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NON-TECHNICAL NOTE ON LAND ACQUISITION AND COMPENSATION

Project: Solar District Heating Prishtina (Solar 4 Kosovo II)
KfW Order Number: 105663, BMZ No. 201868702

Client:

TERMOKOS Sh.A.

Document date: 14 February 2023

Revision: 1

COVER PAGE / DOCUMENT INFORMATION SHEET

FULL PROJECT TITLE:	Solar4Kosovo II / Solar District Heating Kosovo Environmental and Social Impact Assessment (ESIA, incl. ESMP, SEP), Livelihood Restoration Plan (LRP, incl. LAP) including Social Impact Baseline Study and Climate Risk Analysis
PROJECT NUMBERS:	KfW Order Number: 105663 BMZ Number: 2018.68702
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DATE:	14.02.2023

0. NON-TECHNICAL NOTE ON LAND ACQUISITION AND COMPENSATION

This document serves as a summary of the *Preliminary Land Acquisition and Livelihood Restoration Plan and Framework*, issued in January 2023 prepared as part of the service contract Environmental and Social impact assessment for the Solar4Kosovo II / Solar District Heating Prishtina project (S4K, the project)".

The project is developed by Ngrohtorja e Qytetit TERMOKOS SH.A., i.e., the Municipal District Heating Company of Prishtina. TERMOKOS is referred to as Project Proponent in this document, which has installed an internal Project implementation unit (PIU) for the project.

The KfW Development Bank and the European Bank for Reconstruction and Development – collectively referred to as the “Lenders” or “IFI” in this report - are considering to provide financial assistance to the Project.

0.1. PROJECT OVERVIEW

The Project will enable TERMOKOS to supply at least additional 65 GWh/a of heat energy to the DH network of the city of Prishtina on the basis of innovative solar thermal installation. In Prishtina itself, the existing district heating network will be expanded, and new customers will be connected to the network and will profit from a more economic and reliable heat supply. Various private households as well as public and commercial facilities are relieved from individual heating systems.

The central investment (named hereunder as “Component 1” resp. “project site”) is located on an undeveloped land plot in the northeast of the territories of the Municipality of Obiliq. This land parcels are public ownership and primarily used for agriculture by 2 informal farmers as well as for the small graveyard of the near Hade-e-Re settlement with 6 graves. The Component 1 entails on an area of 25 hectares the solar thermal collector field of about 16 hectares and the seasonal pit storage of 6 hectares (volume 400,000 m³) of heated water. Furthermore, an absorption heat pump with an auxiliary heating component will increase the overall efficiency of the system to be placed in a nearby operation building.

Two pairs of pipelines are part of the investment to be laid underground. Pipeline A (length 4 600m) will connect Project Site and the existing Prishtina District Heating network, while Pipeline B (length 1 480m) will connect an existing DH pipeline from Obiliq with the project site. Pipelines and network extension are Component 2.

Table 0.1 Components of the Project

Component 1	Project site	the area of solar collectors, seasonal pit storage and the operation building
Component 2	Pipeline Corridors and DH extension area(s), areas required for the underground positioning of pipelines	Pipeline corridor A from project site (to Prishtina including substations and the connection point)
		<u>Pipeline corridor B</u> from the project site (component 1) to Obiliq including (as applicable) substations and the connection points with the existing District heating network infrastructure
		<u>DH network extension area</u> from Pipeline A connection point in Prishtina City (area not defined yet)

The main construction period planned is 2024 until 2026.

Access roads or temporary construction camps are not specifically foreseen.

0.1.1. Purpose, principles and objectives of the Preliminary LALRP/F

The purpose of the preliminary LALRP/F is to outline how Land Acquisition and Livelihood Restoration must be planned and how they shall be implemented. The subject Land Acquisition and Livelihood Restoration Framework comprising a preliminary Livelihood Restoration plan describes already performed steps and measures for the preparation of the LRP and is defining all further procedural steps, to be conducted during the implementation of the Solar4Kosovo II/ Solar District Heating Prishtina project (S4K SDH).

It should be noted that there will be no physical displacement of residents/households.

The LALRP is prepared and will be implemented in alignment with the principles and objectives of the Lenders policies and procedures dealing with involuntary resettlement, which are WB Environmental and Social Standard ESS 5, EBRD's Environmental and Social Policy Performance Requirement PR 5 and the KfW Sustainability Guideline.

The main principles of these policies are presented below:

- Avoid, or when unavoidable, minimize and mitigate impacts of involuntary displacement on affected persons resulting from the implementation of the Project;
- Provide full and accurate information about the project, and afford Project Affected People (PAP) meaningful opportunities for participation in design, implementation and monitoring, with particular attention paid to the requirements of vulnerable people;
- Ensure that people who are adversely affected are fully compensated; the livelihoods of people affected by economic displacement are re-established, and that their standard of living is wherever possible improved, and that the livelihoods of poor and vulnerable households are improved to standards above the national poverty line;
- Prevent the impoverishment of affected persons as a consequence of compulsory land acquisition or loss of livelihood due to project activities;
- Make certain that all affected persons are informed of the land acquisition and livelihood restoration process and are aware of the grievance resolution system available through the project, and

- Provide, when needed, additional assistance for vulnerable groups.

0.1.2. Project components and its preliminary LAP/LRP status

The S4K project's Feasibility study (Technical part) was finalized in August 2022. In parallel, the environmental and social impacts of the project were assessed in an ESIA report finalized in December 2022.

The S4K project development is at the stage of Feasibility Study and a conceptual or detailed project design is not yet available.

Thus, land acquisition and compensation incl. livelihood restoration arrangements as presented in the document are of preliminary nature only. They will require additional efforts at next stages of project implementation. These next steps and pending issues are listed in Section 0.6.

In line with the project concept proposed by the feasibility study, this document distinguishes between the project components 1 and 2.

Whereas the topographical footprint of Component 1 can be already outlined based on the Project Feasibility study report and related administrative agreements and decisions, this is not possible for the Pipelines corridors of Component 2, as its alignment and potential extension areas have only been roughly defined. For both Components, a detailed socio-economic survey for livelihood restoration and/or a geodetic survey for land acquisition requirements is still to be performed.

As the exact nature or magnitude of the land acquisition or any restriction on land use is still unknown, the EBRD's PR 5 (para 22) and the World Bank's ESS 5 (para 25) advises to develop a Livelihood Restoration Framework. This is to be drafted by the project proponent as a basis for the development of a detailed Livelihood Restoration Plan (LRP) once the exact alignments and boundaries of individual project components are defined and the required information becomes available.

However, this preliminary Land Acquisition and Livelihood Restoration Plan and Framework document reflects to the greatest extent possible the requirements for land acquisition and livelihood restoration, as outlined in PR 5/ ESS 5.

Following these requirements and considering the available project concept information, the authors have structured this document to guide activities related to:

- a **Preliminary Land Acquisition and Livelihood Restoration Plan (P-LALRP)** for Component 1 (Project site) and
- a **Land Acquisition and Livelihood Restoration Framework (LALRF)** for Component 2 (Pipeline Corridors and DH extension area) only.

0.2. LEGAL FRAMEWORK

The project underlies the above mentioned international guidelines and standards, namely the Sustainability Guidelines of the KfW Development Bank and therewith the World Bank Environmental and Social Standards (ESS 5 “Land Acquisition, Restrictions on Land Use and involuntary resettlement, ”); the EBRD Environmental and Social Policy (2019), Performance Requirement PR 5 “Land Acquisition, Involuntary Resettlement and Economic Displacement” and for land tenure issues, the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT).

The Kosovo Law on Expropriation¹ establishes the national rules and conditions under which the Government or a Municipality may expropriate a Person's ownership or other rights in or to immovable property, the rules and conditions under which the Government may authorize the temporary seizure and use of immovable property, the procedures governing the conduct of such an act of expropriation or seizure, the rules and procedures that shall be used in determining the amount and payment of compensation.

In line with the Expropriation Law of Kosovo, the administrative body (“the expropriating authority”) in charge of land expropriation for this Project is the Government of Kosovo via the **Ministry of Environment and Spatial Planning and Infrastructure (MESPI)**, acting as the expropriating authority on behalf of all central level authorities².

Other key institutions involved in the expropriation process are:

- **Office for Valuation of Immovable Property** (within the Department of Property Tax) within the Ministry of Finance is the only public authority competent for the valuation of any immovable property subject to expropriation by any expropriating authority (municipality or Government).
- **Kosovo Cadastral Agency (KCA)** is the highest authority of cadastre, geodesy and cartography in Kosovo, responsible for the overall administration of the computerized Kosovo Immovable Property Rights Register.
- **Municipal Cadastral Offices** are required to register (in the Immovable Property Rights Register) the final decisions on expropriation of immovable property (submitted by the expropriating authority) to prevent owners or interest holders from transferring or granting to any third person any ownership or other rights or interests in or to the concerned property and undertaking any construction work on the concerned property.

The following table provides the gap analysis of the Kosovo’s Legal framework on expropriation and the WB ESS 5 and EBRD PR 5 and the actions to be undertaken to bridge any inconsistency of national legislation with these requirements

¹ Law No. 03/L-205/2010 amended and Law no. 03/L-139 for the expropriation

² According to Government Decision No. 05/147 dated 05 October 2010 an Office for Expropriation was established within MESPI

Table 0.2: Proposed Bridging Mechanisms based on gap analysis

Issue	Measure/Activity to bridge gap
Avoiding or minimising displacement	The Project will enable the consideration of micro realignments in order to avoid land acquisition where possible, in line with the Key Land Acquisition / Compensation Principles set out in the preliminary LRP/LRF.
Resettlement planning and implementation	The Livelihood Restoration Plan contains a census and socio-economic survey and an entitlement matrix.
Negotiated settlements	Amicable negotiated settlements will be carried out where possible, in line with the Land Acquisition / Compensation Principles set out in the preliminary LRP/LRF.
Compensation eligibility and formality of ownership	Immovable property is to be compensated regardless of formality status. However, there are no immovable properties present on the project footprint.
Informal land users and entitlements.	Informal land users affected by the loss of crops and / or pasture will receive compensation and assistance in line with donors/ International standards
Provision of compensation at replacement value	People affected by permanent loss of land plots will receive compensation at full replacement value. Persons affected by loss of any assets on land will receive compensation at full replacement cost.
Livelihood restoration	Consultation with affected businesses and affected persons (e.g., farmers) implemented as part of a second targeted Socio-economic survey undertaken in later stage. Livelihood restoration measures, compensation and monitoring practices set out in the preliminary LRP/LRF.
Cut-off date	The cut-off date will be defined with the starting date of preparatory works (start geodetic survey). Prior to the start of preparatory works the landowners / users have been informed in detail about the project, the socioeconomic survey has been performed and an agreement to perform the geodetic survey has been made with the affected landowners / users. The cut-off-date will be disclosed and disseminated publicly in the media and public meetings in the concerned affected communities, in line with the Land Acquisition / Compensation Principles set out in the preliminary LRP/LRF.
Grievance mechanism	A grievance procedure has been set up by the SEP and included in the LRP and will be implemented by the PIU.
Vulnerable individuals and groups	Identification of vulnerable persons assessed in the LRP.

0.3. SOCIO-ECONOMIC PROFILE OF AFFECTED HOUSEHOLDS

All the settlements and people potentially affected directly by the Project are located in the Municipality of Obiliq and of Prishtina.

At the time of writing this preliminary LALRP / F, a socio-economic survey respectively a geodetic survey has not been conducted. Vulnerability criteria were defined. No physical displacement is anticipated.

People affected by the Project's land take might be affected by loss of access to land, of crops or structures and of economic displacement.

0.4. IMPACTS OF LAND ACQUISITION

0.4.1. Summary of land requirements

The following parameters are preliminary valid for the two Project Components:

Table 0.3: Parameters of impacted land

Parameter	Component 1 (Project site)	Component 2 (Pipeline corridors A and B)	Component 2 (Extension Area in the City of Prishtina)
Land take area (permanent)	≈250.000 m ²	≈ 5 m ² ³	Unknown
Land take area (servitudes)	<i>none</i>	≈195.000 m ² <i>Pipeline A (Feeder Pipeline)</i> 4.600m at 33m width <i>Pipeline B (Connector Pipeline)</i> 1.480 m at 33m width	Unknown
Number of economically displaced households	Approx. 2	Unknown	Unknown
Estimated Number of economically displaced persons	< 10	Unknown	Unknown
Number of institutional buildings affected	0	Unknown	Unknown
Area of public land affected	100 %	approx. 50%	Unknown

For Component 2 a detailed geodetic survey of affected land parcels is required and can be performed as soon as the pipeline corridors and the DH expansion areas in the city are defined.

³ A plot of approx. 5 square meters might be required to construct a substation of Pipeline A at its high point in Arberia, on publicly owned land.

0.4.2. Impacts

As major land-related impacts were in principle identified and its mitigation discussed

- Component 1 – Project site
 - Impact on the Municipality of Obiliq
 - Impact on existing graveyard
 - Impact on the livelihood of two farmers
- Component 2 – Pipeline Corridors and new DH supply area
 - Impact on livelihood of landowners or businesses along the pipeline corridors and within the new supply area
 - Impact on landowners through permanent land use restrictions due to servitude

These can be categorized as follows:

- permanent economical displacements (loss of land, loss of crops, loss of income, loss of land value, restriction of land-use)
- temporary economical displacement (loss or harvest, temporary encroachment of pastureland, loss of access to infrastructure, loss of income)
- permanent loss of community land/facilities (rededication of lands)

0.4.3. Avoidance and minimization of impacts

In order to avoid and minimize the impacts of the land requirements and the number of people affected, the following mitigation measures were proposed to TERMOKOS.

- Land tenure agreements between Ministry of Environment, Spatial Planning and Infrastructure and the Municipality of Obiliq are existing since March 2022. It allows the Municipality to develop the Hade-e-Re settlement south of Project site, while earmarking the required land parcels for the Project. As TERMOKOS is not yet the registered owner or leaseholder/tenant of the parcel, the legal process for public land acquisition is not finished and must be coordinated by the Project Proponent with the related administration and involved parties.
- The livelihood of affected people and households will be most likely affected through loss of land and loss of crops. While the full socio-economic survey was not yet conducted, preliminary socio-economic interviews with 2 informal farmers cultivating land at Component 1 area, shows the need of livelihood restoration program as well as access to replacement land and right of final harvest.
- Graveyard site (Component 1): The design of solar thermal panels must avoid and leave out the location of existing graves and guarantee a free accessible path to the graveyard for visitor. This is clearly required by the lenders. During construction works (and the operation and decommissioning phases) the graves will be fenced and protected from workers for any inappropriate use. If community owners pledge for exhumation/relocation based on meaningful consultation, Termokos will provide the necessary support.
- Component 2: The alignment of Pipelines A and B shall be optimized in a way to avoid privately owned land by using public roads and walkways and otherwise only unbuilt land only.
- For Component 2, the project proponent Termokos must acquire a servitude from the landowners for the entire life cycle of the project. However, there will

be restrictions on the land use to be defined in detailed design.

0.4.4. **Residual impacts**

Assuming that the procedures as described in the Livelihood Restoration Framework, mitigation measures and tenure agreements will be implemented prior to project implementation, no residual impacts are expected.

0.5. **INSTITUTIONAL ARRANGEMENTS**

The implementation of the preliminary LRP/LRF and Land Acquisition Plan falls under the responsibility of Termokos, for which a LAP/LRP Operational Team will be formed will be put in place in charge of the overall land acquisition and livelihood restoration process, including a meaningful Stakeholder Engagement. This is an operational group, focussing on implementing the various actions (surveys, census, agreements, contracts, etc.) required for the LAP/LRP actions. This group will work closely with PAP representatives in the various areas and communities they work.

Table 0.4: Responsibilities for LAP Implementation in Kosovo

Task	Responsible entity	Additional activities to comply with ESS5/PR5
Carry out the land acquisition process for the project footprint.	Prime Minister's Office/MESPI	Termokos to ensure that the process follows ESS5/PR5
Information disclosure to all project affected People and communities.	Prime Minister's Office/MESPI	Termokos to perform additional disclosure activities to comply with ESS5/PR5 and ESS10/PR 10.
Census and Asset Inventory	Termokos	Termokos, in order to comply with ESS5/PR5
Valuation of project impacted property	Ministry of Finance (Office for Valuation of Property)	Termokos to perform additional compensation calculation in compliance with ESS5/PR5 and entitlement matrix
Direct communication with and visits to owners/occupants	Prime Minister's Office/MESPI as the expropriation body and the involved Municipalities as the expropriation authorities.	Termokos to assist to comply with ESS5/PR5 and ESS10/PR 10.
Payment/provision of compensation packages	MESPI	Termokos to provide additional compensation according to entitlement matrix and ESS5/PR5.
Provision of assistance to persons/households	MESPI in cooperation with the respective municipal and ministerial departments responsible for social care	Termokos to assist to comply with ESS5/PR5
Livelihood restoration	Termokos	Termokos, in order to comply with ESS5/PR5
Monitoring and reporting.	Termokos	Termokos, in order to comply with ESS5/PR5
Grievance management.	Termokos	Termokos, in order to comply with ESS5/PR5

0.6. NEXT STEPS AND IMPLEMENTATION SCHEDULE

0.6.1. Requirements for Component 1

PIU / TERMOKOS has to care for:

- That Preparatory Works⁴ to be done in the months immediately after investment decision, and before the procurement of the Contractor for Detailed Design
- The process for public land acquisition for Component 1 must be finalized, as land ownership is not registered to TERMOKOS, or any lease agreement is in place with the recent landowner in line with requirement for public land transfer as of WB ESS5 / EBRD PR 5.
- The LRP/LAP must be finalized, disclosed and be approved by the lenders.

Following this, all procedures and activities as described in this LRF document must be conducted. Reference is made to the sequence of activities, depicted below in Figure 0.1.

0.6.2. Requirements for Component 2

For component 2, all procedures and activities as described in the LRF document must be conducted. Reference is made to the sequence of activities, depicted in Figure 0.1.

0.6.3. Implementation schedule

Key milestones in the implementation process of the LRP include the following activities, anticipated dates are provided where possible, as depicted in Figure 0.1.

0.7. INFORMATION DISCLOSURE, CONSULTATION AND PARTICIPATION OF AFFECTED PEOPLE

Information meetings regarding the ESIA and the project has been provided to affected communities in Prishtina (Tophane, Shkabaj) in July 2022 only. Meetings in the territory of Obiliq (Hade-e-Re, New Shkabaj, Mazgit) could not take place yet.

Public information meetings on policy, principles and eligibility for compensation must be provided to affected communities in future as outlined in the implementation schedule.

The draft LALRP resp. must be disclosed locally in the two municipalities and in the web when elaborated by the LRP/LAP Operation Team of the project proponent. After the results of a consultation with the affected people and their comments have been integrated into the final LALRP, it will be approved by the Lenders in 2023/2024.

⁴ Preparatory works are conducted in order to geodetically mark/to stake out the area on parcels where land acquisition is planned and to determine the suitability of the parcels for land acquisition. It may be carried out by the Expropriating body or by any competent institution with smallest implications possible and in case of eventual impacts, compensation is mandatory. Owners must be notified at least 20 days earlier.

A regular and transparent communication process must be continued by TERMOKOS with the affected people in all relevant neighbourhoods of both municipalities. A project information website and information line were opened in April 2022.

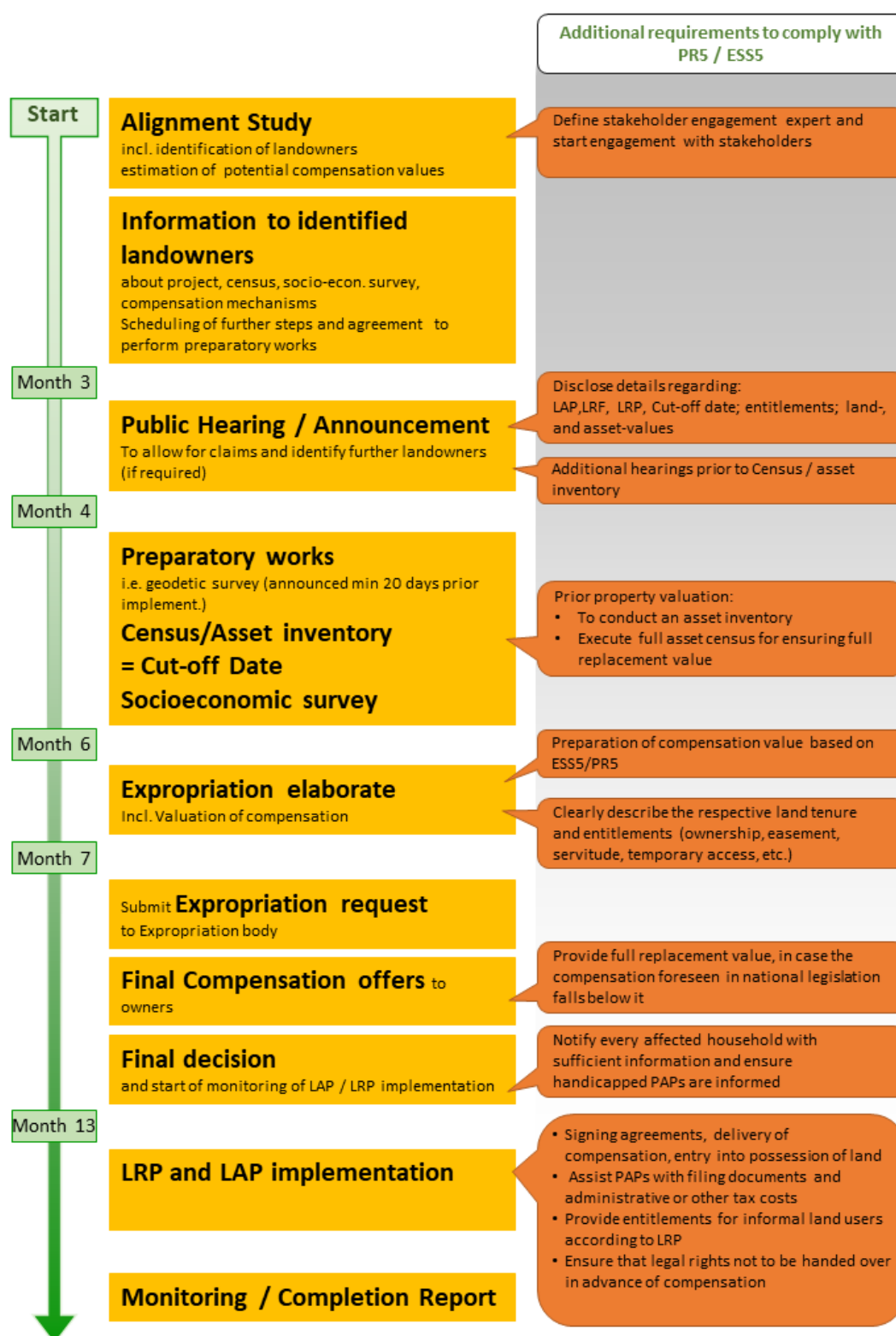


Figure 0.1 Tentative schedule of S4K land acquisition and LRP procedure.

0.8. GRIEVANCE REDRESS SYSTEM

A grievance redress system (GRS) is already established with TERMOKOS, as means to promote smooth troubleshooting instead of legal court procedures to solve affected people's grievances. The GRS bases on a timely review of the complaint, and the definition of a solution to the complainant at the PIU with the relevant contractor.

The treatment and resolution of all grievance received and logged will be documented by TERMOKOS resp. the PIU consultant.

0.9. MONITORING ARRANGEMENTS

Internal monitoring must be carried out by TERMOKOS LAP/LRP Operational Team and by the PIU consultant during implementation of the LALRP. This internal monitoring will be carried out as part of the overall participatory monitoring of the environmental and social commitments of the Project, including this LALRP.

Two years after the compensation payment, the TERMOKOS Operational team will undertake an internal evaluation to assess if the objectives of the LALRP have been achieved. This internal evaluation will be prepared as a completion report, which will be submitted to the Lenders.

0.10. FUNDING ARRANGEMENTS

No funding arrangements are settled, as the Implementation Agreement has not been signed between the lenders and the project proponent TERMOKOS. However, it is supposed that the project proponent will have to pay for all mitigation and compensation measures, including contractors to update this LALRF/P, any administration fees related to land acquisition, cost of servitudes, of livelihood restoration programmes, transitional and vulnerability allowances, implementation and management of stakeholder engagement and grievance management, monitoring and completion reporting. Details are to be defined between the lenders and the project proponent.

(End)