West Balkans Drina River Basin Management (WBDRBM) Project

December 2015

RESETTLEMENT POLICY FRAMEWORK
BOSNIA AND HERZEGOVINA
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1 INTRODUCTION

1.1 Brief Description the Project

The World Bank (WB) is supporting the preparation of the West Balkans Drina River Basin Management (WBDRBM) Project (the Project), financed by the Global Environment Facility’s (GEF) Special Climate Change Fund (SCCF)\(^1\), aimed at assisting Bosnia and Herzegovina (BiH), Montenegro and Serbia in capacity building, studies and investments to strengthen the capacity of their governments to plan and implement integrated, cooperative international management of the trans-boundary Drina River Basin (DRB) and address climate change adaptation in the DRB – based on “global best practices” and within the framework of integrated water resource management (IWRM) involving extensive stakeholder consultations to ensure adequate public participation. In addition, the Project will help meet objectives related to climate change adaptation (but also to climate change mitigation) and climate change resilience, through the financing of, and the building of capacity for interventions to prevent and deal with climate change-related disasters notably floods and droughts, and, thus, meet the short- and long-term objectives of the GEF Strategy on Adaptation to Climate Change - SCCF.

The planned Project implementation period is 38 months, beginning in 2016.

Project components

The three Project components are:

<table>
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<tr>
<th>Component 1:</th>
<th>Multi-state Cooperation on International Drina Management</th>
<th>Sub-component 1A</th>
<th>Development of an agreed Strategic Action Program mainstreaming transboundary IWRM and climate change adaptation in national planning</th>
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<td>Sub-component 1B</td>
<td>Institutional development and capacity building</td>
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<td>Component 2:</td>
<td>Pilot investments for Integrated Basin Management and Climate Change Resilience and Flood and Drought Management</td>
<td>Sub-component 2A</td>
<td>Strengthening capacity for climate change resilience</td>
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<td>Sub-component 2B</td>
<td>Pilot investments for Basin climate change resilience</td>
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<tr>
<td>Component 3:</td>
<td>Project Management and Monitoring and Evaluation</td>
<td>Support for the Regional Project Management Team which be established and responsible for overall coordination of the project at the regional level and Project Implementation Teams in each of the three countries who will be responsible for the day-to-day implementation of project activities at the national level.</td>
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\(^1\) The SCCF was created in 2001 is designed to finance activities, programs and measures related to climate change that are complementary to those funded through the climate change focal area of the GEF. Adaptation to climate change is the top priority of the SCCF.
Institutions responsible for Project implementation

The Project will be implemented by the ministries and/or government agencies responsible for water management in BiH, Montenegro and Serbia, namely:

- **in BiH**, the Ministry of Foreign Trade and Economic Relations is responsible for Project implementation with regard to common activities as well as activities located in the Federation of BiH (FBiH), and the Agriculture Projects Coordination Unit established by the Republic of Srpska (RS) Ministry of Agriculture, Forestry and Water Management is responsible for activities located in RS. Technical support in the implementation of the Project activities will be carried out in FBiH by the Agency for Sava River Basin in Sarajevo, and in RS by the Public Enterprise “Vode Srpske” from Bijeljina;

- **in Montenegro**, the main responsibility for Project implementation will be under the Ministry of Finance (Technical Service Unit), and the line ministry is the Ministry of Agriculture and Rural Development which will implement the Project through its Water Directorate;

- **in Serbia**, the main responsibility for project implementation will be under the Ministry of Agriculture and Environmental Protection and its Directorate for Water Management.

Project Implementation Teams (PITs) responsible for the day-to-day implementation of Project activities will be established in each of the three countries.

**Drina River Basin (DRB)**

The DRB, with total surface area of 19,680 km², spreads over the territory of three riparian countries: BiH (portion of DRB: 37.1%), Montenegro (portion of DRB: 31.6%) and Serbia (portion of DRB: 30.5%), while 0.8% of the basin belongs to Albania (not included within the scope of the Project). With its high flow volume and good water quality, the DRB scores high on the list of areas with high endowments of natural resources and development opportunities in the region. It has significant hydropower generation potential (of which about 60% is reported to be still untapped) as well as tourist attractions (including the UNESCO World Heritage Site of the Tara Canyon), and is a source of abundant biodiversity. Mining, manufacturing, tourism and agriculture create other significant economic opportunities. The river is home to approximately 750,000 people, with most settlements concentrated along the 346 km long Drina River and its major tributaries.

Project beneficiaries

The Project will have numerous direct and indirect beneficiaries. Component 1 of the Project will directly target the above mentioned five national/entity ministries, four water directorates and four water agencies from riparian countries, as well as two institutions which will be responsible for the DRB cross-border cooperation (Project-based Drina Task Force and Coordination Committee). The indirect benefits will be experienced by the entire DRB ecosystem, and all Basin water users (inhabitants of the DRB, 56 municipalities, two cantons in FBiH, three regions in Serbia, the entire DRB business community). Direct beneficiaries of Components 2 and 3 of the Project will be four national/entity hydro-meteorological institutions; vulnerable communities affected by hydrological events; citizens, environmental NGOs, community and other associations of the DRB targeted through Public Awareness Campaigns; at least 35 grantees that will implement projects through the Small Grant Scheme; 4 regional and 25 municipal authorities responsible for Drina management (5 in RS, 2 in FBiH, 10 in Montenegro, 8 in Serbia) through preparation of numerous studies related to flood prevention, water quality improvement, climate change mitigation; ecosystem and population in...
4 municipalities and 4 public utility companies, which will benefit from water quality and water supply reliability improvements. Indirect beneficiaries include: climate-sensitive economic sectors within the DRB (energy, agriculture, road traffic, construction) to benefit from improved hydro-meteorological services; consumers that will benefit from improved production as a result of improved hydro-meteorological information services.

1.2 Scope and Purpose of the Resettlement Policy Framework (RPF)

This RPF outlines the key land acquisition and resettlement principles and objectives to be followed, the organizational arrangements and design criteria to be applied to subprojects to be prepared during Project implementation to ensure the adequate management of land acquisition required for the Project, and ensure that eligible, affected persons are assisted in their efforts to restore or improve their livelihoods, in line with:

- the legislation in force at the level of BiH, FBiH and RS, and
- the WB Operational Policy (OP) 4.12 on Involuntary Resettlement (OP 4.12)\(^2\).

The RPF has been prepared as the exact locations of subprojects, potential land impacts and the extent of resettlement have not yet been defined. Once the specific locations and impacts become known, the RPF will guide the preparation of site-specific Resettlement Action Plans (RAPs) where applicable. RAPs will be prepared for all subprojects that entail resettlement, in order to satisfy the provisions of OP 4.12 and the requirements of local legislation regarding land acquisition.

The RAPs will include baseline census and socioeconomic survey information; specific compensation rates and standards; policy entitlements related to any additional impacts identified through the census or survey; description of resettlement sites and programs for improvement or restoration of livelihoods and standards of living; implementation schedule for resettlement activities; and detailed cost estimate.

The structure of RAP according to OP 4.12 has been provided in Appendix 2 to this document.

In addition to OP 4.12, the WB Involuntary Resettlement Sourcebook: Planning and Implementation in Development Projects (2004)\(^3\) has been also used as a guiding document during the preparation of this RPF.

1.3 Potential for Land Acquisition/Resettlement and the Screening Process

The objective of Project sub-component 2B is to support pilot project investments in all three riparian countries that affect the reduction of the impact of climate change issues. Potential land acquisition is associated with the pilot project investments under the sub-component 2B.

Several pilot projects in BiH have been identified at this stage of Project preparation. The preliminary list of pilot projects includes:

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<th>Project name</th>
<th>Brief description</th>
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1. **Arrangement of degraded banks of Drina Riverbed and its tributaries in urban city areas**

   The general objective is to decrease the risk of floods and influence of climate changes in urban settlements in the DRB, as well as to provide a greater security of urban areas and city center zones, water intakes and water supply system of city water utilities, road infrastructure at the occurrence of large waters of the Drina River and its tributaries, preventive actions in the domain of degradation along the basic riverbeds which could cause significant reduction of the flowing profiles of minor riverbeds and disastrous consequences. Project activities include: (i) detailed needs analysis and identification of priorities, (ii) preparation of project documentation, and (iii) arrangements of river beds of 2 water courses in total length of 2 km in Novo Gorazde and recovery works on 3 landslides in Bratunac Municipality.

   Project beneficiaries will be municipalities of Foča, Novo Goradžđe, Višegrad, Bratunac and Bijeljina. The Project will be implemented within 18 months.

2. **Preparation of feasibility study for identification of leachate at the area of the city of Bijeljina and upgrade of leachate treatment system at Regional sanitary landfill “Brijesnica”**

   The objective is surface and ground water quality protection in the lower basin of the Drina River from pollution arising from uncontrolled infiltration of wastewater from landfills, which production is increased due to climate change taking place in recent years. Project includes preparation of the Feasibility Study for identification of leachate at the area of the city of Bijeljina and construction works such as upgrade of leachate treatment system at Regional Sanitary Landfill “Brijesnica”.

3. **Feasibility study and preliminary design for waste water collector and treatment plant for Municipality of Goražde**

   Project objective is improvement of environmental protection level and Drina River water quality from communal wastewaters from Goražde (30,000 inhabitants). The study includes 7 km of main collector. This WWTP can meet needs of neighboring municipality Novo Goražđe in RS. The Feasibility Study will contain assessment of water demands and wastewater projections for the wider area of Goražđe. Identified beneficiaries are BPK and all downstream municipalities along Drina River.

   Proposed period for project realization is 12 months.

4. **Construction of water source well for the Municipality of Sapna**

   Existing water source in the municipality Sapna cannot provide continuous water supply for 14,000 inhabitants. As this situation jeopardizes public health, hydrogeological investigation was done by pilot drilling in karstic aquifer. According to the results of investigation drilling, capacity of the karstic aquifer is 15 l/s. The objective is to meet the needs of inhabitants for the future period by construction of a new well. All necessary designs have been prepared and partial financing provided. Identified beneficiaries are inhabitants that will be connected to water supply system, municipality of Sapna and Tuzlanski Canton (TK). Proposed period for project realization is 6 months.

5. **Protection against high waters and arrangement of the Lovnica River riverbed in the area of monastery complex Lovnica**

   After the disastrous floods of May 2014, the territory of the Municipality of Šekovići recorded the historical maximum of discharge in the Drinjača River basin, to which the sub-basin of the Lovnica River belongs. Significant movements of the riverbed and total degradation of banks and the main riverbed are still a real threat to the general stability of the monastery plateau, safety of a part of the monastery complex with its facilities located along the banks of the river and its inundation belt. In order to prevent further movements of the water course from the main riverbed towards the existing and future infrastructure facilities and prevent the endangering of the auxiliary facilities, it is necessary to perform permanent stabilization of the riverbed. Proposed period for project realization is 6 months.

Based on the conducted initial due diligence and screening of likely land acquisition and resettlement impacts, the potential for such impacts has been estimated to be acceptably low to moderate, given that the subprojects within sub-component 2B will be implemented mainly on land
owned by municipalities or other public bodies. Based on the current available data, no physical displacement of occupants (legal or illegal) or restriction of access to resources or income streams is expected as a result of the Project, and the Project is not expected to entail permanent acquisition of residential or commercial structures. The impacts that may be associated with the pilot projects include temporary occupation of private land plots for purposes of construction works (such as material storage, access, etc.) or for purposes of preparatory works (such as drilling works), removal of auxiliary structures such as fences, cutting of privately owned trees, etc.

Prior to the submission of pilot projects for funding consideration, the PIT shall carefully screen the proposed projects to assess whether or not land acquisition may be required and to what extent. It is important to take into consideration during such screening that even though the planned project activities may not lead to impacts in terms of land acquisition, preparatory investment activities foreseen during the project preparation period (such as drilling activities, site clearance or construction of access roads) may involve temporary land acquisition or temporary occupation of land, in which case the PIT must ensure that such preparatory activities are also in compliance with the requirements of this RPF. In addition, the proposed projects involving the development of studies and designs that would facilitate/recommend the construction of physical infrastructure need to be diligently screened to establish any potential impacts associated with specific subsequent investments (regardless whether such future activities will be funded by the WB or other sources).

Following the screening process and determination of potential impacts, the PIT shall report the findings of the screening process to the World Bank and prepare site-specific RAPs, ensuring that all project activities adhere to the requirements of this RPF. The RAPs will be submitted to the World Bank for review and approval.
2 Legal Framework in BiH and WB Requirements

2.1 Applicable WB Policy

All WB financed projects involving resettlement are subject to OP 4.12, which describe the instruments and procedures aiming to avoid and mitigate negative economic, social and environmental issues that may arise as a consequence of land taking, or restriction of access to legally designated parks and protected areas. OP 4.12 is triggered not only with physical relocation, but any loss of land resulting in relocation or loss of shelter, loss of assets or access to assets and loss of income sources and means of livelihood. The overall objectives of OP 4.12 are the following:

- Involuntary resettlement should be avoided or minimized where feasible, exploring all viable alternative project designs.
- Where resettlement cannot be avoided, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits. Displaced persons should be meaningfully consulted and should be encouraged to participate in planning and implementing resettlement programs.
- Displaced persons should be assisted in improving their former standards of living and livelihoods (income earning capacity, and production levels), or at least in restoring them.

OP 4.12 distinguishes the following three categories of persons for eligibility for compensation and assistance:

a. Persons with formal rights to land (including customary and traditional rights recognized under the laws of the country). These persons are provided with compensation for the land they lose, and other assistance in accordance with the policy.

b. Persons who do not have formal rights to land at the time the census begins but have a claim to such land and assets - provided that such claims are recognized under the country laws or become recognized through a process identified in the specific resettlement plans. These persons are provided with compensation for the land they lose, and other assistance in accordance with the policy.

c. Persons without recognizable legal right or claim to the land they are occupying. These persons are provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance as necessary.

2.2 Legal Framework in BiH

Constitution of BiH

The Constitution of BiH stipulates that:

- BiH and its Entities shall ensure the highest level of internationally recognized human rights and fundamental freedoms,

- The rights and freedoms set forth in the European Convention for the Protection of Human Rights and Fundamental Freedoms and its Protocols shall directly apply in BiH and have priority over all other laws,

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4 Agreed in 1995 between the parties to the General Framework Agreement for Peace in BiH, i.e. the Dayton Peace Agreement
The right to property is listed as one of thirteen fundamental human rights protected under the Constitution.

Expropriation, i.e. acquisition of real property in public interest, is regulated at entity level, namely FBiH and RS, as described in more detail below.

2.3 Legal Framework in FBiH

Constitution of FBiH

Article II A. 2 of the Constitution of FBiH\(^5\) guarantees citizens of FBiH the “highest level of internationally recognized rights and freedoms”.

Law on Expropriation of FBiH

The *Law on Expropriation of FBiH*\(^6\) regulates the conditions (establishing public interest), the procedure for expropriation of property for construction of facilities in public interest, compensation eligibility and amounts, and handling of grievances and disputes handling.

The key provisions of the Law may be summarized as follows:

- **Public Interest and Purpose of Expropriation:** Property can only be expropriated upon the establishment of public interest for construction of facilities or carrying out other works on the property. Real property may be expropriated if this is required for construction of traffic infrastructure, economic, utility, health, educational and cultural facilities, defense facilities, administrative and other facilities in the public interest, when it is assessed that using the real property for which expropriation is proposed will produce a greater benefit than would be produced if the real property is continued to be used in the previous manner.

  Expropriation may be carried out for the needs of FBiH, cantons, cities, municipalities, public enterprises and public institutions, unless otherwise provided by the Law. Exceptionally, expropriation may establish usufruct for the benefit of citizens for the purpose of installing water and sewage pipelines, electric and telephone cables, gas pipelines, and other cases provided for under the Law.

  Public interest may be established by issuing a Decree or by a dedicated law. Public interest will be deemed as established by a physical plan or urban design adopted for a certain area.

  The Decree on Establishing Public Interest, upon the proposal of the expropriation beneficiary submitted along with the Expropriation Study, is issued by: the Government of FBiH when construction or works are being carried out on the territory of two or more cantons (based upon the prior opinion of cantonal governments), the government of cantons when construction or works are to be carried out on the territory of two or more municipalities (upon the prior opinion of municipal councils), or the municipality when construction or works are being carried out on the territory of the municipality.

- **Expropriation Procedure:** The expropriation procedure comprises the following steps:
  1. Preparation for expropriation: The expropriation beneficiary may request, for the purpose of preparing an investment study, or submitting a proposal for the establishment of public

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\(^5\) Adopted in 1994, with subsequent amendments
\(^6\) Official Gazette of FBiH, No. 70/07, 36/10 and 25/12
interest or submitting a proposal for expropriation, to be allowed to perform the necessary preparations on designated property, in accordance with the procedure set out in the Law. The proposal is submitted to the Municipal Administration for Ownership Affairs (“Municipal Administration”).

2. The relevant authority issues the Decree on Establishing Public Interest.

3. The expropriation beneficiary is required to publish a public announcement to invite the property owners and try to reach a prior amicable sale-purchase agreement with the affected owner.

4. The expropriation beneficiary submits a proposal for expropriation to the Municipal Administration, along with the required documentation set out in Article 24 of the Law. If deemed necessary, the proposal may contain a request for temporary occupation of other land needed for the construction of the facility or carrying out works in public interest. This request may also be submitted as a separate proposal.

5. The Municipal Administration is obliged to notify the owner of the property, without delay, of the submitted proposal for expropriation. The expropriation beneficiary and the owner of property may also conclude an amicable sale-purchase agreement after the submission of the proposal for expropriation, i.e. up to the validity of the Decision on Expropriation issued by the Municipal Administration.

6. The expropriation notice is entered into the land register and other registers upon the request of the expropriation beneficiary.

7. The Municipal Administration is obliged to hear the owner of the property in regard to the expropriation facts.

8. The Municipal Administration issues a Decision on Expropriation, after completing the proceedings on an urgent basis. Appeal against this Decision may be submitted to the Federal Administration for Geodesy and Legal Property Affairs (mentioned as the “Federal Administration” in the Law). In the event that the land registry entry does not correspond to the actual ownership situation (often the case), the municipal department should sort out the title issues prior to proceeding with further steps.

9. When the Decision on Expropriation becomes enforceable, the Municipal Administration is obliged to convene and hold a hearing to determine the compensation for the expropriated real property through an agreement and without delay.

10. If no agreement on compensation is reached within 2 months of the validity of the Decision on Expropriation (or less if the Municipal Administration decides as such), the Municipal Administration submits the valid Decision together with other relevant documents to the competent Court, at the territory of which the expropriated real property is located, for the purpose of determining the compensation. The competent court ex officio decides in non-contentious proceedings on the amount of compensation for the expropriated real property.

11. Taking possession over the affected property is possible only upon a valid Decision on Expropriation and once the compensation is paid or possession of other real property is granted. The exceptions are urgent cases or avoiding considerable damage, in which case the Government of FBiH may issue a Decree to allow the expropriation beneficiary to take possession of the property prior to validity of the Decision on Expropriation or the payment of compensation, under the condition that the owner refused to conclude an amicable sale-purchase agreement. If the expropriation proposal is later rejected in the further procedure, the expropriation beneficiary is obliged to compensate for damage caused to the owner by gaining the possession of the real property.
12. Formal transfer of legal title in the land register is carried out on the basis of a valid Decision and proof of payment of compensation or proof that the previous owner has acquired ownership over other corresponding real property.

- **Full (“Complete”) and Partial (“Incomplete”) Expropriation**: Full expropriation allows the expropriation beneficiary to obtain legal title over the expropriated property, while the rights of the previous owner over the real property as well as other rights cease to exist. Partial expropriation provides the beneficiary with usufruct rights on the land and structures, as well as the lease of land for a definite period of time - at the end of the lease, usufruct rights over land are returned to the previous owner. Partial expropriation is subject to the possibility that the land can be fully restored and the lease not being more than five years. However, owners that are affected by a partial loss of their properties are entitled to request complete expropriation and the corresponding compensation, in case partial expropriation would deteriorate the economic situation of the real property owner or make the remaining part of the real property useless or difficult to use. Such landowners must be informed about this entitlement by the official managing the expropriation process.

- **Cancellation of Decision on Expropriation and Withdrawal of Proposal for Expropriation**: The expropriation beneficiary may, before the Decision on Expropriation becomes valid, withdraw the proposal for expropriation fully or partly, but a partial withdrawal will not be allowed if the owner of the property files a complaint that his/her rights have been violated. A request for cancellation of the Decision on Expropriation may be filed by the previous owner after the expiry of 3 years from the date of validity of the Decision if the expropriation beneficiary has not executed substantial works. The request for cancellation of the Decision on Expropriation and withdrawal of proposal for expropriation is decided upon by the Municipal Administration.

- **Compensation**: Article 31 of the Law provides that compensation arrangements must be settled prior to formal transfer of ownership of the expropriated property. Compensation costs are borne by the expropriation beneficiary. A general principle of the Law is that compensation should be provided at market value (Article 12). The market value is calculated based on the price in the territory in which the real property is to be expropriated, which may be achieved for a specific real property on the market, and which depends on the ratio of offer and demand at the time of its determination. Compensation for land is based on the type of land (agricultural land, forests, orchards, etc.) and the related benefits that the owner would obtain if there were no expropriation. Article 45 provides that expropriation of illegally constructed structures entails no compensation, and that the persons who raised such structures may have to remove them within a timeframe agreed upon with the municipal department in charge, or otherwise this may be organized by the municipality, with the original constructor to be charged for the costs incurred. The personal and family circumstances of the owners whose real property is pending expropriation, as well as circumstances which may have adverse economic effects, should be taken into account when determining the compensation extent (Article 47). This Article

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7 Article 47: “Personal and other family conditions of the previous owner of the expropriated real property shall be taken into consideration as a corrective for an increase in the amount of determined compensation if those conditions are of great importance for the subsistence of the previous owner, and in particular if his/her subsistence has been endangered due to the expropriation of a larger part or the entire land or business premises in which the previous owner legally performed a
addresses livelihood restoration beyond the sheer compensation of the lost asset by providing flexibility based on a case-by-case assessment of personal circumstances. Businesses and their specific livelihood restoration requirements are explicitly addressed by Article 47.

Other Related Legislation of FBiH

- The Law on Proprietary Rights\(^8\) regulates the general issues of acquiring, using, disposing of, protecting and terminating ownership rights and other proprietary rights and possession rights, including the issues of restricting such rights, the right of servitude, co-ownership and joint ownership rights, the procedure for acquiring property rights over land and/or structures erected on someone else’s land. The Law states that ownership rights and other proprietary rights may only be limited or taken away in public interest and under the conditions defined by the Law in accordance with the principles of international law.

A significant provision of the Law is that occupants of property acquire ownership rights upon 10 years of conscientious and legal occupancy, or upon 20 years of conscientious occupancy.

In addition, the Law provides that the conscientious builder of a structure on land owned by another person is entitled to acquire such land, if the land owner did not oppose to the construction. The land owner is in this case entitled to request to be compensated for the market value of the land.

- Law on Agricultural Land of FBiH\(^9\) contains the basic definitions and principles regarding the management, protection, use, planning, and records related to agricultural land. The Law provides that a right of way may be established on agricultural land, as decided by the city or municipal council. The owners of such land are entitled to compensation in accordance with the Law on Expropriation.

- The Law on Construction Land of FBiH\(^10\) allows for the legalization of informally constructed structures on construction land in state ownership on which a structure has been built. This Law enables the subsequent issuing of a permit for construction, by the Municipal Council, in accordance with the Law on Spatial Planning. Legalization of informally constructed buildings is further regulated by decrees taken at cantonal level, and implemented at municipality level.

2.5 Legal Framework in RS

Constitution of RS

Article 5 of the Constitution of RS\(^11\) guarantees citizens of RS “protection of human freedoms and rights in accordance with international standards”.

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\(^8\) Official Gazette of FBiH, No. 66/13, 100/13
\(^9\) Official Gazette of FBiH, No. 52/09
\(^10\) Official Gazette of FBiH, No. 67/05
\(^11\) Adopted in 1992, with subsequent amendments
Article 54 specifies that “all forms of ownership shall enjoy equal legal protection”, while Article 56, paragraph 1 specifies that “ownership rights may be limited or revoked by law, subject to fair compensation”.

**Law on Expropriation of RS**

The Law on Expropriation of RS\(^{12}\) regulates the conditions (establishing public interest), the procedure for expropriation of real property for construction of facilities and carrying out works in public interest\(^ {13}\) and the compensation for expropriated property. It also addresses the issues of grievances and disputes handling and compensation eligibility.

The key provisions of the Law may be summarized as follows:

- **Public Interest**: Property may only be expropriated upon the establishment of public interest for construction of facilities or carrying out other works on the property, in the sectors of health, education, social protection, energy, sports, water, culture, telecommunication and utility infrastructure, industrial facilities, administrative facilities, providing protection of living environment or protection from natural disasters, as well as research and exploitation of mineral and other natural resources. Public interest is established by a Decree, but may also be established by a dedicated law or physical planning documents. In case of expropriation of land for residential and business construction, complexes of construction land and individual construction lots may also be expropriated, but only if a physical plan for that specific complex has been adopted and public interest for construction established. This type of expropriation is possible only in the public interest of municipalities or cities on whose territory the land is located.

Following the submission of a proposal by the expropriation beneficiary, the Government of RS issues a Decree on Establishing Public Interest upon the prior opinion of the assembly of local governments on whose territory it is intended to construct or carry out works. The assembly is obliged to issue its opinion within 30 days upon receiving the request. The Government of RS is then obliged to decide upon the matter within 30 days upon receiving the opinion of the assembly.

- **Expropriation Procedure**: The expropriation procedure comprises the following steps:
  1. Preparation for expropriation: The expropriation beneficiary may request to be allowed to perform the necessary preparations on designated property, in accordance with the procedure set out in the Law. The proposal is submitted to the Administration for Ownership Affairs\(^ {14}\) ("Administration").
  2. The relevant authority issues the Decree on Establishing Public Interest, as described above.
  3. The expropriation beneficiary is required to try to reach an amicable sale-purchase agreement with the affected owner.
  4. The expropriation beneficiary submits a proposal for expropriation to the Administration, along with the required documentation set out in Article 25 of the

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\(^{12}\) Official Gazette of RS, No. 112/06, 37/07 and 110/08

\(^{13}\) The RS and FBiH Laws use different terms with the same meaning to indicate public interest (RS Law uses the term "general interest").

\(^{14}\) Administrations for Ownership Affairs are the Regional Units of the RS Administration for Geodesy and Legal Ownership Affairs in charge of expropriation.
Law. If deemed necessary, the proposal may contain a request for temporary occupation of other land needed for the construction of the facility or carrying out works in public interest.

5. The Administration is obliged to notify the owner of the property, without delay, of the submitted proposal for expropriation.

6. Expropriation is entered into the land register and other registers ex lege, but with no legal effect in relation to the expropriation beneficiary.

7. The expropriation beneficiary and the property owner may conclude an amicable sale-purchase agreement after the submission of the proposal for expropriation, i.e. until the Decision on Expropriation is issued in which case the expropriation procedure is terminated.

8. The Administration is obliged to hear the owner of the property in regard to the expropriation facts.

9. The Administration issues a Decision on Expropriation, after completing the proceedings on an urgent basis. Appeal against this Decision may be submitted to the RS Administration for Geodesy and Legal Property Affairs.

10. When the Decision on Expropriation becomes enforceable, the Administration is obliged to convene and hold a hearing to determine the compensation for the expropriated real property through an agreement and without delay.

11. If no agreement on compensation is reached within 2 months of the validity of the Decision on Expropriation (or less if Administration decides as such), the Administration submits, without delay, the valid Decision to the competent Court on whose the territory the expropriated real property is located, for the purpose of determining the compensation. In case an agreement cannot be concluded, the competent court ex officio decides in non-contentious proceedings on the extent of compensation for the expropriated real property.

12. Taking possession over the affected property is possible only upon a formal Decision on Expropriation and after the possession of substitute property or compensation payment. When RS is the expropriation beneficiary, it acquires the right to take possession over the affected property on the date of finality of the Decision on Expropriation. When local governments are the expropriation beneficiary, they acquire the right to take possession over the affected property on the date of validity of the Decision. The exceptions are infrastructure projects, in which case the Government may issue a Decree to allow the beneficiary to take possession of the property prior to the finality of the Decision if necessary due to urgency or avoiding considerable damage. If the expropriation proposal is later rejected in the further procedure, the expropriation beneficiary is required to compensate for damage caused to the owner by gaining the possession of the real property. In case of expropriation in areas affected by natural disasters, the Government may allow the beneficiary to take possession of the property prior to the finality of the Decision.

13. Formal transfer of legal title in the land register is carried out on the basis of a valid Decision and proof of payment of compensation or proof that the previous owner has acquired ownership over other corresponding real property.

- Cancellation of Decision on Expropriation and Withdrawal of Proposal for Expropriation: The expropriation beneficiary may, before the Decision on Expropriation becomes valid, withdraw the proposal for expropriation fully or partly, but a partial withdrawal will not be allowed if the owner of the property files a complaint that his/her rights have been violated.
A request for cancellation of the Decision on Expropriation may be filed by the previous owner after the expiry of three years from the date of validity of the Decision if the expropriation beneficiary has not executed substantial works. The request for cancellation of the Decision on Expropriation and withdrawal of proposal for expropriation is decided upon by the Administration.

- **Full and Partial Expropriation:** **Full expropriation** allows the expropriation beneficiary to obtain legal title over the expropriated property, while the rights of the previous owner over the real property as well as other rights over that real property cease to exist. **Partial expropriation** provides the beneficiary with usufruct rights on the land and structures, as well as the lease of the land for a definite period of time - at the end of the lease, usufruct rights over land are returned to the previous owner. Partial expropriation is subject to the possibility that the land can be fully restored and the lease not being more than five years. However, owners that are affected by a partial loss of their properties are entitled to request complete expropriation, in case partial expropriation makes the remaining part of the real property useless or difficult to use.

- **Compensation:** As in FBiH, compensation for expropriated property is in principle provided through a corresponding alternative real property in the amount of the market value of the expropriated real property in the same municipality or city, thus enabling the owner of expropriated real property approximately the same conditions of use as he/she had over that real property. If the owner of expropriated real property does not accept an equivalent property as compensation or if the expropriation beneficiary cannot ensure such property, fair compensation is to be determined in cash not less than the market price of the expropriated property at the time of issuing the first-instance Decision on Expropriation or the time of concluding the sale-purchase agreement.

For illegally constructed facilities, the constructor is entitled to compensation in the amount of his/her investments, if, at the time of the investment, conditions for the legalization of the facility had been met. This is not applicable to facilities illegally constructed after the submission of the proposal for expropriation.

In case of usufruct, compensation is determined in the amount for which the market value of the real property has been reduced, as well as for the damage occurred. In case of lease, compensation is determined in the amount of lease on the market, either as a one-time payment covering the full duration of the lease, or in several regular installments. Compensation for temporary use of land is determined in the manner applicable for compensation for lease.

Personal and other family conditions of the previous owner of the expropriated real property are taken into consideration as a corrective for an increase in the amount of determined compensation. The Law contains a separate chapter regarding penalty provisions in terms of determining financial compensation for persons giving incorrect information in the proposal for expropriation, and for persons who obstruct the preparation for expropriation or the execution of the Decision on Expropriation.

It should be noted that fair compensation mentioned in the RS law provides the possibility of determining full compensation (the possibility of increasing market value in relation to the sentimental value the property holds for the owner in justified cases, in addition to the cash compensation for the market value).
Other Related Legislation of RS

- The *Law on Real Property Rights of RS*\(^{15}\) regulates the acquisition, use, disposal, protection and termination of ownership rights, and other real property rights. Article 58 states that the occupant acquires right of ownership over real property which is in the ownership of another person, upon 10 years of conscientious and legal occupancy, or upon 20 years of conscientious occupancy. Article 59 states that a conscientious person who builds a structure on land over which another person has formal rights, is entitled to acquire the land on which the structure has been built, if the land owner did not oppose to the construction. The land owner is in this case entitled to request only the compensation of the market value of the land.

- The *Law on Spatial Development and Construction of RS*\(^{16}\) defines the detailed procedure of legalization of structures built without the necessary permits.

- The *Law on Agricultural Land of RS*\(^{17}\) prohibits the use of agricultural land for non-agricultural purposes, but exceptionally allows the expropriation of such land if public interest has been established for the construction of facilities in defined areas (including communal infrastructure).

2.3 Gaps and Solutions

In general, the above described legislation of both FBiH and RS provide an adequate framework to carry out resettlement and compensation activities in line with WB requirements. The main gaps between local legislation and WB requirements and the solutions addressed through this RPF are:

- *Compensation for informal owners and occupants of land:* in RS, the Law on Expropriation recognizes the category of informal occupants and guarantees compensation in the amount of their investment to those who do not have formal rights to land, but have a claim to such land and assets at the time of constructing the facility; in FBiH, the only category provided compensation according to the Law on Expropriation is the formal owner of the property. Other laws in FBiH and RS as described above in more detail allow the legalization of unauthorized structures or acquiring ownership rights based on occupancy, following processes provided for in the mentioned legislation. Corrective Action: Compensation for all categories of affected persons (formal and informal owners and occupants of land) will be provided in line with the Entitlements Matrix, according to the requirements of OP 4.12 (Table 1 of this RPF).

- *Livelihood restoration assistance for households and businesses who will suffer loss of income due to Project impacts:* According to both laws on expropriation, the formal owner of a business structure is entitled to compensation for any loss of income until he/she is able to fully restore business activities. Both laws address compensation for a property that public interest requires to be expropriated, but do not include specific provisions with regard to livelihood restoration in the post displacement situation. However, both laws do allow some

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\(^{15}\) Official Gazette of RS, No. 124/08, 58/09, 95/11 and 60/15

\(^{16}\) Official Gazette of RS, No. 40/13

\(^{17}\) Official Gazette of RS, No. 93/06, 86/07, 14/10 and 05/12
flexibility in devising specific compensation measures “where such conditions are of great importance for the subsistence of the previous owner, and in particular if his/her subsistence has been endangered due to the expropriation of a larger part or the entire land or business premises in which the previous owner legally performed a business activity, as well as in the case where due to the expropriation members of an agricultural household have to move from the territory where they had lived”. This provides a suitable legal framework for addressing livelihood restoration to the benefit of economically displaced people, businesses and agricultural laborers.

Corrective Action: All types of assistance for livelihood restoration will be provided in line with the Entitlements Matrix, according to the requirements of OP 4.12 (Table 1 of this RPF).

- **Provision of compensation at replacement value:** in FBiH, compensation for lost assets is effected in kind (replacement by an equivalent property) or in cash at market value of the property if the expropriation beneficiary is unable to identify such a replacement property or if such is the choice of the affected owner. In RS, compensation for lost assets is effected in kind (replacement by an equivalent property) or in cash in the amount of fair compensation not lower than the market value of the property, if the expropriation beneficiary is unable to identify such a replacement property or if such is the choice of the affected owner. Corrective Action: Compensation for affected land plots and any other losses will be provided at replacement value, in line with the Entitlements Matrix, according to the requirements of OP 4.12 (Table 1 of this RPF).

A more detailed comparison of the provisions of the FBiH/RS Law on Expropriation with the provisions of OP 4.12 is presented in Appendix 1.
3 Key Land Acquisition / Resettlement Principles and Commitments

The following principles of resettlement and land acquisition will be adhered to in relation with Project implementation:

1. Compliance with local legislation and WB requirements
   Any involuntary acquisition of property, restriction of access to assets or resettlement that may arise in conjunction with the implementation of subprojects will be conducted in compliance with the applicable legislation in BiH (in particular, the Law on Expropriation of FBiH and the Law on Expropriation of RS), the requirements set by WB OP 4.12 on Involuntary Resettlement, this RPF and good international practice.

2. Avoiding or minimizing resettlement
   Involuntary resettlement will be avoided where feasible, or minimized, exploring all viable alternative project designs.
   To the extent possible, amicable negotiations and agreements with Project Affected Persons will be sought to avoid or minimize the extent of involuntary resettlement.

3. Resettlement Action Plans (RAPs)
   Where it is not feasible to avoid resettlement, the procedures and requirements outlined in this RPF will be followed in the preparation and implementation of site-specific RAPs for each of the locations/sites where resettlement is expected.
   During the preparation of RAPs, a census and baseline survey will be conducted in order to determine the number of people affected, their average income and standard of living, employment rate and general health condition, and establish who shall be eligible for compensation and assistance.

4. Cut-off date
   The cut-off date for the establishment of eligibility for formal land owners will be the date of submission of proposals for expropriation by the expropriation beneficiary to relevant municipalities (as stipulated by both laws on expropriation), and the cut-off date for informal owners not recognized by the laws on expropriation will be date of the baseline survey.

   The cut-off date will be publicly disclosed in the local media and consultation meetings, with an accompanying explanation.

   Persons who have settled in the Project area after the cut-off date will not be eligible for any compensation, but will be given sufficient advance notice, requested to vacate premises and dismantle affected structures prior to project implementation. Their dismantled structures materials will not be confiscated and they will not pay any fine or suffer any sanction.
5. **Improving livelihoods and standards of living**

Livelihoods and standards of living of affected persons shall be improved or at least restored to pre-displacement levels or to levels prior to the beginning of Project implementation, whichever is higher, in as short a period as possible.

6. **Compensation**

All owners, occupants and users of affected properties at the time of the cut-off date, whether with or without fully recognized ownership rights, are eligible for certain type of compensation or assistance as outlined in the Entitlements Matrix (Table 1 of this document). Both loss of shelter (physical displacement) and loss of livelihoods (economic loss, i.e. “economic displacement”) shall be taken into account and mitigated.

Compensation eligibility will be limited by a cut-off date to be set for each subproject on the date of submission of proposals for expropriation for formal owners, and on the day of the beginning of the baseline survey (project-affected-persons (PAPs) census) for any informal users.

Compensation will always be effected prior to land entry or taking of possession over property by the expropriation beneficiary. The land cannot be taken physically (i.e. any civil works or construction cannot start) before compensation has been paid to the affected persons. In the case of absentee owners (e.g. people with legal rights to the land but who are living elsewhere), they will still be eligible for compensation and the implementing agency should make, and document, good faith efforts to find them and inform them about the process. These efforts may include efforts to reach them through their neighbors, publication of an ad in newspapers informing about the process, etc. If they can’t be found, and in accordance with local requirements, the compensation amount must be allocated in an escrow account and be readily available should the absentee owner reappear.

In case there any legal issues related to the ownership of a property, the compensation amount must be allocated in an escrow account and be readily available once the legal issues related to the ownership had been resolved.

In accordance with the WB requirements and principles of the FBiH and RS laws on expropriation, for any displaced persons whose livelihoods are land-based, preference will be given to land-based resettlement strategies to the extent possible. Whenever replacement land is offered, affected persons should be provided with land for which the combination of productive potential, location-specific advantages and other features is at least equivalent to those of the land to be taken for Project needs. However, payment of cash compensation for lost assets may be appropriate: where livelihoods are land-based but the land to be acquired for the Project represents a small fraction of the affected plot and the residual part is still economically viable; where active markets for land or housing exist and there is sufficient offer of land and housing; or in case of livelihoods that are not land-based. Cash compensation will be provided at replacement cost. The replacement cost includes the amount sufficient to replace lost assets and cover transaction costs (e.g. administrative, registration, transaction fees, transfer taxes, legalization fees, etc.). In determining the replacement cost, depreciation of the asset will not be taken into account.

In case that a business is affected, livelihood restoration assistance will be based on the income lost during the period required to re-establish the business elsewhere, to be assessed on a case-by-case basis.
7. Information disclosure and consultations
All affected persons and any new host communities will be informed, meaningfully consulted and encouraged to participate in the planning, RAP development, resettlement implementation and evaluation. Affected people will be informed about their options and rights pertaining to resettlement, and consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives.

All directly affected persons (owners, occupants and users) will be visited and explained the land acquisition process and the specific impacts on their land.

Access to information and assistance for vulnerable persons/households will be facilitated by the PIT according to the specific needs of such persons, on the basis of case-by-case screening to be carried out with support from the relevant municipal social departments.

In addition, the PIT will disclose this RPF and any future RAPs to municipalities on whose territory land acquisition may take place (in both English and local languages), and assist the municipalities in understanding the requirements set out in these documents. The PIT, in cooperation with local authorities, will ensure that procedures for submitting grievances are communicated and available to PAPs at municipality level.

8. Temporary occupation of land
Short-term impacts related to temporary occupation of land for construction purposes will be compensated in accordance with the Law on Expropriation of FBiH and the Law on Expropriation of RS, as well as in accordance with the requirements of OP 4.12 for any informal owner/users affected by such temporary land occupation, as stipulated in the Entitlements Matrix (Table 1 of this document).

9. Assistance to vulnerable persons
Particular attention and consideration must be paid to the needs of vulnerable groups.18 Vulnerable people will be identified and appropriate measures for providing support to such people will be incorporated in the RAPs, based on the personal situation of such vulnerable people. An indicative list of such measures includes but is not limited to: individual meetings to explain eligibility criteria and entitlements, assistance during the payment process (ensuring that compensation documents and payment process are well understood), supplemental social assistance, support for removal and transportation of materials, etc.

Groups or persons who may be particularly vulnerable include, but are not limited to:
- poor people
- people with disabilities
- refugees and internally displaced people
- children, women, the elderly or ill persons
- households whose heads are children or female
- households who have no or have very limited resources
- ethnic minorities (such as Roma people or others)
- people without land or use rights under local legislation

10. **Relocation assistance**
   Relocation assistance should cover the cost of moving furniture and other personal belongings in case of physical resettlement of households, and the costs of transfer and reinstallation of equipment, machinery or other assets for affected businesses. Where applicable, the moving assistance should also include support to cover the cost of identifying and securing a new dwelling, as well as other relocation costs such as the cost of transferring utilities to the new address.

11. **Grievance mechanism**
   An effective grievance mechanism will be in place for receiving and addressing in a timely fashion specific concerns about compensation and relocation raised by displaced persons, in the manner described in more detail in Chapter 6 of this RPF.

12. **Monitoring and evaluation**
   The PIT will monitor and evaluate the implementation of the RAPs, both through internal, official institutional arrangements, as well as through an independent, external monitor, in the manner described in more detail in Chapter 7 of this RPF.

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18 Vulnerable people are people who by virtue of gender, ethnicity, age, physical or mental disability, economic disadvantage, or social status, may be more adversely affected by resettlement than others and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits
4 Compensation Eligibility and Entitlements

4.1 Compensation and Entitlements

In cases where land acquisition and resettlement cannot be avoided, all Project Affected Persons (PAPs) shall be entitled to compensation, according to the compensation principles of the entity laws on expropriation and OP 4.12 requirements. The whole process must be transparent, publicly disclosed, and defined in detail within the RAPs. The primary criterion for PAP eligibility is that the person or the asset must have been located within a project area before the cut-off date.

According to OP 4.12, there are 3 categories of persons in terms of compensation eligibility:

- Those who have formal rights to land and are entitled to compensation for the land they use and other assistance;
- Those who do not have formal rights to land but have a claim to such land and assets, provided that such claims are recognized under the laws in force in Bosnia and Herzegovina or become recognized through a process identified in the resettlement plan, and are entitled to compensation for the land and other assistance; and
- Those who have no recognizable legal right or claim to the land they are occupying, but are entitled to resettlement assistance.

This indicates that the persons who have or claim formal rights to land or assets are considered eligible for compensation of the land or assets they lose, as well as other assistance such as moving allowance and support after resettlement, whereas persons who do not have any recognizable legal rights or claims to the land they have been occupying before the acquisition procedure are eligible for resettlement assistance.

In case an amicable sale-purchase agreement between the expropriation beneficiary and the affected owner is reached, the PIT must make sure that the agreement is in accordance with OP 4.12 requirements. No land acquisition (i.e. start of construction) shall take place prior to the provision of all types of required compensation to affected owners.

Specific compensation entitlements

Compensation entitlements for different categories of eligible persons and assets covered either by the current applicable legislation of FBiH and RS, or by this RPF to bridge the gaps and meet the specific WB requirements are described below in Table 1.
**West Balkans Water Management in Drina River Basin Project**  
**Resettlement Policy Framework**

### Table 1: Entitlements Matrix

<table>
<thead>
<tr>
<th>Type of Project affected right or property or loss</th>
<th>Entitlement</th>
<th>Process and specific conditions</th>
</tr>
</thead>
</table>
| **Loss of residential structure**<br>(owners) | Replacement property of similar size and characteristics or Cash compensation at replacement value of property<sup>19</sup> + Moving allowance and compensation for other resettlement related expenses | • Transfer of property right through amicable agreement or expropriation process in accordance with Law on Expropriation of FBiH and Law on Expropriation of RS  
• Provision of compensation at replacement value and moving allowance in accordance with OP 4.12 |
|Owners with partially affected land plots: | Compensation for the loss of land and other assets in affected area + The right to request complete expropriation of their land plots and corresponding compensation | • Owners affected by a partial loss of their land plots are entitled, according to both laws on expropriation, to request complete expropriation and corresponding compensation in case partial expropriation would deteriorate the economic situation of the property owner or render the remaining part of the property useless or difficult to use. Such landowners must be informed about this entitlement by the official managing the expropriation process |
| **Loss of informal residential structure**<br>(erected without building permit on own land plot) | **Subject to successful legalization:** Same as formal owner | • If legalization is not possible, transfer of property and/or provision of compensation through amicable agreement. Any salvaged materials will not be deducted from the cash compensation received.  
• Provision of moving allowance in accordance with OP 4.12 |
| | **If legalization is not possible:** Compensation for land at replacement value + The affected person has the right to i) take away the building materials and ii) be provided with cash compensation at replacement cost of the structure (i.e. cost of materials and labor to build an equivalent structure elsewhere) + Moving allowance and compensation for other resettlement related expenses | |

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<sup>19</sup> Replacement value indicates market value of the property plus legal costs of acquiring other property, such as taxes and fees related to purchase of other property, registration in land registry etc.
<table>
<thead>
<tr>
<th>Type of Project affected right or property or loss</th>
<th>Entitlement</th>
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</tr>
</thead>
</table>
| Loss of informal residential structure (erected without building permit on someone else’s or state owned land plot) | Cash compensation at replacement value for the private land plot to the owner + The affected person has the right to i) take away the building materials and ii) be provided with cash compensation at replacement cost of the structure (i.e. cost of materials and labor to build an equivalent structure elsewhere) + Moving allowance to structure owner | * Transfer of property right and/or provision of compensation for land to land owner through amicable agreement or expropriation  
* Provision of compensation for residential structure through amicable agreement  
* Provision of use of alternative accommodation by the competent authorities, with security of tenure, if the occupant has no or no stable sources of income and his/her family does not own other property  
* Provision of moving allowance in accordance with OP 4.12 |
| Non-residential structure without construction permit on own land | Cash compensation at replacement value of the structure to the structure owner | * Transfer of property right and/or provision of compensation through amicable agreement |
| Non-residential structure illegally raised on someone else’s or state owned land plot | Cash compensation at replacement cost of the structure (i.e. cost of materials and labor to build an equivalent structure elsewhere) to the structure owner + Cash compensation at replacement value of the land to the landowner | * Transfer of property right and/or provision of compensation through amicable agreement |
| Loss of land plot | | * Transfer of property right through amicable agreement or expropriation.  
* If the remainder after expropriation of the affected part is unusable, the owner will be entitled to expropriation of the whole plot and compensation according to the laws on expropriation. |
| Registered land plot | Cash compensation at replacement value or Replacement land plot of similar size and characteristics | |
| Land plot registered in the name other than the user’s name | Cash compensation at land replacement value to land owner or successors + Cash compensation for any developments on the land to the owner of such developments (e.g. structures or installations such as irrigation or drainage systems, perennial plantations, etc.) | * Transfer of property right through amicable agreement or expropriation |
| Loss of land plot | PAP without formal land title occupying the area at the time of the cut-off date | * Provision of compensation to be provided in accordance with OP 4.12 |
### West Balkans Water Management in Drina River Basin Project

#### Resettlement Policy Framework

<table>
<thead>
<tr>
<th>Type of Project affected right or property or loss</th>
<th>Entitlement</th>
<th>Process and specific conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>without any formal land title</td>
<td>will not be compensated for land, but will be compensated for any structures or other assets on the land</td>
<td></td>
</tr>
</tbody>
</table>

**Temporary occupation of land**

<table>
<thead>
<tr>
<th>Temporary land occupation and losses</th>
<th>Owners:</th>
<th>Informal users/occupants:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Affected land and infrastructure will be restored to pre-project conditions +</td>
<td>Affected land and infrastructure will be restored to pre-project conditions +</td>
</tr>
<tr>
<td></td>
<td>Cash compensation for temporary land occupation in the amount of lease at market prices +</td>
<td>Cash compensation for lost assets (e.g. structures, trees) +</td>
</tr>
<tr>
<td></td>
<td>Cash compensation for lost assets (e.g. structures, trees) +</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Compensation at market value for loss of net income from subsequent crops that cannot be planted for the duration of temporary possession</td>
<td></td>
</tr>
</tbody>
</table>

**Owners:**

- Temporary land occupation and any damages to assets compensated in accordance with the laws on expropriation. Informal users/occupants of land plots affected by temporary losses are not entitled to cash compensation for temporary land occupation based on the laws, but shall be compensated for any losses and damages to assets/harvests on land owned by such users, including compensation for harvests lost

- Compensation for damages during the period of temporary possession at replacement cost of material and labor without deduction for depreciation or salvageable materials

**Informal users/occupants:**

- Compensation for establishment of right of way on private property to be provided in accordance with both laws on expropriation

<table>
<thead>
<tr>
<th>Loss of right of way</th>
<th>Compensation for reduced market value of the property +</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Compensation for any damages to the property</td>
</tr>
</tbody>
</table>

- Compensation for establishment of right of way on private property to be provided in accordance with both laws on expropriation
## Loss of crops

<table>
<thead>
<tr>
<th>Type of Project affected</th>
<th>Entitlement</th>
<th>Process and specific conditions</th>
</tr>
</thead>
</table>
| **Loss of annual crops** | The right to harvest crops  
or (if harvesting not possible)  
Cash compensation for annual crops at replacement value | • Cash compensation for crops will be provided only if annual crops could not be harvested before expropriation takes place, in accordance with both laws on expropriation. If that is not possible (e.g., the crops are not ripe yet), the land owner/occupant/tenant is entitled to cash compensation at full replacement cost of the crops  
• To the extent possible, land acquisition and land entry will be scheduled so that any standing annual crop, regardless of its development stage, can be harvested before the initiation of construction works |
| **Loss of perennial crops** | The right to pick fruits, vegetables, etc.  
+ Cash compensation for perennial trees/plants at replacement value | • Compensation will include all trees and plants, and the court expert will assess their value depending on the age, type, etc., in accordance with both laws on expropriation  
• If the perennial crops cannot be harvested, the owner is entitled to cash compensation for the expected crops, in accordance with the laws on expropriation  
• Perennial crops and trees will be valued at the cost of replacement (determination of full replacement value includes the yield of the crop over one year, the cost of re-establishing the plantation (seedlings, soil preparation, fertilizers, etc.), as well as of the lost income during the period needed to re-establish the crop)  
• The replacement value for commercial timber tree species should be the market value of the logged timber. If an affected commercial forest cannot be logged before entry of the expropriation beneficiary into the land plot, the compensation principle will be similar to that for annual crops, taking consideration of the market value of the lost timber |

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For the Drina River Basin Project, the resettlement policy framework ensures fair compensation for losses of crops and perennial plants. The entitlements include the right to harvest annual crops or receive cash compensation at replacement value, and the right to pick fruits, vegetables, etc. for perennial crops. The process involves scheduling land acquisition and entry to allow harvesting of any standing annual crop before construction. Cash compensation is provided for unharvested crops and on the value of permanent crops and trees, following legal frameworks on expropriation.
# West Balkans Water Management in Drina River Basin Project
## Resettlement Policy Framework

<table>
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<tr>
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<th>Entitlement</th>
<th>Process and specific conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loss of place of business and business income</strong></td>
<td>Formal businesses: Same as for residential property</td>
<td>* Compensation for informal businesses is not regulated by local legislation, and such businesses will be individually consulted and provided free legal assistance in regularizing their status (in instances where PAPs prefer to regularize their status) to allow for provision of compensation based on the laws on expropriation. The Project will provide alternative appropriate location where affected businesses can continue their economic activity.</td>
</tr>
<tr>
<td>Loss of place of business (commercial structure)</td>
<td>Informal businesses: Assistance to informal businesses to regularize their status + Compensation for construction value of the structure and provision of adequate alternative location or similar arrangement as to enable the business to continue its economic activities elsewhere</td>
<td></td>
</tr>
<tr>
<td>Loss of business income (formal or informal businesses)</td>
<td>Compensation for loss of income incurred as a result of Project activities until the full restoration of business activities, to be assessed on a case-by-case basis (based on accounting reports or other applicable documents) + Compensation for any transitional costs (e.g. the cost of the transfer and reinstallation of the plant, machinery or other equipment) + Assistance to informal businesses to regularize their status</td>
<td>* Compensation for informal businesses is not regulated by local legislation, and such businesses will be individually consulted and provided free legal assistance in regularizing their status (in instances where PAPs prefer to regularize their status) to allow for provision of compensation based on the laws on expropriation</td>
</tr>
</tbody>
</table>
4.2 Methodology for Valuating Affected Assets

**Agricultural and forest land**

As provided under both expropriation laws, compensation for land will wherever feasible be in the form of a replacement property allowing the owner approximately the same conditions of use. The concept of *same conditions of use* is to be understood as meeting the following criteria:

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

Where replacement property cannot be offered to the affected landowner because suitable agricultural land is not available at reasonable distance or is not acceptable to the landowner, the expropriating authority will establish written evidence of its unsuccessful efforts to identify such similar land.

The expropriation laws do not provide detailed guidance as to how to establish the replacement value. The following approach is proposed to assess the replacement value:

- three recent (within 6 months) transactions of parcels with similar characteristics in the area should be identified,
- average price per square meter for these three transactions should be used as the reference replacement value for the expropriated parcel, and
- associated transaction costs (e.g. taxes, purchase fees, registration fees, etc.)

However, the expropriation laws do not explicitly regulate the situations where only a plot smaller in size or agricultural potential can be offered as a replacement property, and whether it would be acceptable to pay a balance in cash on top of the compensation in kind to offset such a difference in size or potential. In situations where a plot of equivalent size or potential cannot be identified and offered, and plots smaller in size or potential can be offered, the owner will be allowed the option to receive compensation partly in kind (replacement property - plot) and partly in cash. This requires both the affected and the replacement plot to be valued so that the difference can be calculated. As a general rule, if the difference in established values is less than 10%, the plots will be considered approximately equivalent and no cash compensation will be provided to offset this difference.

In situations of partial expropriation of agricultural land where the landowner would assess the plot remainder as unsuitable for further agricultural use, the owner can apply for expropriation of the whole plot according to provisions of Article 11 of the FBiH Law on Expropriation and Article 11 of the RS Law on Expropriation. Such situations are to be assessed on an individual basis by the expropriating authority, and the following criteria will be used to assess the suitability for further agricultural use:

- size of the remaining part of the parcel,
- agricultural potential of the remaining part of the parcel compared to that of the expropriated part, and

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20 According to FBiH Law on Expropriation, Article 45 and RS Law on Expropriation, Article 53, compensation for expropriated real property is determined by providing other corresponding real property equal in market value to the expropriated real property in the same municipality or city, thus allowing the owner of expropriated real property approximately the same conditions of use.
possibility to operate mechanized agricultural equipment on the remaining part (accessibility).

Residential land

The preferred option for residential land to be expropriated will be replacement with alternative land according to the provisions of both expropriation laws. The compensation package will usually include a compensation for residential houses on the given plot.

If residential land is affected but the house itself is not, compensation will usually be in the form of cash. Cash compensation will be provided at replacement value, applying the approach similar to that described for agricultural land above.

Houses or other structures

When assessing the replacement properties, the following criteria should be applied to the extent possible:

- parcel on which the houses or other structures are located should have approximately the same size,
- houses should have similar size and standards, including access to utilities, and
- houses should be located at a reasonable distance and be with a similar potential from the livelihood point of view (access to employment or agriculture).

If replacement structures smaller in size or of favorable characteristics are proposed to affected persons, the difference in value should be paid to the affected owner pursuing the approach similar to that described in section on agricultural land compensation.

Where the affected owner opts for cash compensation rather than replacement property or if no suitable substitute property can be identified in the area, residential structures will be compensated in cash. Principles applicable to the determination of replacement value are the same as those described above for land - at least three transactions of comparable properties in the area should be considered as a basis for calculation of prices, including both the value of residential land and the value of structures. Non-residential structures will be compensated for in cash based on replacement value.

Crops and forest

To the extent possible, land acquisition and land entry will be scheduled so that any standing annual crop, regardless of its development stage, can be harvested before the land is taken from the land owner or land user. Annual crops that are harvested before land entry by the beneficiary shall not be compensated for.

Annual crops that cannot be harvested prior to land entry or that are damaged by construction works shall be compensated for at full market value. Recent agricultural produce prices at municipal level should be applied.

The determination of the full replacement value requires consideration not only of the yield of the crop over one year, but also of the cost of re-establishing the plantation (seedlings, soil preparation, fertilizers, etc.), as well as of the lost income during the period needed to re-establish the crop.
Compensation rates should be calculated in compliance with the full replacement value principle, whereby the compensation rate $C$ for one tree is determined by application of the following formula:

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

$V$ - average market value of the produce of one tree for one year
$D$ - average period of time required to re-establish the tree to an adult production level, in years
$C_p$ - cost of planting (seedling, soil preparation, initial fertilization)
$C_L$ - cost of the labor required to maintain the crop during the period of time needed to re-establish it to its previous production level

The calculated unit rate $C$ is then applied to the whole parcel assuming either an average density or based on the precise count of all standing trees.

Market values of the produce for each of the common fruit trees in the area are to be investigated and reflected in each RAP. Compensation rates will be generated for the following stages of plant (tree) development:
- seedling,
- young plant, not productive,
- young plant, productive, and
- mature plant.

Unlike perennial fruit plantations, which can be harvested over a long period of time, most commercial timber tree species are yielded only once, as is the case with annual crops. The replacement value should therefore be the market value of the logged timber. If an affected commercial forest cannot be logged before entry of the expropriation beneficiary into the parcel, the compensation principle will similar to that described for annual crops, taking consideration of the market value of the lost timber.
5 Disclosure of Information and Public Consultations

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

The Project Implementation Team (PIT), together with the representatives of municipal departments in charge of expropriation, is responsible for communicating with affected communities and Project Affected People (PAPs).

All stakeholders will be timely informed about the Project’s scope and contacts for further information inquiries, the available grievance mechanism and the availability of the publicly available documents, through:

- the website of the Ministry of Foreign Trade and Economic Relations (www.mvteo.gov.ba)
- the website of the Ministry of Agriculture, Water Management and Forestry of FBiH (www.fmpvs.gov.ba)
- the website of the Ministry of Agriculture, Forestry and Water Management of RS (www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mps)
- the website of the involved municipality.

Affected households and businesses will be individually visited and informed by the municipal departments in charge of expropriation about the impacts of the Project on their property, particularly the precise impacts on their property. PAPs will be consulted during the preparation of the RAP and informed on the results of the census and baseline survey, and their opinions on compensation or other resettlement assistance will be given due consideration. The processes and mechanisms ensuring the active involvement of PAPs and other stakeholders will be detailed in the RAPs which will also include an appendix with the date, list of participants, and minutes of consultation meetings.

Access to information for vulnerable groups will be facilitated by the PIT, as appropriate for each person/household according to their specific needs and/or situation, in cooperation with municipal departments for social affairs.

The PIT will disclose this RPF and any future RAPs to municipalities on whose territory land acquisition may take place (in both English and local languages), and assist the municipalities in understanding the requirements set out in these documents. The PIT, in cooperation with local authorities, will ensure that procedures for submitting grievances are communicated and available to PAPs at municipality level.

In addition, the PIT will organize public consultative meetings to present the Project and the expected impacts, and enable participants to present their opinions and remarks with regards to the Project, as well as to suggest possible solutions of the issues raised or problems identified, which will be documented and addressed appropriately in Project Progress Reports. The timetable and the venue designated for public consultative meetings will be precisely defined by the PIT. All stakeholders will be informed about the exact date, time and venue where a consultative meeting will be held through the above mentioned websites, as well as daily newspapers/ radio/ television stations as necessary.
6 Grievance Mechanism

The grievance mechanism will be established by the PIT for dealing with the issues of acquisition of land and other assets, as well as the losses and damages caused by the construction works. Therefore, the grievance mechanism shall be in place by the time the PIT, in cooperation with municipal administrations, starts negotiations with the PAPs, and shall function until the completion of construction activities.

The PIT will establish a register of grievances, and ensure that Project Affected Persons are fully informed of the grievance mechanism by communicating the availability of this registry, its function, the contact persons and the procedures to submit a complaint in the affected areas.

A sample grievance form is provided in Appendix 3 of RPF.

The PIT will ensure that the involved municipality dedicates at least one officer to the task of administering grievances. This officer will ensure that grievances are acknowledged receipt of within 7 calendar days, that grievances are allocated to the right person for review and proposal of resolution, and that resolution / closure letters are timely sent to the complainant and acknowledged receipt of. The officer in charge at municipality level will have to provide updates to the PIT on the received grievances on a regular basis and upon any extraordinary or urgent developments.

Any comments or concerns can be brought to the attention of the PIT or the Local municipal officer verbally or in writing (by post or e-mail) or by filling in a grievance form, without any costs incurred to the complainant. Grievances can also be submitted anonymously.

All grievances will be recorded in the register and assigned a number, and acknowledged within 7 calendar days. Each grievance will be recorded in the registry with the following information:

- description of grievance,
- date of receipt acknowledgement returned to the complainant,
- description of actions taken (investigation, corrective measures), and
- date of resolution and closure / provision of feedback to the complainant.

The PIT or the Local municipal officer will make all reasonable efforts to address the complaint upon the acknowledgement of grievance. If the PIT Local municipal officer is not able to address the issues raised by immediate corrective action, a long-term corrective action will be identified. The complainant will be informed about the proposed corrective action and follow-up of corrective action within 25 calendar days upon the acknowledgement of grievance.

If the particular issue raised through the grievance mechanism cannot be addressed or if action is not required, a detailed explanation/ justification will be provided to the complainant on why the issue was not addressed. The response will also contain an explanation on how the person/ organization that raised the complaint can proceed with the grievance in case the outcome is not satisfactory.

At all times, complainants may seek other legal remedies in accordance with the legal framework of FBiH and RS.
Contact details for enquiries and grievances:

Attention: Head of PIT, West Balkans Water Management in Drina River Basin Project
Ministry of Foreign Trade and Economic Relations
Address: Musala 9, 71000 Sarajevo
Tel: +387 33 220 093, +387 33 214 102
Fax: +387 33 220 091
E-mail: info@mvteo.gov.ba

Attention: Head of PIT, West Balkans Water Management in Drina River Basin Project
Agriculture Projects Coordination Unit
RS Ministry of Agriculture, Forestry and Water Management
Address: Trg Republike Srpske 1, 78000 Banja Luka
Tel: +387 51/338-415
Fax: +387 51/338-865, +387 51/338-866
E-mail: mps@mps.vladars.net
7 Implementation of RAPs

7.1 Implementation Responsibilities

Ensuring that the entire process of RAP preparation and implementation in Bosnia and Herzegovina is carried out adequately in line with the requirements of this RPF will be the responsibility of:

- the PIT within the Ministry of Foreign Trade and Economic Relations with regard to common activities as well as activities located in FBiH,
- the PIT, i.e. the Agriculture Projects Coordination Unit within the RS Ministry of Agriculture, Forestry and Water Management for activities located in RS.

The PIT will appoint an officer for liaison with municipalities and other involved agencies, who will be responsible for communication with and disclosure of information to all involved parties.

RAPs will be in place prior to the initiation of any land acquisition activities.

The specific tasks regarding the preparation and implementations of RAPs will be shared between the PIT, municipal administrations and other involved agencies, according to Table 2 below:

<table>
<thead>
<tr>
<th>Table 2: Organizational Responsibilities and Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Task</strong></td>
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<tr>
<td>-----------------------------------------------------------</td>
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<tr>
<td><strong>Preparation of RAPs</strong></td>
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<tr>
<td>Ensuring the preparation of RAPs including the census and socioeconomic surveys</td>
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<tr>
<td>Developing municipalities’ awareness of the requirements of RPF and RAPs</td>
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<tr>
<td>Approval of RAP</td>
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<tr>
<td><strong>Information disclosure and consultations</strong></td>
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<tr>
<td>Disclosure of information and documents to all Project Affected People and communities, and organization of public meetings</td>
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<tr>
<td>Keeping records of consultation activities</td>
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<tr>
<td><strong>Land acquisition process</strong></td>
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<tr>
<td>Direct communication with and visits to owners and occupants</td>
</tr>
<tr>
<td>Negotiations and expropriation activities, prior to construction commencement</td>
</tr>
<tr>
<td>Provision of assistance to vulnerable persons / households</td>
</tr>
<tr>
<td>Payment / provision of compensation packages</td>
</tr>
<tr>
<td><strong>Monitoring and reporting</strong></td>
</tr>
<tr>
<td>Monitoring and reporting to WB with respect to land acquisition</td>
</tr>
<tr>
<td>Monitoring and reporting in respect of temporary land occupation carried out after construction commencement</td>
</tr>
<tr>
<td>Preparation of a Completion Audit at the end of the land acquisition process</td>
</tr>
<tr>
<td><strong>Receiving and managing grievances</strong></td>
</tr>
<tr>
<td>Grievance processing and management</td>
</tr>
<tr>
<td>Receiving grievances and acknowledging receipt of grievances</td>
</tr>
<tr>
<td>Keeping an integrated registry of grievances</td>
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</tbody>
</table>
7.2 Costs

The costs of the land acquisition / resettlement process will be the responsibility of the entity level line ministries (i.e., the RS Ministry of Agriculture, Forestry and Water Management, and the FBiH Ministry of Agriculture, Water Management and Forestry). Social assistance costs will be the responsibility of the mentioned ministries and the involved Municipalities. Detailed cost estimates will be provided in the RAPs.

7.3 Monitoring and Reporting

Monitoring of the land acquisition and resettlement process will be conducted by the PIT to:

- ascertain whether activities are in progress as per schedule and the timelines are being met;
- ensure that the standards of living of PAPs are restored or improved;
- assess whether the compensation / rehabilitation measures are sufficient;
- identify any potential issues; and
- identify methods to mitigate any identified issues.

The PIT will maintain a land acquisition database on the families/businesses whose properties have been affected (including the non-owners). The data/information will be updated periodically in order to keep track of the families’ and businesses’ progress.

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

- Overall spending on expropriation and compensation
- Number of Project Affected People by categories and number of project affected households by categories
- Number of structures (residential and non-residential) identified for demolition
- Number of public meetings and consultations with affected people
- Number and percentage of individual compensation agreements signed before the beginning of construction activities
- Number of persons requesting special assistance and types of assistance provided to vulnerable individuals/households in a timely manner
- Number of people having received cash compensation during the monitoring period with distribution by compensation type and by classes of amounts
- Number and amount of payments to restore loss of income
- Number and type of grievances, including any court cases, related to land acquisition (submitted and resolved and how long it took for them to be resolved)

The PIT will prepare and submit to WB annual Project Progress Reports including the progress achieved in the implementation of RAPs.

In addition, the PIT will facilitate the development of a Completion Audit at the end of the land acquisition process by an independent expert.
## Appendix 1: Comparison of FBiH/RS Law on Expropriation with OP 4.12 Requirements

<table>
<thead>
<tr>
<th>Issue</th>
<th>Requirements of FBiH Law on Expropriation</th>
<th>Requirements of RS Law on Expropriation</th>
<th>World Bank OP 4.12 Requirements</th>
<th>Corrective Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoidance or Minimization of Resettlement/ Land Acquisition</td>
<td>The Law explicitly states that expropriation is carried out only if an amicable sale-purchase agreement with the affected owner is not reached. Expropriation can only take place if it is assessed that using the real property for which expropriation is proposed will result in a greater benefit than would be achieved if the real property continued to be used in the previous manner, which is proven by the Expropriation Study (containing the purpose and justification of expropriation) submitted together with the proposal to establish public interest, on the basis of which the authority issues the Decree on Establishing Public Interest.</td>
<td>The Law explicitly states that expropriation is carried out only if an amicable sale-purchase agreement with the affected owner is not reached.</td>
<td>Involuntary resettlement should be avoided or minimized where feasible, exploring all viable alternative project designs.</td>
<td>The WB requirement is prerequisite - the borrower must consider all viable project alternatives prior to filing requests in accordance with the legal procedures of the given Entity.</td>
</tr>
<tr>
<td>Census and socioeconomic survey and Resettlement Action Plan (RAP)</td>
<td>No explicit requirement related with socio-economic studies or development of resettlement plans. However, to facilitate the expropriation process at an early stage, the FBiH Expropriation Law requires an Expropriation Study focusing on land registry, lists of affected owners and real property, estimation of the value of real property, and other related information (Article 16).</td>
<td>No explicit requirement related with socio-economic studies or development of resettlement plans. However, to facilitate the expropriation process at an early stage, the RS Expropriation Law requires an Expropriation Study focusing on land registry, lists of affected owners and real property, estimation of the value of real property, and other related information (Article 18).</td>
<td>Census and socioeconomic survey to be made for RAP development needs at early stages of project preparation and with involvement of potentially displaced persons. The study should include information on (i) current occupants in the affected area, (ii) characteristics of displaced households and their standards of living and livelihoods, (iii) magnitude of expected losses and extent of displacement, and (iv) information on vulnerable groups or persons.</td>
<td>Census and socioeconomic survey for each RAP to be prepared according to WB requirement in addition to the expropriation studies required by local legislation.</td>
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<td>Issue</td>
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<td>Requirements of RS Law on Expropriation</td>
<td>World Bank OP 4.12 Requirements</td>
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<tr>
<td>Public Participation/ Consultations With Affected Persons</td>
<td>Several articles of the FBiH Law provide for informing/consulting the owner and stakeholders: Article 60 states that, once the Decision on Expropriation has become effective, the Municipal Administration is obliged to organize a public consultation meeting for the determination of the compensation extent. Article 25 states that after a proposal for expropriation has been submitted, the Municipal Administration is obliged to inform the owner without delay. Article 27 states that the Municipal Administration is obliged to hear the owner in regard to the expropriation facts, prior to issuing the Decision on Expropriation. Article 11 states that in case of partial expropriation, the Municipal Administration must inform the owner about his/her right to request full expropriation.</td>
<td>Several articles of the RS Law provide for informing/consulting the owner and stakeholders: Article 68 states that, once the Decision on Expropriation has become effective, the Administration is obliged to organize a public consultation meeting for the determination of the compensation extent. Article 26 states that after a proposal for expropriation has been submitted, the Administration is obliged to inform the owner without delay. Article 28 states that the Administration is obliged to hear the owner in regard to the expropriation facts, prior to issuing the Decision on Expropriation. Article 11 states that in case of partial expropriation, the Administration must inform the owner about his/her right to request full expropriation.</td>
<td>Displaced persons should be meaningfully consulted and should be encouraged to participate in planning and implementing resettlement.</td>
<td>Entity legal requirements must be met, but the borrower should additionally approach and consult the property owners during all expropriation stages.</td>
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<tr>
<td>Eligibility for Compensation (Categorization)</td>
<td>The only category the Law guarantees compensation to is the category of the legitimate owner of the real property, entitled to compensation for expropriation of their housing, commercial facility or land, whether it is agricultural, an orchard, land with crops or even forested. For those without formal rights to land, no compensation is foreseen, except the right to remove the facilities and take away the materials.</td>
<td>According to the Law, there are 3 categories of persons in terms of compensation eligibility: a) Those who have formal rights to land are entitled to compensation for the land they use and other assistance; b) Those who do not have formal rights to land, but have a claim to such land and assets at the time of constructing the facility, are entitled to compensation in the amount of their investment; c) Those who do not have formal rights to land, and have constructed the facility after the submission of the proposal for expropriation, are not entitled to compensation but are entitled to remove the facility and take away the materials.</td>
<td>According to WB OP 4.12, there are 3 categories of persons in terms of compensation eligibility: a) Those who have formal rights to land and are entitled to compensation for the land they use and other assistance; b) Those who do not have formal rights to land at the time the census begins but have a claim to such land and assets, provided that such claims are recognized under the laws of Bosnia and Herzegovina or become recognized through a process identified in the RAP, and are entitled to compensation for the land and other assistance; and c) Those who have no recognizable legal right or claim to the land they are occupying, but are entitled to resettlement assistance.</td>
<td>In addition to requirements of the Entity legislation, the WB requirements related to other categories must be met.</td>
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<tr>
<td>Issue</td>
<td>Requirements of FBiH Law on Expropriation</td>
<td>Requirements of RS Law on Expropriation</td>
<td>World Bank OP 4.12 Requirements</td>
<td>Corrective Action</td>
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<td>Compensation</td>
<td>Compensation for lost assets is effected in kind (replacement by an equivalent property) or in cash if the</td>
<td>Compensation for lost assets is effected in kind (replacement by an equivalent property) or in cash if</td>
<td>Displaced persons should be provided prompt and effective compensation at full replacement</td>
<td>Compensation must be provided at replacement cost in line with the requirements of OP 4.12.</td>
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<td></td>
<td>expropriation beneficiary is unable to identify such a replacement property or if such is the choice of the</td>
<td>the expropriation beneficiary is unable to identify such a replacement property or if such is the choice of the affected owner. Cash compensation is determined as fair compensation not lower than the market value of the expropriated property in the same municipality or town.</td>
<td>cost for assets losses attributable directly to the project. Furthermore, the policy offers cash compensation as an alternative, or residential housing alternatives.</td>
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<td>affected owner. Cash compensation is at market value of the expropriated property in the same municipality or</td>
<td>compensation is at market value of the expropriated property in the same municipality or town.</td>
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<td>town.</td>
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<td>The court procedure for determining compensation is urgent (Article 65).</td>
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<td>In cases of expropriation requiring ‘large scale’ displacement, the form and terms of compensation may be</td>
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<td>established by a separate law (Article 59), if more favorable for the owner.</td>
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<td>The owner of a property pending expropriation is also entitled to compensation for any loss of benefits which</td>
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<td>he/she would have using the property (Article 54).</td>
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<td>Households that have only partially lost their assets are covered by Article 11. The party to be resettled</td>
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<td>is to be informed about their entitlement to request full expropriation.</td>
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<td></td>
</tr>
<tr>
<td>Assistance to</td>
<td>Article 47 calls for consideration of personal and family situation, as well as other specifics which may</td>
<td>Article 55 calls for consideration of personal and family situation, as well as specifics which may adve</td>
<td>Displaced persons should be assisted in improving their former living standards, income earning</td>
<td></td>
</tr>
<tr>
<td>Resettled Parties</td>
<td>entail adverse economic effects of resettlement, when determining the compensation extent. This opens a</td>
<td>rse adverse economic effects of resettlement, when determining the compensation extent. This opens a possibility to provide specific assistance to specific households.</td>
<td>capacity, and production levels, or at least in restoring them.</td>
<td>The borrower should meet the specific WB requirement by applying the provisions of the said</td>
</tr>
<tr>
<td></td>
<td>possibility to provide specific assistance to specific households.</td>
<td></td>
<td></td>
<td>Entity laws.</td>
</tr>
</tbody>
</table>
### Issue

<table>
<thead>
<tr>
<th>Issue</th>
<th>Requirements of FBiH Law on Expropriation</th>
<th>Requirements of RS Law on Expropriation</th>
<th>World Bank OP 4.12 Requirements</th>
<th>Corrective Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grievance Redress</td>
<td>An appeal against the Decision on Expropriation can be submitted to the Federal Administration for Geodesy and Legal Property Affairs (Article 30). The fact that the expropriated property may only be used for the initially proposed purpose is very important for the proper application of the issue of cancellation of expropriation. Host communities are not mentioned in the Law.</td>
<td>An appeal against the Decision on Expropriation can be submitted to the RS Administration of Geodesy and Legal Ownership Affairs (Article 31). The fact that the expropriated property may only be used for the initially proposed purpose is very important for the proper application of the issue of cancellation of expropriation. Host communities are not mentioned in the Law.</td>
<td>Appropriate and accessible grievance mechanisms are established for displaced persons and host communities. Property owners and/or persons subject to involuntary resettlement must be given the right of appeal during and after the resettlement procedure, in accordance with the Entity expropriation laws. In addition, a Project specific grievance mechanism will be established in the manner defined in this RPF.</td>
<td></td>
</tr>
<tr>
<td>Monitoring</td>
<td>No specific monitoring procedures are prescribed.</td>
<td>No specific monitoring procedures are prescribed.</td>
<td>The Borrower is responsible for adequate monitoring and evaluation of the activities set forth in the resettlement instruments. The PIT will be responsible for monitoring in line with the requirements set out in this RPF.</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 2: Structure of a RAP according to OP 4.12

The scope and level of detail of the RAP vary with the magnitude and complexity of resettlement. The plan must be based on up-to-date and reliable information about (a) the proposed resettlement and its impacts on the displaced persons and other adversely affected groups, and (b) the legal issues involved in resettlement. RAP covers the elements below, as relevant. When any element is not relevant to project circumstances, it should be noted in the RAP.

1. **Description of the project.** General description of the project and identification of the project area.

2. **Potential impacts.** Identification of: (a) the project component or activities that give rise to resettlement; (b) the zone of impact of such component or activities; (c) the alternatives considered to avoid or minimize resettlement; and (d) the mechanisms established to minimize resettlement, to the extent possible, during project implementation.

3. **Objectives.** The main objectives of the resettlement program.

4. **Socioeconomic studies.** The findings of socioeconomic studies to be conducted in the early stages of project preparation and with the involvement of potentially displaced people, including
   (a) the results of a census covering
      (i) current occupants of the affected area to establish a basis for the design of the resettlement program and to exclude subsequent inflows of people from eligibility for compensation and resettlement assistance;
      (ii) standard characteristics of displaced households, including a description of production systems, labor, and household organization; and baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;
      (iii) the magnitude of the expected loss—total or partial—of assets, and the extent of displacement, physical or economic;
      (iv) information on vulnerable groups or persons, for whom special provisions may have to be made; and
      (v) provisions to update information on the displaced people's livelihoods and standards of living at regular intervals so that the latest information is available at the time of their displacement.
   (b) other studies describing the following
      (i) land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, non-title-based usufruct systems (including fishing, grazing, or use of forest areas) governed by local recognized land allocation mechanisms, and any issues raised by different tenure systems in the project area;
      (ii) the patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project;
      (iii) public infrastructure and social services that will be affected; and
      (iv) social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g., community organizations, ritual groups, nongovernmental organizations (NGOs)) that may be relevant to the consultation strategy and to designing and implementing the resettlement activities.

5. **Legal framework.** The findings of an analysis of the legal framework, covering
   (a) the scope of the power of eminent domain and the nature of compensation associated with it, in terms of both the valuation methodology and the timing of payment;
(b) the applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process and the normal timeframe for such procedures, and any available alternative dispute resolution mechanisms that may be relevant to resettlement under the project;
(c) relevant law (including customary and traditional law) governing land tenure, valuation of assets and losses, compensation, and natural resource usage rights; customary personal law related to displacement; and environmental laws and social welfare legislation;
(d) laws and regulations relating to the agencies responsible for implementing resettlement activities;
(e) gaps, if any, between local laws covering eminent domain and resettlement and the Bank's resettlement policy, and the mechanisms to bridge such gaps; and
(f) any legal steps necessary to ensure the effective implementation of resettlement activities under the project, including, as appropriate, a process for recognizing claims to legal rights to land—包括 claims that derive from customary law and traditional usage.

6. Institutional Framework. The findings of an analysis of the institutional framework covering
(a) the identification of agencies responsible for resettlement activities and NGOs that may have a role in project implementation;
(b) an assessment of the institutional capacity of such agencies and NGOs; and
(c) any steps that are proposed to enhance the institutional capacity of agencies and NGOs responsible for resettlement implementation.

7. Eligibility. Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.

8. Valuation of and compensation for losses. The methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation under local law and such supplementary measures as are necessary to achieve replacement cost for lost assets.

9. Resettlement measures. A description of the packages of compensation and other resettlement measures that will assist each category of eligible displaced persons to achieve the objectives of the policy. In addition to being technically and economically feasible, the resettlement packages should be compatible with the cultural preferences of the displaced persons, and prepared in consultation with them.

10. Site selection, site preparation, and relocation. Alternative relocation sites considered and explanation of those selected, covering
(a) institutional and technical arrangements for identifying and preparing relocation sites, whether rural or urban, for which a combination of productive potential, locational advantages, and other factors is at least comparable to the advantages of the old sites, with an estimate of the time needed to acquire and transfer land and ancillary resources;
(b) any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites;
(c) procedures for physical relocation under the project, including timetables for site preparation and transfer; and
(d) legal arrangements for regularizing tenure and transferring titles to resettlers.

11. Housing, infrastructure, and social services. Plans to provide (or to finance resettlers' provision of) housing, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health services); plans to ensure comparable services to host populations; any necessary site development, engineering, and architectural designs for these facilities.

12. Environmental protection and management. A description of the boundaries of the relocation area; and an assessment of the environmental impacts of the proposed resettlement and measures to mitigate and manage these impacts (coordinated as appropriate with the environmental assessment of the main investment requiring the resettlement).
13. **Community participation.** Involvement of resettlers and host communities,
(a) a description of the strategy for consultation with and participation of resettlers and hosts in the design and implementation of the resettlement activities;
(b) a summary of the views expressed and how these views were taken into account in preparing the RAP;
(c) a review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them, including choices related to forms of compensation and resettlement assistance, to relocating as individuals families or as parts of preexisting communities or kinship groups, to sustaining existing patterns of group organization, and to retaining access to cultural property (e.g. places of worship, pilgrimage centers, cemeteries); and
(d) institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that such vulnerable groups as indigenous people, ethnic minorities, the landless, and women are adequately represented.

14. **Integration with host populations.** Measures to mitigate the impact of resettlement on any host communities, including
(a) consultations with host communities and local governments;
(b) arrangements for prompt tendering of any payment due the hosts for land or other assets provided to resettlers;
(c) arrangements for addressing any conflict that may arise between resettlers and host communities; and
(d) any measures necessary to augment services (e.g., education, water, health, and production services) in host communities to make them at least comparable to services available to resettlers.

15. **Grievance procedures.** Affordable and accessible procedures for third-party settlement of disputes arising from resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.

16. **Organizational responsibilities.** The organizational framework for implementing resettlement, including identification of agencies responsible for delivery of resettlement measures and provision of services; arrangements to ensure appropriate coordination between agencies and jurisdictions involved in implementation; and any measures (including technical assistance) needed to strengthen the implementing agencies' capacity to design and carry out resettlement activities; provisions for the transfer to local authorities or resettlers themselves of responsibility for managing facilities and services provided under the project and for transferring other such responsibilities from the resettlement implementing agencies, when appropriate.

17. **Implementation schedule.** An implementation schedule covering all resettlement activities from preparation through implementation, including target dates for the achievement of expected benefits to resettlers and hosts and terminating the various forms of assistance. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project.

18. **Costs and budget.** Tables showing itemized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.

19. **Monitoring and evaluation.** Arrangements for monitoring of resettlement activities by the implementing agency, supplemented by independent monitors as considered appropriate by the Bank, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; evaluation of the impact of resettlement for a reasonable period after all resettlement and related development activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.
Abbreviated Land Acquisition and Resettlement Action Plan

Where applicable, an abbreviated plan covers the following minimum elements:
(a) a census survey of displaced persons and valuation of assets;
(b) description of compensation and other resettlement assistance to be provided;
(c) consultations with displaced people about acceptable alternatives;
(d) institutional responsibility for implementation and procedures for grievance redress;
(e) arrangements for monitoring and implementation; and
(f) a timetable and budget.

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21 According to OP 4.12, subprojects where impacts on the entire population are minor or fewer than 200 people are displaced, an abbreviated RAP may be agreed.
# Appendix 3: Sample Grievance Form

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<thead>
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<th>Reference number:</th>
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<tbody>
<tr>
<td>Full name <em>(optional)</em></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Contact information <em>(optional)</em></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>□ By post: Please provide mailing address:</td>
<td></td>
</tr>
<tr>
<td>______________________________________</td>
<td></td>
</tr>
<tr>
<td>______________________________________</td>
<td></td>
</tr>
<tr>
<td>□ By telephone: ______________________</td>
<td></td>
</tr>
<tr>
<td>□ By e-mail: _________________________</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preferred language of communication</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Bosnian / Serbian / Croatian</td>
<td></td>
</tr>
<tr>
<td>□ English <em>(if possible)</em></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description of incident for grievance</th>
<th>What happened? Where did it happen? Who did it happen to? What is the result of the problem?</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Date of incident / grievance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>□ One-time incident/grievance <em>(date _____________)</em></td>
<td></td>
</tr>
<tr>
<td>□ Happened more than once <em>(how many times? ____)</em></td>
<td></td>
</tr>
<tr>
<td>□ On-going <em>(currently experiencing problem)</em></td>
<td></td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>What would you like to see happen?</th>
<th></th>
</tr>
</thead>
</table>

Signature: __________________________________________
Date: ____________________________________________

Please return this form to:

**Attention: Head of PIT, West Balkans Water Management in Drina River Basin Project**
Ministry of Foreign Trade and Economic Relations
Address: Musala 9, 71000 Sarajevo
Tel: +387 33 220 093, +387 33 214 102
Fax: +387 33 220 091
E-mail: info@mvteo.gov.ba

**Attention: Head of PIT, West Balkans Water Management in Drina River Basin Project**
Agriculture Projects Coordination Unit
RS Ministry of Agriculture, Forestry and Water Management
Address: Trg Republike Srpske 1, 78000 Banja Luka
Tel: +387 51/338-415
Fax: +387 51/338-865, +387 51/338-866
E-mail: mps@mps.vladars.net
Appendix 4: Minutes of Consultation Meeting on RPF in BiH

Date and time: 19 January 2016, 14:30-16:30h
Venue: Meeting hall of the Municipality of Zvornik
Organizer: Ministry of Foreign Trade and Economic Relations of BiH (MoFTER), the WBDRBM Project focal agency in BiH

Introductory note
The introductory note and welcome speech at the consultation meeting was given by Ms. Jovanka Aleksić, the national focal point on behalf of MoFTER as the WBDRBM focal agency in BiH, who greeted the representatives of the Municipality of Zvornik, the participants, the representatives of the WBDRBM Project and the experts who prepared the RPF and other Project documents. Ms. Aleksić provided basic information about the World Bank support and guidance in the preparation of the WBDRBM Project, the aims and envisioned results of the Project, financed by the Global Environment Facility’s (GEF) Special Climate Change Fund (SCCF). In addition, the three main components of the WBDRBM Project and the preparatory work conducted by the expert team in the past 3 months were presented, which have resulted in the development of the main documents essential for Project implementation (RPF, Project Appraisal Document - PAD, Project Operational Manual – POM and Environmental and Social Management Framework - ESMF).

Presentation of RPF
After the introductory note, Ms. Danijela Knežević, social specialist and member of the expert team, provided relevant background information that has guided the development of the RPF. Ms. Knežević explained the following:

- The Project triggers OP/BP 4.12 on Involuntary Resettlement due to activities foreseen under Project sub-component 2B (support for pilot project investments in all three riparian countries that affect the reduction of the impact of climate change issues). The locations of these pilot projects and the extent of resettlement required have not yet been defined, as the detailed designs are not available at appraisal stage. As a guiding resettlement instrument, three separate Resettlement Policy Frameworks (RPFs) have been developed (for BiH, Serbia and Montenegro). Once the specific impacts become known, the RPF will guide the preparation of site-specific Resettlement Action Plans (RAPs) where applicable. RAPs will be prepared for all subprojects that entail resettlement, in order to satisfy the provisions of OP 4.12 and the requirements of local legislation regarding land acquisition in all three countries.

- The Project will be implemented by the ministries and/or government agencies responsible for water management in BiH, Montenegro and Serbia, and Project Implementation Teams (PITs) responsible for the day-to-day implementation of Project activities will be established in each of the three countries.

- Prior to the submission of pilot projects for funding consideration, the PITs shall carefully screen the proposed projects to assess whether or not land acquisition may be necessary and to what extent. Following the screening process and determination of potential impacts, the PITs shall report the findings of the screening process to WB and prepare site-specific RAPs, ensuring that all project activities adhere to the requirements of the RPF. The RAPs will be submitted to WB for review and approval.

- Based on the conducted initial due diligence and screening of likely land acquisition and resettlement impacts, the potential for such impacts has been estimated to be acceptably low to moderate, given that the subprojects within sub-component 2B will be implemented mainly on land owned by municipalities or other public bodies. Based on the current available data, no physical displacement of occupants (legal or illegal) or restriction of access to resources or income streams is expected as a result of the Project, and the Project is not expected to entail permanent acquisition of residential or commercial structures. The impacts that may be associated with the pilot projects include temporary occupation of private land plots for purposes of construction works (such as material storage, access, etc.) or for purposes of preparatory works (such as drilling works), removal of auxiliary structures such as fences, cutting of privately owned trees, etc.

- The cut-off date for the establishment of eligibility for formal land owners will be the date such owners are notified in written form of the submitted proposal for expropriation by the expropriation beneficiary (as stipulated by the Law on Expropriation), and the cut-off date for informal owners not recognized by
the Law on Expropriation will be date of the baseline survey. The cut-off date will be publicly disclosed in the local media and consultation meetings, with an accompanying explanation.

- All owners, occupants and users of affected properties at the time of the cut-off date, whether with or without fully recognized ownership rights, are eligible for certain type of compensation or assistance as outlined in the Entitlements Matrix. Both loss of shelter (physical displacement) and loss of livelihoods (economic loss, i.e. “economic displacement”) shall be taken into account and mitigated. Compensation eligibility will be limited by a cut-off date to be set for each subproject on the date of submission of proposals for expropriation for formal owners, and on the day of the beginning of the baseline survey (project-affected-persons (PAPs) census) for any informal users.

- All affected persons and any new host communities will be informed, meaningfully consulted and encouraged to participate in the planning, RAP development, resettlement implementation and evaluation. Affected people will be informed about their options and rights pertaining to resettlement, and consulted on, offered choices among, and provided with technically and economically feasible resettlement alternatives.

- The grievance mechanism will be established by the PITs for dealing with the issues of acquisition of land and other assets, as well as the losses and damages caused by the construction works. Therefore, the grievance mechanism shall be in place by the time the PITs, in cooperation with municipal administrations, starts negotiations with the PAPs, and shall function until the completion of construction activities. A sample grievance form is provided in RPF and was shown during the presentation.

**Discussion and comments**

With all relevant information presented, Ms. Aleksić opened the discussion and comments session.

Mr. Aleksandar Jevtić from the Development Department of the Municipality of Zvornik asked for further clarification of the selection of pilot projects and small grants.

Ms. Aleksić explained the process and criteria for pilot project selection, adding that GEF and SCCF funds support innovative solutions and investments which will be an added value to the Business-as-Usual and conservative actions. Ms. Aleksić further explained that the Project will have a small grant component, and two calls for small grants will be published within the 4-year WBDRBM Project. The values of small grants are envisioned to be between 10,000 to 15,000 USD.

Mr. Zoran Lukač, the Team Leader of the WBDRBM Project, provided the most recent information that the values of small grants will be up to 20,000 USD, and will be provided to small local NGOs, schools and kindergartens, for purposes of extending visibility, increasing certain aspects of their capacities and be an added value to the local efforts in supporting integrated water management and environmental protection.

Mr. Vujadin Blagojević, member of the expert team, further explained the selection of the pilot project investments, emphasizing the importance of the activities of selected pilot projects for Drina River Basin: the reconstruction of the Drina river banks in Bijeljina, Foča, Bratunac and other parts of the Basin, identification of leachate from the regional landfill to the underground drinking water sources, etc.

Mr. Aleksandar Jevtić stated that he understood the prioritisation, and informed all participants that the Municipality of Zvornik will provide all the necessary support to the integrated water management of the Drina River Basin, in order to enhance the well-being of its own citizens.

No further questions or comments were raised during the comments and discussion session, which led to the concluding remarks by Ms. Aleksić, who greeted all the participants and closed the meeting.
List of participants of the consultation meeting in Bosnia and Herzegovina

<table>
<thead>
<tr>
<th>No.</th>
<th>Institution</th>
<th>Name and Position</th>
<th>Phone</th>
<th>Email</th>
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<tr>
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<td>035/33-103</td>
<td><a href="mailto:anicdzena@gmail.com">anicdzena@gmail.com</a></td>
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Photographs taken during the consultation meeting in Bosnia and Herzegovina
Public invitations to the consultation meeting in Bosnia and Herzegovina

Demonstrative text with images and graphics related to the project.