

Cibuk 1 Wind Farm

Land Acquisition Plan

Vetroelektrane Balkana d.o.o.

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1. Introduction

The implementation of the Čibuk 1 Wind Farm Project will require financing from EBRD, Overseas Private Investment Corporation (OPIC) and International Finance Corporation (IFC) and therefore WEBG developed this Land Acquisition Plan (LAP) to guide land acquisition and ensure it is in compliance with Performance Requirement 5 of the EBRD 2008 Environmental and Social Policy and international best practice.

The objective of the LAP is to ensure that all individuals / households affected by land acquisition for the Project are compensated for their land and assets, which will enable them to attain a standard of living similar to and, if possible, better than the existing one. The LAP has been developed to prevent and mitigate the negative impacts of land acquisition and displacement and to set out the entitlements of the different categories of affected individuals / households.

A detailed presentation and analyses of land acquisition related impacts and activities is available in the Project Environmental and Social Impact Assessment (ESIA). Disclosure and consultation activities, including those regarding land acquisition, are presented in the Project Stakeholder Engagement Plan (SEP).

2. Project Land Acquisition

The total amount of land which will be occupied during construction is approx. 97 ha, most of which is agricultural land (corn, sunflower and wheat being the predominant crops). Approx. 67 ha (over 69%) will only be temporarily occupied and available again for agricultural use after construction is completed.

The Project requires acquisition of land for the following components:

- 57 wind turbine generators (WTG)
- Hardstanding areas (crane pads and access tracks)
- Widened on-site roads, passing places on site roads for large scale vehicles and temporary platforms/areas for vehicle parking and manoeuvring
- Underground cables for onsite electrical infrastructure
- Control building, substation and 400 kV switchyard
- Construction compound and storage area
- Part of the transport access route in the village of Vladimirovac
- Transmission lines to the main grid connection (33 OHL towers and supporting infrastructure).

2.1. Land previously acquired

WEBG acquired privately owned land for the Project, either through sale purchase contracts or permanent easement contracts, without resorting to expropriation or other compulsory purchase procedures¹, in the following way:

- Sale purchase contracts were concluded for the construction and operation of WTGs and hard standing areas (61.7 ha), for the construction and operation of the control building, substation and 400 kV switchyard (6.9 ha), some of the access tracks (3.4 ha) and the construction compound.
- Permanent easement contracts have been concluded for all 33 OHL towers, widening of on-site roads, upgrade of a part of the transport access road and installation of underground cables (1.6 ha) both below privately owned land plots² and below on-site roads owned by the municipality of Kovin.
- Lease contract has been concluded for the storage area.

At the same time when WEBG and landowners concluded sale purchase agreements for the construction of WTGs, they also concluded lease contracts, giving the right to landowners to continue using or subletting the same plots of land for a period of 99 years, or until decommissioning, free of charge. Their obligations are to pay annual taxes for the part of the land that they are farming, as well as to refrain from undertaking activities

¹ If farmers were unwilling to sell their plots of land, farmers who owned the adjacent plots were approached to sell their plots of land thus necessitating a slight alteration to the project design.

² Six persons signed easement contracts only for the installation of an underground cable and so a part of their plots will be disturbed only for a short time during construction.

which could in any way harm the WTGs and associated facilities or prevent WEBG from constructing or accessing the WTGs and associated facilities for maintenance and repairs. The landowners are using the full plots of land until construction begins, planned for Q3/Q4 2015. During construction they may not be able to use the plots (or parts of the plots) for a period of 2 to 3 months, but they will be compensated for any crop losses resulting from construction. After construction, throughout operation, they will not be able to use parts of the plots on which WTGs and associated facilities are located (average of 0.3 ha). Again, they will be compensated for any lost crops or damages incurred as a result of repairs or maintenance of the WTGs. After decommissioning, they (or their heirs) have the right to repurchase the land for a price of 1 EUR.

Owners of affected land were identified from the cadastre. None of the affected land was registered in the cadastre as being leased or used under any formal arrangement with the owner³.

Although land was largely acquired through voluntary land transactions, and therefore EBRD policy requirements in relation to involuntary resettlement do not apply, the main principles for land acquisition required by this policy were adhered to by WEBG, including avoidance and minimisation of economic displacement, provision of information and consultations, provision of compensation at full replacement cost, offers of in kind compensation, provision of legal assistance, as well as the establishment and implementation of a grievance mechanism involving the local community.

Local Community offices played an important role in managing grievances in relation to land acquisition. Representatives from the three local communities were in direct contact with WEBG representatives, aiming to respond to and resolve any issues or concerns from the landowners.

The remaining state-owned land, approximately 22ha, needed from 19 WTGs was transferred from the State (Public Property Directorate) to the municipality of Kovin and acquired by WEBG in November 2012. This land WEBG acquired through an open tender process conducted by the municipality of Kovin.

2.2. Land in the process of acquisition

WEBG, in close cooperation with the municipality of Alibunar, selected the transport access route to the site which goes through the village of Vladimirovac. This route involves the reconstruction of a local municipal road, for which the land is owned by the municipality of Alibunar and no private land plots need to be acquired, as well as the upgrade of a local uncategorized road, for which WEBG obtained permanent easements on 4 privately owned land plots and is in the process of obtaining permanent easements on 2 state-owned land plots on behalf of the municipality. Easements for the construction of the uncategorized road will be transferred to the municipality of Alibunar as the Law on Public Property prescribes that solely the municipality can own public roads and land plots underneath. However, WEBG will compensate the land owners for any damages to the land or crops during the construction.

As for the permanent widening of on-site transport roads of up to 2m on agricultural land plots adjacent to the roads, WEBG has obtained easements on land plots which are privately owned and has obtained easements on state-owned land plots on behalf of the municipality of Kovin. WEBG is currently in the process of obtaining 2 final easements on the state-owned land plots. All the permanent easements for the widening of the on-site roads will be transferred to the municipality of Kovin as the Law on Public Property prescribes that only the municipality can own public roads and land plots underneath. However, WEBG will compensate the land owners for any damages to the land or crops during the construction.

WEBG is in the process of acquiring easements for temporary platforms/areas for vehicle parking and maneuvering. These easements shall be established on such a basis that WEBG can occupy a contracted part of each land plot uninterrupted during the construction (land owners are to be compensated on the basis of a fixed amount per annum of occupation in addition to the subsequent land reinstatement) and during the operation only for the duration of the required maintenance (land owners are to be compensated for damages to crops in addition to the subsequent land reinstatement).

³ At the time when contracts were signed with landowners, WEBG was not aware if any of the land was used by individuals other than the landowners, under informal arrangements or without the knowledge of the landowners. A sample of landowners were subsequently interviewed by the consultant team preparing the ESIA and all of them reported that they use the land themselves or that it is used by immediate family members. They also stated that renting of land is very rare in the area and therefore the likelihood of the existence of users of land, who are not owners, is very small. The existence of individuals using the land without the knowledge of the owners is even less possible as all land is intensely farmed.

3. Legal Framework for Land Acquisition and Compensation

3.1. National Legislation

Land in Serbia is legally categorized as construction land or agricultural land depending on urban / agricultural plans and programmes in place at the time of classification. In accordance with the Law on Planning and Construction, agricultural land can be changed into construction land through the adoption of relevant urban plans (i.e. detailed regulation plans) by local self-governments.

Land needed for construction projects led by the state is typically acquired through the Expropriation Law of the Republic of Serbia. However, privately owned companies cannot be beneficiaries of expropriation and have to acquire land through voluntary transactions regulated by the Law on Obligations (Official Journal of the SFRY No. 29/78, 39/85, 45/89, 57/89, FRY No. 31/93 and SMNE No. 1/03 – Constitutional Charter). This law regulates contracts in general, including land lease contracts.

The Law on Basic Property Relations (Official Journal of the SFRY No 6/80, 36/90, FRY No. 29/96 and RS No. 115/05 – other law) and the Law on State Surveying and Cadastral Registry (Official Journal of the RS 72/09,18/10 and 65/13) prescribe that in case of contractual transfers, real property is acquired only upon registration in the relevant registry.

The Law on Planning and Construction (Official Journal of the RS 72/09, 81/09, 64/10, 24/11, 121/12, 42/13 – CC decision, 50/13 - CC Decision and 98/13 – CC Decision) provides for certain statutory easements in relation to wind farms and other energy objects. These include oversailing of wind turbine blades and power lines over adjacent land as well as the right of way through neighbouring land during construction. Affected users of land are to be compensated at market prices for any lost crops and damages.

Similarly, the Energy Law (Official Journal of the RS No. 84/04, 57/11, 80/11 – correction, 93/12 and 124/12) provides for the right to access energy facilities for repair or maintenance through neighbouring land. Again, affected users of land are to be compensated at market prices for lost crops and damages, primarily through negotiations and if these fail, through the courts. In addition, during operations, users of neighbouring land plots could become subject to certain use restrictions (e.g. planting trees).

The Law on Agricultural Land (Official Journal of the RS No. 62/06, 65/08 and 41/09) states that the use of state owned agricultural land is managed through the Ministry of Agriculture. This includes leasing of public land, which is carried out upon a municipal decision, with consent from the Ministry, through public announcements. Revenues acquired through lease are divided between the state (30%), the province (30%) and the municipality (40%).

3.2. Summary of EBRD Requirements

In summary⁴ the EBRD requirements of PR 5 “Land acquisition, involuntary resettlement and economic displacement” has the following objectives:

- to mitigate adverse social and economic impacts from land acquisition by:
 - providing compensation for loss of assets at replacement cost;⁵ and
 - ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected
- to improve or, at a minimum, restore the livelihoods and standards of living of displaced persons, including those who have no legally recognisable rights or claims to the land, to pre-project levels
- 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.

⁴ For the full text of the EBRD 2008 Environmental and Social Policy see the following webpage:
<http://www.ebrd.com/pages/about/principles/sustainability/policy.shtml>

⁵ This is usually calculated as the market value of the assets plus the transaction costs related to restoring such assets.

3.3. Key differences between national legislation and EBRD requirements

As explained in previous sections, WEBG acquired all land through negotiated settlements, without resorting to expropriation. Apart from conforming with national legislation, WEBG is already complying and will continue to comply with international best practice, including EBRD's PR 5. The key areas where WEBG will go beyond national requirements to fulfil these standards include:

- Provision of compensation for affected crops or damages to users of affected land who may not be the owners, including informal users which would not be entitled to it according to national legislation;
- Provision of compensation at full replacement cost, which in some instances goes beyond national requirements to compensate at market value, as it also includes any associated transaction costs;
- Provision of livelihood restoration assistance in cases when affected people / households experience economic displacement as a result of land acquisition;
- Provision of targeted support to any identified vulnerable people affected by land acquisition;
- Organisation of disclosure of information, consultation, and the informed participation of those affected;
- Implementation of a project specific grievance mechanism.

4. Impacts in Relation to Land Acquisition

Impacts associated with land acquisition for the Project are described and analysed in detail in the Project ESIA. The following section provides an overview only of impacts that require mitigation, during construction and operation. Impacts from decommissioning will be similar to those during the construction phase.

4.1. Impacts during construction

During construction, involuntary resettlement, possibly leading to economic displacement may occur during construction for the following categories of people:

- Persons who are using the land plots which have been or will be acquired for the project, but who are not owners of land, and whose crops may be affected by construction.
- Persons who are using the land plots which will be crossed during the transport and installation of WTGs in their future locations or other land which may be disrupted during construction, whose crops may be affected.

Renting of land is very rare in the area and therefore the likelihood of the existence of users of land, who are not owners, is very small. The existence of individuals using the land without the knowledge of the owners is even less possible as all land is intensely farmed. Nevertheless measures to compensate and assist such persons in case they are encountered at later project stages, are included in the LAP.

The present construction plan includes moving cranes directly from plot to plot, not via any roadways. This will inevitably cause damage to crops and compaction of the agricultural soil. The impact for an average land plot is expected to last less than one month, although any crops on land along the transport corridor will be lost.

Transport and increased traffic are not expected to have impacts on livelihoods, as discussed in the Project ESIA. The E-70 on which transport will be carried out from the port of Pančevo through the village Banatsko Novo Selo and Vladimirovac, is a part of the main regional transport network and traffic volumes are moderate frequented by heavy goods vehicles. Any businesses along this route are not expected to suffer income losses, as a result of project related increased traffic. Only residential houses were observed on the three local road network options presented in the Project ESIA and therefore impacts on livelihoods are also not expected. As the final transport route has been determined, WEBG will re-assess if there are any businesses which may be impacted and if so consult with them on defining appropriate compensation and livelihood restoration measures.

4.2. Impacts during operation

During operations, a part of the land on which WTGs are constructed will be subject to some use restrictions. Farmers who have signed lease contracts with WEBG for the use of land on which WTGs will be constructed, are prevented from growing vineyards and orchards and are obliged to refrain from any other types of land use which may hinder the work of the WTGs. Land that was acquired for the WTGs is of 3rd, 4th or 5th class quality⁶ and is used for growing corn, sunflowers and wheat. There are no vineyards or orchards on the land and therefore the restrictions are not expected to have any significant impact on land use.

Similarly to the construction phase, involuntary resettlement, possibly leading to economic displacement may occur for persons who are using the land plots which may be crossed during repairs of WTGs, whose crops may be affected.

Prior to construction, permanent easements for 33 OHL towers as well as ownership over 1 construction land plot for 400 kV switchyard will be transferred to the Republic of Serbia, as the law mandates that the transmission system infrastructure can be owned exclusively by the State and which accordingly applies to the land used for the construction of such infrastructure. As the maintenance and operation of the OHL and 400 kV switchyard will be entrusted to the transmission system operator, it will also have the legal obligation to compensate the owners of those land plots for any damages to the land or crops during for the duration of maintenance and operation. However, WEBG will compensate the land owners for any damages to the land or crops during the construction.

5. Entitlement Matrix

Description of affected persons / land	Number of affected properties / households / amount of affected land	Entitlement
<p>Persons who are using the land plots which have been or will be acquired for the project, whose crops may be affected by construction.</p> <p>Apart from owners of land, this category may include persons who are leasing land or using it under some other arrangement.</p>	Approx. 60 households	<ul style="list-style-type: none"> • Cash compensation for all affected crops at full replacement cost • Reinstatement of land • Livelihood restoration assistance, in case compensation alone is not sufficient to enable them to restore their livelihoods
<p>Persons who are using the land plots which will be crossed during the transport and installation of WTGs in their future locations or other land which may be disrupted during construction, whose crops may be affected.</p> <p>Apart from owners of land, this category may include persons who are leasing land or using it under some other arrangement.</p>	The number is unknown at present, as the transport and installation plan for WTGs has not been developed yet.	<ul style="list-style-type: none"> • Cash compensation for all affected crops at full replacement cost • Reinstatement of land • Livelihood restoration assistance, in case compensation alone is not sufficient to enable them to restore their livelihoods
<p>Businesses operating along transport routes which may be impacted by increased traffic (formal or informal businesses), in case they are identified upon the selection of the final transport route for the Project.</p>	None identified at the time of developing the LAP	<ul style="list-style-type: none"> • Compensation for affected assets or access to assets, at full replacement cost • Livelihood Restoration Assistance in case compensation alone is not sufficient to enable them to restore their livelihoods

⁶ Out of 8 classes defined by Serbian legislation; as recorded in the cadastre.

6. Description of Mitigation Measures and Entitlements

Prior to construction, WEBG will undertake certain measures to mitigate land acquisition related impacts, and these include:

- Provide timely information to users of land of when construction is planned to begin and consult and agree with them on the process by which lost crops and damages will be compensated (e.g. valuation of affected crops, location of offices where affected people will be able to submit their requests, payment of cash compensation to their bank accounts, etc.)
- Provide timely information to people/households/businesses located along selected transport route about the Transport Management Plan, discuss impacts and agree on mitigation measures.
- Compensate any business losses at full replacement cost, in accordance with the Serbian legislation and IFI policies.
- If compensation alone is not sufficient to restore livelihoods, implement livelihood restoration measures

During construction, WEBG will undertake the following activities:

- Minimise the amount of land occupied during construction and the damages to surrounding fields / crops
- Compensate all lost crops and damages in accordance with the Serbian Law on Planning and Construction and the principles described in the LAP.
- Upon the completion of construction activities, fully reinstate the land not permanently occupied

During operations, WEBG will limit land use restrictions only to areas needed for the safe operation of wind farms and easy access for repairs and maintenance, to optimise land use. All damages and crops will be fully compensated.

During decommissioning, WEBG will remove all materials and equipment from sites and fully reinstate the land. In this phase, WEBG will transfer property rights over land to previous owners or their descendants for a fee of 1 EUR, as specified in signed land purchase contracts.

6.1. Categories of affected people

Owners are defined as individuals who have formal legal ownership of land, registered in the Cadastre and/or Land Books. There may be cases where individuals are in fact owners however they do not have appropriate ownership documentation available to be able to prove their ownership status and consequently sign compensation contracts. This may be as a result of issues such as unprocessed inheritance procedures or unregistered sale / purchase agreements, etc. If such cases are encountered during the land acquisition and compensation process, WEBG will assist property owners in confirming their ownership status and securing the appropriate documentation (e.g. from the Cadastre / Land Books), whenever necessary, to facilitate contract signing and payment of compensation⁷.

Users of land can be divided into formal and informal users. Formal users may have legal contracts allowing them to use private or public land (e.g. land lease). Informal users may be using land without the owner's permission (e.g. if the owner is abroad and is not using the land) or using public land. Both categories of users are entitled to compensation at full replacement value for all crops, trees, plants that they planted, as well as any improvements they made to the land (e.g. fences, irrigation channels). In addition, if the acquisition of land results in the economic displacement of users, they will be entitled to appropriate livelihood restoration assistance.

Owners of both formal and informal businesses are entitled to compensation for any losses they incur (lost net income), either permanently or temporarily. This can take the form of cash compensation and/or the implementation of livelihood restoration measures.

Some individuals or groups may be considered more vulnerable than the majority of the population and, if affected by WEBG's operations, might require special assistance. Such groups could include:

⁷ During the ESIA development process, consultants were informed from various stakeholders including both land owners and representatives of local authorities, that the Mramorak Cadastre is well known for being one of the most up to date registries in Serbia.

- elderly single headed households
- single parent households
- beneficiaries of social welfare
- illiterate persons,
- informal users of land who have no sources of income or assets of their own, etc.

WEBG will assist such individuals / households in accordance with their specific needs. For example, certain groups may need legal or other assistance to be able to receive compensation, some vulnerable households may need additional services from social workers in which case WEBG will coordinate with local Centres for Social Welfare or other service providers, etc.

6.2. Valuation of affected assets and replacement cost

Replacement value is calculated as the market value of assets plus any transaction costs associated with restoring such assets (e.g. transfer taxes, registration costs). Replacement value of land corresponds to the market value of land with similar characteristics in the vicinity of the affected land and any transaction costs.

Assets are evaluated by independent court certified land surveyors and valuers. The valuation of land takes into account the quality and productivity of land. Valuation of plants and trees takes into account various important features, such as their age or the resources and amount of time that would be needed to grow a new tree/plant. Even after receiving compensation, project affected people are allowed to salvage plants / trees, i.e. remove them with roots and attempt to replant them in other locations.

6.3. Livelihood Restoration Measures

In case the implementation of the Project causes economic displacement of project affected people, defined as loss of assets or access to assets that leads to loss of income sources or means of livelihood, alongside compensation for affected assets, WEBG will implement livelihood restoration measures. Such measures may include:

- compensation for the cost of re-establishing business activities elsewhere
- provision of any transitional support
- compensation for or assistance with transport of equipment or machinery
- training, skill development, access to job opportunities, etc.

All land temporarily acquired for the Project will have to be fully reinstated before being returned to the user of land. This means that all sites will be cleared of waste and that all equipment will be removed. It may also include top soil conservation to preserve the quality of the affected land. Undertaking these measures will enable owners / users of land to continue using it in the same way they used it before the implementation of the Project and prevent economic displacement.

7. Grievance Mechanism

WEBG has developed a grievance mechanism to receive and consider all comments and complaints associated with the Project, including those related to land acquisition. The grievance mechanism is described in more detail in the Project Stakeholder Engagement Plan.

Any person or organisation may send comments and/or complaints in person, by phone or via post or email using the following contact information:

Vetroelektrane Balkana d.o.o.
Contact person: Slobodan Perovic
Tel: 011 / 785 0100
Mob: 060 / 644 0078
E-mail: serbia@continentalwind.com
Web address: www.continentalwind.com

WEBG will keep a grievance log of all Project related grievances, clearly marking those related to land acquisition to enable monitoring of this process.

8. Monitoring and Reporting

WEBG Environmental and Social Manager will regularly monitor land acquisition and the implementation of the LAP against the indicators listed in the table below. A land acquisition database on the individuals / households whose properties have been affected by the Project, compensation and livelihood restoration measures that have been implemented will be developed and regularly updated. All information on individuals / families, their properties and their compensation payments will be kept confidential.

Independent third party compliance monitoring will be carried out to check whether the implementation of compensation and livelihood restoration is in compliance with EBRD's Policy.

Key Performance Indicators

Indicator	Source of Information	Frequency of Measurement
Input indicators		
Overall spending on compensation and resettlement	WEBG financial records	Biannually prior to and during construction, annually during operations
Number of staff involved in implementation of the LAP	WEBG management reports	Same as above
Output indicators		
Number of project affected individuals / households, per category (owner / user / informal user)	WEBG land acquisition database	Biannually prior to and during construction, annually during operations
Number of affected vulnerable individuals / families	WEBG land acquisition database	Same as above
Number of concluded easement / sale purchase agreements / lease	WEBG land acquisition database	Same as above
Number and sizes of land plots acquired for the project	WEBG land acquisition database	Same as above
Outcome indicators		
Number of resolved and outstanding (or unresolved) grievances	Grievance management records	Biannually prior to and during construction, annually during operations
Average time for payment of compensation / provision of livelihood restoration assistance	WEBG financial records	Same as above
Does compensation represent full replacement cost?	Meetings / contacts with project affected households Grievance management records	Same as above
Have incomes been restored?	Meeting / contacts with businesses (i.e. number of workers, incomes)	Same as above

Using the monitoring framework described above, WEBG will produce reports on the progress achieved with the implementation of the LAP. These reports will consolidate the information on compensation and livelihood restoration measures, consultations measures, information on negotiations and results, provision of assistance to vulnerable groups, grievance management, etc.

Information from these reports will be summarised and included in the WEBG annual Environmental and Social Management Reports, distributed to relevant stakeholders, including EBRD.