Koridori Srbije
Corridor X Highway Project
End of Term Impact Evaluation of Resettlement of the E80 Motorway Section-Dimitrovgrad Bypass Main Report

Issue | 12 July 2016
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<tr>
<td>CM</td>
<td>Cadastre Municipality</td>
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<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
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<td>European Investment Bank</td>
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<td>ETIA</td>
<td>End of Term Impact Assessment</td>
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<td>Grievance Commission</td>
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<td>GoS</td>
<td>Government of the Republic of Serbia</td>
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<td>HiPERB</td>
<td>Hellenic Plan for the Economic Reconstruction of the Balkans</td>
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<td>Koridori Srbije</td>
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<td>Project Affected Person</td>
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<td>Resettlement Action Plan</td>
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<td>Resettlement Policy Framework</td>
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Executive Summary

The Government of the Republic of Serbia (GoS) is currently developing two southern sections of Corridor 10: Section E80 (from Prosek to Dimitrovgrad/Bulgarian border) and Section E75 (from Grabovnica to Levosoje/FYROM border). The subject of this report is the Section 5 of E80 highway – Dimitrovgrad Bypass of total length of 8.67 km (Figure 2).

The project requires significant land expropriation and involuntary resettlement. As part of the loan agreements to finance this project the IFIs requested that the land acquisition process is implemented in line with international best practice (namely, the World Bank OP 4.12). Resettlement Policy Framework (RPF) was developed and approved in 2009, and later the Resettlement Action Plan (RAP) was prepared for the Section 5 of the E80 highway – Dimitrovgrad bypass section, and was disclosed in April 2010.

The objective of this End of Term Impact Assessment (ETIA) study is to independently assess the impact and management of the land acquisition process, particularly the implementation of the RAP for the Section 5 of the E80 highway. The methodology for the study and limitations are presented in the section 3.2 of this Report.

The Key findings of the report are presented below.

Expropriation of land

The land expropriation process for this section began in 2008, following the Declaration of Public interest for the entire E80 motorway. It was undertaken in two stages during which the expropriation law changed. The expropriation was mostly finalised by the end of 2012.

Collected data revealed that the PAPs did not regard the expropriation process negatively but were ultimately not satisfied with the expropriation outcomes. The key reasons for dissatisfaction by PAPs were stated as:

- Inadequate compensation in-kind;
- Inconsistency of compensation rates and amounts at different stages of the expropriation process;
- Inconsistency of compensation rates between the different project sections and lower rates in relation to the market price;
- Duration of the expropriation and compensation process.

Analysis of available information and collected data, however, allows concluding that land evaluation and compensation process was undertaken largely in accordance with Serbian Law and the RAP. Negative perceptions of PAPs were mainly influenced by a combination of project implementation and external circumstances, such as adjustment of land requirements during the project Preliminary and Main Design, changes in legislation in the middle of expropriation process, differences in court decisions, fluctuations of dinar exchange rate, time taken to complete land expropriation, rumours regarding
prices in other locations. It is considered that a more pre-emptive stakeholder engagement could have mitigated some of the negative effects.

It is recommended that the stakeholder engagement approach is reviewed by KS and PERS to alleviate impact from negative perceptions by PAPs.

**Unviable Land**

In total 181 requests for expropriation of unviable plots have been submitted to PERS on this section. 58% of those requests have been accepted, which is a considerably high admission rate and can be seen as a good mitigation practice. Results of the 2015 Survey suggest that nearly half of polled PAPs (46.2%) assessed expropriation of the unviable plots as neutral or satisfactory and not affecting their economic status.

**Affected structure and businesses; compensation for crops**

Most of the cases of affected structures at this project section included auxiliary structures. In Gradinje municipality there were five residential structures and one case which included a structure with both residential and commercial space. The scale of the impact to structures from this project section is, therefore, not considered to be significant.

Expropriation of the affected households was completed during the Phase 1 of expropriation (in 2008 and 2009) prior to IFIs involvement on the project. The compensation offered to the affected household is mostly considered to be adequate and above the market prices in the area, which is supported by the findings of the control sample survey.

There was only one business affected by expropriation on this section (a ground floor was an auto repair shop and the residential area was on the first floor). The affected business owner expressed dissatisfaction with the outcome of expropriation. He stated that his family is worse off after the process and their living standard has significantly deteriorated, since the compensation received did not meet the replacement value. He did not receive any additional compensation for the loss of business or loss of income. The Consultant recommends that an independent review of this specific case is performed.

Although court appeals against provided compensation for crops took place, it is not regarded as non-compliance with RAP or represent a major expropriation impact.

**Changes in social-economic conditions of PAPs**

Municipality of Dimitrovgrad continues to be one of the most poverty stricken in Serbia with high levels of unemployment, below average incomes, intensive emigration and a large percentage of elderly households. Perceptions of the interviewed population (2015 Survey) mirror the state of socio-economic conditions in the area, however PAPs seem to attribute the worsening of their economic situation to external, non-project, factors.

Although perception of PAPs over their economic status is negative, there have been obvious improvements in their socio-economic conditions since 2009 as
shown in Table 7, with some of them involving direct benefits from the project, such as compensation from the expropriation and employment opportunities during construction. It can be concluded that the compensation money was used very productively and with visible positive impacts, which demonstrates a positive impact of the expropriation process.

Support to vulnerable groups

Eleven households were identified at the time of the RAP preparation as vulnerable. These households received additional financial assistance of RSD 60,000 each. Koridori Srbije, PERS, the Beneficiary of Expropriation, and Contractors were proactive and assisted local community and households over the course of project implementation in a number of ways including provision of firewood for heating and construction materials, local infrastructure improvements, construction of the local monastery premises and others.

Other social impacts and mitigation measures

The majority of the respondents of the control sample survey indicated beneficial role of the project in attracting new investment, increasing the level of services and connectivity, reduced traffic on local roads and in the populated area (once construction is completed).

Several negative impacts were noted by PAPs during construction works. These include:

- Damages to local roads;
- Limited access to land parcels;
- Impacts to utility value;
- Impacts from blasting (Over 100 households were impacted to various extent during blasting activities).

It is recommended that the magnitude of the construction impacts to the community is verified and documented; cases for compensation are confirmed and outstanding compensation is paid in full; information about mitigation of impacts, including timeline for compensation, contractor obligations and process, ways to raise concerns and claim damages, are clearly stated and disclosed to the public in a meaningful way (considering ethnic representation). A monitoring on daily base should be organized by the Contractor and KS with clear commitment to eliminate observed negative impacts. The mitigation would be enhanced through improved communication and timely provision of information to PAPs.

Institutional Analysis

The analysis of the institutional arrangements for managing land expropriation for the Dimitrovgrad bypass section indicate that there was a significant number of stakeholders, sometimes with no clearly assigned responsibilities. At the same time requirements for monitoring and addressing social impacts from construction activities as required by RAP were not a priority in the Contractors’ obligations. KS, as the project implementation entity, appeared to be understaffed to take full
monitoring responsibilities, and the Municipality was adequately staffed for an expropriation of such magnitude.

Clear obligations to monitor, address and demonstrate/report on the established system for managing social impacts on a regular/daily basis from construction should be elaborated in the contract for the new Contractor. Monitoring and database management for the remaining grievance, judicial and other stakeholder engagement activities should be maintained in accordance with the provision of the RAP. Implementation entity and Contractor should be appropriately staffed to undertake adequate monitoring and keep up-to-date records.

**Stakeholder engagement**

Initial consultations and disclosure of information were held with the local community to inform the PAPs about the project and to understand their perceptions on the project in terms of negative and positive impacts. It would be beneficial for the Project Promoters to further increase their dialogue with individual contractors to help ensure that the contractors’ staff understands and respects the terms of expropriation. It is suggested that this recommendation is followed in relation with the new Contractor and with regard to the supervision of social impacts arising from the construction as described in Section 4.4. It is also recommended that KS (i) maintains appropriate stakeholder engagement log/data base, and (ii) ensures disclosure of key information about the project construction, grievance redress and claims procedures in Bulgarian, to achieve meaningful stakeholder engagement.

In accordance with the Project Resettlement Framework and RAP, an Independent Grievance Commission (GC) was established by PERS in 2009, to deal with complaints associated with the Dimitrovgrad Bypass land expropriation. The main reasons for submitting grievances were:

- Dissatisfaction with the compensation amount;
- Rejection of requests for expropriation of unviable parcels.

Overall, the Consultant concluded that the established GC was a functioning mechanism for addressing complaints of the project affected people, however, the documentation and reporting of grievances should’ve been better.
1 Introduction

The Corridor 10 is one of the most important pan-European transport corridors which connects Austria, Hungary, Slovenia, Croatia, Serbia, Bulgaria, Macedonia and Greece. The Government of the Republic of Serbia (GoS) is currently implementing several projects along the route of the corridor to upgrade the existing road network to the level of dual carriage way motorway along the entire corridor. The goal of these projects is to create a transport system of the Republic of Serbia that will be compatible with the transport system of the European Union.

This investment would facilitate sustainable economic development and ensure that the country capitalizes on its geographical position to continue its development as a key transit country on the Trans-European Network.

The Government of the Republic of Serbia requested the assistance of the World Bank (WB) to lead the preparation and contribute to the financing of a program to develop the two southern sections of Corridor 10 – the Corridor X Highway project which includes the construction of 160 km of motorway south of Nis: Section E80 (from Prosek to Dimitrovgrad/Bulgarian border) and Section E75 (from Grabovnica to Levošije/fYROM border).

The provisional cost estimate of the Corridor X Highway project is 1.3 billion EUR. The project is financed in parallel between three International Financing Institutions (IFIs) and one bilateral donor, as indicated below:

- World Bank (WB) – EUR 298.5 million (US$ 388 million equivalent)
- European Bank for Reconstruction and Development (EBRD) – EUR 150 million
- European Investment Bank (EIB) – EUR 600 million
- Hellenic Plan for the Economic Reconstruction of the Balkans (HiPERB) – EUR 100 million

GoS is also co-financing to the project along with having full responsibility for land acquisition and resettlement for the entire scheme.

The two main sections (E80 and E75) have been divided into smaller sections and lots as per the tables below. The subject of this report is the Section 5 of E80 highway – Dimitrovgrad Bypass, highlighted in the Table 1 and the Figure 2.
Table 1 - Sections of Corridor 10

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<td>1</td>
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<td>Levosoje</td>
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Figure 1 E75 Section South

Figure 2 E80 Section East
Purpose of this Report

The project covers a relatively large area and requires significant land expropriation and involuntary resettlement. One of the requirements of the IFIs during the preparation of the project and particularly during loan negotiation was that the land acquisition process is implemented in line with international best practice. The Resettlement Policy Framework (RPF) was signed by the GoS and IFIs in 2009. It states that the land acquisition for the project needs to be conducted in accordance with WB requirements (OP 4.12). KS were tasked with setting up and implementing the processes to achieve compliance with IFI requirements.

The E80 Section 5 – Dimitrovgrad Bypass was one of the first sections to start.

The land acquisition process began in 2008 and is now finished. WB considers that the progress of works has reached a level that allows for an End of Term Impact Assessment study to be conducted. Arup was engaged to undertake this study.

The objective of this End of Term Impact Assessment (ETIA) study is to independently assess the impact and management of the land acquisition process, particularly the implementation of the RAP. The impact evaluation was undertaken by assessing the present living conditions of the PAPs and local community in reference to the conditions prevailing at the time of acquisition of the land. The evaluation assessed the impact of compensation and assistance provided to the affected people to mitigate the impacts of physical and economic displacement, restore their livelihoods and, where possible, improve their living standards.

This report represents the findings of the ETIA and includes recommendations for further improvement.

Project Background

The process of expropriation for this section began in 2008 through the Declaration of public interest for the purposes of construction of the motorway by the Government of the Republic of Serbia No. 465-3654/08 dated 11 September 2008 (“Official Gazette of the Republic of Serbia“ No. 84/08). In order to utilise a time-effective approach to expropriation, the Beneficiary of Expropriation (Roads of Serbia – PERS) in cooperation with the Municipality and Koridori Srbije agreed to implement banded prices for each category of land (as per the cadastre categorisation). The process lasted several months for those PAPs who accepted the originally proposed compensation. However some land owners weren’t satisfied with the proposed banded prices and initiated court procedures which took several years to complete. Most of the expropriation for this section had been completed by 2012.

As part of the loan agreement between the Government of Serbia and the World Bank, a Resettlement Policy Framework (RPF) was adopted in June 2009. The framework stipulates basic requirements regarding land acquisition to be implemented for the entire Corridor X project.
In accordance with the RPF a Resettlement Action Plan (RAP) for this section has been prepared in accordance with the social performance standards set out in the World Bank operational directive OP 4.12 on Involuntary Resettlement and published in April 2010. KS are responsible for the implementation of this RAP.

The construction works on this section began in 2010 and are still ongoing. There have been several issues with the Contractors who were awarded the Works Contracts which resulted in significant delays in the implementation of works. Some delays were also caused by the prolonged court procedures related to compensation offered for expropriated land.

The full summary of the implementation of activities related to this section of the highway as well as the institutional arrangements of the land acquisition process in Serbia are included in Appendix A of this report.
2 Approach and Methodology

2.1 Scope of the study

The purpose of this End of Term Impact Assessment study is to present an overview of the social impacts of the project through all phases including planning and construction. Particular focus of the study is the land acquisition process and resettlement due to the severity of those impacts. The study also considers the institutional arrangements, stakeholder engagement and grievance mechanisms.

The study includes review of secondary data, key informant interviews and focus groups as well as the repeat and control sample surveys of the local community, with the purpose to receive and cross-check information from all participants in the process including project affected persons (PAPs), local communities, government agencies, Koridori Srbije and Roads of Serbia (“PERS”, in their role of Beneficiary of Expropriation).

2.1.1 Initial Document Review

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

The purpose of the initial document review was to collect the specific information on the expropriation, such as number of households affected, initiated court procedures and their outcomes, time taken for expropriation to finish, waiting time for court decisions, delays in handing over of land to the contractors, etc.

2.1.2 Primary data collection

This part of the study includes collecting the socio-economic data directly from the people affected by the project. The data was collected as described below:

- Household Surveys (repeat (2015) sample and control sample);
- Key Informant Interviews;
- Focus Groups Discussions.

2.1.2.1 Household surveys

The purpose of the Household surveys was to compare the socio-economic status of the local community at present and at the time the RAP was prepared (2009). The repeat 2015 survey included participants of the baseline socio-economic survey conducted in 2009 for the purpose of preparation of the RAP, along with other PAPs who were not included in the 2009 survey. The control sample survey included people from the local community who are not directly affected by the project.
The size of the sample in the repeated survey at inception stage of the assignment was suggested to be determined as 50 households.

**Repeat (2015) survey questionnaire**

The Questionnaire for the repeat 2015 survey was agreed with the Bank prior to the commencement of the assignment and contained questions allowing for comparison of data collected through the questionnaire used for the baseline survey in 2009. Additionally, the questionnaire contained several follow-up questions on the amount received for compensation, modes of spending compensation money, level of satisfaction with compensation amount, evaluation of modes of compensation expenditures, overall impact of the compensation amount on changes in the standard of living of an affected household.

For each polled PAP, a separate PAP profile was prepared to summarise the expropriation process. The profile noted additional issues like unviable parcels, status of compensation, approach to the Grievance Commission etc.

**Control sample**

The control sample survey was based on random sampling of the citizens in the municipal centre and comprised 25 interviewees.

The questionnaire for the control sample survey was also agreed with the Bank prior to start of the study. It contained questions related to perception of the expropriation process by the households who were not involved in the process, their perception and understanding of the expropriation, particularly over the expropriation rates. Several questions related to changes in their standard of living in the last 5 years, to provide credible comparison with the questions in repeat sample questionnaire.

**2.1.2.2 Key Informant Interviews**

The purpose of the Key Informant Interviews is to understand the process of expropriation from the point of view of government entities responsible for its implementation. Separate interviews were set up with representatives of the following institutions:

- Koridori Srbije;
- Roads of Serbia;
- Local municipality of Dimitrovgrad.

**2.1.2.3 Focus Groups Discussions**

Four Focus Groups were planned to be organized, each with five to ten participants. The local representatives of Koridori Srbije as well as the representatives of local authority have been asked to give assistance in selecting the Focus Groups’ participants.

The first Focus Group is selected from the PAPs who initiated court procedures. The focus of discussion was the overview of the rationale for why the judicial
process had been instigated and comments to the effects of the process itself, as well as outcomes.

The second Focus Group was supposed to target women whose households were among the ones expropriated, including women who are heads of households (legal owners) as well as those who are not the heads of their households. The focus of the discussion is the impact of the expropriation process on the position of women and women’s perception of the modalities for which the received compensation was used.

The third Focus Group is oriented toward the impact of the construction of Highway on the local community. The participants in the third Focus Group were supposed to include representatives of local authority, local chamber of commerce, public utility companies, traffic management authorities, etc.

The forth Focus Group includes members and the Chairman of the Grievance Commission, who provided information on the activities of the GC and the results of their activities.

2.1.3 Data analysis

An elementary quantitative analysis, with percentage was used for analysing acquired data. The undertaken repeat survey sample included 30 cases.

The qualitative analysis was used predominantly to analyse the data describing and interpreting the PAPs attitudes to the expropriation process.

2.1.4 Collection and Analysis of secondary data

The secondary data includes collecting information such as statistical data on the development level of the Municipality of Dimitrovgrad, data from respective websites advertising offers for selling property (houses, land, and business), as well as comments in the media on the expropriation process.

2.2 Assumptions and limitations

At the inception stage of this assignment, the Consultant presented certain assumptions and limitations to the implementation of the study. These referred mostly to the non-responsiveness of the PAPs and their general indifference to get involved in the repeated surveying, but also included unavailability of PAPs who participated in the original survey due to passage of time (some could’ve moved, or deceased). The other main concern was the availability of documentation from key participants in the expropriation process.

The site visit which was conducted as part of this assignment in November was scheduled to include the repeat 2015 survey and the control sample survey, as well as Focus Groups discussions. The control sample survey was conducted at the town’s main market. Many of the interviewees were from surrounding villages which provided a sufficient diversity required for the survey sample.
In the interest of efficiency the PAPs were invited to the municipality offices to participate jointly in the repeat survey. However the Consultant’s team faced high dissatisfaction and resistance from the people who showed up (approx. 50 people). They instantly began shouting their grievances regarding low compensation rates and unfair treatment. Several participants in particular were very vocal and dissuaded others from participating in the survey. The rest seemed reluctant or intimidated to voice out an opposing opinion, for fear of being outcast. As the second Focus Group discussion with women was scheduled for after this failed repeated survey, it was not possible to conduct the discussions due to the outcome of the previous meeting.

It should be noted that the negative attitude towards PERS and KS seems to have been growing in the community over the past 6 years. Even more so in the last few weeks following the court’s decision to accept the compensation rate of 971 RSD/m² for several land parcels. This decision further justified the PAPs in their belief that they have been taken advantage of.

Following the failed public meeting the Consultant attempted individual interviews with the PAPs to complete the repeat survey. In December 2015 and January 2016 the Consultant contacted PAPs over the phone. This approach was only partly successful. The first obstacle were the records received from the municipality which were outdated and invalid. This made reaching the PAPs difficult. Out of those who were contacted, the majority refused to participate. Several stated objective reasons (old age, difficulty hearing, illness, etc) but most repeated the statements from the public meeting, with several even threatening the Consultant to stop bothering them. As a result, the final repeat survey sample included only 30 PAPs, instead of the 50, as was proposed at the inception stage.

Later attempts to reschedule the Focus Group discussion with women affected by expropriation were mildly successful. The women mostly refused to participate stating that they did not have time or that they don’t have anything to say. As a result, instead of five participants the Consultant was able to interview one woman (a head of the household).

The third Focus Group which was to include representatives of the local commerce was not organised. As there is no local chamber of commerce or professional economic association, the data was collected through additional questions in the Key Informant Interviews with the local authority representatives. The control sample survey questionnaire also included questions on impact of construction on the community.

In addition, it is the consultant’s opinion that weather conditions had a negative effect on the attempts to engage the community. December and January were especially cold with lots of snow which may have further discouraged the PAPs to participate in surveys.

With regards to the support from the participants, it should be noted that the municipality was very helpful in organising the initial meetings with the PAPs but were less cooperative with producing the requested documentation.

Similarly PERS and KS provided their records as requested. However these records proved to be inconsistent.
3 Land Acquisition Impact and Mitigation Measures

3.1 Land Expropriation

All land needed for the construction of the highway was permanently expropriated and there was no temporary land expropriation. This includes the land needed for the actual highway plus the adjacent area, access roads, deposit areas, land needed for relocation of existing utilities (power cable towers, transmitters, water and wastewater networks, etc.).

The only cases of temporary land acquisition within the project affected area were the locations temporary occupied by the Contractor. However this process was conducted by the Contractors and they were solely responsible for identifying the land parcel, negotiating the temporary possession of the land plot with the land owner and bringing it to purpose. Their responsibility to KS was to provide evidence of agreement and compensation, as well as producing necessary permits should they be required by the law (for construction of temporary buildings at compounds for example).

3.1.1 Permanent expropriation

Permanent expropriation of land for the Dimitrovgrad bypass section began in 2008 and ended mostly by 2012. More details on the process are provided in Appendix A (section A1.2) of this report.

During the preparation of this report the Consultant reviewed records on the expropriation as provided by KS and PERS. It is worth noting that a number of inconsistencies were found in the provided data indicating a lack of ownership of the record keeping process. Additionally the records of expropriation received from PERS only included cases resolved through Phase II (as per Main Design, without the additional changes for the tunnels). Below is the table summarising the analysis of these records.

Table 2 - Key expropriation data

<table>
<thead>
<tr>
<th>Cadastre Municipality</th>
<th>CM Gradinje</th>
<th>CM Dimitrovgrad</th>
<th>CM Željuša</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of Expropriation cases</td>
<td>98</td>
<td>136</td>
<td>27</td>
<td>261</td>
</tr>
<tr>
<td>No of PAPs (Individual private owners)</td>
<td>124</td>
<td>228</td>
<td>29</td>
<td>381</td>
</tr>
<tr>
<td>No of PAPs (Public owners)</td>
<td>8</td>
<td>2</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Number of parcels</td>
<td>159</td>
<td>257</td>
<td>34</td>
<td>450</td>
</tr>
</tbody>
</table>
The number of PAPs shown in the table does not reflect the actual number of people affected. Some land owners are listed several times, as they possessed more than one land parcel.

Similarly there may be discrepancies in the total number of land parcels shown in the table. In accordance with the law some land parcels were split into smaller parcels allowing only the area needed for construction to be expropriated (and not the entire parcel). However through couple of iterations during the expropriation and poor records keeping, it is not always clear how many smaller parcels were created and which ones were eventually expropriated.

According to the records from PERS there were 3 tenants on publicly owned land – namely land owned by the agricultural cooperative “Stocar”. The land parcels were expropriated but there is no record of any compensation to the tenants.

Records of initiated court procedures were not received. PERS did not keep a comprehensive list of initiated court procedures for this section during the expropriation, but rather kept individual case files. The RAP states 19 court procedures were initiated due to disagreement on compensation. However it is

<table>
<thead>
<tr>
<th>Cadastre Municipality</th>
<th>CM Gradinje</th>
<th>CM Dimitrovgrad</th>
<th>CM Željuša</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total area acquired through Administrative Transfer (m²)</td>
<td>370,849</td>
<td>176,868</td>
<td>231</td>
<td>551,723</td>
</tr>
<tr>
<td>Total area acquired through Expropriation (m²)</td>
<td>107,250</td>
<td>185,911</td>
<td>25,049</td>
<td>318,210</td>
</tr>
<tr>
<td>Total area expropriated as Unviable land (m²)</td>
<td>8,199</td>
<td>15,805</td>
<td>301</td>
<td>24,619</td>
</tr>
<tr>
<td>No of land parcels with Residential structures</td>
<td>6</td>
<td>7</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>(2 residential, 1 residential + business, 3 weekend homes)</td>
<td>(6 weekend homes, 1 residential)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No of land parcels with Auxiliary structures</td>
<td>6</td>
<td>10</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>No of land parcels with Businesses</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>(1 residential + business – also noted above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
safe to assume that there have been more than 19 court procedures initiated, based
on the comments from the PAPs during the repeated survey. Majority of those
who attended had initiated court appeals after they received compensation.

According to Expropriation Law, a compensation in-kind is first offered to an
affected person. Only if the PAP refuses the replacement land, the cash
compensation is offered. During expropriation almost all land owners opted to be
financially compensated instead of receiving another land parcel in exchange.

During Phase I of expropriation the Expropriation Law required evaluation of
land and determination of the compensation value by the accredited expert.
Decision was made to adopt a unified price for land based on the category
location, quality and purpose of the land, rather than have separate evaluation for
each land plot. The category and quality of the land parcel were taken from
records in the Dimitrovgrad cadastre office. The land compensation rate was
determined between 280 RSD/m² (3.1 EUR) for pasture land, and 360 RSD/m² (4 EUR) (1 EUR = 90 RSD) for farm land.

Phase II of the expropriation process was undertaken in accordance with the
modified Expropriation Law which required that the compensation rate for land is
determined by the Municipal Tax Authorities, while the compensation for assets
(structures, crops, etc.) was still determined by a court evaluator.

The process to determine the market value by the Tax authority relies on the
recorded land purchase contracts in the area, in the past. Due to lack of recorded
transactions in the area the Tax Authorities provided compensation rates which
were considerably lower (50-90 RSD/m²) than the ones adopted for Phase I.
Project Promoters (PERS, KS and municipalities) made a request to the Tax
Authority to take Phase 1 expropriation contracts as basis for determining market
value. That way they would be able to offer PAPs similar compensation rates as
during the Phase I. Due to unstable value of the Serbian dinar, it was also agreed
to consider fluctuations of the dinar in comparison to the euro. Compensation
rates offered during Phase II are presented in the table below (Table 3).

Table 3 - Compensation rates for agriculture land (RSD per 1m²) 2011- 2012¹

<table>
<thead>
<tr>
<th>Type of land plot</th>
<th>Average price</th>
<th>Categories I and II</th>
<th>Category III</th>
<th>Categories IV and V</th>
<th>Category VI</th>
<th>Categories VII and VIII</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm land</td>
<td>470</td>
<td>525</td>
<td>500</td>
<td>470</td>
<td>450</td>
<td>420</td>
</tr>
<tr>
<td>Gardens</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orchards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meadows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pasture</td>
<td>370</td>
<td>395</td>
<td>380</td>
<td>370</td>
<td>355</td>
<td>340</td>
</tr>
<tr>
<td>Forestry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ The rates appear higher from phase 1 as they fluctuated due to the exchange rate. During phase 1
average exchange rate was 1 EUR = 81,44 RSD in 2008 and 1 EUR = 93,95 RSD in 2008. During
phase 2 it was 1 EUR = 101,95 RSD in 2011 and 1 EUR = 113,13 RSD in 2012.
The results of 2015 survey demonstrate that PAPs were mostly unsatisfied with the compensation rate and methodology. Less than one quarter of PAPs (23.1%) assessed the compensation as ‘fair’. The majority considered it minimal or unrealistically low. The additional comments sections in the questionnaire included the following comments from PAPs:

- Very bad.
- Inconsistent process: 3.8 EUR for part of the land parcel in the regular expropriation process, and 6 EUR for the remaining part of the same parcel as unviable land; The starting rate was 360 RSD, next year rate was 450 RSD
- Low rate. It is unfair to give 20 EUR in Belgrade and 2 EUR in Dimitrovgrad for the same Highway
- Court decision was 970 RSD

None of the polled PAPs appeared to be completely satisfied with the amount paid as compensation, while a little over one third (26.9%) was satisfied to some extent. Only 27% of PAPs polled in 2015 had no grievances related to the expropriation process.

Key reasons for dissatisfaction by PAPs with the compensation process include:

1. **Inadequate compensation in-kind**

Interviews with the members of the Grievance Commission suggest that this was initially the most frequent complaint they received from PAPs. The majority of PAPs who were offered land in-kind have refused the replacement land. According to the Grievance Commission and 2009 Survey, the main reasons for this were:

- the affected land was not used by the majority of households as the source of main income. Farm production is predominantly pursued for additional subsistence;
- inability to continue cultivating the land due to age or other reasons;
- offered land was unsuitable for cultivation (location and/or quality-wise).

The only replacement land, assessed as adequate, and fit to be accepted as compensation was the land plot previously owned by an agricultural cooperative. Ten PAPs accepted the replacement in-kind. However immediately after signing of the compensation agreement the PAPs sold the newly acquired land. This potentially suggests that the transaction was pre-agreed and that PAPs did not have interest in continuing agricultural production.

2. **Inconsistency of compensation rates and amounts at different stages of the expropriation process**

The interview with PAPs who initiated court appeals suggest that dissatisfaction with the offered compensation amount was the main reason for appeals to the court. A number of factors triggered such negative attitudes.

Firstly, the change of the legislation in the midst of the expropriation process proposed the new way of determining compensation rates by the Municipal Tax
Authorities. And since the newly calculated rates were initially considerably lower this prompted PAPs to question their validity and oppose to the evaluations made by the Tax Authorities.

Secondly, both respondent groups (2015 Survey and Control Sample) cited the difference between compensation amounts offered from the outset and compensation obtained through court proceedings as being around 20-25% in favour of the court decisions (e.g. offered price 360 RSD and 450 RSD/m2 - the price obtained in court 560 RSD/m2). They also cited examples when an original land plot was compensated at the lower value than an unviable plot later. The most common dissatisfaction was caused by a particular court decision issued on 11 November 2011, which resulted in compensation to be paid at the rate of 971 RSD or 8.52 EUR per m2 (at the rate 1 EUR = 114 RSD) due to re-categorisation of the land plot as urban construction land. This decision has triggered significant tensions over the expropriation process. As a result, currently many PAPs intend to or have already initiated new court appeals in attempt to get the equivalent compensation. It is considered that a more proactive stakeholder engagement and disclosure of information to the affected communities could have alleviated some of the tensions and rumours.

Fluctuations of the exchange rate of RSD to EUR additionally negatively affected the value of compensation amounts. At the beginning of January 2009, the rate was EUR 1 = RSD 89.54, by the end of the month - RSD 96.34 and at the end of August 2009 - RSD 93.28. During 2010 the exchange rate fluctuates between RSD 95.96 to RSD 105.83 for EUR 1. In 2011 EUR equated to RSD 104. In 2012 the exchange rate fluctuated between RSD 106.06 to RSD 116.27, and in 2013 - between RSD 111.60 and RSD 114.64. In the past two years the value of EUR stabilised at RSD 120.

There were several instances where compensation received through court procedure allowed higher rates than those initially offered. In most cases these changes in compensation were based on miss-categorisation of land in the original proposal, or they reflected adjustments for inflation or changes in the exchange rate between RSD and EUR in the period between the original proposal and the final court decision. However there have been few cases where the court decision declared a rate of 971 RSD per m2. Following the court decision (in October 2013) these PAPs were paid the difference. In these cases the court made the ruling to assess the land as urban construction land, instead of agricultural land, which is what was registered in the cadastre at the start of expropriation. The change in the categorisation of these land parcels in the cadastre only happened after the declaration of public interest which is effectively the cut-off date for this section. A more detailed summary of this case is also presented in Appendix B (section B3).

3. Inconsistency of compensation rates between the different project sections and lower rates in relation to the market price

During the interviews PAPs were repeatedly stating that the compensation amounts offered on other sections of the project and market price for land were more favourable than the compensation value offered in Dimitrovgrad.
The analysis of market prices in openly available sources as well as comparison of the compensation rates for other project sections suggest that these assumptions are not valid (see Appendix B of this report). The comparison of market and expropriation prices on other infrastructural projects in Serbia demonstrate that the expropriation prices in the Eastern and South Eastern section of the Corridor 10 were the most favourable for PAPs, and that they were at least 2.5 to 3 times higher than the market prices. Compilation of the compensation and market rates is presented in Table 4.

Table 4 - Compilation of prices for land plots at different sections of the project, other projects and market transaction prices in 2012

<table>
<thead>
<tr>
<th>Location/Region</th>
<th>Market transaction or expropriation</th>
<th>Price per 1 m² in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subotica; north of Serbia (Vojvodina)</td>
<td>Expropriation for the Corridor 10 Highway North (E75 Horgos – Novi Sad) – separate from the Corridor X Highway project</td>
<td>0.62 EUR (70 RSD)</td>
</tr>
<tr>
<td>Bela Palanka, Pirot, Dimitrovgrad Bypass</td>
<td>Expropriation for the Corridor 10 Highway (E80 Section 4)</td>
<td>3.09-4.86 EUR (350 – 550 RSD)</td>
</tr>
<tr>
<td>Presevo</td>
<td>Expropriation for the Corridor 10 Highway (E75 up to border with FYROM) – separate from the Corridor X Highway project</td>
<td>10 EUR</td>
</tr>
<tr>
<td>Bujanovac</td>
<td>Expropriation for the Corridor 10 Highway (E75 Section 5 Lot 2)</td>
<td>8 EUR</td>
</tr>
<tr>
<td>Vranje</td>
<td>Expropriation for the Corridor 10 Highway (E75 Section 4 and Section 5 Lot 1)</td>
<td>5.75 EUR (650 RSD)</td>
</tr>
<tr>
<td>Vladicin Han</td>
<td>Expropriation for the Corridor 10 Highway (E75 Section 3 Lot 6 and Section 4)</td>
<td>4.86 EUR (550 RSD)</td>
</tr>
<tr>
<td>Leskovac</td>
<td>Expropriation for the Corridor 10 Highway (E75 Section 1)</td>
<td>3.09-4.42 EUR (350 – 500 RSD)</td>
</tr>
<tr>
<td>Nis</td>
<td>Expropriation for the Corridor 10 Highway (E80 Section 1)</td>
<td>7.07-8.84 EUR 800 – 1000 RSD</td>
</tr>
<tr>
<td>Dobanovci-Batajnica / Belgrade Bypass</td>
<td>Expropriation for the Belgrade Bypass</td>
<td>17.68 EUR 2000 RSD</td>
</tr>
<tr>
<td>Ub, Lajkovac, Lazarevac, Ljig</td>
<td>Expropriation for the E-763 Highway</td>
<td>0.88-2.65 EUR 100 – 300 RSD</td>
</tr>
</tbody>
</table>

2 - Internet advertisements for the sale of agricultural land in Bulgaria near the border with Serbia (www.bulgarianproperties.com).
Additionally, the analysis reveals that the land market in the region is stagnant and renting of agricultural land is nearly non-existent. The price of land varies depending on location, quality etc. Lower quality of land is not purchased, while the price of good quality land plots varies between 1,000 to 4,000 EUR / ha, i.e. 0.1 to 0.4 EUR/ m².\(^3\)

The respondents of 2015 Survey revealed that only two households among the polled PAPs acquired agricultural land after the expropriation. This is also supported by comments from the control sample survey and interviews with Municipality representatives who stated that purchase of land for agricultural purpose is very uncommon.

4. Duration of the expropriation and compensation process.

Available information indicate that the implementation of the RAP and compensation provided for land were undertaken largely in a timely and appropriate manner. No particular concerns by PAPs with regard to delays in payments were identified during baseline data collection for this evaluation. The key negative feedback was made with regard to a lengthy court process (up to two years) and duration of the construction process, as well as duration of compensation of claims for damages (see Section 3.4). The latter was related to the change of two Contractors and, as a result, additional difficulties in processing and satisfying public claims.

Conclusion:

Overall, it is considered that land evaluation and compensation process was undertaken largely in accordance with Serbian Law and the RAP. Negative perceptions of PAPs were mainly influenced by a combination of project implementation and external circumstances, such as adjustment of land requirements during the project Preliminary and Final Design, changes in

legislation in the middle of expropriation process, differences in court decisions, fluctuations of dinar exchange rate, time taken to complete land expropriation. However, a more proactive stakeholder engagement could have mitigated some of the negative effects.

**Recommendation:**

It is recommended that the stakeholder engagement approach is reviewed by KS and PERS to alleviate impact from negative perceptions by PAPs.

### 3.1.2 Unviable plots

According to the Expropriation Law PAPs whose land is only partially located within project boundaries could be offered expropriation of the remainder of a land plot, should expert evaluation confirm it is unviable and that this partial expropriation is adversely affecting the livelihood of a household. The expert also determines the compensation value of the unviable plot.

In total 181 requests for expropriation of unviable plots have been submitted to PERS on this section. As shown in Table 5, 58% of those requests have been accepted, which is a considerably high admission rate.

<table>
<thead>
<tr>
<th>Unviable land parcel requests per cadastre municipality (CM)</th>
<th>Total submitted</th>
<th>Refused</th>
<th>Accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td>CM GRADINJE</td>
<td>38</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>CM ŽELJUŠA</td>
<td>40</td>
<td>16</td>
<td>24</td>
</tr>
<tr>
<td>CM DIMITROVGRAD</td>
<td>66</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>181</strong></td>
<td><strong>76</strong></td>
<td><strong>105</strong></td>
</tr>
</tbody>
</table>

During the interviews with KS and PERS representatives it was noted that the general complaint from the PAPs early on was re-parcelling of the existing land plots for the purpose of expropriation. PAPs believed that entire land plots should be expropriated and not just part of them. The legal procedure didn’t allow the expropriation to be conducted without re-parcelling. Therefore the PAPs were advised to submit requests for expropriation of unviable land which many of them did. In turn the tendency among KS, PERS and municipality was to accept as many of these requests as possible.

Results of the 2015 Survey suggest that nearly half of polled PAPs (46.2%) assessed expropriation of the unviable plots as neutral or satisfactory and not affecting their economic status.

### 3.1.3 Compensation for crops

The compensation rate for crops/plants was determined in accordance with the Expropriation Law by an accredited expert from the Institute for Expert Analysis of Belgrade, who considered the value of crops and time required to reproduce them, fruit bearing trees and the value of the harvest, including the value of time needed to reproduce such a harvest, the replacement cost (e.g. input, labour) to re-establish vineyards and orchards until they reach full yielding potential etc.
Some court appeals were initiated by PAPs to re-consider compensation for loss of crops/agricultural yield. Interviews with the PAPs who initiated court case indicate dissatisfaction of some PAPs with the evaluation pointing to differences in assessment of value of crops during expert evaluation and court decisions.

It appears that court decisions brought significant degree of confusion over compensation entitlements among PAPs and, therefore, negative perceptions over the project compensation process.

There were no records available on the number of cases of expropriation of crops. All records are kept in individual case files, paper copies only. In order to identify all cases and their outcome a full review of all expropriation cases would need to be conducted, which wasn’t possible within the timeframes of this report. Similarly, there is no information on the initiated court procedures, their outcome or duration.

**Conclusion:**

Although court appeals against provided compensation for crops took place, it is not considered to be non-compliance with RAP or represent a major expropriation impact. On the other hand the lack of record keeping creates a challenge to assess this impact fully. (See Section 6 for further recommendations.)

### 3.2 Affected structures and businesses

#### 3.2.1 Affected structures

According to the RAP, thirty three (33) structures were expropriated and compensated for the Dimitrovgrad bypass section in total. However PERS provided full their own records for all structures expropriated on this section which included valuation reports. There were actually 30 cases of expropriated structures (as per table 3). It is suggested that the difference noted is due to differences in record keeping as some of the cases as per PERS records included several structures. For example each case of expropriation of a residential house also included the auxiliary structures such as wells, fences, storage facilities, etc.

As shown in the Table 3 most of these cases include auxiliary structures. There were only 13 case where the expropriated structures included houses, and out of those only 3 included physical relocation.

Six out of the seven structures noted as residential in CM Dimitrovgrad are actually weekend (summer) houses therefore didn’t involve any physical relocation. One case included a residential house and auxiliary stricture (a barn and henhouse) however the evaluation report noted that the property was derelict as no one was living at property at the time of evaluation. Therefore no physical relocation took place in this location either.

In CM Gradinje there are six houses noted. Three of those are weekend homes and therefore expropriation didn’t result in physical relocation. Two of the remaining houses were residential structures and the third one was a residential house which also included a commercial space (ground floor was an auto repair
shop and the residential area was on the first floor). Expropriation of these households was completed during Phase 1 of expropriation (in 2008 and 2009) prior to IFIs involvement on the project. The valuation was executed in accordance with the expropriation law and there were no official disputes regarding these cases.

According to the Law, affected structures have to be compensated at full replacement cost. In case of partially affected structures the entire structure is considered subject to expropriation. The compensation value of the plot is also assessed by the evaluation expert. Serbian expropriation law foresees moving allowance to be included in the compensation amount offered in cases of physical relocation, but it doesn’t prescribe transitional allowance.

**Physical displacement**

As noted above there were only three physically displaced households on this section. During the site investigation for the purpose of this study the consultant conducted interviews with representatives of the two households. The third household didn’t wish to participate in the study.

- One of the PAPs whose house was expropriated bought a new house. He stated that the old house was bigger than the new one but the compensation has covered the acquisition of the new house (at EUR 40,000), its refurbishment and an additional purchase of agricultural machinery (a tractor). They are not unsatisfied with the expropriation process or the outcome.

According to the records provided by PERS the PAP received a total of RSD 7,630,169 (around EUR 85,000), which included compensation for a land plot of 4,497 m² (EUR 18,000) and structures – around EUR 67,000.

The compensation offered to the affected household is considered to be adequate and above the market prices in the area, based on the consultant’s research shown in Appendix B. However there is no evidence that the compensation included moving allowance as prescribed by the law. They also didn’t receive any transitional allowance as required by RPF.

- The consultant found out unofficially that the PAP who refused to participate in the study also bought another house for the compensation received, but couldn’t confirm the living standard of the displaced household. Based on the records provided by PERS the compensation received for structures was RSD 5,761,000 (around EUR 70,000) which is considered appropriate. There is no evidence in this case either that the moving allowance or transitional allowance were paid to PAP.

- Third case included expropriation of the household and business and is reviewed in more detail in section 3.2.2 below.

**3.2.2 Affected Business**

There was only one business affected by expropriation on this section (see table 3). The owner of the business had his business and his entire household expropriated during the first phase of expropriation (in 2008). There was no
official complaint on the compensation offered and the owner signed the expropriation contract and received payment in line with the legislation.

During the attempted reputed survey public meeting, the ex-owner approached the consultant and stated that he is unhappy with the outcome of expropriation. He stated that his family is worse off after the process and their living standard has significantly deteriorated, since the compensation received did not meet the replacement value.

In January 2016 consultant interviewed the owner Mr. Vasil Kolev, and recorded the following statements.

The original structure had 140 m² and was fully expropriated. On the ground floor he had a registered auto repair workshop were Mr. Kolev worked thus supporting his family. The residential area was on the first floor. The interior of the repair shop was fully completed, however the exterior façade and the interior on the first floor were not finished. The full replacement amount for the house and surrounding yard was assessed at around 27,000 EUR or 160 EUR/m².

In 2008 he received the notice of expropriation and shortly after the valuation of the property. He was not satisfied with the offer but claims that the authorities were irresponsible to his appeal to re-assess affected assets.

He did not receive any additional compensation in terms of moving allowance for his household or the business, or transitional allowance. He was also never offered any compensation for the loss of business or loss of income. In the evaluation report, the auto repair shop was evaluated for construction value only. This also means that the existing equipment was not evaluated or included in compensation, but he confirmed that he was able to remove the equipment prior to evacuating the property, but without any compensation of the related costs.

As he had no other source of income losing the workshop effectively his household lost the only source of income. He is now 60 years old and cannot get full-time employment. Currently he works part time as a handyman. He lives with his wife who is disabled from birth because of a dislocated hip, and with a young daughter, who is a trained hairdresser, but is not employed full time.

He also claims the prices of real-estate in Dimitrovgrad have increased since the start of expropriation and he was not able to purchase new property. Today he lives in Dimitrovgrad in a house he inherited after his father’s death. During expropriation it wasn’t taken into consideration that he was deprived of his employment and source of income nor was any plan made for livelihood restoration. When trying to receive legal assistance from several lawyers, none of them wanted to represent him under the pretext that it is better not to “go against the State”.

The interview with Mr Kolev was organised ad hoc. The consultant received the valuation report for Mr Kolev’s property and confirmed that the valuation includes only the construction value of the structure. There was no evidence provided as to how the business operated or the amount of income which was lost as a result of expropriation.
Therefore the consultant recommends that an independent Review of this specific case is performed. According to Mr Kolev’s statement he has suffered loss of livelihood without any compensation, his economic conditions are worse following the expropriation and finally he did not receive free legal aid.

New information was received by the consultant following the analysis which indicated that Mt Kolev had submitted a claim to re-expropriate the property as it was never put into use (the building hasn’t been torn down and due to slight changes to the alignment of the main carriageway, it is unlikely that demolition of this property is necessary). There is no official confirmation from the municipality but the case needs to be monitored further until final resolution.

**Conclusion:**

Based on the consultant’s research shown in Appendix B and 2015 survey, the compensation offered to the households affected by physical displacement is considered to be adequate and above the market prices in the area. However, it appears that the PAPs were not provided with moving allowance or the additional transitional assistance.

In the case of affected business it appears that that basic requirements of the Resettlement Policy Framework were not met. The compensation offered to the PAP to date is not compliant with the provisions of the RPF.

**Recommendation:**

The consultant recommends that the outstanding compensation allowance is paid to PAPs retrospectively, or compensated otherwise, provided an agreement on alternative compensation solutions is reached with PAPs.

In case of Mt Kolev, the consultant recommends that a thorough review of this specific case is performed and remedial compensation measures are agreed with him and implemented in compliance with the provisions of the RPF, including compensation for the loss of business, loss of income and transitional allowance.

### 3.3 Socio-economic Conditions and Impacts

#### 3.3.1 Socio-economic Conditions of PAPs

Municipality of Dimitrovgrad is one of the most undeveloped municipalities in Serbia, with the development rate of 60% to 80% of the national average. In 2008 the municipality of Dimitrovgrad was ranked 78th out of 120 municipalities in Serbia (excluding Kosovo and Metohija), and by 2012 it fell seven positions to 85. Almost all of the indicators of economic and social development are below the national average.

Analysis reveals that comparing to the socio-economic conditions in 2009, key indicators are deteriorating. The Municipality of Dimitrovgrad continues to be one of the most poverty stricken in Serbia with high levels of unemployment, below average incomes, intensive emigration and a large percentage of elderly households. Poverty is significantly widespread and profound in rural settlements of the municipality whose poor residents live in substandard environments with poor road infrastructure, unorganized water supply, lack of sewerage system infrastructure and telephone networks, low-quality and unavailable health
services, low-quality basic education with the likelihood of primary schools being closed due to small number of students, and unorganized public transportation which connects to the municipality centre.

The Municipality has a high emigration rate and the average age of the population is high – 46.1 years (national average is 41.6). Population is concentrated in the city of Dimitrovgrad, i.e. in the municipal centre and few surrounding settlements (Željuša, Beleš, Lukavica, Gradinje and Gojin Dol) – 86% of the population live in this area. The density of the population is very low, with a decreasing trend over the last several decades – from 27.6 inhabitants/km² in 1991 to only 20.9 inhabitants/km² in 2011. The average size of households in the municipality is 2.7 members. In the city of Dimitrovgrad and two other largest settlements the average size of households is over 3 members. However in the other 25 settlements the average size is below 2 members, i.e., most of those households are old, with one or two members and without a member younger than 60 years. Around 53.5% of population have declared themselves as Bulgarians, and 27.9% as Serbian.

According to SIEPA (Agency for foreign investment), the number of employed in Dimitrovgrad municipality in 2012 was 1960 persons compared to 1447 unemployed persons; the latter constitutes 40% of the working age population. An average salary per capita shows decline in 2012 (43.4 EUR) comparing to 48.4 EUR in 2008. 13.5% of population is registered as the recipients of state social assistance (comparing to 7.8% across the country).

In spite of high level of unemployment in state and private sector (industry, trade, services, etc.) agriculture is not seen as an important source of income and economy. The number of registered agricultural economy households (farmhouseholds) is very low – only 894 were registered in 2011 compared to the total number of households in the Municipality (4500) and regarding the high level of unemployment (1566 in 2009, or 150 unemployed on 000 inhabitants, in Serbia respectively 100 on 000) and low per capita wages. Despite such a small number of registered agricultural household economies, the Municipal Rural Development Plan, assesses that almost 70% of all households are significantly engaged in agriculture (page 34 of the plan). The average size of arable land of registered agricultural economy households is 2.59 hectares.

The prices of land and structures in the Municipality, including municipal centre Dimitrovgrad, are very low. The Municipal Rural Development plan stated the absence of an organized market for renting of agriculture land. The highest rents, according to this source, are for arable land near the river Nišava, approximately 50 EUR for 1 hectare per year. The rents for pastures and meadows are significantly lower (page 38.) For better understanding the impacts of the process of expropriation for the Dimitrovgrad Bypass on the E 80 Highway, is the conclusion from the Municipal Rural Development Plan that “there is no active

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4 The information in this paragraph refers to the Census of population, households and apartments 2011, as published by the Republic Office for Statistics

land market”, and that “the price of quality plots varies from 1,000 to 4,000 EUR / ha” (page 38), i.e. 0.1 to 0.4 EUR/ m2. Denomination in dinars shows that the market value of land in the municipal centre is significantly lower than 1 EUR/ m2, or much, much lower than the compensation rates that PAPs were given for the expropriated land, and nearly one hundred times lower than the rate determined by the Basic Court of Pirot – Court Unit in Dimitrovgrad.

Perceptions of the interviewed population (2015 Survey) mirror the state of socio-economic conditions in the area: not a single household has assessed its economic status as above average. A bit over one third have assessed it as average (34.6%), 42.3% - as bearable, and 15.4% - as poor. Only one PAP stated that his economic status has improved, while more than half of respondents (57.7%) said it remained the same, and over one third (38.5%) said it has deteriorated. The deterioration of their economic status was described as: ‘I have less money: the salaries and pensions have been cut by 10%’, ‘Increased expenses because of an ill household member’, ‘Prices have gone up and the earnings have not changed’, ‘Cannot find a job’, ‘There is no organized market of agricultural products’, ‘High costs of daughter’s education’, ‘Salaries are small and the inflation is high’.

The comments above indicate a strong negative perception by PAPs of their economic situation, however they seem to attribute this to external, non-project, factors. In contrast to the above, comparative findings of the 2009 and 2015 Surveys indicate overall improvements of main socio-economic indicators of the polled PAPs (see Table 6).

Table 6 - Findings of the 2009 and 2015 socio-economic surveys

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicators</th>
<th>2009 Survey</th>
<th>2015 Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Average monthly households income</td>
<td>31,570 RSD (43,451 RSD when adjusted for inflation)</td>
<td>46,504 RSD</td>
</tr>
<tr>
<td>2</td>
<td>Proportion of households below poverty line⁶</td>
<td>35%</td>
<td>19.2%</td>
</tr>
<tr>
<td>3</td>
<td>Average Family Size</td>
<td>2.9 member</td>
<td>3.1 member</td>
</tr>
</tbody>
</table>

⁶ Methodology for determining the Poverty line has changed between 2009 and 2015. In 2009 the Poverty line was determined based on the income per household member. In 2009 the Poverty line was 8,800 RSD (13,108 RSD adjusted for inflation). In 2015 the Poverty line is determined in accordance with the EU methodology, based on the total household income per average human adult: below RSD 13,400/month for one-member households, below RSD 19,000/month for two-member households, below RSD 24,100/month for three-member households, below RSD 28,100/month four-member households, below RSD 32,100/month for five-member households etc. The percentages shown in the table are therefore not comparable as such.
No. | Indicators                                                                 | 2009 Survey | 2015 Survey |
--- |---------------------------------------------------------------------------|-------------|-------------|
4.  | Proportion of families without earning members                            | 9%          | 3.8%        |
5.  | Proportion of families under debt                                         | 40%         | 3.8%        |
6.  | Proportion of families rating their economic status as ‘poor’             | 63.5%       | 15.4%       |
7.  | Households with members employed on construction works                     | n/a         | 19.2%       |
8.  | Moderately satisfied with compensation                                    | n/a         | 26.9%       |
9.  | Moderately or completely dissatisfied with compensation                   | n/a         | 69.3%       |
10. | Compensation used for new and/or improved housing structure               | 25% (intention) | 46.2% |

From the table it is evident that the average household income increased for the period between the surveys. The percent of households below the poverty line has changed significantly but because the methodology of establishing the Poverty line in Serbia has changed the data in the table is not comparable.

According to the information on income provided by respondents of the 2015 Survey, only 15.4% of households fall under the category of being poor, comparing to over 63% in 2009 (the national poverty rate in 2014 was estimated at 8.9%, while the poverty rate for the East and South-East of Serbia was estimated at 16.4%).

Table 7 - Breakdown of monthly income of the polled households

<table>
<thead>
<tr>
<th>Total monthly income</th>
<th>% of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 24.000 RSD / 200 EUR</td>
<td>23%</td>
</tr>
<tr>
<td>24.001 to 50.000 RSD / 200 to 410 EUR</td>
<td>42%</td>
</tr>
<tr>
<td>50.001 to 100.000 RSD / 410 to 830 EUR</td>
<td>31%</td>
</tr>
<tr>
<td>No information provided</td>
<td>4%</td>
</tr>
</tbody>
</table>
Proportion of the income from agriculture in the overall income breakdown of polled households indicated a relatively low involvement and dependency of PAPs on agriculture in 2009 (25%), and this dependency has significantly declined (down to 3.8%), according to the 2015 findings. Around 42% of the surveyed households generate no income from their land, as they do not cultivate it, while around 46% of the households cultivate their land only for their needs, not for commercial purposes.

In terms of employment most respondents didn’t state any overall changes. Around one fifth of the households (19.2%) stated that one of their family members was hired for works related to the project construction (e.g. as an engineer, driver, night guard with the duration of employment varied between 2 months – to 1.5 years).

**Conclusion:**

Although perception of PAPs over their economic status is negative, there have been obvious improvements in their socio-economic conditions since 2009 as shown in Table 7, with some of them involving direct benefits from the project, such as compensation from the expropriation and employment opportunities during construction.

### 3.3.2 Spending pattern and indebtedness

When comparing results of the 2009 and 2015 Surveys, there are noticeable positive differences in spending patterns by the affected households (Figures 3 and 4). Nearly 40% of the PAPs used compensation to improve their housing conditions, either by building/buying new housing for household members or through reconstruction and repair of the existing ones (replacing roof tiles, installing a heating system, improving the energy efficiency, etc.). In addition, over 30% of the surveyed PAPs invested in education of their children or medical treatment, which is double of the intended spending from 2009. Only 34% of households spent their compensation money for immediate needs, compared to the initial intention of 60% of the households.

Comparing to the responses of the 2009 Survey (Table 6 above), in 2015 only one PAP (3.8%) stated that he had a loan, which is a significant reduction from the initial 40% respondent who declared they were in debt in 2009.
Conclusion:

Despite a high level of dissatisfaction with the compensation rate, the compensation money was used very productively and with visible positive impacts, which demonstrates a positive impact of the expropriation process.

3.4 Social Impacts and Mitigation Measures during Construction

When asked about Project impacts and benefits, the majority (70%) of the respondents of the Control Sample Survey indicated beneficial role of the project
in attracting new investment, increasing the level of services and connectivity, reduced traffic on local roads and in the populated areas. 61.5% of them considers that there were no negative impacts from the project. Amongst those who heard of problems during construction the most frequently sited impacts were blasting (23.1%), multiple damage (11.5%), limited access to property (7.7%), damage of local roads (7.7%), delays of work (3.8%), and non-compliance with the design (3.8%). Perceptions of the polled PAPs reveal that the same proportion of respondents (61.5%) stated that they experienced negative impacts during construction works. These include:

1. **Damages to local roads**

Deteriorated local roads were most commonly stated as negative impacts from project construction. Comments included: ‘Alpine [Contractor] has destroyed the local roads’. ‘Heavy trucks use the local roads and they destroy them continuously’. Several locations were named where locals have problems using local roads. At the villages of Zeljusa and Gradinje the inhabitants are forced to use bypass roads. This increases the distance up to 5-6 km, and thus expenses and travelling time, since part of the local road was incorporated in the project Final Design. The area by the Bridge no. 4 was mentioned several times: ‘Driving under Bridge no. 4 is difficult because the road is bad’; ‘My plot is by Bridge no. 4: the road is destroyed’.

In the interviews the Municipality representatives stated that there is no signed Agreement between the Municipality and Koridori Srbije with clear obligation to repair local roads. Under contractual obligations Contractors were required to repair all damages to the local infrastructure. Technical, environmental and social monitoring evidence suggests that most, although not all, damages have been rectified.

2. **Access impacts**

A number of PAPs stated that they experienced difficulties in accessing their land plots, houses or local infrastructure due to construction works. Comments included: ‘Access [to land plots] from the local road is not possible’; ‘The side road was not completed. The access is dug up’; ‘Cannot access the remaining part of their plot’ etc.

KS and PERS confirmed that access to all land plots is considered in the Main design of the road section. However the access to some land plots could be temporarily obstructed during construction.

3. **Impacts to utility value**

Additional impacts were identified in relation to utility value of land and property due to the proximity of the road and interventions related to the project construction, and included disruption of irrigation because the river course was diverted, pollution due to the proximity of the plot to the road, unauthorized access to/use of a land plot during construction, impacts on crops.

4. **Impacts from blasting**
According to the Municipality representatives, over 100 households were impacted to various extent during blasting activities. About 20 households were severely affected by blasting in Gradinje and the inhabitants of this settlement were among the majority mentioning this impact. It was stated that the compensation for damages was paid by the insurance provider Wiener Stadtische, however, only five cases have been compensated to date; and the process for claiming compensation is long. It was believed the compensation would be more efficient and accessible. The PAPs are also stating that the evaluation of damages is additionally made more complicated due to changes in the Main Contractor (and subsequently their sub-contractors). Each new company performs their own baseline report without cross-checking the baseline of previous contractors. This makes it difficult for PAPs to prove damages incurred.

Other households impacted by the blasting were the houses in Dimitrovgrad, in and around Sutjeska Street, below the tunnels on Lot 3. The damage caused was reimbursed for five households from the Contractor bank guarantee, based on court decisions. There are still cases pending with the court, but these will also be compensated from the Contractor’s bank guarantees.

**Conclusion:**

It can be concluded that the process of monitoring and reporting on impacts to PAPs during construction works was not properly organised, managed or documented. A large number of cases related to blasting suggest significance of the impact, lack of communication and no clear timelines for remediation of inflicted damages.

**Recommendation:**

- It is recommended that the magnitude of the construction impacts to the community (number of cases, exact damages etc.) is verified cross-referenced and documented; cases for compensation are confirmed and outstanding compensation is paid in full; information about mitigation of impacts, including timeline for compensation, contractor obligations and process, ways to raise concerns and claim damages, are clearly stated and disclosed to the public in a meaningful way (considering ethnic representation).

- A monitoring on a daily basis should be organized by the Contractor and KS with clear commitment to eliminate observed negative impacts. The mitigation should be enhanced through improved communication and timely provision of information to PAPs.

### 3.5 Support of Vulnerable Population and Local Communities

The Resettlement Action Plan states that due to the pervading socio-economic situation in the area the majority of affected households could be considered vulnerable and poor. However, eleven households were identified at the time of RAP preparation as particularly vulnerable, based on their level of income (under the level of poverty line of RSD 8,800), age (over 65) and formal registration as requiring Social Welfare Assistance. These households received additional financial assistance of RSD 60,000 each (approx. 640 EUR using the 2009 exchange rate).
As the initial baseline survey demonstrated no interest in gaining additional skill training by PAPs, it was not considered as an additional form of assistance for this project section.

Although there are no official records of the effectiveness of the measures in safeguarding the social welfare of vulnerable persons and local communities, Koridori Srbije and PERS, the Beneficiary of Expropriation, were proactive and assisted in a number of ways to local community and households over the course of project implementation.

This included offering of access to firewood for heating, and construction materials from the expropriated land and structures (36 families have received heating materials).

PERS offered households free humus that was stripped from the expropriated land for construction of the highway. Although this form of assistance could be quite valuable as it significantly improves the value and productivity of agricultural land, none of the polled PAPs appear to have used this type of additional assistance.

Also Koridori Srbije made several significant donations to the local community in the Municipality of Dimitrovgrad, including:

- Participation in the construction of a hall for the Monastery of Saint Mina (of the total value of works 250,000 RSD);
- Several access roads of crushed aggregate stones have been constructed by in several villages with the total length of 2,5 km;
- Establishment of an additional rehabilitation room for persons suffering various addictions;
- A repair of the house roof of a house affected by the fire.

In addition, it is envisaged that the project site offices of total space area of 361,93 m2 and the total land area of 3,785 m2 will be donated to the Municipality of Dimitrovgrad after completion of the works. The offices are equipped with infrastructure amenities. According to the President of the Municipality of Dimitrovgrad these facilities are currently considered for development of a day care centre for the elderly.

It is worth noting that during its operations the Contractor Alpine Bau GmbH, which has become insolvent, also made several donations and contributions to the wellbeing of the community, including:

- Donation of road materials of around 40 tons to local communities;
- Financial, labour and technical in construction of the city pool near the sports arena in Dimitrovgrad;
- Construction of a pedestrian bridge over the river Ginska behind the sports arena in Dimitrovgrad.

Preferential local employment was exercised by both Contractors, Alpine Bau GmbH and Terna.
Conclusion:

It can be concluded that the Project Promoters were actively involved not only in mitigating impact from the project, but also in facilitating additional positive changes to the local community, beyond the project impact.
4 Institutional Arrangements

Several institutions have been involved in the process of land expropriation and compensation. Key institutions and their roles are presented in section 3 of this report.

The analysis of the institutional arrangements for managing land expropriation for the Dimitrovgrad bypass section indicate that there was a significant number of stakeholders, sometimes with no clearly assigned responsibilities. Particularly, it appears that responsibilities for monitoring of impact from expropriation and effectiveness of RAP implementation were not clearly assigned and, therefore, the system was not properly established with records inconsistently maintained between the involved state institutions. At the same time requirements for monitoring and addressing social impacts from construction activities as required by RAP were not spelt out in the Contractor obligations. KS, as the project implementation entity, appeared to be understaffed to take full monitoring responsibilities, neither the Municipality was adequately staffed for an expropriation of such magnitude.

Recommendation:

- Clear obligations to monitor, address and demonstrate the established system for managing social impacts on a regular/daily basis from construction should be elaborated in the contract for the new Contractor.
- Monitoring and database management for the remaining grievance, judicial and other stakeholder engagement activities should be maintained in accordance with the provision of the RAP.
- Implementation entity and Contractor should be appropriately staffed to undertake an adequate monitoring.
5 Stakeholder Engagement and Grievance Management

Initial consultations and disclosure of information were held with the local community to inform the PAPs about the project and to understand their perceptions on the project in terms of negative and positive impacts. Once prepared the RAP was publicly disclosed in April March 2010 on appropriate websites, namely the website of KS, PERS and the municipality of Dimitrovgrad. Copies of the RAP and RFP were also available in paper copy in the municipality offices. Summary of RAP in Serbian was also published on the above mentioned websites.

Municipality representatives pointed to close communication and cooperation between the Beneficiary of expropriation and Municipality. During data collection and interviews, the consultant was given examples of engagement with the affected community during the land expropriation and construction activities, however, minutes or a stakeholder log were not available to verify this.

As mentioned above, Bulgarians represent over 50% of the local population in Dimitrovgrad and are officially recognised as an ethnic minority in Serbia. Conducted surveys and interviews suggest general dissatisfaction of affected residents with regard to the lack of information on the project and land expropriation in Bulgarian, as well as due to having to incur translation costs to negotiate compensation. The Law on Protection of National Minorities’ Rights and Freedoms (2002) entitles them to receive information in their language (Art 17). However KS and PERS representatives confirmed that there were never any official requests to provide documents in Bulgarian. There was only one case where a translator was requested by a PAP and this request was met.

During the data collection for this evaluation no references were made by participants or records identified of any NGO activity or their engagement with regard to the project.

5.1 Grievance management

In accordance with the Project Resettlement Framework and RAP, an Independent Grievance Commission (GC) was established by PERS in 2009, to deal with complaints associated with the Dimitrovgrad Bypass land expropriation. It comprises seven members: three of them are elected amongst the PAPs, one is delegated by the KS, two are delegated from PERS and one member is from the Local Municipality of Dimitrovgrad. The meetings of the GC were held whenever necessary and depended on submitted grievances. Grievances were submitted in writing, either as separate grievance or as a statement recorded in the minutes during negotiations.

Over 50% of the PAPs surveyed in 2015 submitted grievances to the GC. The main reasons were:

- Dissatisfaction with the compensation amount;
- Rejection of requests for expropriation of unviable parcels.

At the time of the RAP (2010) there has been 73 registered complaints; 54 out of them were accepted and 19 – declined. Those 19 cases were submitted to the court.

According to the GC members interviewed as part of the focus group, all further activities of the GC were minimal and eventually they stopped altogether. The Municipality directed the grievances automatically to responsible parties.

More recent records of GC activity were not available for review by the consultant. Due to the failed public meeting with PAPs in October 2015 (see Section 3.2), it was not possible to obtain an estimate of the number of PAPs who are planning to appeal to the court for reconsideration of the compensation amount.

**Conclusions and Recommendations:**

- 2012 Social Audit findings recommended KS to increase their dialogue with individual contractors to help ensure that the contractors’ staff understands and respects the terms of expropriation. It is suggested that this recommendation is followed in relation with the new Contractor and with regard to the supervision of social impacts arising from the construction as described in Section 4.4.

- It is also recommended that KS (i) maintains appropriate stakeholder engagement log/data base, and (ii) ensures disclosure of key information about the project construction, grievance redress and claims procedures in Bulgarian, to achieve meaningful stakeholder engagement.

- It can be concluded that the established Grievance Commission was a functioning mechanism for addressing complaints of the project affected people, however, the documentation and reporting of grievances should have been organised better.
6 Conclusions and Recommendations

It is considered that land evaluation and compensation process was undertaken largely in accordance with Serbian Law and the RAP, albeit noted dissatisfaction of PAPs with their economic situation and some aspects of the expropriation process. There have been obvious improvements in socio-economic conditions of PAPs comparing to 2009, with some of them involving direct benefits from the project, such as compensation from the expropriation and employment opportunities during construction.

Negative perceptions of PAPs were mainly influenced by a combination of project implementation and external circumstances, such as adjustment of land requirements during the project Preliminary and Final Design, changes in legislation in the middle of expropriation process, differences in court decisions, fluctuations of dinar exchange rate, time taken to complete land expropriation. A more proactive stakeholder engagement could have mitigated some of these negative effects.

Although court appeals against provided compensation for crops took place, it is not considered to be non-compliance with RAP or represent a major expropriation impact. On the other hand the lack of record keeping created a challenge for assessing this impact fully.

With regard to affected structures and businesses, the compensation offered to the affected households is considered to be largely adequate and above the market prices in the area, except for the case of the house and business owner, Mr. Kolev. His case requires further consideration; and appropriate actions are recommended below. Also it appears that the PAPs who were physically displaced were not provided with or utilised moving allowance or the additional transitional assistance for which they were entitled.

It was concluded that the process of monitoring and reporting on impacts to PAPs during construction works was not properly organised, managed or documented. A large number of cases related to blasting suggest significance of the impact, lack of communication and no clear timelines for remediation of inflicted damages. The established Grievance Commission was a functioning mechanism for addressing complaints of the project affected people, although documentation and reporting of grievances should have been organised better. However it is recognised that the Project Promoters were actively involved not only in mitigating impacts from the project, but also in facilitating additional positive changes to the local community, beyond the project impact.

Following the conclusions, it is recommended that

- Outstanding compensation allowance (transitional assistance and moving allowance) should be paid to PAPs retrospectively, or compensated otherwise, provided an agreement on alternative compensation solutions is reached with PAPs.
• According to Mr Kolev’s statement he has suffered loss of livelihood without any compensation, his economic conditions are worse following the expropriation, and he did not receive free legal aid. Therefore the consultant recommends that an independent review of this specific case is performed and remedial compensation measures are agreed with him and implemented in compliance with the provisions of the RPF, including compensation for the loss of business, loss of income and transitional allowance. A further investigation is also required due to the unconfirmed allegations that Mr Kolev has initiated the process for re-expropriation.

• The magnitude of the construction impacts to the community (number of cases, exact damages etc.) should be verified and documented; cases for compensation should be confirmed and outstanding compensation paid in full; information about mitigation of impacts, including timeline for compensation, contractor obligations and process, ways to raise concerns and claim damages, should be clearly stated and disclosed to the public in a meaningful way (considering ethnic representation).

• A monitoring on a daily basis should be organized by the Contractor and KS with clear commitment to eliminate observed negative impacts. The mitigation should be enhanced through improved communication and timely provision of information to PAPs. The obligations to monitor, address and demonstrate the established system for managing social impacts from construction should be elaborated in the contract for the new Contractor.

• Implementation entity and Contractor should be appropriately staffed to undertake adequate monitoring.

• The 2012 Social Audit findings recommended KS to increase their dialogue with individual contractors to help to ensure that the contractors’ staff understands and respects the terms of expropriation. It is suggested that this recommendation is followed in relation with the new Contractor and with regard to the supervision of social impacts arising from the construction as described above.

• Stakeholder engagement approach should be reviewed by KS and PERS to alleviate impact from negative perceptions by PAPs.

• It is also recommended that KS (i) maintains appropriate stakeholder engagement and grievance log/data base, and (ii) ensures disclosure of key information about the project construction, grievance redress and claims procedures in Bulgarian, to achieve meaningful stakeholder engagement. Monitoring and database management for the remaining grievances, judicial and other stakeholder engagement activities should be maintained in accordance with the provision of the RAP.
Appendix A

General Project Background Information
A1 Project Background

A1.1 General Information

The subject of this report is the Section 5 of the E80 highway – Dimitrovgrad bypass section, in total length of 8.67 km.

With regards to the implementation of construction works, the section is separated into 3 lots:

- Lot 1 – road sections;
- Lot 2 – bridges;
- Lot 3 – tunnels.

The works contract for Lots 1 and 2 was first awarded in April 2010 to the Contractor Alpine Bau GmbH following international competitive tendering. Construction on the section began in 2010 after contract signing. The original works contract for Lots 1 and 2 included 24 month implementation of works. The works were expected to finish before the end of construction season in 2012.

However the contract was terminated in August 2013 due to Contractor’s bankruptcy and a new round of international competitive tendering was initiated.

The second Contractor – Trace Group Hold Plc, was awarded the works contract for Lots 1 and 2 in June 2014 with an 18 month implementation period. Due to Contractor’s poor performance this works contract was terminated in November 2015. A third round of international competitive tendering is currently open, with Contractors expected to submit Expressions of Interest in February 2016. A new contractor is expected to be awarded in April and works should restart by June 2016. The completion of works on these two lots is currently estimated at 60%.

The works contract for Lot 3 – Tunnels, was awarded in September 2011 to the Contractor Ogranak Terna S.A. Serbia Beograd. The works on this section have been completed in March 2015.

A1.2 Land Acquisition – Background

The land acquisition process for this section began in 2008 following the Declaration of Public interest for the entire E80 motorway from Prosek to Dimitrovgrad (border with the Republic of Bulgaria), including this section.

Public interest for expropriation, i.e. administrative transfer of immovable property – land and structures on the land – for the purposes of construction of the motorway was determined by the Decision of the Government of the Republic of Serbia 05 No. 465-3654/08 dated 11 September 2008 (“Official Gazette of the Republic of Serbia“ No. 84/08).

Expropriation under Serbian expropriation law, began in September 2008 based on the Expropriation Reports which were prepared using the Preliminary Design as basis for identification of required land parcels. This first phase of
expropriation included cadastre municipality Gradinje and Dimitrovgrad and was completed by January 2009. It covered 3.7 km from Dimitrovgrad to the Bulgarian border. The process of expropriation was implemented in line with the expropriation law from 1995, last amended in 2001 (Official gazette no 16/2001).

The second round of expropriation began in 2010 when the Main Design was finished. It included expropriation of land on the additional 5 km of highway around Dimitrovgrad but also the additional land needed due to changes in the road alignment from the preliminary design. The Expropriation reports were updated based on the Main Design and adopted as follows:

2. Cadastre municipality CM Dimitrovgrad 06.01.2011.

The second round of expropriation was implemented based on the amended expropriation law published in March 2009 (Official gazette no 20/2009). According to PERS and KS most of the expropriation was finished by the end of 2012, in terms of ensuring Contractor access to land. Over the course of construction additional land parcels had to be permanently expropriated, most notably land needed for relocation of power cables. The court procedures initiated by the PAPs have also continued in parallel to implementation of works.

The engineering design concepts for the improvement of the E80 between Pirot and the Bulgarian border, including a bypass around the town of Dimitrovgrad, were at an advanced stage when negotiations with the World Bank (WB) for funding were initiated. Under Serbian law resettlement action plans (RAPs) are not required for major infrastructure development where they are considered in the public interest. However, there are comprehensive laws in place that ensure people affected by such infrastructure projects are compensated fairly for any land, houses or other property that is expropriated.

As part of the loan agreement between the Government of Serbia and the World Bank, a Resettlement Policy Framework (RPF) was adopted in June 2009. The framework stipulates basic requirements regarding land acquisition to be implemented for the entire Corridor X project.

In accordance with the RPF a Resettlement Action Plan (RAP) for this section has been prepared in accordance with the social performance standards set out in the World Bank operational directive OP 4.12 on Involuntary Resettlement.

This RAP was prepared on behalf of the Government of Serbia by Koridori Srbije (KS) and published in April 2010. KS have also been responsible for ensuring the implementation of the RAP.

The RAP represents a record of the individuals or groups (PAPs) affected by the road project, a record of any vulnerable people and arrangements to fulfil the expropriation process. It also provides compensation in line with legal and WB requirements, and sets out the approach to managing any grievances raised.
A1.3 Regulatory Framework

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

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

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

In order for Public interest to be declared, the Beneficiary of expropriation needs to present to the government a feasibility study justifying the need for specific expropriation. This study includes the estimated land affected, and where possible number of affected land plots, as well as a breakdown of costs associated with expropriation.

As noted in section 2.2, the Public Interest for expropriation, i.e. administrative transfer of immovable property for this section was determined by the Decision of the Government of the Republic of Serbia 05 No. 465-3654/08 dated September 11th, 2008 (“Official Gazette of the Republic of Serbia” No. 84/08).

Resettlement Action Plans are only prepared on projects where funding is provided by IFIs as the Serbian law does not contain such requirement.

A1.3.1 Institutional arrangements

The process of land expropriation and compensation under Serbian law includes several institutions. Key institutions involved in the Expropriation process for this project are presented below in Table 8, along with a brief summary of their roles in the process.
Table 8 - Institutional Arrangements

<table>
<thead>
<tr>
<th>Institution / Entity</th>
<th>Role in the expropriation process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Enterprise Roads of Serbia (PERS)</td>
<td>PERS is the official Beneficiary of Expropriation for the project. With regards to the expropriation process PERS are responsible for the following activities: preparation of expropriation reports based on the design; submitting the proposals for expropriation to the local municipalities, submitting all supporting documents to third parties and agencies of relevance, negotiations in respect to compensation, signing the compensation agreements, representing the GoS in court cases related to expropriation (regarding amount of compensation), liaise-on with other stakeholders in the expropriation process, etc.</td>
</tr>
<tr>
<td>Koridori Srbije (KS)</td>
<td>Koridori Srbije is a government entity established specifically to implement the Corridor X project including the land expropriation process on behalf of GoS. They have the overall responsibility for the project to the Lenders. This includes implementation of Lenders’ requirements with regards to land acquisition and resettlement. They are also responsible for the timely disclosure of information related to the project.</td>
</tr>
<tr>
<td>Local Municipalities</td>
<td>The respective Municipality, where properties are being expropriated, administers the expropriation process at the local level in conjunction with the Beneficiary of Expropriation. The role of municipalities was to review, admit and process all expropriation proposals submitted by the PERS. They are responsible for contacting the PAPs, presenting them with expropriation packages, and negotiation. At the valuation stage the Municipalities mandate is to administer the proposals of the parties and gather all necessary evidence. Once the compensation amount is determined the responsible officer drafts and compensation agreement which is presented to the land owner (PAP). The compensation agreement becomes effective if all parties agree on the compensation amount. The Municipality has to record the outcome and register the agreement with the cadastre office in order to finalise the transfer of ownership. The Municipality also has the responsibility to decide on requests for expropriation of unviable parcels (under article 10 of the expropriation law).</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>The role of the Ministry of Finance was to present to the Government that the project proposal is satisfying the requirements of Public Interest. The Ministry is also responsible for issuing payments on the signed agreements for compensation of expropriated land. The instructions for payment are prepared by the Beneficiary of Expropriation based on the contracts provided by the Municipality. Additionally the Ministry of Finance can allow commencement of works in case of disputes, i.e. can grant access to a specific property even if the compensation has not been administered to the PAPs, before the effectiveness of the decision on compensation and/or prior to the conclusion of the Compensation Agreement.</td>
</tr>
<tr>
<td>Tax Administration Office</td>
<td>The role of the Tax Administration Office is to determine the market value of the expropriated land, individually for each land parcel.</td>
</tr>
</tbody>
</table>
In general, the institutional framework for expropriation in Serbia is strong and broadly compatible with the IFI requirements and especially OP 4.12. The main institutions and their roles have been shown in section A.3.1.

There are some areas in which the national legislation differs from OP 4.12 requirements. These relate especially to valuation of assets and recognition of owners without formal title.

The valuation of assets under national legislation is conducted by the Tax authority – for valuation of land; and specialised court experts – for valuation of assets on land (structures, crops etc).

Tax authority is responsible for the valuation of land parcels. The assessments are performed on a case by case basis and separate valuation reports are prepared. They should clearly present the basis for valuation, applied criteria and standards; whether the comparison was done on the basis of the sales price of such property; whether it served as a corrective to the revenue that can be expected from this area taking into account land use and activity of the affected party; whether the Tax Administration analysed the so-called comparable transaction in the recent past, what approach and comparable indicators on prices are applied in case no transaction in the immediate area was registered.

The assessment of value for all assets on the expropriated land including structures, utility connections, crops, forests, nurseries, vineyards etc. under the Expropriation Law is provided by independent accredited experts within their field of expertise. Usually these include civil engineers, agricultural engineers, environmental specialists, forest experts and others depending on the affected assets. Their assessment is based on a site visit for purposes of baseline data in respect of the assets on the land affected. This site visit is public and the beneficiary of expropriation as well as the PAPs can participate in this site visit. Once the data is collected on site the experts prepare the valuation of the assets based on the procedures determined by the law and their expertise.

<table>
<thead>
<tr>
<th>Institution / Entity</th>
<th>Role in the expropriation process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Agriculture</td>
<td>The role of the Ministry of Agriculture was to present to the PERS information regarding available agricultural land that can be offered as compensation according to the Expropriation Law.</td>
</tr>
<tr>
<td>Municipal Land Registry Office/ The Republic Geodetic Authority</td>
<td>The Real Estate Cadastre is the basic and public register of real estate and property rights to them and is within the authority of the Republic Geodetic Authority and the respective territorially based affiliates. Before the start of the expropriation process the Cadastre has to confirm the properties of land parcels in the project affected area and their owners. They also conduct the split of land plots (parcelling) to minimise the impact of land acquisition.</td>
</tr>
<tr>
<td>Courts</td>
<td>The Basic Courts mandate is to manage any disputes arising between the Beneficiary of expropriation and the PAPs in respect to compensation, adherence to legal proceedings throughout the entire process of expropriation. The court of Appeal decides on any appeal to decisions of the Basic Court.</td>
</tr>
</tbody>
</table>

**A1.3.2 Summary of Expropriation process**

In general, the institutional framework for expropriation in Serbia is strong and broadly compatible with the IFI requirements and especially OP 4.12. The main institutions and their roles have been shown in section A.3.1.

There are some areas in which the national legislation differs from OP 4.12 requirements. These relate especially to valuation of assets and recognition of owners without formal title.

The valuation of assets under national legislation is conducted by the Tax authority – for valuation of land; and specialised court experts – for valuation of assets on land (structures, crops etc).

Tax authority is responsible for the valuation of land parcels. The assessments are performed on a case by case basis and separate valuation reports are prepared. They should clearly present the basis for valuation, applied criteria and standards; whether the comparison was done on the basis of the sales price of such property; whether it served as a corrective to the revenue that can be expected from this area taking into account land use and activity of the affected party; whether the Tax Administration analysed the so-called comparable transaction in the recent past, what approach and comparable indicators on prices are applied in case no transaction in the immediate area was registered.

The assessment of value for all assets on the expropriated land including structures, utility connections, crops, forests, nurseries, vineyards etc. under the Expropriation Law is provided by independent accredited experts within their field of expertise. Usually these include civil engineers, agricultural engineers, environmental specialists, forest experts and others depending on the affected assets. Their assessment is based on a site visit for purposes of baseline data in respect of the assets on the land affected. This site visit is public and the beneficiary of expropriation as well as the PAPs can participate in this site visit. Once the data is collected on site the experts prepare the valuation of the assets based on the procedures determined by the law and their expertise.
The valuation report includes the assessment methodology or evaluated market value of an affected asset, and the parties (Beneficiary of Expropriation, KS and PAPs) are given the opportunity to submit objections with regard to either.

In cases where PAPs refuse the valuation of land or other assets offered within the expropriation packages, a court procedure is initiated.

With regards to owners without formal title, the Serbian legislation doesn’t recognise these as eligible for any compensation.
Appendix B

Compensation offered - comparative data
B1 Price of land

The expropriation of land has been ongoing on all sections of the Corridor X since 2009. The municipal tax administration has the authority to give estimates of market value of land subject to expropriation, based on the price achieved for the transactions in free transport land in the municipality or the nearest parcels which are subject to expropriation.

In market value assessment of land and structure, the corrective elements are used, such as: infrastructure equipment, vicinity of roads, vicinity of public services (school, health centres), the land classes, quality of land, previously made agriculture expert assessments, relation between buying and selling offers, assessment in nearby municipalities, etc.

The following text provides assessed values of land by class and purpose that eight municipal tax administrations have provided for the purposes of the expropriation of the Corridor X.

Highway E-80

Section 5 – Dimitrovgrad Bypass

Two assessments have influenced and guided the expropriation of land for Dimitrovgrad Bypass. The first assessment given in early 2009 covered the first phase of expropriation and was 360 RSD/m² (1 EUR = cca 90 RSD). A year later the compensation is increased according to the letter of the Tax Administration Regional Center Nis, Branch office in Dimitrovgrad containing information about ‘the price of land which may be subject to additional expropriation for the construction of the Highway E-80 in the municipality of Dimitrovgrad’. The rates in the two letters are identical (no. 30/2011 of 31.01.2011. Letter no. 464-0115 /2010 dated November 30, 2010).

Table 9 - Average prices of assessed compensation rate for agriculture land (RSD/1m²)

<table>
<thead>
<tr>
<th>Soil/culture</th>
<th>Average price</th>
<th>I and II classes</th>
<th>III classes</th>
<th>IV and V classes</th>
<th>VI class</th>
<th>VII and VIII classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm land</td>
<td>470</td>
<td>525</td>
<td>500</td>
<td>470</td>
<td>450</td>
<td>420</td>
</tr>
<tr>
<td>Gardens</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orchards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meadow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pasture</td>
<td>370</td>
<td>395</td>
<td>380</td>
<td>370</td>
<td>355</td>
<td>340</td>
</tr>
<tr>
<td>Forestry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In this period the exchange rate was 1 EUR = 101,95 RSD in 2011 and 1 EUR = 113,13 RSD in 2012.
Section 3 – Ciflik - Pirot East

The tables below show the summary of assessed market prices for the Section Ciflik – Pirot East based on the assessment received by Municipal Tax Offices. All prices are shown within a range (lowest and highest price for the category).

Table 10 shows values from the Tax Administration Regional Centre Nis, Branch Office Pirot Letter of data for assessing the market value of real estate of agricultural and urbanized land (no. 03-413 / 13474 of 01.12.2011) for the cadastral parcels of cadastral municipalities Vranište, Crnoklište, Crvenčević, Staničenište, Sopot, Gnjilan, Barje Ciflik, Pirot out of town Pirot town, Poljska Ržana.

Table 10 - Assessed market prices for cadastral municipalities Vranište, Crnoklište, Crvenčević, Staničenište, Sopot, Gnjilan, Barje Ciflik, Pirot out of town Pirot town, Poljska Ržana

<table>
<thead>
<tr>
<th>Soil/culture</th>
<th>C</th>
<th>L</th>
<th>A</th>
<th>S</th>
<th>S</th>
<th>E</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm land</td>
<td>550 to 570</td>
<td>520 to 540</td>
<td>460 to 490</td>
<td>400 to 430</td>
<td>350 to 370</td>
<td>230 to 320</td>
<td>280 ///</td>
</tr>
<tr>
<td>Gardens</td>
<td>550 to 600</td>
<td>513 to 570</td>
<td>457 to 540</td>
<td>390 /// /// /// ///</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orchards</td>
<td>580 to 600</td>
<td>525 to 570</td>
<td>500 to 540</td>
<td>475 /// /// /// ///</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyards</td>
<td>558 to 600</td>
<td>546</td>
<td>535</td>
<td>524 /// /// /// ///</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meadow</td>
<td>430 to 450</td>
<td>401 to 420</td>
<td>379 to 390</td>
<td>260 to 357</td>
<td>335</td>
<td>312 /// ///</td>
<td></td>
</tr>
<tr>
<td>Pasture</td>
<td>380 to 450</td>
<td>357 to 420</td>
<td>280 to 335</td>
<td>312</td>
<td>290</td>
<td>267</td>
<td>245 ///</td>
</tr>
<tr>
<td>Forestry</td>
<td>357 to 530</td>
<td>335 to 500</td>
<td>312 to 470</td>
<td>290</td>
<td>268</td>
<td>246 /// ///</td>
<td></td>
</tr>
</tbody>
</table>

Table 11 shows values from the Tax Administration branch of Pirot, Bela Palanka Branch. Letter of data for assessing the market value of real estate of agricultural and urbanized land on a section of Bela Palanka - Pirot, no. SI / 2012-1 of 12.01.2012. Territory of Municipality of Bela Palanka for cadastre municipalities Klisura, Ljubatovica, Sinjac in municipality Bela Palanka.

Table 11 - Assessed market prices for cadastral municipalities Klisura, Ljubatovica, Sinjac in municipality Bela Palanka

<table>
<thead>
<tr>
<th>Soil/culture</th>
<th>C</th>
<th>L</th>
<th>A</th>
<th>S</th>
<th>S</th>
<th>E</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm land</td>
<td>550</td>
<td>520</td>
<td>490</td>
<td>430</td>
<td>370</td>
<td>320</td>
<td>280 ///</td>
</tr>
<tr>
<td>Gardens</td>
<td>550</td>
<td>513</td>
<td>457</td>
<td>390 /// /// /// ///</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orchards</td>
<td>///</td>
<td>525</td>
<td>500</td>
<td>475 /// /// /// ///</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vineyards</td>
<td>558</td>
<td>546</td>
<td>535</td>
<td>524 /// /// /// ///</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Other categories of land which are not considered agricultural land have also been assessed as per the table 12 below.

Table 12 – Assessed prices for non-agricultural land

<table>
<thead>
<tr>
<th>Type of land</th>
<th>Average assessed price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building land in urban area</td>
<td>1900 RSD/m2</td>
</tr>
<tr>
<td>Building land in villages (in cadastral municipalities of Vraniste, Crnokliše, Crvenevo and Sopot)</td>
<td>550 RSD/m2</td>
</tr>
<tr>
<td>In cadastral municipality of Klisura-Ljubatovica-Sijan:</td>
<td>550 RSD/m2</td>
</tr>
<tr>
<td>Courtyard</td>
<td>550 RSD/m2</td>
</tr>
<tr>
<td>Land under structure</td>
<td>550 RSD/m2</td>
</tr>
<tr>
<td>Other artificially made land (accessing road)</td>
<td>400 RSD/m2</td>
</tr>
<tr>
<td>Other naturally unfertile land</td>
<td>200 RSD/m2</td>
</tr>
<tr>
<td>Torrent</td>
<td>200 RSD/m2</td>
</tr>
</tbody>
</table>

Section 1 – Prosek - Crvena reka

The table below shows the summary of assessed market prices for the Section Prosek – Crvena reka based on the assessment received by Municipal Tax Offices. All prices are shown within a range (lowest and highest price for the category).


Table 13 - Assessed market prices for section Prosek – Crvena reka

<table>
<thead>
<tr>
<th>Culture</th>
<th>C</th>
<th>L</th>
<th>A</th>
<th>S</th>
<th>S</th>
<th>E</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm land</td>
<td>520 to 910</td>
<td>495 to 810</td>
<td>440 to 800</td>
<td>385 to 780</td>
<td>330 to 760</td>
<td>285 to 750</td>
<td>250 to 730</td>
</tr>
<tr>
<td>Gardens</td>
<td>550 to 815</td>
<td>460 to 815</td>
<td>410 to 810</td>
<td>350 to 810</td>
<td>330 to 760</td>
<td>250 to 730</td>
<td>220 to 710</td>
</tr>
<tr>
<td>Orchards</td>
<td>500 to 825</td>
<td>490 to 825</td>
<td>480 to 805</td>
<td>470 to 805</td>
<td>460 to 760</td>
<td>450 to 760</td>
<td>450 to 760</td>
</tr>
</tbody>
</table>
### Highway E-75

#### Section 1 – Grabovnica – Grdelica

Tables 14-16 below show the Summary of assessed market prices as per the Tax administration office – Leskovac – Minutes on the assessment of market value for property 464-01139/2010-18, dated December 8, 2010. Municipality of Leskovac.

Table 14 - Assessed market prices for cadastral municipalities Oraovica and Grdelica selo

<table>
<thead>
<tr>
<th>Soil/culture</th>
<th>I class</th>
<th>VIII class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm land</td>
<td>542</td>
<td>59.50</td>
</tr>
<tr>
<td>Gardens</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orchards</td>
<td>514</td>
<td>77</td>
</tr>
<tr>
<td>Vineyards</td>
<td>791</td>
<td>112</td>
</tr>
<tr>
<td>Meadow</td>
<td>217</td>
<td>35</td>
</tr>
<tr>
<td>Pasture</td>
<td>112</td>
<td>7</td>
</tr>
<tr>
<td>Forestry</td>
<td>259</td>
<td>45</td>
</tr>
</tbody>
</table>

Table 15 - Assessed market prices for cadastral municipalities Mala Kopasnica

<table>
<thead>
<tr>
<th>Soil/culture</th>
<th>I class</th>
<th>VIII class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm land</td>
<td>675.50</td>
<td>59.50</td>
</tr>
<tr>
<td>Gardens</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orchards</td>
<td>514.50</td>
<td>77.00</td>
</tr>
<tr>
<td>Vineyards</td>
<td>791.00</td>
<td>112.00</td>
</tr>
<tr>
<td>Meadow</td>
<td>217.00</td>
<td>35.00</td>
</tr>
<tr>
<td>Pasture</td>
<td>112.00</td>
<td>7.00</td>
</tr>
<tr>
<td>Forestry</td>
<td>259.00</td>
<td>45.00</td>
</tr>
</tbody>
</table>
Other categories of land which are not considered agricultural land have also been assessed as per the table 16 below.

Table 16 – Assessed prices for non-agricultural land

<table>
<thead>
<tr>
<th>Type of land</th>
<th>Average assessed price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building land</td>
<td>1092,00 RSD/m²</td>
</tr>
</tbody>
</table>

Section 2 – Grdelica – Caričina dolina

Table 17 below shows the Summary of assessed market prices as per the Tax administration office – Leskovac, Minutes of assessment of the market value of property No. 464-00733-1/2011-18 dated April 9, 2013. Municipality of Leskovac.

Table 17 - Assessed market prices for cadastre municipalities Oraovica, Bojišina, Graovo, Bočevica, Polojce, Ličin Dol, Koračevac, Predejane Varos, Bričevlje, Suševlje

<table>
<thead>
<tr>
<th>Soil/culture</th>
<th>C</th>
<th>L</th>
<th>A</th>
<th>S</th>
<th>S</th>
<th>S</th>
<th>S</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Farm land</td>
<td>700</td>
<td>700</td>
<td>650</td>
<td>600</td>
<td>550</td>
<td>500</td>
<td>450</td>
</tr>
<tr>
<td>Gardens</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
<td>800</td>
</tr>
<tr>
<td>Orchards</td>
<td>750</td>
<td>750</td>
<td>730</td>
<td>700</td>
<td>650</td>
<td>600</td>
<td>550</td>
</tr>
<tr>
<td>Vineyards</td>
<td>700</td>
<td>700</td>
<td>700</td>
<td>700</td>
<td>700</td>
<td>700</td>
<td>700</td>
</tr>
<tr>
<td>Meadow</td>
<td>550</td>
<td>530</td>
<td>500</td>
<td>480</td>
<td>450</td>
<td>420</td>
<td>420</td>
</tr>
<tr>
<td>Pasture</td>
<td>550</td>
<td>520</td>
<td>500</td>
<td>480</td>
<td>450</td>
<td>420</td>
<td>420</td>
</tr>
<tr>
<td>Forestry</td>
<td>550</td>
<td>530</td>
<td>500</td>
<td>480</td>
<td>460</td>
<td>440</td>
<td>440</td>
</tr>
</tbody>
</table>

Other categories of land which are not considered agricultural land have also been assessed as per the table 18 below.

Table 18 – Assessed prices for non-agricultural land

<table>
<thead>
<tr>
<th>Type of land</th>
<th>Average assessed price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building land</td>
<td>800,00 RSD/m²</td>
</tr>
<tr>
<td>Other naturally unfertile land</td>
<td>250 RSD/m2</td>
</tr>
</tbody>
</table>

Section 3 – Caričina Dolina - Vladičin Han

Table 19 below shows the Summary of assessed market prices for the Section Caricina dolina – Vladičin Han based on the assessment received by Municipal Tax Offices. Table is made based on the list of all the assessed parcels at the level of cadastre municipalities. For several classes data are provided in range between lower and higher prices for the same category of land, since valuation for land parcels of the same category have been valuated differently due to different
location and the difference between cadastral municipalities exist but are rather insignificant.

Table 19 - Assessed market prices for cadastral municipalities Garinje, Tegovište, Džep, Manajle, Mrtvica, Dupljane

<table>
<thead>
<tr>
<th>Soil/culture</th>
<th>C</th>
<th>L</th>
<th>A</th>
<th>S</th>
<th>E</th>
<th>S</th>
</tr>
</thead>
</table>
| Farm land    | / | / | 650 | 600 | 500-550 | 500-650 | 450 | /
| Gardens      | / | / | / | 750 | / | / | /
| Orchards     | / | 750 | 730 | 600-800 | 550-650 | 500-600 | / | /
| Vineyars     | / | 700 | 700 | / | / | / | /
| Meadow       | / | / | / | 480 | 450 | 420-480 | 420 | /
| Pasture      | 550 | 520 | 500 | 480 | 450 | 400 | 420 | /
| Forestry     | 550 | 530-550 | 500 | 480-500 | 460 | / | / | /

Other categories of land which are not considered agricultural land have also been assessed as per the table 20 below.

Table 20 – Assessed prices for non-agricultural land

<table>
<thead>
<tr>
<th>Type of land</th>
<th>Average assessed price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Courtyard</td>
<td>800 RSD/m2</td>
</tr>
<tr>
<td>Land under structure</td>
<td>800 RSD/m2</td>
</tr>
<tr>
<td>Other naturally unfertile land</td>
<td>250 RSD/m2</td>
</tr>
</tbody>
</table>

Section 4 – Vladičin Han – Donji Neradovac (E-75)

Table 21 below shows the Summary of assessed market prices for the Section Vladičin Han – Donji Neradovac based on the Republic Geodetic Authority Belgrade.

Table 21 - Assessed market prices for cadastral municipalities Dekutince, Gramađe, Polom, Vrbovo, Panevlje, Mazarac, Prevalac, Korbevac, Moštaniča, Bresnica, Kumarevo, Ranutovac, Suvi Dol, Vranje I, Ribince and Donji Neradovac

<table>
<thead>
<tr>
<th>Soil/culture</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm land</td>
<td>380 – 750</td>
<td></td>
</tr>
<tr>
<td>Gardens</td>
<td>700 – 750</td>
<td></td>
</tr>
<tr>
<td>Orchards</td>
<td>600 – 750</td>
<td></td>
</tr>
<tr>
<td>Vineyars</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meadow</td>
<td>420 – 500</td>
<td></td>
</tr>
</tbody>
</table>
Pasture 450 – 550
Forestry 380 – 700
Unfertile land 250

Other categories of land which are not considered agricultural land have also been assessed as per the table 22 below.

Table 22 – Assessed prices for non-agricultural land

<table>
<thead>
<tr>
<th>Type of land</th>
<th>Average assessed price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building land outside of urban area</td>
<td>450-650 RSD/m²</td>
</tr>
<tr>
<td>Courtyard</td>
<td>780-850 RSD/m²</td>
</tr>
</tbody>
</table>
B2 Value of Structures

Below is the comparison of compensation rates offered to PAPs during the expropriation on Dimitrovgrad bypass section, and free market research.

Table 23 - Compensation offered for summer houses in CM Dimitrovgrad

<table>
<thead>
<tr>
<th>Compensation paid (RSD)</th>
<th>Compensation paid (EUR)</th>
<th>Total Area (m²)</th>
<th>Price per m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>331,191.10</td>
<td>3,238.89</td>
<td>30.50</td>
<td>106.19</td>
</tr>
<tr>
<td>2,523,486.19</td>
<td>31,040.87</td>
<td>140.28</td>
<td>221.28</td>
</tr>
<tr>
<td>1,031,974.31</td>
<td>10,965.92</td>
<td>24.00</td>
<td>456.91</td>
</tr>
<tr>
<td>1,645,161.77</td>
<td>17,481.75</td>
<td>33.45</td>
<td>522.62</td>
</tr>
<tr>
<td>5,045,469.36</td>
<td>53,613.95</td>
<td>85.00</td>
<td>630.75</td>
</tr>
<tr>
<td>3,482,136.00</td>
<td>42,833.02</td>
<td>115.15</td>
<td>371.98</td>
</tr>
</tbody>
</table>

Average price per m²: 384.96 EUR/m²

Table 24 - Compensation offered for residential houses in CM Gradinje

<table>
<thead>
<tr>
<th>Compensation paid (RSD)</th>
<th>Compensation paid (EUR)</th>
<th>Total Area (m²)</th>
<th>Price per m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>542,602.20</td>
<td>5,756.00</td>
<td>32.80</td>
<td>175.49</td>
</tr>
<tr>
<td>1,389,000.00</td>
<td>14,910.68</td>
<td>51.00</td>
<td>292.37</td>
</tr>
<tr>
<td>40,970.00</td>
<td>469.30</td>
<td>14.57</td>
<td>32.21</td>
</tr>
<tr>
<td>339,678.16</td>
<td>3,603.35</td>
<td>24.80</td>
<td>145.30</td>
</tr>
<tr>
<td>406,271.00</td>
<td>4,309.78</td>
<td>22.05</td>
<td>195.45</td>
</tr>
<tr>
<td>444,066.22</td>
<td>4,397.66</td>
<td>20.01</td>
<td>219.77</td>
</tr>
<tr>
<td>155,585.00</td>
<td>1,620.96</td>
<td>12.67</td>
<td>127.94</td>
</tr>
</tbody>
</table>

Average price per m²: 169.79 EUR/m²

For comparison, the consultant investigated the selling prices of housing structures in the Pirot area. The research was conducted during the preparation of this report (January 2015). Main source used is the internet web page http://www.gohome.rs/nekretnine+PIROT/

The table below shows the average prices for real-estate as advertised. The actual prices are subject to negotiations and are approximately 15-20% lower than those advertised.

Table 25 - Prices of real-estate in Pirot area as advertised

<table>
<thead>
<tr>
<th>Type of real-estate</th>
<th>Asking price (EUR)</th>
<th>Area</th>
<th>Price EUR per m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment In Pirot fully furbished</td>
<td>39,000.00</td>
<td>70.00</td>
<td>557.14</td>
</tr>
</tbody>
</table>

7 Exchange rates used are historic rates of National Bank of Serbia from the time of the valuation.
<table>
<thead>
<tr>
<th>House</th>
<th>Value</th>
<th>Tax</th>
<th>Final Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>House in Pirot</td>
<td>70,000</td>
<td>230</td>
<td>304.35</td>
</tr>
<tr>
<td>House in Pirot</td>
<td>90,000</td>
<td>230</td>
<td>391.30</td>
</tr>
<tr>
<td>House in Oraovica</td>
<td>15,000</td>
<td>60</td>
<td>250.00</td>
</tr>
<tr>
<td>House in Dimitrovgrad</td>
<td>20,000</td>
<td>100</td>
<td>200.00</td>
</tr>
<tr>
<td>House in Dimitrovgrad</td>
<td>40,000</td>
<td>250</td>
<td>160.00</td>
</tr>
</tbody>
</table>
B3 Value of property following court procedures

As noted in the main text, the court procedures were initiated by less than 10% of PAPs at the time of RAP preparation. However due to the growing dissatisfaction of the local community by the outcome of the expropriation process and implementation of works, additional court procedures have been initiated since. Vast majority of these court procedures relates to the amount of compensation offered for land and crops.

The findings from the Focus group of PAPs who initiated a judicial procedure, were unanimous that the dissatisfaction with the offered compensation amount was the single key motive for resorting to the courts even though most of them realised that the court procedure would be time consuming and the outcome uncertain.

Compensation for land

There were several instances where compensation for land received through court procedure allowed higher rates than those initially offered. In most cases these changes in compensation were based on miss-categorisation of land in the original proposal, or they reflected adjustments for inflation or changes in the exchange rate between RSD and EUR in the period between the original proposal and the final court decision. However there is also the ruling of the Basic Court in Pirot - Court Unit in Dimitrovgrad III P1-90/13 dated October 1, 2013, which determined the compensation of 971 RSD/m² (8.5 EUR/m²) for four land parcels. This decision has triggered significant tensions over the expropriation process, as it has been accepted by the PAPs as the most credible compensation price.

However, there are a few key differences in the evaluation of these four parcels which resulted in the higher compensation as explained below.

Following the appeal to the Constitutional court on the previous court decisions (basic court and the higher court) to accept the price offered by the PERS, as per the recommendation of the tax authority, the Constitutional court ruled that all cases where PAPs are dissatisfied with the tax authority’s evaluation, have to be proven in court. This meant that the cases were sent back to be re-evaluated again by the accredited expert of agriculture. In other cases of evaluation by accredited experts, the municipality and PERS used the Association of Court experts from Belgrade to ensure impartial evaluation. In this case a local evaluator was appointed to perform the re-evaluation. In the report it is stated that the land was classified as agriculture land third class, however the expert noted that national cadastre agency performed re-categorization of these four plots in November 2011 (two years after they have been expropriated), thus changing the status of agricultural land third category into urban construction land were construction is allowed. He then proceeded to show evidence of prices from purchase contracts for construction land (i.e. land on which construction is permitted and which is being purchased for the construction of commercial structures).
It is noted that the re-categorisation of the land parcels took place after the land was expropriated in order to allow construction of the highway. At the time the public interest was declared these parcels were classified as agricultural land.

**Compensation for crops**

Some court appeals were initiated by PAPs to re-consider compensation for loss of crops/agricultural yield. Interviews with the PAPs who initiated court case indicate dissatisfaction of some PAPs with the evaluation pointing to differences in assessment of value of crops during expert evaluation and court decisions.
Appendix C

Repeated Survey PAPs
C1 Summary of the Repeated Survey

Compliant to the Inception Report for this assignment, the Repeated Survey was supposed to include PAPs that have been polled in 2009 for the purpose of developing the Resettlement Action Plan for Dimitrovgrad Bypass, as well as a number of PAPs who were not included in the 2009 survey. The plan was for the Repeated Survey to cover 50 respondents, which was one of the requests of the World Bank. In order to achieve the participation of such a big number of PAPs in the Repeated Survey, the surveyors have invited the PAPs, with the assistance of the Municipality, to come for a meeting on a specified date to the Municipality and fill in the survey with the assistance of the consultant.

The Meeting was set for October 30, 2015 at noon, in the Dimitrovgrad Municipality Great Hall. The consultant explained the purpose of the meeting, after which a few of the participants took over control of the meeting, with the goal to prevent any further communication between the consultant and the other PAPs, thus preventing the completion of the survey.

The failure of this meeting has redirected the focus of the survey to a phone poll. Since the Municipality was not prepared to assist in collecting the phone numbers of expropriated households, consultant conducted the research individually searching for the phone numbers through service providers. This task proved difficult for several reasons:

- great number of PAPs names are not listed in the telephone directory of the state provider, which has an online directory and was the only fixed telephony provider in Serbia until a few years ago.
- mobile phone numbers are not available on the Internet.
- consultant didn’t have home address for a large number of PAPs, which made it impossible to make a distinction between a PAP from some other citizen with an identical name and surname (there is a relatively large number of citizens with identical names, in some cases over five).

Regardless the consultant managed to identify a significant number of phone numbers and began phone interviews. Many of the people contacted refused to participate or were too old/weak to communicate. Some of the PAPs didn’t feel like they should be included in the Survey because very small amounts of land were expropriated from them (usually less than 5% of the total land they own).

The final result of the survey is that 26 surveys have been completed over 2 months. A full list of PAPs who were identified and contacted to participate is available upon request.

The responses from the survey have been presented and summarized in the Table - Processed Data from Repeated Survey with PAPs, shown in Section B4 of this Appendix. The majority of questions offered a possibility of an open ended response, with the goal of having responses that are as credible and authentic as possible.
C2 Results of the Repeated Survey

General information on the participants

Figure 5 - Gender of polled PAPs

Figure 6 - Age of polled PAPs

Figure 7 - Occupation of polled PAPs

The size of households of surveyed PAPs (3.1 members) is slightly above the Serbian average (2.88 according to the 2011 Census), and the average of the
municipality of Dimitrovgrad (2.65 according to the 2002 Census). Among the respondents, most of the households have 3 members (7 households), and then 2 and 4 members (6 each). There are three single member households and three 5-member households, while one household has 6 members.

**Expropriated Land Statistics**

The area of the expropriated land from each PAP varies depending of the position of the land parcel in relation to the construction area, and the original size of the land parcel. A summary of the expropriated land of the surveyed PAPs is shown in table 26.

Table 26 - Area of expropriated land among polled PAPs

<table>
<thead>
<tr>
<th>Area in acres</th>
<th>% of polled PAPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 acres and less</td>
<td>27%</td>
</tr>
<tr>
<td>5.1 to 10 acres</td>
<td>11%</td>
</tr>
<tr>
<td>10.1 to 20 acres</td>
<td>8%</td>
</tr>
<tr>
<td>20.1 to 50 acres</td>
<td>46%</td>
</tr>
<tr>
<td>Over 50 acres</td>
<td>4%</td>
</tr>
<tr>
<td>Undisclosed</td>
<td>4%</td>
</tr>
</tbody>
</table>

According to the responses from surveyed PAPs, most of the affected households still own large areas of agricultural land as shown in the table 27.

Table 27 - Current area of agriculture land owned by polled PAPs

<table>
<thead>
<tr>
<th>Area in acres</th>
<th>% of pooled PAPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>No land</td>
<td>4%</td>
</tr>
<tr>
<td>Less than 20 acres</td>
<td>12%</td>
</tr>
<tr>
<td>20.1 to 50 acres</td>
<td>15%</td>
</tr>
<tr>
<td>50.1 to 100 acres</td>
<td>31%</td>
</tr>
<tr>
<td>Over 100 acres</td>
<td>27%</td>
</tr>
<tr>
<td>Undisclosed</td>
<td>11%</td>
</tr>
</tbody>
</table>

Only two households (7.8%) have bought new agricultural land after the expropriation. None of the households have sold agricultural land in private transactions.

Comparison of this data with the statements about PAPs in the Survey from 2009, indicates that the percentage of expropriated land was lower than claimed at that time by the PAPs. Namely, 25% pooled PAPs reported that up to 10% of their total land is being taken by expropriation, while 20% reported between 11% and 40% of their land is being taken. The entire amount of agricultural land is being expropriated from around 13% of PAPs, according to their statements from 2009. Additionally there are differences between the statements within the two Surveys on the contribution of income from agriculture in the total income of the household. In the 2009 Survey, less than 25% of the households responded that income from agricultural production from expropriated parcels was the primary
source of income for the household. In Repeated Survey, only one PAP (3.8%) responded that agriculture in general is the main source of income for the household. The similar differences might be found in responses on the assessed annual income from agriculture.

**Comments:** Expropriated land and its use was not a main or significant source of income for the PAPs. PAPs still own, in average, a large area of agriculture land and demonstrate rather low willingness to continue or commence with agricultural activities to become main or significant source of income.

**Sources of Income and Amount of Income**

Despite of the relatively large areas of land owned, agriculture is the main source of income for only one household – this household owns 100 hectares of land and it leases another 100 hectares. Around 42% of the households generate no income from their land, as they do not cultivate it, while around 46% of the households cultivate their land only for their needs, not for commercial purposes.

According to the statements of PAPs of total monthly income of household, (Question no. 10: What is the total monthly income of your household (summarize all sources of income – pension, formal and informal employment, child aid, social welfare, help from relatives), 4 households (15.4%) are in the category of poor, measured by the criteria for defining the poverty line, harmonized with the EU methodology – below RSD 13,400 for one-person households, below RSD 19,000 per month for two-person households, below RSD 24,100 per month for three-person households, below RSD 28,100 for four-person households, below RSD 32,100 for five-person households, etc.

If we take RSD 8,800 per household member as the poverty line, less than one fifth of the households (19.2%) is below that line, which is significantly less than the proportion of households below poverty line of RSD 8,800 (EUR 93) per household member established in the Resettlement Action Plan for Dimitrovgrad Bypass, in the Survey from 2009.

Four households (15.4%) have a monthly income less than RSD 24,000 (EUR 200), 12 households (46.2%) make between RSD 24,000 and 50,000 (EUR 200 – 410), and 6 households (23.1%) have a monthly income between RSD 50,000 and 100,000 (EUR 410 – 830). Two households make over RSD 100,000 a month. One PAP said that his three person household has no regular income and that all three members work as labourers.

**Table 28 - Monthly income of polled PAPs**

<table>
<thead>
<tr>
<th>Total monthly income</th>
<th>% of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 24.000 RSD / 200 EUR</td>
<td>23%</td>
</tr>
<tr>
<td>24.001 to 50.000 RSD / 200 to 410 EUR</td>
<td>42%</td>
</tr>
<tr>
<td>50.001 to 100.000 RSD / 410 to 830 EUR</td>
<td>31%</td>
</tr>
<tr>
<td>Undisclosed</td>
<td>4%</td>
</tr>
</tbody>
</table>
**Comment:** The economic situation of PAPs has been improved compared to the data from the 2009 Survey. Proportion of household below the poverty line has been decreased, while the average household’s income has been increased.

**Assessment of received compensation**

Less than one quarter of PAPs (23.1%) assessed that the compensation received was ‘fair’ (‘Fair, would not achieve such price in buying/selling negotiation’), and one assessed it as ‘medium’. (Question No. 5: How would you assess the compensation received for expropriated property?) Almost two thirds (65.4%) of the pooled PAPs assessed that the compensation received was minimal/unrealistic/low (‘Low, not at market price’, ‘Insufficient’, ‘Low price, not as at other sections of Corridor X’, ‘Very bad. 3.8 EUR for the parcel, and 6 EUR for unviable parcel’, ‘Very low. 1.5 EUR per 1 m²’, ‘Unsatisfied. Rate of 1.6 EUR per 1m²’, ‘Very low, compared to rates in Pirot and other municipalities’, ‘Low rates, 6 EUR/1m²’; ‘Low rate. It is unfair to give in Belgrade 20 EUR and in Dimitrovgrad 2 EUR for the same Highway’, ‘The starting rate was 360 RSD, next year rate was 450 RSD. Court decision was 970 RSD’). One PAP said that his main complaint was that the ‘compensation rates were different’.

**Comment:** PAPs are mostly unsatisfied with the compensation rate. However, their complaints are not supported by the realistic and objective data on the real market value of the land in the Region and within entire Republic of Serbia, as well as on reliable data on the compensation rates on the other sections of the Corridor X Highway, or other infrastructure alignment in Serbia. Almost all remarks are based on the widely spread rumour about the much higher compensation rates paid on other sections of Corridor X.

**Additional assistance**

Additional assistance was received by four of the pooled PAPs – three received financial assistance because they were identified as vulnerable (RSD 60,000 each), while one PAP was allowed to keep the wood from expropriated forest.

**Comment:** Information on additional assistance and various forms of support to local community are given in the main report section 4.5.

**Way of spending money**

To the question how they spent the money, or part of the money received for the expropriated property, (Question no. 8: How did you spend most or all of the money received for expropriated property), the PAPs mostly gave the following answers (multiple answers were allowed): Day to day expenses – 11 / 42.3%; Improvement of living conditions (reconstruction or addition of house) – 8 / 30.8%; Purchasing new house (for PAP or a member of the household) – 4 / 15.4%; Medicine and medical treatment – 6 / 23.1%; Education of children and
grandchildren – 3 / 11.5%. Purchasing a new land and new agriculture machines was ticked twice. Nobody has used the money for starting a business.

It is interesting to compare the answer to this question with the answers in the 2009 Survey. Over 60% of those pooled stated that they would completely or partially spend the money on current needs, including helping unemployed children and grandchildren who live in separate households. Several stated they would use the money for obtaining medicines and medical care. A few of those pooled stated that they would use part of the money for their children’s education. One fourth of those pooled responded that the money would be invested in construction of a new one or improvement of their present house. The case of PAP whose home and place of business were expropriated will be a subject of a separate analysis based on a field visit.

Comment: We consider as important the finding that almost half of the PAPs have used the compensation money to improve their housing conditions, either by building/buying a new house (for household members) or for the reconstruction, construction or repair of the existing house (replacing the roof tiles, installing a heating system, improving the energy efficiency, etc.). In addition, almost 11% of PAPs used the compensation money for the education of their children or grandchildren. In spite of the high level of dissatisfaction with the compensation rate, the received money was used very productive and with visible positive impacts. These facts seem to be most valuable argument on the positive impact of the process of expropriation on the PAPs.

Economic situation

Changes in employment and income status indicate that in a few households (4) the number of members has decreased, because of their death or moving out (marriage), in few households the number of members increased (birth of grandchild), in a few cases there was a new job (permanent or temporary employment - 4 households), and new pensioners (3 households). The most frequent answer was ‘the same’ (11 households). In two households, a member has stopped being employed.

Unlike the responses from 2009, in the Repeated Survey, only one PAP said he had a loan. (Question no. 12. Does your household have any debt to be repaid or any other form of outstanding debt and in what amount?)

Although it could be concluded, based on the above responses and the responses to Question no. 10 about the monthly income that the PAPs economic status has improved in the last 6 years, (Question no. 13. Has the economic condition of your household changed compared to the conditions 6 years ago?), the responses the PAPs have given to this question does not confirm this presumption. Only one PAP said that his economic status has improved, more than half (57.7%) said it was the same, and over one third (38.5%) said it has deteriorated or that it was worse. The deterioration of their economic status was described with the following words: ‘I have less money ‘The salaries and pensions have been cut by 10%’, ‘Increased expenses because of an ill household member’, ‘Prices have gone up and the earnings have not changed’, ‘Cannot find a job as an MD’, ‘There
is no organized buying of agricultural products’, ‘High costs of daughter’s education, specialist medical studies’, ‘Salaries are small and the inflation is high’.

Not a single household has assessed its economic status as above average, while 34.6% have assessed it as average, 42.3% as bearable, and 15.4% as poor. These assessments differ significantly from those in the 2009 Survey: over-average – 0, average – one, very modest – 32% and poor – 63%.

Comment: Although the so-called objective data on the economic situation indicate the better conditions than compared to 2009, the subjective perception of PAPs on the inferior economic status of their households is still very strong.

Work on site of Corridor X

Around one fifth of the households (19.2%) have members who were hired for jobs related to the Highway construction. These mostly include younger household members for either full time or part time work which included guards, truck drivers and manual and skilful workers.

Impacts of partial expropriation

It should be noted here that the Beneficiary of expropriation has accepted roughly 50% of the requests for the expropriation of unviable parcel. Almost half of the respondents (46.2%) have said that the partial expropriation did not have negative effects on their economic status. One PAP said that she has received over EUR 10,000 for 30 acres, which made it possible for her children to complete their university education. One PAP said that he bought land and is breeding cattle: ‘Not a single company is working in the country. Only breeding cattle makes money’.

A bit more than one third (38.5%) believes that partial expropriation had negative effects, while some believe that the expropriation of their land has decreased the household economic activities related to agricultural production: ‘Agricultural production is smaller, he was growing fruits on this plot and made brandy from it; ‘Yes, they made bigger incomes. They had livestock. The best part of their land was taken, near the river’; ‘Yes, only 1/3 of the plot has been expropriated’; ‘Our yield is lower, since we have less land’; ‘Yes, they have a smaller income from growing fruits’;). One respondent said that he now had to buy wood for heating because his forest was expropriated (‘The forest was expropriated and now they buy wood for heating, before they used their own’). One respondent said their house was endangered (‘Yes, the house is endangered’). One PAP said his plot was usurped (‘The remaining part of the plot is useless. Pillars have been placed, and the arable strip is covered in rubble. They have used the whole plot, and they have expropriated only one part of it. Rubble and garbage now need to be removed from the land, we will have to do it ourselves’), or that they cannot access it (‘They cannot access the remaining part of the plot, which is why they cannot cultivate it’). One of the respondents said that he ‘Planned to start a business on that plot’. He didn’t but a new piece of land as the prices went up because of the expropriation.
Comment: There is a contradiction between PAPs statements on the negative impacts of expropriation of the land on the economic activities and income from agriculture, on one side, and the fact that only two of the pooled PAPs bought new agriculture land as a substitution for the expropriated one. As has been presented in paragraph of expenditure trends, only two PAPs (7, 8%) used it for purchasing new agriculture land and agriculture machine. It was expected that favourable expropriation price would be supportive to buying a new agriculture land.

Impacts on access to land and property

34.6% of PAPs said they didn’t have any difficulties accessing their property, but a significant number of respondents (61.5%) stated different kinds of problems they have been encountering during the Highway construction:

- Difficulties in traffic due to devastated local roads were the most commonly stated: ‘Alpine has destroyed the local roads. Heavy trucks use the local roads and they destroy them continuously. You can only drive a tractor now’. Zone by Bridge no. 4 was mentioned a few times: ‘Driving under Bridge no. 4 is difficult because the road is bad’; ‘My plot is by Bridge no. 4; ‘Destroyed roads’.

- A few local roads were cut off, which requires the use of detours: ‘Access from the local road is not possible. Owners cannot access their plots’; ‘The side road was not completed. The access is dug up’; ‘They cannot access the remaining part of their plot’; ‘The access to the remainder of the plot is disabled. It is buried in earth. I asked them to remove the earth’; ‘We cannot use the plot any more’.

- The complaints of the inhabitants of Gradinje need to be pointed out who mostly mentioned these problems: ‘The whole village has problems with the infrastructure’. Blasting

- Reduced utility value of land and buildings due to the proximity of the road and interventions related to the Highway construction: ‘There is no irrigation because the river has been redirected’; ‘Plots that are 20 to 80 meters from the Highway are useless because of the pollution. They cannot even be used for producing cattle feed’; ‘The remaining 10-15 acres of the plot is useless because they have entered that part of the plot without authorization’; ‘The house is endangered because of the proximity of the road and of the construction works’; ‘The plot is at the entry to the tunnel. All the exhaust gases are destroying the fruits. The plot will be useless’.

Comment: The most frustrating information from the Repeated PAPs Survey were various negative impacts on the access to land and property. It seems that the process of monitoring and reporting on the difficulties of PAPs during the construction works is not set up properly, nor are efficient mechanism for recording and offsetting of damages founded. The gaps between defining the land to be expropriated and recording of parcels that remain in private ownership are evident. To these parcels during construction of the highway access will be difficult. A large number of claims for damages from blasting indicate that it is a serious problem. Also, there are no clear timelines for remedying damages.
inflicted. It is necessary to supervise the works, as well as the obligations of the contractors to remedy the damage by clearly setting the timeframe to compensate the owner of the building and/or land. Additionally it is necessary to disseminate to the local community information about the monitoring arrangements and location for filing claims for damages.

**Impact on structures**

The 2009 Survey included all 5 PAPs with expropriated structures. Two PAPs then said these were houses for permanent residence, while the rest were summer houses and improvised structures. In the Repeated Survey, one of those two PAPs refused to talk, unhappy with the amount for the expropriated home and business space. This PAP is the subject of a separate field visit. The second PAP has bought a new home, and according to his statement, he has spent the entire compensation amount for that acquisition. According to his statement, the old house was bigger than the new one. In the repeated interview, the same PAP has said that the new house and its reconstruction were within the budget from the compensation (which he said was around EUR 40,000), and that he also bought a tractor from that money. According to the JP Roads of Serbia records, this PAP has received a total of RSD 7,630,169 or around EUR 85,000 for a plot of land of 4,497 m² and a house (plot – around EUR 18,000, structures – around EUR 67,000).

**Comment:** Report from field visit of the PAP with expropriated housing and business premises is presented in separate chapter.

**Attitude toward the methodology of expropriation and monetary compensation**

Regarding the expropriation method and the compensation amounts, not a single PAP is completely satisfied with the amounts paid as compensation, while a bit over one third (26.9%) is satisfied to some extent. Almost two thirds of PAPs are moderately (23.1%) or completely (46.2%) dissatisfied with the received compensation.

Only 7 polled PAPs (26.9%) has no grievances related to expropriation process (Question no. 25. Do you have any grievances related to the expropriation process? If so please provide details) – (‘Correctly expropriated’). Comments of other PAPs who have some grievances, vary:

- That the court procedure is slow and long;
- That the price for expropriation is low (‘Not paid at market price’; ‘Unjust expropriation’; ‘Low compensation rate’; ‘In Dimitrovgrad 3.6 EUR, in Presevo 11 EUR’; ‘Court decision on 700 RSD’; ‘The ones persistent enough achieved higher compensation’);
- That the compensation amounts varied (‘Same prices for different types of land’; ‘Differences in compensation rates’);
• Low compensations for fruits: (‘Low compensation for fruits’; ‘Fruit bearing trees of 10 years were paid at price (1200 RSD) which is seven time lower than the real one (8000 RSD)’; ‘The market price of a young plant is 300 RSD’);

• Stalling and the procedure lacked efficiency: (‘Accredited Expert did not asses for three years and didn’t go to the site’);

• No responsibility and no compensation for caused damage: (‘Remaining land and crops damaged’);

• Poor cooperation with local authorities: (‘Poor cooperation with municipality’, ‘Incomplete and unreliable information in price’, ‘Municipality does not protect its citizens’);

• Deterioration of housing and living conditions: (‘Housing condition were worsening as house is close to Highway’).

We have asked the respondents whether they have submitted appeals regarding the expropriation (Question no. 26. Have you submitted any formal grievances related to expropriation? If so please provide details on the cause and the outcome). 11 respondents (42.3%) have not appealed. PAPs who have appealed have stated the following reasons:

• Dissatisfied with the compensation amount (‘I have initiated a judicial process, but my family talked me out of it’; ‘Judicial process because of the compensation amount’; ‘I have submitted a constitutional appeal’; ‘The judicial process is in course’; ‘I have initiated a judicial process because the price was low. I expect to get the price of RSD 970/m²’; ‘We have submitted a collective appeal through the Municipality. We will go to the Constitutional Court and to the International Court in Strasbourg’; ‘Because the forensic experts made bad assessments. Different prices were given for the same plots’);

• Rejected request for the expropriation of an unviable parcel (‘I have initiated a judicial process because of the negative decision for the remaining part of my plot’; ‘My request for the expropriation of an unviable parcel has been rejected’);

• One respondent has appealed because: ‘I have submitted a request to be provided an opportunity to build a gas station or something similar at the access ramp to the Highway, but I have never received a reply’;

Comment: The Repeated Survey showed high number of PAPs commencing judicial processes. This PAPs attitude needs to be compared to the data on submitted appeals after the expropriation procedure in 2010.

The comparison of the number of PAPs who have entered a judicial process until 2010 (19 PAPs as per the RAP), when the expropriation procedure was de facto completed, with the answers given in the Repeated Survey, indicates that this number has increased. The course of the (failed) meeting on October 30, 2015 that was scheduled for filling in the questionnaire of the Repeated Survey also indicated the new readiness of PAPs to initiate a judicial process in order to achieve a higher price. We do not have the information how many PAPs are involved in a judicial process today, but it can be presumed that their number is
higher than after the expropriation procedure was completed. There is no doubt there are two main reasons for resorting to the judicial processes. The first reason are the rumours that have been spread that the expropriation prices were much higher on other sections of Corridor X, including neighbouring municipalities (which, according to the respondents of the Repeated Survey and the Citizens’ Poll, have reached EUR 15/m²), or in Subotica and Belgrade (EUR 20/m²), as well as in other parts of Serbia. Spreading of these rumours is based on the explanation that such a low price in Dimitrovgrad is the consequence of discrimination of the Bulgarian minority, and that this is the cause of such low prices compared to other regions in Serbia and areas along Corridor X. The second reason is the Executive Order of the Dimitrovgrad Court, which has acknowledged the price of RSD 971/m²; a high number of PAPs were consequently encouraged to initiate a judicial process in trying to achieve the price of RSD 971/m² for their expropriated assets.

It might be concluded that the compensation rates on the E 80 Section Dimitrovgrad Bypass without any doubt completely fulfilled the standard of “replacement cost”. "Replacement cost" is the method of valuation of assets that helps determine the amount sufficient to replace lost assets and cover transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account. With regard to land and structures, "replacement cost" is defined as follows: For agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes. For land in urban areas, it is 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. For houses and other structures, it is the market cost of the materials 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 taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, compensation under domestic law is supplemented by additional measures so as to meet the replacement cost standard.

However, the highlighting of negative impacts during the construction works need to be checked. As has been commented above, it seems that the process of monitoring and reporting on the difficulties of PAPs during the construction works is not organized properly. We suggest that independent monitoring on daily base be organized with clear obligations in eliminating observed negative impacts.
Table 29 - Summary of the baseline and Repeated socio-economic survey

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator</th>
<th>Value 2009</th>
<th>Value 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Average monthly households income (in EUR)</td>
<td>31,570 RSD (43,451 RSD adjusted for inflation)</td>
<td>46,504 RSD</td>
</tr>
<tr>
<td>2</td>
<td>Proportion of households below poverty line</td>
<td>35%</td>
<td>19.2%</td>
</tr>
<tr>
<td>3</td>
<td>Average Family Size</td>
<td>2.9 member</td>
<td>3.1 member</td>
</tr>
<tr>
<td>4</td>
<td>Proportion of families without earning members</td>
<td>9%</td>
<td>3.8%</td>
</tr>
<tr>
<td>5</td>
<td>Proportion of families under debt</td>
<td>40%</td>
<td>3.8%</td>
</tr>
<tr>
<td>6</td>
<td>Proportion of families rating their economic status as ‘poor’</td>
<td>63.5%</td>
<td>15.4%</td>
</tr>
<tr>
<td>7</td>
<td>Households with members employed on construction works</td>
<td></td>
<td>19.2%</td>
</tr>
<tr>
<td>8</td>
<td>Moderately satisfied with compensation</td>
<td></td>
<td>26.9%</td>
</tr>
<tr>
<td>9</td>
<td>Moderately or completely dissatisfied with compensation</td>
<td></td>
<td>69.3%</td>
</tr>
<tr>
<td>10</td>
<td>Compensation used for new and/or improved housing structure</td>
<td>25% (intention)</td>
<td>46.2%</td>
</tr>
</tbody>
</table>
C3  Comparison of PAPs pooled in 2009 and 2015

Overall 5 (five) Projected affected Persons have been identified to have participated in both 2009 and 2015 Repeated Survey. A case-by-case comparison is provided below.

Case 1 - V.V.

At time of the 2009 survey V.V. had two children both students. When asked why she opted for monetary instead of cash compensation she replied she needed the money to support her family especially as educational support for her children. At that time she assessed her economic situation as poor. During the Repeated Survey V.V. stated the compensation was “Fair” and that she “would not have achieved such a price in direct purchase’. The amount of 10.000 EUR she received for expropriated land she invested in her children’s education (at that time students) who were able to finish their education thanks to the money received by expropriation. Today she lives with her grown up children, since her husband died. She assess her economic situation as average, thus better than six years ago, when she assessed their household as poor. At the same time she considers the economic situation to have worsen within the past six years and as a rationale she states that she has less money. (Comment of the social team: monthly income today is double in comparison to the year 2009.). In assessment of satisfaction with the expropriation and the value of compensation, her answer is ‘satisfied to a certain degree’. V.V. was not indebted then nor is she now. The number of household members decreased since her husband died.

Case 2 - J.J.

During the survey in 2009 the surveyed person stated that 16.87 acres have been expropriated but during the Repeated Survey he claimed 30 acres have been expropriated. During the survey in 2009, he stated subject of expropriation was his residential home (building for permanent residence), while during the Repeated Survey he did not confirm this fact. In addition, the documentation provided by Roads of Serbia contained no information that the PAPs J.J. had any structures expropriated. The reason why he did not take the land but cash instead, he said ”old age and illness” prevent him from farming activities. At the same time, in Repeated Survey, to question 18 on impact of partial expropriation on the economic situation, he replied that the expropriation has reduced his agricultural production. In respect to the economic situation he stated it remained unchanged (in 2009 and in 2015, total monthly income of the household is 40,000 RSD). However, six years ago they assessed their economic situation as poor, and during the Repeated Survey as 'bearable'. About plans for spending received compensation in the survey from 2009, the answer was 'day to day expenses', and repeated survey stated that some of the money spent on improving housing conditions and the rest went to his savings account. He is "satisfied to a certain extent” in regard to assessment of satisfaction with expropriation and the value of compensation. J.J. was indebted in 2009 and today that is not the case. The household size is the same (married couple without children).
Case 3 - S.Dj.

During the Repeated Survey, he claims more land (1/3 more) has been expropriated compared to his answer in 2009. In the previous survey he had not responded to questions about the economic situation of the household or intentions regarding the spending of money. In Repeated Survey he stated that the economic situation in comparison with 2009 has improved – back then there was a monthly income of about 15,000 RSD and the household today has about 90,000 RSD (two employees and one pensioner). Their current economic situation is assessed as average, and the expropriation is ‘Satisfactory to a certain extent’. In the last six years he bought a car and washing machine. He did not have any credit. The household has increased by one member.

Case 4 - N.D.

Answers to the question on the area of expropriated land are different in the two surveys. In the first survey N.D. replied that the area expropriated was approximately 9.60 acres, out of the 31 acres they owned. In the Repeated Survey he answered that he had 16 acres expropriated, and that today he owns 100 acres, also stating that he was not buying agricultural land in the past six years. Originally he planned to use the money from expropriation to: purchase of building plot, the purchase of new agricultural land and for everyday life. In reality, the money was spent on the education of children, medicines and medical treatment and daily life. In the first survey, their socio-economic situation is assessed as very modest and in 2015 as average and compared to 2009 unchanged. Household today has a higher monthly income (40000 RSD) compared to income in 2009 (17,000 RSD), but today no income from agriculture, where six years ago they benefited in the amount of 200,000 RSD annually. With the expropriation process he was ‘Satisfied to a certain extent’. He had no credit and nor does he today. Number of household members is unchanged.

Case 5 - R.I.

This PAP had 3.12 acres expropriated according to their statement in the 2009, which was less than 5% of the total area of agricultural land owned by the household (40 acres). In the repeated survey she couldn’t recollect the area of expropriated land and states she still owns approximately 30 acres. Cash compensation received was planned to be invested in reconstruction and refurbishment of their house. During the Repeated Survey the PAP could not give details on the amount received since the entire amount was taken by her sister. In addition to compensation she received 60,000 RSD. During the previous survey, socio-economic situation of households was assessed as poor, while Repeated Survey as tolerable and as unchanged in comparison to the situation six years ago. The answer to the question about satisfaction with the expropriation and the amount of compensation is not given, nor was the answer to the question how the compensation received spent, probably because she was not familiar with the amount, considering that her sister took all the money. She had no credit. Number of household members is unchanged.
Appendix D

Citizens Survey - Control Sample
D1 Findings from the citizens survey

The Citizen’s survey was conducted on Friday, October 30, 2015 in morning hours. This day has been chosen as the most appropriate day in the week because this is the market day in Dimitrovgrad when citizens of Dimitrovgrad and neighbouring villages come to the city of Dimitrovgrad.

The Citizens survey, as corrective and comparable survey for purposes of the Final impact assessment was conducted with the use of the questionnaire tool developed in accordance with the ToR and consultation and endorsement of the World Bank representatives.

The Survey was done on a random sample and participants have been randomly chosen from the ones walking on that day along the main street in Dimitrovgrad and the open market as well.

On that occasion 26 participants have been selected in total, which is the number of those willing to participate in this survey. A large number of citizens declined to participate. The most common reasons for not participating could be summarized as follows: they are not acquainted with anybody whose property has been expropriated, they have no knowledge of the expropriation itself, they are foreigners, mainly from Bulgaria or they do not have time to spare for the survey.

Summary of the Citizens Survey

![Figure 8 - Gender of polled citizens](image-url)

Figure 8 - Gender of polled citizens
Most of the citizens surveyed believe that the construction of the Bypass will bring benefit to the city and its inhabitants, either as improving transport accessibility, reducing the intensity and improve traffic safety on local roads, either as an indirect profit increased traffic, the arrival of foreigners (especially Bulgarians), improving the conditions for tourism, hospitality and other offers.

Over two thirds of respondents assessed expropriation prices as favourable for PAPs and believe that the affected households benefited from the expropriation process. The same number believes that there was no negative impact on these households due to expropriation. The objections are given the uneven benefits, as well as the differences between the fees on this section that were lower than in other sections of Corridor X. The negative observations include damages to the surrounding structures from blasting, damage and obstruction of local roads, difficulty accessing land, and noise and dust which occurs during the works, as well as the delay of works.

When the economic situation of the household is concerned and comparisons with the situation six years ago, it is interesting that more than a third of respondents believes that the overall situation is slightly improved, more than a quarter believe that the economic situation of households deteriorated over the last six years while

Figure 9 - Age of polled citizens

Figure 10 - Occupation of polled citizens
the rest assess the situation as being the same, that is, without major changes. This relatively favourable assessment is probably affected by the fact that those surveyed were representatives of the active, agile and physically healthier population (the survey was conducted in the open air, on the streets and in the market), and that the survey didn’t include the elderly, homebound, disabled and marginalized groups who are not able or less likely to come to open spaces without assistance of others.
Appendix E

Focus Groups
E1 First focus group discussion

The first focus group targets those PAPs who initiated a judicial procedure. The topics below are a sample of those covered during the discussion:

- How was the expropriation process communicated to you?
- Why have you decided to take legal actions / enter into the judicial process?
- Did you have an opportunity to negotiate on the amount of compensation prior to the judicial process and whom did you negotiate with?
- How do you assess the judicial process? Did the outcome meet your expectations?

The meeting and discussion with the First Focus Group was held in the Municipality of Dimitrovgrad, on 29 October 2015 (12-13PM). The participants in this Focus group were PAPs:

- Georgi Josifov
- Desanka Petrov
- Mihail Tričkov
- Stanislav Jovanović
- Jordan Petrov

The interlocutors were unanimous that the dissatisfaction with the offered compensation amount was the main motive for instigating judicial procedure. While describing the dissatisfaction they could identify three key circumstances:

- The first circumstance, to their knowledge is much higher compensations valuated for expropriated land along the Corridor X highway route at the Preševo valley, for which the participants claim to have been between 10 and 20 EUR/m2.
- The second circumstance issues are inconsistent expropriation compensations. Interlocutors claim that for same classes of land the outcome of valuation was different. In addition, they claim that the price offered had changed during the course of time thus resulting that households impacted at the beginning of the expropriation process were worse off than the ones to be expropriated at a later stage. Interlocutors claim the initial price varied depending on class between 280 RSD/m2 to 360 RSD/m2 and that at later stages the prices varied between 580 RSD/m2 and 590 RSD/m2.
- The third circumstance is related to the compensation amount determined and decide upon by the Basic Court in Pirot by its ruling (III P1-90/13 dated 01 October 2013) determining the compensation at 971 RSD/m2. This ruling PAPs consider as the only credible assessment and determination and is being referenced by all. Interlocutors further make use and comparison to the Decision of the Judicial Unit in Dimitrovgrad as an argument against the Tax
administration being qualified to determine the assessed value. Their conclusion is that the assessment should have been done by accredited experts exclusively. Following the outcome of the Judicial process ended by the decision of the Basic Court in Pirot Judicial Unit in Dimitrovgrad, interlocutors decided to require renewal of the court procedure in terms of revaluation of land, now requesting the amount of 971 RSD/m². Besides quoting this Court Ruling, interlocutors again quote several Contracts for purchase of land as construction land, for purposes of commercial use (for example, construction of a gas station within the border belt between the Republic of Serbia and Republic of Bulgaria).

Interlocutors further claim that they were not completely informed about their legal rights which steered them to accept the initially offered price and money. A number of them submitted appeals because their opinion was that compensation assessed for the area of Dimitrovgrad were significantly lower than on other sections of the Corridor X.

When asked whether there is trafficking of agricultural land at Dimitrovgrad, interlocutors answered they could not remember the last time somebody bought any agricultural land for agricultural production purposes. When asked whether there is a tendency to rent agricultural land, their reply was that there are some examples of rent for purposes of production at the rent amount 1000 RSD (9 EUR)/10 acre/period. When asked to comment on a demand/offer ratio in respect to residential structures in the Dimitrovgrad area, interlocutors commented there is a huge offer of houses and no demand and no potential buyers.

Interlocutors think that it is not logical that land which is to be used as construction land (for purposes of construction of the Highway) is valued as agricultural, regardless that such categorization is listed in the cadastral inventory and data.

One of the interlocutors was not satisfied because his request to have the remaining area of land parcel expropriated as unviable was denied. He considers himself to be impaired, because the remaining area of land is located under the newly constructed bridge and is not fit for any kind of usage.

One of the interlocutor said he had to commence judicial procedures on three occasions. The first time because the request for expropriation of the unviable remaining land area was denied. The second time because of inadequate assessment of compensation for crops on the land and the third time to recover damages due to blasting.

Interlocutors pointed out significant differences during assessment of crops value. Accredited experts assessed differently during the amicable settlement attempt and later at court procedure stage.

Further, the duration of the Court procedure is too long, most often around 2 years.

One of the interlocutors initiated a court procedure against Alpine Bau GmbH who have been suspended from the project due to the Insolvency and they were
not familiar with who takes over the responsibilities of Alpine and their respective insurance Wiener Stadtische.

When asked who is in a more favourable position, households whose property (land) was expropriated or the ones whose wasn’t, one of the interlocutors replied that the expropriated ones are in a disadvantageous position because they would never have sold their land voluntarily.

Interlocutors claim there was no attempt of amicable settlement or attempt of mediation between the Beneficiary of expropriation and the PAPs.

Interlocutors have commented that some Audits previously conducted by ARUP were not publicly disclosed on the Municipal website.
E2 Second focus group discussion

The second focus group was supposed to target women affected by the expropriation process. The topics below are a sample of those which were to be covered during that discussion:

- How was the expropriation process communicated to you?
- How have you been conferring within your household about the offer that extended by the Beneficiary of expropriation? Who was involved from the household members deciding whether to accept or reject the offer?
- How did you spend the money received as compensation for expropriated property?
- Are you satisfied with the way in which you spent the money received from expropriation? Would you do the same today, or would you decide differently?

However due to the outcome of the public meeting to conduct the repeated survey (as explained in Appendix B) the focus group discussion didn’t take place. The consultant decided to organize the Focus Group with women by telephone pooling. Those who agreed to participate over the phone would have been invited to a rescheduled meeting in Dimitrovgrad. Out of at least 15 contacted households, only one women accepted to participate. All other contacted, or their husbands, once informed about the purpose and topic of the Focus Group refused to participate.

Telephone conversation with Vasilka Vladimirov, (tel. 010 363 399) the only women that agreed to participate was conducted from the Arup office in Belgrade on 22 January 2016. Audio recording of this conversation is available upon request.

Mrs Vladimirov has stated the following:

- She was the owner of the expropriated land and her now late husband and her children together decided on how to spend the received compensation.
- When she was informed by the legal department from the Municipality about the need for expropriation, the family together decided to accept the expropriation and offered compensation. Several friends wanted to persuade her not to accept because the compensation is to low but she wouldn’t follow their advice.
- She is satisfied with the compensation. The expropriated land could not have been sold under any circumstances for such amount. The compensation was paid promptly within 30 days.
- Just before the expropriation commenced her husband lost his job due to bankruptcy of the company he worked for. By then she was unemployed for quite some time. At the time her husband has lost his job, both children were already students, studying in Niš, approximately 90 km away from Dimitrovgrad.
For the expropriated land of app 2000 m2 she received 10,000 EUR and invested that money into her children education. The money was used to cover the rent and other faculty expenditure of both students. Without that money they would not have been able to afford this expenses since they had no regular source of income, but only temporary employment opportunities.

As stated by Mrs. Vladimirov this money was a gift from heaven, since they were not cultivating the land, and were not able to sell it not even at bargain price. The expropriation enabled her children to gain university education thus becoming members of the academic society representing only 12% of the Serbian population.
E3  Third focus group discussion

The third focus group was supposed to include local commercial and utility companies with the aim to confirm any economic impacts the project may have had on the community. The consultant approached the municipality to assist in identifying the participants for this group but were assured that Dimitrovgrad doesn’t have a branch of chamber of commerce, or any other such entity.
E4  Fourth focus group discussion

The forth Focus Group includes members and the Chairman of the Grievance Commission, who provided information on the activities of the GC and the results of their activities. The meeting was held in the Municipality of Dimitrovgrad, on 29 October 2015 (13-14PM). The participant in this focus group were:

- Georgij Josifov, a member of GC (and the PAP who initiated a court procedure)
- Nina Valcic, representative of Koridori Srbije
- Kalina Stoimenov, President of the GC
- Desanka Petrov, a member of GC

At the first stage, after the Grievance Commission was established, PAPs most often approached the Commission with grievance in respect to the offered replacement land. According to the Law of expropriation, the primary kind of compensation for expropriated agricultural land is replacement land of same or similar quality, value etc. Only once the PAPs refuses to accept the offered land, cash compensation will be offered. The majority of PAPs have refused the replacement land, and the most common reason was inadequate location compared to the expropriated one (too remote from the place of habitat) or that the offered replacement land was of substandard quality. The only replacement land, assessed as adequate, and fit to be accepted as compensation was the one previously owned by agricultural cooperative and was accepted by around 10 PAPs. But immediately after signing of the compensation agreement the PAPs sold the newly acquired land to one person who generated a plantation there. It could be concluded that this was a pre-agreed transaction and not a genuine interest to receive replacement land for continuance of agricultural production.

The second most frequent grievance was the amount of compensation for expropriated land. From the very beginning the PAPs have been referring to different sections of the Corridor X Highway where it has been assumed higher compensation have been offered and paid, especially in the Municipality of Presevo and Bujanovac, with a majority of Albanians living there. Comparison of compensation and prices is the subject of all grievances which followed later, despite the clear position of the GC that such a decision is out of the boundaries of the Authority vested in it by the RPF.

The meetings of the GC were held whenever necessary and depended on submitted grievances. All the grievances were submitted in writing, either as separate grievance or as a statement given through the minutes of negotiation.
Appendix F

Key Informant Interviews
F1 Record of interviews conducted

Public Enterprise Roads of Serbia

Meeting with Goran Tomic, director of the legal department was held on 08 December 2015 at PERS offices

Koridori Srbije

Meeting with Nina Valcic, head of legal department during expropriation on this section, was held on 08 December 2015 at Arup offices

Municipality of Dimitrovgrad

Two meetings were held with municipality representatives on 29 October 2015 in Dimitrovgrad:

- Meeting with Gajomir Djordjevic, head of municipal administration and lead representative of the municipality in the process of expropriation, and Kalina Stoimenov,

- Meeting with Zoran Djurov, Mayor of Dimitrovgrad

Comments from these interviews have been incorporated throughout this report. All meetings have been recorded and transcripts are available upon request.