettlement period:
 - assistance in finding training courses to enhance employability and giving priority in employment, where possible, in particular for poor and/or unemployed people; assistance in securing the compensation money and reduce risks of misuse or robbery,
 - counselling in matters such as family, health, money management, and livelihood restoration,
 - health care if required at critical periods or enrolling vulnerable households in a health insurance scheme,
 - assistance in identifying training courses to enhance employability and prioritization for employment where possible.

In addition, if the conditions of Article 47 of the Expropriation Law of FBiH²² are met, vulnerable households will receive an increase in compensation in addition to the above activities.

²² The personal and family circumstances of the owners whose real property is pending expropriation, as well as circumstances which may have adverse economic effects, should be considered when determining the compensation level (Article 47 of the Law)

7 Disclosure of Information and Meaningful Consultation

7.1 Legal Requirements

The Law on Expropriation of FBiH contains provisions on disclosure of information and public consultations with persons whose property has been identified for expropriation:

- Before filing proposal for expropriation, the expropriation beneficiary is required to invite owners of affected properties in a public call to negotiate property acquisition;
- Affected owners will be informed that the proposal for expropriation has been filed;
- Before issuing a decision on expropriation, the responsible municipal administration is required to hear the affected person regarding circumstances that pertain to expropriation.

Institutions involved in expropriation procedures shall be responsible for disclosure of information and consultations. Thus, before initiating the expropriation procedure, the expropriation beneficiary will issue a public notification in a daily newspaper in FBiH inviting specific owners to engage negotiations on settlements, while in practice the public notification is commonly also announced on the website of the expropriation beneficiary. After posting the public notification, all interested persons can obtain relevant information about potential agreement they can conclude instead of expropriation, expropriation procedure, types and modalities of compensation and other issues that pertain to their legal rights from the responsible official or public relation officer of the expropriation beneficiary.

Also, all stakeholders (owners and other interested persons) pursuant to *the Law on Freedom of Access to Information* may request the responsible administrative authorities to provide information about the status of the project that affects their property from the aspect of construction, expropriation timeline, and other information.

7.2 Available Communication Tools & Resources

JPAC communicates with the public through its website (www.jpautoceste.ba) and its Facebook page, as well as electronic, digital and printed media (TV, newspapers, radio, online media). The website is updated regularly and contains information on:

- JPAC operations (work plans, financial and audit reports, policies, procurement opportunities and decisions),

- > progress in relation to the planning, construction, and operation of Corridor Vc,
- > issues in relation to land acquisition, environmental protection, cultural heritage, safety, tolling and traffic related information,
- > company contacts,
- > corporate social responsibility programme, etc.

Complaints or suggestions can be submitted directly to JPAC, through an online form, as well as through contact details provided on JPAC website. The formal Grievance Mechanism is described later in this document and a copy of the Grievance form is also provided (see Chapter 9 for more details).

7.3 Planned Disclosure of Information and Consultations

Disclosure and consultations regarding this LARF

The requirements for disclosure of Project relevant information and public consultations have been set out in the Stakeholder Engagement Plan (SEP) prepared within the framework of the ESIA Disclosure Package for this Project for the purpose of enhancing stakeholder engagement throughout the life cycle of the Project and carrying out stakeholder engagement in line with local legislation and EBRD/EIB requirements.

This LARF is also prepared within the framework of the ESIA Disclosure Package for this Project.

This LARF, as part of the ESIA Disclosure Package, will remain in the public domain for the entire duration of the Project cycle. It will be publicly available in local languages and English immediately upon its availability, on the websites of JPAC (www.jpautoceste.ba), City of Mostar (www.mostar.ba), City of Konjic (www.konjic.ba), EBRD (www.ebrd.com) and EIB (www.eib.org).

The ESIA Disclosure Package will remain disclosed on these websites during a period of 120 calendar days prior to the consideration of the Project by the EBRD's Board of Directors and will remain publicly available throughout the life of the Project.

In addition, hard copies of the documents will be available at the following locations:

1. JPAC office in Mostar, Adema Buća 20, 88 000 Mostar
2. JPAC office in Sarajevo, Hamdije Kreševljakovića 19, 71000 Sarajevo
3. City of Mostar, Hrvatskih branitelja 2, 88000 Mostar
4. City of Konjic, Marsala Tita 62, 88400 Konjic
5. EBRD office in Sarajevo, Fra Andjela Zvizdovića 1, 71000 Sarajevo
6. EIB Representation for Bosnia and Herzegovina in Sarajevo, Delegation of the European Union, Skenderija 3a, 71000 Sarajevo

After disclosure, JPAC will schedule and hold at least two public consultation meetings, one in Mostar and one in Konjic. JPAC will inform all stakeholders about the exact date, time and venue where the meeting will be held, at least 7, but preferably 14 days in advance, through the following channels:

- > the official website of JPAC,
- > the official website of the City of Mostar and City of Konjic,
- > local newspapers in wide circulation in FBiH,
- > announcements on bulletin boards of five Local Community Offices (LCOs) (Centar, Dzepi, Bijela, Bijelo Polje and Tresanica (including its branch office "Donje Selo").

All available Project information and documents will be disclosed to the public at least 2 weeks in advance of the meetings. Separate meetings will be held to ensure that the stakeholder engagement is inclusive on a gender and vulnerability basis.

At the meetings, JPAC will:

- > present the project footprint, steps taken to avoid impacts to communities including minimising land take, and the expected impacts and planned mitigation measures,
- > receive feedback from affected people on entitlements and compensation measures contained in this LARF, i.e., on proposed resettlement planning, implementation, and compensation mechanisms,
- > ensure that women's perspectives are obtained and their interests factored into all aspects of resettlement planning and implementation; explore and document women's and men's preferences in terms of compensation mechanisms, replacement land or alternative access to assets and natural resources rather than cash.

Participants will be able to present their opinions and remarks with regard to the Project and disclosed documents, including LARF, as well as suggest possible solutions to the issues raised. The meetings will be open to all interested stakeholders, including residents of local communities in the vicinity of the project footprint. NGOs will receive a notification about the meetings by email/phone/post (as available) and will be invited to attend if interested.

The conclusions of the meetings will be agreed during the meetings and recorded. All comments and proposals will be documented and appropriately addressed. The PIU will publish a summary report of all relevant issues raised, including explanations for inclusion or exclusion of proposals.

In addition, individual consultation meetings for specific issues may be organised at the initiative of the JPAC, the City of Mostar and City of Konjic or by any identified stakeholder groups/individuals.

Disclosure and consultations regarding LARPs

After the development of the draft LARPs, they will be disclosed in local languages and English on the official websites of JPAC, the City of Mostar, City of Konjic, the EBRD and the EIB. Hard copies of the documents will also be made available at the aforementioned premises of the JPAC, the City of Mostar, City of Konjic and EBRD.

LARPs will remain in the public domain for the entire duration of the Project cycle.

Not earlier than 10 days after disclosure of the LARPs, a public consultation meeting will be organised by JPAC at the premises of the City of Mostar, City of Konjic or Local Community Offices to present the draft LARPs and discuss all land acquisition issues and concerns.

The meeting will be announced through the following channels:

- > the official website of JPAC,
- > the official website of the City of Mostar,
- > the official website of the City of Konjic
- > local newspapers in wide circulation in FBiH (Dnevni Avaz and Dnevni list),
- > announcements on bulletin boards of the City, Municipality and Local Community Offices.

The announcement will also be sent directly to the following stakeholders:

- > Local Communities (LC Bijelo Polje, LC Dzepi, LC Centar, LC Tresanica, LC Bijela),
- > City of Mostar,
- > City of Konjic,
- > University of Mostar,
- > REDAH (Regional Development Agency for Herzegovina).

The announcements will indicate: (i) where the draft LARPs can be accessed, (ii) the date of the meeting, (iii) the contact details of the responsible person to whom any questions or comments can be submitted in writing, as well as the timeframe for submission of comments.

During the meeting, JPAC will present, in particular:

- > The type and duration of construction/reconstruction works
- > The status of land acquisition activities
- > The key contents of the LARPs, with a focus on:
 - expected impacts
 - key principles and key entitlements

- the process of conducting the census of affected people and inventory of affected assets, socio-economic survey among PAP, and valuation of land
- cut-off date
- consultation and engagement methods
- grievance mechanism.

Within 10 days from the organised public meeting, JPAC will consider and incorporate any comments received in writing or during the meeting, as well as prepare and include in the LARPs a summary of comments/questions received and how they have been addressed.

Following the finalisation of LARPs, they will be disclosed in the same manner as the draft LARPs.

Note: Ongoing consultation will be carried out to ensure those affected by the Project are continually engaged on the issues that are of concern to them, in order to find meaningful solutions. A dedicated contact person for each LARP will be defined in the LARPs.

Consultations planned during the final design stage

To reduce and mitigate impacts associated with community health and safety during the pre-construction and construction phase, JPAC will organise consultations with City level authorities and LCOs on the issues of planned new local roads and underpass/overpass (considerations of sufficiency, dimensions and safety) with the aim of clearly presenting all planned additional infrastructure, hear the views of local residents in relation to access to their land and, as far as practicable, make changes to accommodate their needs and requests.

8 Implementation of LARPs

8.1 Implementation Responsibilities

The Project Implementation Unit (PIU) for this motorway section will be responsible for Project implementation, including the implementation of this LARF, under the supervision of the Lenders. Representatives of the JPAC Department of Property, Legal Affairs and Expropriation and the Division for Study Documentation, Social and Environmental Policy will be part of the PIU and will ensure the proper implementation of the LARPs (to be developed by JPAC before the construction activities). They will be in charge of communicating with the local communities and consultations with PAP as well as representatives of Local Community Offices. Note: The PIU will a specific contact person for enquiries and grievances under the Project-level grievance mechanism but land related grievances will be managed separately with specific contact details for each LARP to be defined in the LARPs.

On behalf of the City of Mostar and City of Konjic, the expropriation process will be managed by Land Acquisition Committees ("Committees" in the table below), to be established upon the submission of the proposal for expropriation by JPAC to the City of Mostar and City of Konjic as the expropriation authority.

Table 4 below shows an overview of the responsibilities and arrangements for implementing the requirements of the LARPs.

Table 4: Organisational responsibilities and arrangements

Task	Responsible Entity
LARPs Preparation	
Ensuring the preparation the LARPs including the census and socio-economic surveys, inventory of project affected assets (upon the development of Expropriation Studies and before construction activities)	JPAC
Determination of estimated compensation budget prior to LARPs approval with the condition to be specified by independent court experts during LARP implementation	JPAC /LARP Consultant
Approval of LARPs	Lenders
Information disclosure and consultations	
Disclosure of information and documents to all Project Affected People and communities, and organization of public meetings	JPAC in cooperation with the City of Mostar and City of Konjic
Keeping records of consultation activities	JPAC
Land acquisition process	
Direct communication with and visits to owners and occupants	JPAC, City of Mostar/ City of Konjic, Committees
Concluding negotiated settlements prior to expropriation	JPAC
Expropriation of property in case negotiated settlements are not concluded	City of Mostar/City of Konjic, Committees
Valuation of property	Independent court experts (appointed by the City of Mostar and City of Konjic)

Legalisation of the structure before expropriation (if applicable)	City of Mostar and City of Konjic
Provision of assistance to vulnerable persons / households as necessary	JPAC, City of Mostar/City of Konjic, competent institutions for assistance to vulnerable persons
Payment / provision of compensation packages and providing other assistance	JPAC, City of Mostar/City of Konjic, Committees
Assessing and providing livelihood restoration assistance	JPAC
Monitoring and reporting	
Monitoring and reporting to the Lenders with respect to land acquisition, livelihood restoration and compensation payments	JPAC
Monitoring and reporting on ongoing stakeholder engagement on issues under the LARF/ LARPs	JPAC
Monitoring and reporting in respect of temporary land occupation carried out after construction commencement	Contractor
Preparation of a Completion Audit at the end of the land acquisition process	Independent third party for external monitoring and evaluation contracted by JPAC (in agreement with the Lenders)
Construction phase	Supervision Engineer for external monitoring during construction works
Receiving and managing grievances	
Grievance management	JPAC, Committees
Receiving grievances and acknowledging receipt of grievances	JPAC (in cooperation with the Contractor, City of Mostar/City of Mostar and Committees)
Keeping an integrated registry of grievances, including those received by the Contractor	JPAC

8.2 Costs and Budget

The costs of the land acquisition process will be financed exclusively by JPAC as the expropriation beneficiary.

A detailed budget for this motorway section will be prepared within the LARPs, including the following items:

- > Compensation for residential structures,
- > Compensation for auxiliary structures and other construction elements (e.g., water wells, water pipes...),
- > Compensation for business structures,
- > Compensation for agricultural and forest land,
- > Compensation for crops,

- > Compensation for construction land,
- > Moving allowance for houses,
- > Assistance with relocation for businesses,
- > Assistance to vulnerable people,
- > Additional costs for livelihood restoration needs.
- > Costs associated with coordinating, implementing, monitoring, and evaluating resettlement activities conducted by JPAC (staffing, expropriation studies, census/surveys, costs of court valuation experts, external completion audit, judicial proceedings, bank charges, etc.).

8.3 Indicative Timetable for LARP Implementation

LARPs shall be prepared by JPAC upon the development of the Expropriation Studies (to be prepared upon the development of design documentation), and prior of the actual implementation of land acquisition activities.

In case any land acquisition activities are performed before the development of the LARPs, such activities will be evaluated in the process of preparing the LARPs in order to determine whether the procedures that were conducted were in compliance with this LARF and whether it will be necessary to undertake further corrective activities with respect to harmonise the land acquisition procedure with this LARF and the Lenders' requirements.

A detailed timeline for land acquisition for this motorway section will be prepared within the LARPs, including the anticipated period of monitoring following LARP implementation.

8.4 Monitoring, Evaluation and Reporting

JPAC will monitor the land acquisition process to:

- > ascertain whether activities are in progress as per schedule and the timelines are being met;
- > ensure that the standards of living of PAP are restored or improved through periodic monitoring against key performance indicators and adjusting for continuous improvement in implementation;
- > assess whether the compensation / restoration measures are sufficient;
- > identify any potential issues (including management of grievances in terms of their recording and responding to complaints within set deadlines); and
- > identify methods to mitigate any identified issues.

JPAC will maintain a land acquisition database. The data/information will be updated periodically. All information on PAP, their holdings and their compensation payments and assistance measures will be kept and managed

securely and confidential in line with Genera Data Protection Regulation (European Union, 2016) and Law on Personal Data Protection²³ .

The indicators to be used for monitoring will include, in particular, the following:

- > Overall **spending** on expropriation and compensation
- > Number of **PAP by categories** (consistent with categories in the entitlement matrix)
- > Number of **structures** (residential, commercial and auxiliary) identified on affected land plots
- > Number of **private land plots** identified by the contractor as necessary **to be temporarily occupied** during construction works (type of land plot, amount of compensation paid, duration of land occupation)
- > Number of **public meetings and consultations** with affected people
- > Number and percentage of **negotiated settlements** signed
- > Number of persons requesting **special assistance** and types of assistance provided to vulnerable individuals/households in a timely manner
- > Number of people having received **compensation** in the period with distribution by compensation type and by classes of amounts
- > Number and amount of **payments and / or programs to restore livelihood loss**
- > Number and amount of **payments that restore loss of income**
- > Successful re-establishment of **relocated businesses** (new location, level of income, number of employees)
- > Successful **relocation of households** (new location, level of income)
- > Number of successfully **re-established agricultural activities** after land acquisition or restriction of access as a result of the Project (level of income)
- > Number and type of **grievances**, including any court cases, related to land acquisition (submitted and resolved and how long it took for them to be resolved)
- > Methods of **cooperation with REDAH** (Regional Development Agency for Herzegovina) in providing assistance to PAP in entrepreneurship, rural development and agriculture projects.

JPAC will document all meetings and consultations with minutes, and will submit these to the Lenders, together with progress reports. Information from these

²³ Official Gazette of BiH, No. 49/06, 76/11 and 89/11

reports will be summarised and included in the Project Annual Environmental & Social Reports and distributed to relevant stakeholders.

Upon implementation of each future LARP, the Company shall submit a **Resettlement Execution Report** to the Lenders. This report will be finalised upon completion of land acquisition, resettlement and livelihood restoration activities, and includes: summary of project impacts (both physical and economic displacement) and principles guiding the resettlement plan; description of efforts to avoid and minimise displacement; summary of consultation events and outcomes, including how they influenced entitlements and other features of the land acquisition, resettlement, and livelihood restoration activities; description of the compensation delivery process; description of any issues encountered and how they were resolved; summary of grievances received and how they were resolved, including the list of any grievances and court cases pending at the date of submission of the report; description of resources mobilised to plan and implement land acquisition, resettlement, and livelihood restoration activities.

It will also organise an **external completion audit** in agreement with the Lenders, to be prepared by qualified and competent resettlement specialists after livelihood improvement or restoration measures have been completed and their outcomes can be measured. The mitigation of economic displacement shall be considered complete when the completion audit concludes that affected persons or communities have received all of the assistance for which they are eligible and have been provided with adequate opportunity to restore their livelihoods. Accordingly, the completion audit has the following objectives:

- > assess the effectiveness of measures to avoid and minimise displacement impacts,
- > verify that all entitlements and commitments described in the LARP have been delivered,
- > determine whether livelihood restoration measures have been effective in restoring or enhancing affected peoples' living standards and livelihood,
- > check on any grievances that may have been left outstanding.

The completion audit report will present conclusions on the effectiveness of the implementation of the LARP commitments and identify any corrective measures that could be necessary. JPAC may be required by the Lenders to disclose the completion audit report where the magnitude of displacement impacts is significant.

9 Grievance Management and Redress

9.1 Grievance Mechanism

Grievance Form and Leaflet

The Public Grievance Form (Appendix 1: Public Grievance Form) will be disclosed in local language (Bosnian/Croatian/Serbian) on JPAC's website. In addition, a **Public Grievance Leaflet** (annexed to the SEP) will be disclosed on:

- the websites of JPAC, City of Mostar and City of Konjic,
- in the offices of the five LCOs (four in Konjic (Centar, Dzepi, Bijela and Tresanica) and one in Mostar (Bijelo Polje),
- on the construction site before the commencement of construction works and maintained throughout the entire construction phase.

Submitting Grievances

Any **concerns can be brought to the attention of JPAC** verbally (personally or by telephone) or in writing by filling in the Public Grievance Form (by personal delivery, post or e-mail to the address/number given below), without any costs incurred to the complainant. Grievances **may also be submitted anonymously** or without the use of the form if preferred.

After the start of construction works, **the Grievance Form may also be submitted directly to the Contractor** for construction works, which will forward any such received grievances to JPAC without delay (within 24 hours) to allow JPAC to further process the grievance/comment (i.e., record, acknowledge and respond to the grievance in the timeframes defined below). The Contractor is obliged to hand out the Public Grievance Form, explain the grievance mechanism to the concerned citizen(s) and forward the filled-in Grievance Form to JPAC. **The Public Grievance Leaflet** concerning the grievance mechanism will be available in local language (Bosnian/Croatian/Serbian) at the construction site at all times, whether the construction site is closed or open. The leaflet will be plasticised and hung on the construction site information board to be publicly available at all times.

Recording and Acknowledging Grievances

JPAC will establish a Grievance Registry and will inform all stakeholders of the grievance mechanism by communicating the availability of this Registry, its function, the contact persons and the procedures for submitting a complaint in the affected areas. The form of the Grievance Registry is provided in the SEP.

All grievances will be recorded in the Grievance Registry and assigned a number and acknowledged **within 5 working days**. To enable proper monitoring and evaluation, each grievance will be recorded in the registry with the following information:

- > description of grievance,
- > details about the complainant profile (gender, age, location and vulnerabilities if known), to understand who and where is most affected by potentially negative impacts of the Project),
- > risk level to health, safety or environment (*please see the table below*),
- > date of receipt of grievance and when acknowledgement returned to the complainant,
- > description of actions taken (investigation, corrective measures, preventive measures) with time needed for each action, and
- > date of resolution and closure/provision of feedback to the complainant, including recording of level of satisfaction with the proposed resolution.

Classification of Grievances

JPAC will classify the received grievances as low, medium or high risk to determine its actions in processing and responding to the grievance as follows:

Classification	Risk level	Details and response
Low	None or low	The grievance may refer to some minor construction or disruption issue or may not be related to the Project. It may also be a comment, feedback or a request instead of a grievance (in which case it is only necessary to communicate with the complainant and record it in the separate Stakeholder Engagement Registry). The PIU will acknowledge the grievance within 5 working days and conduct an investigation if required. The PIU will then document its findings and provide a resolution response within 20 working days of acknowledgment.
Medium	Possible risk and likely a one-off event	The PIU will acknowledge the grievance within 5 working days and conduct an investigation. It will provide a resolution response within 20 working days of acknowledgment. The corrective action is likely to be straight forward and will not take long or have substantial cost implications to implement.
High	Probable risk and could reoccur	The PIU will acknowledge the grievance within 5 working days and will organise an investigation. Such grievances will require urgent consideration. The PIU will provide a resolution response within 20 days of acknowledgement. If more time is needed to complete the investigation, this will be communicated to the complainant within 20 days of acknowledgement. If necessary, the response will include a press release. The corrective action may be complex or sensitive and can have substantial cost implications.

Assisting Complainants

If the grievance is vague and not clear enough, JPAC will assist and provide counsel in formulating/redrafting the submission, in order for the grievance to become clearer, for purposes of an informed decision by JPAC, in the best interests of persons affected by the Project and in consideration of the preferred resolution steps of the complainant.

First-Tier Grievance Resolution

JPAC will make all reasonable efforts to address the complaint upon the acknowledgement of grievance. If JPAC is not able to address the particular issue raised through the grievance mechanism or if action is not required, it will provide a detailed explanation/justification on why the issue was not addressed. The response will also contain an explanation on how the person/organisation that raised the complaint can proceed with the grievance in case the outcome is not satisfactory.

The complainant will be informed about the proposed corrective action and the follow-up of the corrective action within 20 working days upon the acknowledgement of grievance. If JPAC is not able to address the issues raised by immediate corrective action, a long-term corrective action will be identified, particularly for grievances classified as high risk where investigation may require more time, but in any case this will be communicated to the complainant within 20 days of acknowledgement. Preventive actions will be identified where applicable and implemented with the aim of preventing recurrence of the same issue in the future; these will also be communicated to the complainant.

During the process of informing the complainant of the proposed action, JPAC will validate complainant satisfaction through providing a grievance close-out form for the resolved grievance to be signed by the complainant and JPAC to attest to their mutual satisfaction. JPAC will make reasonable efforts to follow-up with the complainant to verify successful implementation of the action.

Second-Tier Grievance Resolution

If the complainant is not satisfied with the implemented corrective action or justification on why a corrective action is not required, the complaint will be directed to the ad-hoc Grievance Commission which will comprise: (i) one representative of JPAC, one representative of the relevant Local Community Office, and one representative of a local independent NGO.

The Commission will re-evaluate the proposed or implemented corrective action or the justification on why an action is not required, and reconsider alternatives to address the complaint in a satisfactory manner. The complainant will be informed about the proposed alternative corrective action within 45 days upon the acknowledgement of grievance. Complainant satisfaction will be validated through providing a grievance close-out form for the resolved grievance to be signed by the complainant and the Grievance Commission.

If the complainant is still not satisfied with the solution, he/she can seek to use other remedies, including judicial redress in accordance with the national legislation.

Contact Information

All grievances related to land acquisition will be channelled to JPAC through the following designated staff member:

Motorways of the Federation of Bosnia and Herzegovina
Attn: Grievance mechanism contact person²⁴
Address: Adema Buća 20, 88000 Mostar
Hamdije Kreševljakovića 19, 71000 Sarajevo
Tel: +387 36 512 300
Fax: +87 36 512 301
E-mail: prituzbe@jpautocese.ba

Note: Land related grievances will be part of the Project-level grievance mechanism but managed separately with specific contact details for each LARP to be defined in the LARPs.

EBRD's Independent Project Accountability Mechanism

In addition to project level grievance mechanism managed by the Company, the EBRD's Independent Project Accountability Mechanism²⁵ (IPAM), as an independent last resort tool where project mechanism fails, aims to facilitate the resolution of social, environmental and public disclosure issues raised by Project-affected people and civil society organisations about EBRD financed projects among Project stakeholders or to determine whether the Bank has complied with its ESP and the Project-specific provisions of its Access to Information Policy; and where applicable to address any existing non-compliance with these policies, while preventing future non-compliance by the Bank.

9.2 Legal Grievance Procedure in FBiH

In addition to using the above-described grievance mechanism, complainants will also be able to seek legal remedies in accordance with the laws and regulations of the FBiH at all times. The procedure is summarised as follows:

- > Complaints against the decision on expropriation shall be decided upon by the Federal Administration for Geodesy and Property-Legal Affairs;

²⁴The specific name of the contact person will be determined in each LARP.

²⁵ Information about IPAM process can be found at: <https://www.ebrd.com/what-we-do/independent-project-accountability-mechanism.html>

- Grievances are submitted to the first-level administrative body that issued the decision on expropriation (municipality/city);
- Deadline for submission of grievances is 15 days. The deadline for submitting grievances starts from the date the decision is delivered to the concerned parties. If new circumstances arise after the deadline has passed, parties may have access to extraordinary legal remedies under the Law on Administrative Proceedings. These remedies may include procedures such as the renewal of the procedure, cancellation, termination and changes of decisions changing or cancelling;
- Any grievance shall be responded to and processed within 30 days;
- An administrative dispute may be initiated before the cantonal court against the decision of the second-level administrative body, within 30 days from the date the decision was received;
- Information on legal remedy represents an integral part of every decision;
- If no agreement on the compensation is reached within two months from the date when the decision on expropriation entered into force, the municipal/city administrative body shall promptly submit the valid expropriation decision together with other relevant documents to the competent Court, at whose territory the expropriated real property is located, for the purpose of determining the compensation;
- If the municipal or city administrative body fails to act in line with the above provision, the previous owner and the expropriation beneficiary may approach the court directly for the purpose of determining the compensation;
- The competent court shall ex officio decide in out-of-court proceedings on the amount of compensation for the expropriated real property;
- Proceedings for determining the compensation for expropriated real property are urgent. The proceedings should be completed as soon as possible and not later than 30 days from the date of initiating court proceedings;
- It is possible to file a separate appeal against the court decision on the compensation.

Appendix 1: Public Grievance Form

Reference Number	(to be completed by the Project)
Full name (optional) <input type="checkbox"/> I wish to raise my grievance anonymously. <input type="checkbox"/> I request that you do not disclose my identity without my consent.	
Contact information Please mark how you wish to be contacted (mail, telephone, e-mail).	<input type="checkbox"/> By Post: Please provide mailing address: <hr/> <hr/> <hr/> <hr/> <input type="checkbox"/> By Telephone: <hr/> <hr/> <hr/> <hr/> <input type="checkbox"/> By E-mail
Preferred language of communication	<input type="checkbox"/> Bosnian / Serbian / Croatian <input type="checkbox"/> English (if possible)
Description of Incident for Grievance	What happened? Where did it happen? Who did it happen to? What is the result of the problem? <hr/> <hr/> <hr/> <hr/>
Date of Incident / Grievance	<input type="checkbox"/> One-time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)
What would you like to see happen?	

Signature: _____
 Date: _____

Please return this form to:
 Motorways of the Federation of Bosnia and Herzegovina
 Attn: Grievance mechanism contact person
 Address: Adema Buća 20, 88000 Mostar
 Hamdije Kreševljakovića 19, 71000 Sarajevo
 Tel: +387 36 512 300
 Fax: +87 36 512 301
 E-mail: prituzbe@jpautoceste.ba