



## **Land Acquisition and Compensation Plan (LACP) for the expansion and upgrading of the electrical system in Tirana and Durres counties in Albania.**

**Investment Programme Electricity Distribution I**

**BMZ-NO. 2016 67 518, 2015 70 365, PROJECT-NO. 37369**

**Operatori i Shpërndarjes së Energjisë Elektrike (OSHEE) Sh.a**

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## LIST OF ABBREVIATIONS

Abbreviation	Description
AASF	Albanian Agribusiness Support Facility
ACRP	Agency of Compensation and Restitution of Properties
AERA	Agricultural Extension Regional Agencies
ALL	Albanian Lek
ATTC	Agriculture Technology Transfer Centers
DCM	Decision of Council of Ministers
ESF	Environmental and Social Framework
ESS	Environmental and Social Standards
GLAC	Guide to Land Acquisition and Compensation
GoA	Government of Albania
GRM	Grievance Redress Mechanism
INSTAT	Institute of Statistics
IVS	International Valuation Standards
KfW	KfW Development Bank
KSHT	Koeficienti i Shfrytezimit të Territorit / Territory Utilization Coefficient
LACP	Land Acquisition Compensation Plan
LARCF	Land Acquisition, Resettlement and Compensation Framework
LRP	Livelihood Restoration Plan
MARD	Ministry of Agriculture and Rural Development
NSPA	National Spatial Planning Agency
OSHEE	Operatori i Shpërndarjes së Energjisë Elektrike Sh.a (Albanian Electricity Distribution Operator)
PAHs	Project Affected Households
PAPs	Project Affected Peoples
PEA	Project Executive Agency
PKS	Plani Kombëtar Sektorial (National Sectorial Plan)
PIC	Project Implementation Consultant
RPF	Resettlement Policy Framework
SAE	State Agency for Expropriation
SEP	Stakeholder Engagement Plan
SCA	State Cadastral Agency
SCADA	Supervisory control and data acquisition
SS	Substation
ToR	Terms of Reference
TEGOVA	The European Group of Valuers' Associations
WB	World Bank

## GLOSSARY

Term	Definitions
<b>Allowance</b>	Cash paid in respect of losses or resettlement related expenses other than losses of immoveable assets. For example, tenants can be provided with a cash “allowance” to support their effort to secure alternative housing. A moving “allowance” can be paid to people who have to relocate as a result of Project land access. An “allowance” should be distinguished from compensation, which is intended to cater for the loss of an immoveable asset.
<b>Application file</b>	Set of documents prepared to support the request for expropriation submitted to the respective authority
<b>Case file</b>	Set of documents that the Expropriation Commission finalizes in support of proposal for expropriation to the Council of Ministers
<b>Census and socio-economic survey</b>	<p>A process carried out through a field survey to identify, determine and compile a 100% sample individuals, households and business (formal and informal) which will be physically and economically displaced by the project. The meaning of the word shall also embrace the criteria for eligibility for compensation, resettlement and other measures emanating from consultations with affected communities.</p> <p>The socio-economic survey is used to determine and analyze the socio-economic conditions of individuals, households and business (formal and informal) which will be physically and economically displaced by the project.</p>
<b>Compensation</b>	Payment in cash or in kind for loss of an immoveable asset or a resource that is acquired or affected by the project. This is typically understood to include all forms of compensation, including the provision of replacement land and housing, also sometimes referred to as “resettlement” <i>stricto sensu</i> . In some jurisdictions, compensation in cash is referred to as “indemnification” to distinguish it from other forms of compensation. For better clarity, compensation should be used only in the context of the loss of an immoveable asset. It does not include allowances paid or provided in respect of various inconveniences not directly related to the loss of an immoveable asset or vulnerability, nor should it include livelihood restoration allowances or activities.
<b>Cut-off date</b>	Date of completion of the census and assets inventory of persons affected by the project. Persons occupying the project area after the cut-off date are not eligible for compensation and/or resettlement assistance. Similarly, fixed assets (such as built structures, crops, fruit trees, and woodlots) established after the date of completion of the assets inventory, or an alternative mutually agreed on date, will not be compensated.
<b>Easement</b>	An easement is a right held by one person to use the land of another for a specific purpose, such as driving through someone else’s property (positive easement) or restrict the owner from using it for a specific purpose (negative easement or servitude).
<b>Economic displacement</b>	Loss of assets (including land) or access to assets that leads to loss of income sources or means of livelihood as a result of project-related land acquisition or restriction of access to natural resources. People or enterprises may be economically displaced with or without experiencing physical displacement. Usually the term “economic displacement” is used when affected people are not also physically displaced (see above “physical displacement”).

Term	Definitions
<b>Expropriation Commission</b>	Special Ministerial Commission for application of the expropriation procedure.
<b>Expropriation</b>	The action by the state or an authority of taking property from its owner for public use or benefit.
<b>Expropriation Law</b>	Law No.8561, dated 22.12.1999 “On Expropriation and Taking on Temporary Use of Private Property for Public Interest”, as amended by law no. 11/2020, date 12.02.2022
<b>Household</b>	A household is a small group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food.
<b>Involuntary resettlement</b>	<p><i>Stricto sensu</i>, “resettlement” refers to a form of compensation whereby affected people are offered replacement housing and “resettle” to that housing. However, “involuntary resettlement” has taken a broader signification and is used as an overarching term covering both impacts (“involuntary resettlement impacts”) and compensation measures associated to land acquisition and/or restricted access.</p> <ul style="list-style-type: none"> <li>“Involuntary resettlement” understood as an <u>impact</u> is caused either by project-related land acquisition or by restriction of access to land or natural resources. Impacts covered by “involuntary resettlement” include both “physical displacement” (relocation or loss of shelter) and “economic displacement” (loss of assets or access to assets that leads to loss of income sources or means of livelihood). Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases of expropriation or restrictions on land use based on eminent domain and negotiated settlements in which the buyer can resort to expropriation.</li> </ul> <p>“Resettlement” understood as a <u>compensation measure</u> is generally used in a broad sense that covers all forms of compensation, not only those entailing physical relocation to replacement housing.</p>
<b>Land</b>	It refers to agricultural and/or non-agricultural land and any structures thereon whether temporary or permanent and which may be required for the project.
<b>Land acquisition</b>	Land acquisition” refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies .
<b>Land Acquisition and Resettlement and Compensation Framework</b>	A document prepared when the exact nature and magnitude of the land acquisition or restrictions on land use related to the project with potential to cause physical and /or economic displacement is unknown due to the project development stage. The purpose of the framework is to describe the likely impacts of the associated with land acquisition and outline the principles which will be followed to address these impacts. Once the individual project components are defined and the required information becomes available, the



Term	Definitions
	framework serves as a basis for the development of a detailed plan (see item below)
<b>Land Acquisition and Compensation Plan</b>	The document in which the Project Executing Agency specifies the procedures it will follow and the actions it will take to mitigate the adverse effects, compensate losses, and provide development benefits to persons and communities affected by an investment project. The purpose of the LACP is to present to all interested parties, including PAPs, how acquisition will be implemented and by whom, as well as the time frame and resources
<b>Livelihood</b>	A livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base. (Chambers & Conway, 1991, quoted by UNDP – Guidance Note on Livelihoods, 2010)
<b>Livelihood restoration</b>	Specific allowances or activities intended at supporting displaced peoples' efforts to restore their livelihoods to pre-project levels. Livelihood restoration should preferably be distinguished from compensation. Livelihood restoration measures typically include a combination of cash or other allowances and support activities such as training, agricultural assistance or business enhancement. Livelihood restoration is sometimes referred to as "rehabilitation", a term used in a number of Asian jurisdictions.
<b>Local Government Unit</b>	The LGUs include Municipalities and Administrative Units as per the new territorial division in force since June 2015.
<b>Physical displacement</b>	Loss of dwelling or shelter as a result of project-related land access, which requires the affected person(s) to move to another location. Physical displacement typically entails economic displacement too, as physically displaced people usually lose access to land, employment, or business opportunities associated to their former location, and most specialists use "physical displacement" to cover both physical and economic impacts.
<b>Project</b>	Refers to the Investment Programme Electricity Distribution I
<b>Project Affected Person (s) (PAPs)</b>	PAPs are persons affected by land use or acquisition needs in the framework of the project. These people(s) are affected because they may lose, be denied, or be restricted access to economic assets; lose shelter, income sources, or means of livelihood. These persons are affected, whether or not they must move to another location.
<b>Replacement cost</b>	<p>It means replacement of assets with an amount sufficient to cover full cost of lost assets and related transaction costs. The cost is to be based on Market rate (commercial rate) according to Albanian law for sale of land or property. In terms of land, this may be categorized as follows: (a) "Replacement cost for agriculture land" means the pre-project market value of land of equal productive potential or use located in the vicinity of the affected land, plus the costs of: (b) preparing the land to levels similar to those of the affected land; and (c) any registration and transfer taxes. With regard to land and structures, replacement costs are defined as follows:</p> <p>Agricultural land—the market value of land of equal productive use or potential located in the vicinity of the affected land, plus the cost of preparation to levels similar to or better than those of the affected land, and transaction costs such as registration and transfer taxes.</p>

Term	Definitions
	<p>Land in urban areas—the market value of land of equivalent area and use, with similar or improved infrastructure and services preferably located in the vicinity of the affected land, plus transaction costs such as registration and transfer taxes.</p> <p>Houses and other structures—the cost of purchasing or building a new structure, with an area and quality similar to or better than those of the affected structure, or of repairing a partially affected structure, including labour and contractors' fees and transaction costs such as registration and transfer taxes</p>
<b>Vulnerable groups</b>	<p>Refers to people who are exposed to higher risks of poverty and can include people living below the poverty line, the landless, the elderly, women and children, and those who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status may be more adversely affected by resettlement than others or who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits.</p>

# 1. Executive summary

## 1.1. Background

The Albanian Electricity Distribution Operator (OSHEE sh.a.) and the Germany Development Bank (KfW) have signed a financing agreement to implement the “Investment Programme Electricity Distribution I” (hereafter “the Project”).

The Project requires the acquisition of land and impacts on existing land use. Therefore, a Land Acquisition, Resettlement and Compensation Framework & Resettlement Policy Framework (LARCF/RPF) has been prepared in 2021 to clarify resettlement principles and entitlements according to international standards. The LARCF/RPF provided the basis for the preparation of the Land Acquisition Compensation Plan (LACP).

The LACP identifies, assesses and addresses the impacts of land acquisition and land use changes caused by the expansion and upgrading of the electrical system in Tirana and Durres counties in Albania. The LACP has been prepared in accordance with international standards, specifically the legal and procedural requirements for expropriation in Albania and KfW's 2022 Sustainability Guidelines and the. In case of differences, the more thorough provision has been adapted.

The LACP sets out the objectives, principles, eligibility criteria and mechanisms to compensate affected people for project-related losses of land, assets and livelihoods. It is based on a comprehensive baseline study that included a census of all Project Affected People (PAPs), an inventory and valuation of all losses and a socio-economic survey to understand livelihoods and levels of vulnerability etc. The Draft LACP has been elaborated in close consultations with all PAPs and will be workshopped after endorsement from OSHEE and KfW. The LACP further identifies all stakeholders, provides the results of consultations and engagements conducted to date and outlines provisions for stakeholder engagement during LACP implementation as well as monitoring and evaluation. It further outlines the Grievance Redress Mechanism (GRM) through which PAPs can voice their concerns, complaints and grievances and through which OSHEE assesses and addresses these grievances. In sum, the LACP is the tool to participatorily manage the compensation and livelihood restoration process and avoid potential conflicts etc. that could hinder the smooth and successful implementation of the project.

## 1.2. Land needed by the Project

The expansion and upgrading of the electrical systems in Tirana and Durres entails the following land, land-use and livelihood related impacts:

- The construction and operation of a new substation in Kamez with an access road requires the permanent acquisition of 3,860 sqm of land. This is expected to result in loss of land, assets and livelihoods.
- The construction and operation of forty-one (41) distribution substations (each with a size of either 6x4m or 7x4m) triggers the need to permanently acquire land with a total surface area of 1,024 sqm. This will result in loss of land, assets and livelihoods.
- The construction of 33.5 km of underground cable requires a trench 1 m wide, implying that approximately 33,500 sqm of land will be required for the installation of the feeder V4 and V5. As the cables will be established within existing roads, the impact on future land use affects only the authorities that administrate these roads. A detailed information on restrictions is provided in section 4.4 of the LACP document.

In total forty-four (44) properties will be affected by permanent land acquisition: Three (3) properties by the new Substation in Kamez and forty-one (41) by the distribution substations. LACP provides more information related to the impacts on land.

The following villages will be affected by the project:

**Table 1-1. List of affected villages**

No.	Municipality	Administrative Unit	Village	No. of affected properties
1	Kamez	n/a	Valias	4
2			Laknas	13
3			n/a	9
4	Vore	Berxulle	Domje	5
5		n/a	n/a	1
6	Tirane	Zall-herr	Dritas	8
7			Cerkez	4

### 1.3. Principles and objectives

The main objective of the LACP is to addresses all impacts related to land acquisition impact in line with the following principles and objectives that were already endorsed by OSHEE and KfW as part of the LARCF/RPF:

- Involuntary resettlement should be avoided and/or minimized to the extent feasible.
- Where it is not feasible to avoid, involuntary resettlement activities should be conceived and executed as sustainable development program and provide the PAPs with an opportunity to share the project benefits.
- Affected people should be assisted in their efforts to improve their livelihoods and standards of living or at least restore them to pre-displacement levels.
- The land acquisition, compensation and livelihood restoration planning and implementation process will be conducted in close consultations with those affected.
- The loss of land and assets will be compensated at full replacement costs and compensation disbursed prior to taking possession of the land or other assets.

### 1.4. Institutional & legal framework analyses and gap identification

In LACP are identified the following gaps between the Albanian legislative framework for land acquisition and expropriation and the World Bank's Environmental and Social Standard 5: "Land Acquisition, Restrictions on Land Use and Involuntary Resettlement" (ESS 5), which is echoed in KfW's Sustainability Guidelines 2022:

- ESS 5 includes additional requirements for consultation and disclosure;
- ESS 5 calls for a participatory planning process;
- ESS 5 recognises informal/unregistered land use and usufruct rights and required that affected people are compensated for lost non-land assets and provided with livelihood restoration assistance; and
- ESS 5 requires an ongoing grievance redress mechanism, while the Albanian legislation limits this to the two-week public notice period of the expropriated file.

As the Law No. 8561 "On expropriation ..." (22.12.1999) has been updated by Law No. 11/2020 §8.2 (12.02.2020) and as the legal framework does not prevent OSHEE to go beyond the minimum requirements outlined in the legal framework, the LACP bridges gaps between these two frameworks by the more thorough provision.

Where there is a gap between Albanian legislation and the Environmental and Social Standards (ESS), the latter will prevail in order to comply with KfW's Sustainability Guidelines.

## 1.5. Baseline data

Field surveys and consultation meeting have been conducted by the Akons team starting on November 2022 up to February 2023. The LACP presents the baseline situation per category of impact. This includes the data of the census, asset inventory and the socioeconomic assessment of the PAPs. As the loss of and damage to land, crops, trees and other productive assets also entails the risk of loss of livelihoods, these impacts are assessed in further detail. The table below present a summary of data collected during the field surveys.

**Table 1-2. Summary of data collected during filed surveys.**

#	Topic / Issue	Answer based on the data collected during filed surveys
1	People affected by the project (PAP)	144
2	Physically displaced (if any)	0
3	Economically displaced (if any)	144
4	Affected households	86
5	Females affected	69
6	Vulnerable affected	8
7	Major PAP	128
8	Minor PAP	16
9	Total right-owners and beneficiaries	37
10	Total area of lost arable/productive lands (ha)	0.49 ha
11	Households losing their crops and/or revenues	18
12	Total areas of farmlands lost (ha)	0.44 ha
13	Tree-crops lost	68 fruit-bearing trees + 152 sqm of annual crops
14	Households whose livelihood restoration is at risk	None

## 1.6. Vulnerable groups and individuals

The gathered socioeconomic household data were also used to identify vulnerable households based on well-established economic and social indicators. Eight (8) of the affected households meet this criterion. In all cases, the partial expropriation of the affected parcels is not expected to cause livelihood impacts over the PAP or the activities performed in the land. Nevertheless, they will be provided with targeted assistance, and it is recommended, that disbursement of compensations is processed prior to the taking of possession in the land.

## 1.7. Cut-off date

The cut-off date was 07.02.2023 corresponding with the finalization of field surveys. Persons who encroach into the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance. Similarly, fixed assets (such as built structures, crops, fruit trees, and woodlots) developed after the cut-off date will not be compensated.

OSHEE has officially notified the local population about the cut-off date and will disclose the LACP at the website and at local levels after the document has been cleared by KfW. The announcement on the cut-off date was made during the public consultations in each locality and posted at public places. Further dissemination of the information will be by newspaper advertising and radio/TV.

## **1.8. Compensation entitlement strategy**

The Project will acquire land through expropriation per Albanian relevant legislation. However, it was found in a detailed valuation study carried out for the LACP that compensation per usual expropriation values would not meet the requirement of international resettlement standards that compensation be at replacement cost. As a result, enhanced values for all affected assets (land and crops) will be paid at replacement cost. This will require the OSHEE to allocate in the exportation account also the complementary budget for the compensation according the LACP document.

A valuation study has been conducted for the affected area in close consultations with those affected, and details on all rates payable for temporary/permanent land acquisition, as well as crops and trees, are provided in the LACP document.

## **1.9. Consultation and Disclosure**

The LACP presents the methodology adopted for the purposes of consultation with the PAPs, as well as the main results of consultations for the various project components and provides an outline for ongoing consultations during implementation and monitoring.

Following the translation of the present report, OSHEE will disclose the English and Albanian versions on their website and other appropriate locations. The document will further disclosed in Albanian at the local Administrative Units and municipalities.

Landowners will be informed about the implementation schedule. They will be notified by the OSHEE on the specific expropriation files, in accordance with national law. The notification memo will be provided to them in a written form (in addition to a verbal communication).

## **1.10. Grievance Redress Mechanism**

The OSHEE will be responsible for the establishment of the Grievance Mechanism (GM) and act as the GM secretary to make sure that the GM is operational to effectively handle the environmental and social concerns of stakeholders throughout the different phases of the Project.

Two separate grievance mechanisms will be implemented by OSHEE and the Construction Contractor: One for employees and contract workers and one for the community affected by the Project.

OSHEE has appointed a person (internal staff) who will be responsible for the Grievance Management for this project and will serve as the Liaison Officer / Grievance Coordinator. Contact details are provided in the LACP document.

The proposed GM procedure is intended to ensure compliance with the requirements of World Bank ESS5, ESS10; and the present Acquisition and Resettlement Plan (LARP). The procedure will be revised and updated periodically and the progress made published on OSHEE's webpage

## **1.11. Implementation process and arrangements**

The LACP outlines the operational institutional responsibilities and the responsibilities of OSHEE, the Consultant and the Contractors.

OSHEE Expropriation Department will implement the expropriation process as per Albanian regulations, paying compensation at full replacement cost i.e. rates established in the LACP.

The PIU established by OSHEE will implement the grievance mechanism and oversee the assistance to vulnerable people activities.

The implementation of LACP-related tasks is expected to be postponed until DCM approval. However, monitoring activities, grievance resolution, and the assessment and disbursement of compensation for unforeseen damages will need to continue throughout the entire construction period.

The LACP total compensation budget is estimated to be around 95,300 EUR.

**Table 1-2. LACP budget**

#	Item	Cost per Albanian Legislation		Additional Cost to meet International Standard		Total Amount	
		ALL	EUR	ALL	EUR	ALL	EUR
1	Compensation of Land	2,141,672	18,623	7,278,588	63,292	9,420,260	81,915
2	Compensation of Assets	0	0	314,432	2,734	314,432	2,734
3	Transaction Costs	0	0	214,475	1,865	214,475	1,865
4	Contingencies (approx. 5%)	0	0	1,000,000	8,700	1,000,000	8,700
5	<b>TOTAL</b>	<b>2,141,672</b>	<b>18,623</b>	<b>8,807,495</b>	<b>76,591</b>	<b>10,949,167</b>	<b>95,214</b>

## 1.12. Monitoring arrangements

Monitoring activities will track project implementation procedures, covering the following issues:

- follow up on the activities assigned under the LACP (disbursement, monitoring and assessment of damages, etc.)
- follow-up on the status of the PAP
- follow up on the grievance redress mechanism in order to identify the efficiency of the land acquisition and construction process
- provision of all data needed to produce the LACP implementation reports.

Albanian law does not foresee a monitoring system of compensation payments and monitoring. In order to ensure compliance with international standards, the compensation procedures and payments will be monitored both internally and externally.

Details on monitoring arrangements and reporting are addressed in Chapter 10 of LACP document.