Disclaimer: This draft Resettlement Policy Framework (RPF) is developed to define policies and procedures to be employed during the implementation of the Highway 2 project on matters related to involuntary resettlement. Further work is under way within the government to refine the polices and procedures, so the project affected people will be appropriately compensated. The final RPF will be duly disclosed for interested parties following the World Bank requirements.

Scott Wilson Central Asia in association with VMV Ltd, Baku
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
</tr>
<tr>
<td>AzM</td>
<td>Azerbaijan Manat (local currency)</td>
</tr>
<tr>
<td>BTC</td>
<td>Baku-Tblisi-Ceyan pipeline</td>
</tr>
<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
</tr>
<tr>
<td>EA&amp;MF</td>
<td>Environmental Assessment and Management Framework</td>
</tr>
<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
<td>EMP</td>
<td>Environmental Management Plan</td>
</tr>
<tr>
<td>EP</td>
<td>Environmental Protection</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>Ha.</td>
<td>hectare</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>IDP</td>
<td>Internally Displaced Person</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>Km</td>
<td>Kilometre</td>
</tr>
<tr>
<td>LAD</td>
<td>Land Acquisition Department</td>
</tr>
<tr>
<td>LAP</td>
<td>Land Acquisition Plan</td>
</tr>
<tr>
<td>m</td>
<td>metre</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>OD</td>
<td>Operational Directives</td>
</tr>
<tr>
<td>OP</td>
<td>Operational Policy</td>
</tr>
<tr>
<td>PAP</td>
<td>Project-Affected Person</td>
</tr>
<tr>
<td>PIU</td>
<td>Project Implementation Unit</td>
</tr>
<tr>
<td>RAP</td>
<td>Resettlement Action Plan</td>
</tr>
<tr>
<td>RPF</td>
<td>Resettlement Policy Framework</td>
</tr>
<tr>
<td>RTSD</td>
<td>Road Transport Service Department</td>
</tr>
<tr>
<td>SLCC</td>
<td>State Land and Cartography Committee</td>
</tr>
<tr>
<td>SOCAR</td>
<td>State Oil Company of Azerbaijan</td>
</tr>
<tr>
<td>ToR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>UNECE</td>
<td>United Nations Economic Commission for Europe</td>
</tr>
<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
</tr>
<tr>
<td>US$</td>
<td>United States dollars</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
</tbody>
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project description

Background Information

The Government of Azerbaijan has requested the World Bank’s (WB) support for improving several road segments to the west and south of Baku over a several year period. It is proposed that the Azerbaijan Motorway Improvement and Development or ‘Highway II’ Project (‘the Project’) would include the:

- Rehabilitation of existing roads between Baku and Shamaki, a 120 km section of the east-west transport between Baku and Tbilisi;
- Upgrade of the M3 Motorway between Alyat and Astara, including expansion of the existing 2-lane road to a 4-lane road, and construction of new 4 lane roads and bypasses around key towns.

The first year’s implementation programme will rehabilitate the first 22 km of the M3 Motorway south of Alyat and sections of the Baku–Shamaki road. These and other works planned under the Project are referred to as ‘sub-projects’. Other works will be advanced in year two or later. A schematic overview of the proposed alternative development options for the Alyat–Astara road is shown in Figure 1.1.

On 11th July 2005, the Ministry of Transport’s Road Transport Service Department (RTSD) commissioned Scott Wilson Central Asia to prepare a Regional Environmental Assessment (REA), Environmental Assessment & Management Framework (EA&MF) and Resettlement Policy Framework (RPF) (‘the Project’) in connection with the above Project. The REA, EA&MF and RPF are presented as separate but inter-related documents.

The REA, EA&MF and RPF have been designed to facilitate Project implementation and to ensure compliance with Azerbaijan’s legislation, procedures and policies, international Conventions and WB safeguard policies, in particular in terms of environment, land acquisition and resettlement. The REA is a broad overview of the policy, environmental and socio-economic implications of the entire Project scope. The EA&MF and RPF outline the procedures for the management of environmental and social issues of sub-projects. These documents will be disclosed in country and in the WB InfoShop prior to WB appraisal. During implementation, appropriate and specific Environmental Impact Assessments (EIA), Environmental Management Plans (EMP) and Land Acquisition Plans (LAPs)/Resettlement Action Plans (RAPs), with adequate public participation and disclosure, will be prepared for sub-projects in line with the requirements of the EA&MF and RPF.

Rationale for Preparation of the Resettlement Framework

WB policy requires ‘screening’ of all projects proposed for WB financing to help ensure that they are environmentally and socially sound and sustainable. In the process of project preparation, WB screening found that under Operational Policy (OP) 4.12 some of the subprojects would involve physical resettlement. As the exact road alignments have not yet been determined, a resettlement policy framework is necessary for this project.
Objectives of the Resettlement Policy Framework

The purpose of the resettlement framework is to set out the policies, principles, institutional arrangements, schedules and funding mechanisms for any land acquisition and resettlement that may occur as the result of the Project. The operational objective of the framework is to provide guidelines to stakeholders participating in the mitigation of adverse social impacts of the project, including rehabilitation and resettlement; in order to ensure that the social and economic well being of project affected persons (PAPs) will not be worsened as a result of the project.

The objectives of the WB’s policy on involuntary resettlement are that it should be avoided where feasible or minimized – all viable alternatives should be explored. Where it is not feasible to avoid resettlement, resettlement activities should be conceived and executed as sustainable development programmes, providing sufficient investment to give people displaced by the project the opportunity to share in project benefits. Displaced people should be meaningfully consulted and have opportunities to participate in resettlement programmes. Project affected people should be assisted to improve their livelihoods and standards of living. One of the key objectives of the guidelines is to restore the income earning capacity of project-affected people. The aim is to improve or at the very least sustain the living conditions of the PAPs prior to project operations or to resettlement.
Figure 0-1 - Schematic Overview of Alternative Development Options for Alyat-Astara Road
socio-economic background

Introduction

This section provides an overview of the socio-economic characteristics of Azerbaijan and of the areas, which may be affected by Project activities. As of September 2005, no decision has been made about the final alternative development option for the Alyat-Astara road. Therefore it has not been possible to identify specific project affected people and settlements. The information that follows synthesizes key information about the areas proposed for construction. The data were gathered from official sources, previous surveys and reports and from interviews and meetings with local communities along the proposed routes. Both the quality and quantity of local information gathered vary greatly. However, the information received is considered to be reliable, although in the absence of a detailed survey cannot be corroborated entirely. When the exact alignment, has been identified a full census and household survey should be carried out in order to identify project-affected people, properties, land and businesses.

National Context

Azerbaijan is one of the seven lowest income countries of Europe and Central Asia. Over the last 10-15 years, it has experienced many of the same challenges as other Commonwealth of Independent States (CIS) transition economies - severe economic contraction during the early 1990s, a concomitant deterioration in social services and infrastructure and sharp increase in poverty, and a daunting agenda of reforms and institutional challenges needed to redefine the role of the state and create the of a market economy. In Azerbaijan’s case, however, these challenges were exacerbated by armed conflict with Armenia over Nagorno-Karabakh, which led to nearly one million internally displaced people (IDPs) and refugees, loss of control over some 20% of the land area, and disruption of key regional trade and transport links.

Poverty

Poverty presents a major challenge, with nearly 50% of the Azeri population of approximately 8 million living below the national poverty line in 2001, and 1.3 million of them (17% of the total population) living in extreme poverty. The 2001 Household Budget Survey finds that the incidence of income poverty is greatest among urban households, although rural areas are clearly more deficient in terms of access to services and this has led to substantial rural-urban migration. Within the urban category, poverty incidence is highest in provincial towns, but Baku still has the largest absolute number of urban poor. In rural areas, there are some significant regional variations in poverty rates. The risk of poverty increases with household size, for both total and extreme poverty.

According to the WB poverty assessment in 2002, four million people, nearly half the population, live below the poverty line, earning less than US$ 24.50 per capita per month. The most vulnerable groups are children under five years of age, women especially in their childbearing years (UNICEF estimated the maternal mortality rate for 2000 was 79 per 100,000 live births), the IDPs, and the poor who do not have access to basic health care. The age of the household head is a poor predictor of the risk of poverty. There is a weak but positive relationship between poverty and educational attainment of the household head. The risk of income poverty is higher for households headed by unemployed workers and pensioners. Men and women are affected in different ways by poverty and more research is required to understand this issue and tailor appropriate solutions. Employment data suggest

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that females have a higher risk of unemployment and tend to concentrate in the social sectors where wages are below the national average (30% in health professions and 70% in education). IDPs and refugees are particularly vulnerable, as they lack assets and are dependent on state transfers and donor assistance. However, there is some uncertainty about the extent of income poverty among the IDPs and refugees compared to the general population 4.

Rural Economy
Since the demise of the Soviet Union, Azerbaijan’s rural communities have experienced profound changes in their social and economic conditions. In the early 1990s, the majority of Azeri rural dwellers were salaried employees of state and collective farming enterprises. Some of these employees were agricultural workers directly involved in raising livestock or crop production, but many also had management or specialised technical positions in areas such as education, health care and agricultural research. Through the state enterprises, rural dwellers had relatively good access to basic social services, including retirement pensions. Farms were based on large landholdings managed with high levels of mechanisation and specialist technical input 5.

Gender Issues
The role of women has significantly changed since the Soviet era. At that time, rural women enjoyed similar opportunities for paid employment as men, both as workers on collective farms and with allied industries and in professional and administrative roles. Collectives made provisions for childcare and looked after the elderly. With the collapse of large-scale farming and the industries that it supported, employment opportunities for women (and men) have diminished considerably. A return to reliance on household-based subsistence has meant women have had to return to more traditional roles of growing food, caring for children and the elderly, and spending increased time on household maintenance 6.

Anecdotal evidence 7, from some regions of the country, suggests that women living in more conservative Moslem societies still face resistance to participating in public transactions such as attending public information meetings, dealing with officials and negotiating compensation and signing agreements.

Potential Project-Specific Gender Issues
The division of labour, in many rural Azeri households, is traditional. The household head is typically male and is responsible for the financial support of the family. Women are expected to carry out child-care duties and other domestic responsibilities. The man takes all major decisions, particularly in the production sphere. Generally, men travel more than women, and make more use of transport means.

Women travel to:
• Sell produce;
• Go to the working place;
• Go to activities organised by work, such as seminars;
• Family visits.

Men traditionally do the shopping for family supplies. In generally, the reasons for men travelling are the same as for women, to which can be added travel to arrange family affairs, to participate in communal work, to search for work, and to go to the local tea bar. Due to the low family budgets, travel is restricted to the most essential journeys and to the nearest places. Travel for recreation is a luxury that few can afford, women having the least opportunities.
Based on the above, it may be concluded that men travel more than women and therefore make more use of transport means.\(^8\)

Damage to roads, changes in traffic conditions or disruption of access have the potential to directly affect the quality of both men and women’s lives through increased trip distances, travel times and physical discomfort and restricted livelihoods.

According to unconfirmed information from the potential project areas\(^9\), many households in the rural areas are without a piped water supply although most have a well in the yard. Piped water supply is available to around 11\% of the rural population\(^10\), although this may vary from area to area. In many areas, water points for travellers have been constructed by the roadside. For the majority of the towns and villages in southern Azerbaijan, water supply is not currently a problem. The exceptions are Salyan and Bilasuvar. In both cases, measures are currently being undertaken to address this, such as, building a reservoir/channel to extract water from the Kura for distribution to the local population.

**Local Context**

The socio-economic characteristics of the project areas are described in detail in section 2.4. What follows is a general overview of the project area’s social and economic profile. The regions of the proposed project areas are predominantly agricultural with some industrial activity. The main sources of income for people are agricultural production and either selling of agricultural products as small family farmers or large organised agricultural businesses. Site observations and local information show that there are some illegal land holdings and businesses in the project areas that could be affected. However, there does not appear to be large-scale illegal holdings. The RTSD\(^11\) estimates that there are approximately 1,400 illegal businesses and properties along the existing route of Alat Astara and around 300 illegal businesses in Lenkeran. When the project commences, a more detailed investigation will have to take place to determine the exact number of people without land titles. More information on illegal land holdings can be found in section 0.

Many of the regions, such as Masally, have a slightly larger number of women than men together with greater out-migration than in-migration. This could be coincidental, but these figures could also suggest lack of economic opportunities for men who then seek work in Baku or elsewhere. There is no evidence if there is a large number of female-headed households or whether these households would be particularly vulnerable. If resettlement of households or acquisition of agricultural land is necessary, land rights and inheritance rights for men and women will need to be investigated to make sure that female-headed households have adequate access to land and the requisite compensation, if needed. Additionally, agricultural labour work is only seasonal therefore migration maybe a seasonal coping strategy for many families. Anecdotal evidence has pointed to the lack of opportunities for young men returning from national army service. Regarding the project areas and the implications for local people and their socio-economic welfare, there is enough informal evidence that suggests that the negative or positive affects of the project will largely be economic.

There are very few internally displaced people or refugees, approximately less than 500 throughout all of the project areas. There is a large ethnic minority, the Talsh, who are relatively prosperous and well represented in the economic life of the region (for more information see 0). On a micro level, this could mean potentially more jobs for people during

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\(^9\) Informal discussions held with local communities by the Scott Wilson team on various site visits during July-August 2005


\(^11\) Information provided at interview with head of maintenance in RTSD in Baku in September 2005
the construction phase of the project. On the macro level better access to markets and lower transport costs could invigorate the economy in addition to the multiplier affect of higher long-term employment. Areas such as Bilasuvar, which currently suffer from economic isolation, would be further isolated by the new road. Car ownership in Astara, Lenkeran and Masally is relatively low, being 13, 17, and 21 cars per 100 families respectively. This would mean that benefits to the local population would be indirect, as the majority would not be using their own vehicles for transport on the road. The best market for selling agricultural produce is Baku; therefore, theoretically, the route that expedites travel to Baku will provide improved access for the agricultural sectors of these economies. Moreover, the route that enables better connections to other local centres of population will increase local economic opportunities.

**Ethnic Minorities**

Azerbaijan has several ethnic minorities who, are well integrated into mainstream Azeri society. Their ethnic status does not appear to predispose them to be more or less disadvantaged than other communities. The study area for the Alyat-Astara route in southern Azerbaijan has a large ethnic minority called the Talysh.\(^{12}\)

The Talysh are a largely agricultural, Shia Muslim population, speaking dialects closely related to Farsi as well as Azeri. They reside for the most part around the towns of Lenkeran, Lerik and Astara. Azerbaijan’s official statistics put the number of Talysh at approximately 80,000. Some Talysh estimate the size of their group at up to half a million in Azerbaijan. A report in Eurasia Daily Monitor published on 27 May 2005\(^{13}\), reported on attempts by unidentified circles in Armenia to reopen the dormant Talysh issue. These follow on from a failed proclaimed of independence in 1993 of a seven-district area in southeastern Azerbaijan led by a group of ethnic Talysh officers, which did not elicit significant support among their own ethnic group. The Constitution and other primary legislation include legal provisions to protect the rights and freedoms of national minorities and ethnic groups, in addition to which, minority groups in Azerbaijan are protected by international conventions.

Web published information\(^{14}\) provides some information on the economic activities and cultural traditions. This indicates that farming activities in Talysh areas include market gardening of garlic, onions, pumpkins, melons, peas and grapes, arable crops (wheat and barley), tea and citrus fruit production. Some Talysh work as craftsmen, involved in silk production, rug-making and working with felt. Coastal zone Talysh live in clay (brick?) houses that have roofs made of reeds or sedge, with distinctive high doors to allow smoke to escape. Some remnants of Talysh pre-Islamic religion are believed to remain, including a reverence for trees and groves, which form traditional sacred sites.

**Social Baseline: Baku-Shamakhi**

**Population**

The Baku-Shamakhi road passes through four administrative districts namely, from east to west, Garadag (which is under the jurisdiction of Baku municipality), Gobustan, Absheron and Shamakhi. There are three main centres of population along the Baku-Shamakhi road: Baku itself, Maraza and Shamakhi. The proposed work for this route will only involve rehabilitation of the existing road and therefore minimal resettlement or land take is envisaged.

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\(^{13}\) [http://jamestown.org/edm/article.php?article_id=2369811](http://jamestown.org/edm/article.php?article_id=2369811), viewed 10/08/05

Table 0-1 Baku-Shamakhi Population Statistics

<table>
<thead>
<tr>
<th>District</th>
<th>Area (km²)</th>
<th>Population (1.1.03)</th>
<th>Density (person per km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan Republic</td>
<td>86,600</td>
<td>8,202,500</td>
<td>95</td>
</tr>
<tr>
<td>Garadagh</td>
<td>10,800</td>
<td>97,700</td>
<td>90</td>
</tr>
<tr>
<td>Gobustan</td>
<td>13,700</td>
<td>36,200</td>
<td>26</td>
</tr>
<tr>
<td>Shamakhi</td>
<td>16,100</td>
<td>84,000</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: Azerbaijan Republic State Statistical Committee

Community Structure

In the region, there are four districts. Every district has its own administrative centre where Local Executive Power is situated. The Head of Executive Power is appointed by the President. The Local Executive Power has a land department that has relevant detailed information and maps about land use and land ownership. The appropriate Local Executive Power prepares documents about land use and land ownership and gives it to the municipalities (groups of villages). Each village has its own municipality and large villages with the small villages around them form administrative units. Municipal representatives are elected for 5 years by the local people. Municipal income is mainly sourced from local taxes (e.g. extraction tax, property tax). Although municipalities are independent bodies, according to the Law on Administrative Control on Municipality Activity (LACMA), the Local Executive Power has authority to control their activity. The purpose of this control is to coordinate municipality activity with legislation, but it mustn’t limit their activation (LACMA Article 4). Usually, administrative units and local municipalities work together to solve local problems.

Land Use and Sources of Income

The regions crossed by this route are mainly based on agriculture, including some high value productions, in addition to which, there are oil and gas deposits in the district of Absheron.

Qobustan: The economy is agriculture-based, including viticulture, arable, and livestock rearing.

Absheron: The economy of the district includes market gardening, viticulture, dairy and livestock as well as cultivation of pistachio almonds, olive and very valuable saffron. There are deposits of oil and natural gas on the territory of the district.

Shamakhi: The economy is agriculture-based, including viticulture, arable, cattle breeding and fruit farming.
### Table 0-2 – Land Use in Shamakhi

<table>
<thead>
<tr>
<th>Settlement</th>
<th>Distance from Road</th>
<th>Main occupations</th>
<th>Type of land ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chiraqli</td>
<td>2 kms</td>
<td>Farming, tourism</td>
<td>Municipality, private</td>
</tr>
<tr>
<td>Marzandiya</td>
<td>0.5 km</td>
<td>Sheep</td>
<td>Private</td>
</tr>
<tr>
<td>Sabir</td>
<td>Close to road</td>
<td>Farming, sheep</td>
<td>State</td>
</tr>
<tr>
<td>Hamya</td>
<td>1 km</td>
<td>Fruit</td>
<td>Municipality, private</td>
</tr>
<tr>
<td>Shahriyar</td>
<td>1 km</td>
<td>Growing, pasture</td>
<td>Mostly private but pastured areas belong to municipality</td>
</tr>
<tr>
<td>Xinisli</td>
<td>1.5 kms</td>
<td>Vine</td>
<td>Municipality, private</td>
</tr>
<tr>
<td>Mirikand</td>
<td>0.5 km</td>
<td>Growing, Grain</td>
<td>Private</td>
</tr>
<tr>
<td>Muganli</td>
<td>Close to road</td>
<td></td>
<td>Private</td>
</tr>
<tr>
<td>Shamakhi City</td>
<td>Close to road</td>
<td>Agriculture, industry and tourism</td>
<td>Municipality, private</td>
</tr>
</tbody>
</table>
Table 2-3 identifies the proximity of selected industrial processing, manufacture and waste reprocessing sites in relation to the proposed route.

**Table 0-3 Industrial Units**

<table>
<thead>
<tr>
<th>Type of Industry</th>
<th>Location along Road</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factory (Xirdalan beer plant)</td>
<td>km 12</td>
</tr>
<tr>
<td>Caspian fish</td>
<td>km 18</td>
</tr>
<tr>
<td>Centre of radioactive waste materials</td>
<td>km 29</td>
</tr>
<tr>
<td>Shamakhi wine-mill</td>
<td>km 112</td>
</tr>
</tbody>
</table>

The villages along the proposed routes have small shops for every day goods and services, which, in addition to serving the local population, also serve passing traffic on the existing road.

**Common property resources**

Table 2-4 identifies common property resources located near the proposed route:

**Table 0-4 Common Property Resources in Shamakhi Region**

<table>
<thead>
<tr>
<th>Common Property Resource</th>
<th>Number / location</th>
<th>Distance from proposed route (km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>School, Munganli</td>
<td>1</td>
<td>&gt;1km</td>
</tr>
<tr>
<td>School, Sabir</td>
<td>1</td>
<td>Adjacent to existing road</td>
</tr>
<tr>
<td>School and mosque, Maraza</td>
<td>1</td>
<td>Adjacent to existing road</td>
</tr>
<tr>
<td>Graveyards and monuments</td>
<td>Graveyard, 2 monuments, Shamakhi</td>
<td>Adjacent to existing road</td>
</tr>
<tr>
<td></td>
<td>Graveyard, monuments, Sabir</td>
<td>Adjacent to existing road</td>
</tr>
<tr>
<td></td>
<td>Monument, Ceyrankecmez</td>
<td>Adjacent to existing road</td>
</tr>
<tr>
<td></td>
<td>2 Graveyards, Hokmoli (Absheron)</td>
<td>Adjacent to existing road</td>
</tr>
<tr>
<td>Olympic Centre, Shamakhi</td>
<td>1</td>
<td>Adjacent to existing road</td>
</tr>
<tr>
<td>Tree plantation areas</td>
<td>63 km</td>
<td>Adjacent to existing road</td>
</tr>
<tr>
<td>Gas pipeline, Shamakhi</td>
<td>2 adjacent to road</td>
<td>Adjacent to existing road</td>
</tr>
</tbody>
</table>

**Social Baseline - Alyat–Astara**

The existing Alat-Astara highway (M3) is 243 km long and passes through 7 administrative districts of Azerbaijan: Garagag, Salyan, Bilasuvar, Calilabad, Masally, Lenkeran and Astara. The road forms an integral part of Azerbaijan’s main north-south transit-corridor between Russia and Iran. The main centres of population are: Alyat, Salyan, Bilasuvar, Sabirabad/Qarazancir, Jalilabad, Goytapa, Masally, Liman, Lenkeran and Astara, as generally indicated in Figure 2.3. The baseline information is given for the proposed areas for the different alignment options.

**Population**

**Table 0-5 Population Statistics**

<table>
<thead>
<tr>
<th>District</th>
<th>Area (km²)</th>
<th>Population (1.1.03)</th>
<th>Density (person per km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan Republic</td>
<td>86,600</td>
<td>8,202,500</td>
<td>95</td>
</tr>
<tr>
<td>Salyan</td>
<td>1,790</td>
<td>112,000</td>
<td>65</td>
</tr>
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<td>Bilasuvar</td>
<td>1,400</td>
<td>74,900</td>
<td>56</td>
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<tr>
<td>Jalilabad</td>
<td>1,440</td>
<td>170,000</td>
<td>123</td>
</tr>
<tr>
<td>Masally</td>
<td>720</td>
<td>174,000</td>
<td>250</td>
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<tr>
<td>Lenkeran</td>
<td>1,540</td>
<td>189,900</td>
<td>126</td>
</tr>
<tr>
<td>Astara</td>
<td>620</td>
<td>84,300</td>
<td>143</td>
</tr>
</tbody>
</table>

**Salyan**

Scott Wilson Central Asia
The total population of Salyan is 118,200 thousand, of which the urban population is 41,464 people (35.1%) and the rural population is 76,736 (64.9%).
The total population comprises 58,158 men (49.2%) and 60,042 women (50.8%).

Bilasuvar

Bilasuvar has a total population of 80,174 over half of that population is rural, approximately 61,849. In all but three districts there are more women than men and there is a higher out migration figure than immigration.

Jalilabad

Established in 1930, Jalilabad region was called Astarkhanbazar until 2 June 1967. The region borders Bilasuvar region from the north, Neftchala region from the east, Masally from the south, Yardimli region from the southwest and the Iranian Islamic Republic from the west. The territory of the region is 1,441 square km, population is 175,382 people. 35,027 people live in Jalilabad city. The region has 2 cities, 117 villages, 30 administrative units and 119 municipalities.
Jalilabad and Goytapa cities, Gunashli, Alar, Uzuntapa Uchtapa, Qarazenjir, Privolnoye, Mashlig villages are among the most populated areas.

Masally

According to the statistics of 1 July 2005, the population of the region was 184,909 people; 51.6% men and 48.4% women, although women outnumber men in one of the villages and districts. According to official statistics, there are 455 involuntary immigrants and 14 refugees in the region. The territory of the region is 72,097 hectares, owned by state, municipal and private owners as detailed below:
- State property 22,783 hectare or 31.6%
- Municipality property 18,958 hectare or 26.3%
- Private property 30,356 hectare or 42.1%
The territory under state property can be classified as follows: 16,663 hectare or 73.2% as forest land (15,960 hectare being the territory of the forestry department and 703 hectare being interior forestry), 440 hectare or 1.9% as water resources, 4,631 hectare or 20.3% as state reserve, 1,049 hectare or 4.6% as other lands.

Lenkeran

According to the statistics of 1 January 2005, the population was 198,120 people, 96,703 of them being men and 101,417 women. The region has 2 cities, 7 settlements, 84 villages and 65 municipalities. The working age population is 117,800. The employed population numbers 93,541. Approximate figures for daily waged labour is 21,139. The average monthly nominal wage is 247,700 manats. Average monthly monetary profit per person was equivalent to 297 ths manats at the first six months. Lenkeran administrative region was established in 1930. The distance between the region and Baku city is 268 km. The territory of the region is 1,539 square km. According to the statistics of 1 January 2005, the population was 198,120 people, 96,703 of them being men and 101,417 women.

Astara

In 2004, the total population of Astara was 909,000, of which 44,748 were men and 46,193 were women. Statistics on the ethnic make-up of the population are available for 1989 and 1999. In both
1989 and 1999, the majority of the population was recorded as Azeri. In 1999, 5691 people were recorded as Talysh, whereas in 1989 no figures were recorded for Talysh nationality. By contrast, the statistics show a decline in Russian population from 466 to 82 people.

**Community Structure**

In the region, there are 6 districts. Every district has its own administrative centre where Local Executive Power is situated. The president appoints the head of Executive Power. The Head of Local Executive Power has land department that has relevant detailed information and maps about land use and land ownership. Appropriate Local Executive Power makes Documents about land use and land ownership and gives it to municipalities. Each village has own municipality and big villages with the small villages around it has administrative units.

People select municipalities for 5 years. Poverty of municipality is mainly formed by local taxes (e.g. extraction tax, property tax, etc.). Although municipalities are independent bodies, according to the “Law on Administrative Control on Municipality Activity” (LACMA) Local Executive Power has authority to control their activity. The purpose of this control is to coordinate municipality activity with legislation, but it mustn’t limit their activation (LACMA Article .4). Usually the administrative unit and local municipality work together to solve local problems.

**Land use, sources of income and economic activity**

The economies of the regions crossed by this route are mainly based on agriculture and the food processing industry, with some industrial activity and an oil and gas production department in the district of Salyan.

**Salyan**

The region’s economy is mainly agricultural, the main crops being arable crops, cotton, potato, vegetables, fruit, and grapes for viticulture. Livestock rearing includes cattle, sheep and poultry. 8 state agricultural enterprises and 86 private and 261 individual farms are functioning in the region.

Total agricultural productivity in the first six months of 2005 was equivalent to 61,033.4 million manats, compared with the same period of 2004. Taking into account the seasonality, this represented an increase by 37.8% of productivity; with a 114.6 % increase in crop raising and a 5.5% increase in livestock rearing. Agricultural income person for the first six months of 2005 was 51.9 thousand manats, representing a 37.7% on average agricultural income last year.

Mass sowing of spring plants was completed in the region. There was an increase in sowing areas because of the expansion of cotton, potato, vegetable growing areas. In comparison with last year, the area dedicated to cotton growing increased by 1684 hectare or 45.4%, to potato growing by 4.4%, and to vegetable growing, by 17.2%.

In addition to agriculture, there is some processing and manufacturing, including cotton processing (ginning) and plastic manufacture. There is an oil and gas production department in the district of Salyan.

The socio-economic development plan for Salyan identifies a number of activities for 2004–2008. Key areas for activities are cotton-growing, grain-growing, vine-growing and fruit and vegetables; cattle-breeding and poultry; agrarian scientific research; mixed forage production;

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15 The main source of information was the socio-economic development plan prepared by regional specialists within the framework of the Programme of Socio-Economic Development of Azerbaijan regions.
oil and gas production; electricity network; water supply and drainage system; houses for invalids and families of martyrs; capital repairs to schools and construction of additional classrooms.

Current and planned economic activities in Salyan include the drilling of new oil and gas wells; the construction of the Salyan substation with a transformer and its existing 110kva power line. The land area has already been allocated. In Shorsulu village an electric exchange has been put into operation and connected to the region’s optic cable. Additionally, the plastic mass in Sayan has been restored and there has been a major reconstruction of Salyan’s water supply and drainage system during 2004 and 2005.

**Bilasuvar**

Bilasuvar is an agricultural plant-growing region with a large cattle-breeding sector. The area also has some light industry including the production of seedless raw cotton and furniture production and catering.

The main economic activities for 2004-2007 include the construction of a furniture workshop; construction of a customs and terminal and examination point. Infrastructure work includes improvement of drinking water the repaving of 19km of road from Bilasuvar to the frontier point. Seventy-five local people were employed to construct 3 km of the Bilasuvar section of the Baku-Astara highway, which was asphalted. Land has been allocated for the construction of a large sports complex. According to meetings with local people, the ministry has been approached to develop hunting tourism in the area in the section that crosses the Mahmaudchala Reserve. Decisions have not been finalised but there appears to be local interest and support for this economic initiative.

**Jalilabad**

This region has an agriculture-based economy, which consists of grain, fruit, viticulture and cattle rearing. The region covers a total area of 1,441 square km.

The territory of the region comprises 72,097 hectare, of which 31.6% is state-owned, 26.3% is municipal property and 42.1% is privately owned.

Forestry covers 73.2% of state property. The forestry department owns 15,960 hectare and 703 hectare is interior forestry. Water resources represent 1.9% of state property. State reserve covers 4,631 hectare or 20.3% of state land and the remainder 4.6% is categorised as other. Municipality property includes 600 hectare allocated for perspective development of municipal bodies, 1,020 hectare as reserve fund of the municipality, 3,603 hectare as privatised land, 1,388 hectare for sowing area, 113 hectare for perennial plants, 440 hectare as forestry, 855 hectare as shrubbery, 1,177 hectare as rivers and ponds, 941 hectare as the land under construction and 6,670 hectare as courtyard areas of the population.

26,736 hectare or 51.8% of the land allocated for private property is privatised land area.

**Masally**

Agriculture is the key economy of the region, with arable and cattle-breeding as the main activities. Other agricultural activities in Masally comprise tea growing, market gardening and fruit-growing, viticulture, and cotton. The total value of the production of the region during 6 months of 2005 was 294.1 milliard manats. Moreover, 98.9 milliard manats or 33.6% of this were agricultural products. Agricultural processing includes dairies, canneries, and a winery. Apparel manufacture is also conducted in the region. Forty per cent of Masally's land is privately owned, the rest being equally divided between state and municipal authorities.

**Lenkeran**
The natural and climate conditions of Lenkeran favour the development of agriculture, especially tea and vegetable growing. Tea growing is one of the most developed and profitable branches of agriculture. The industry suffered a slump in recent years, however recent joint venture investments in a tea-processing factory are intended to contribute to the recovery and future development of the industry. Agricultural activities include market gardening, citrus and subtropical fruit-growing and viticulture. Cattle breeding and silkworm breeding are also developed in the region. Cattle breeding serves both domestic and export markets. Citrus fruits, including lemon, orange and mandarin are also exported. Lenkeran administrative region covers 153,000 km². 18% of the territory is good for cultivating, 20% is forestry and 42% is water resources. Today 20% of the cultivated land is used for grain growing, 60% for vegetables, potato and 20% for other plants. New agricultural reforms are being successively implemented in Lenkeran. As a result, more than 180 private farms have been established and 80,000 citizens have received allotments. Lenkeran is a developing industrial region. There are 27 industrial enterprises, some branches of the republic’s biggest enterprises, dominated by the food processing industry including fruit and vegetable tinning, fish processing and cannyery, and the tea factory. The Lenkeran Cannery for Fruits and Vegetable Production can produce 85 million cans per year, processing vegetables and fruits from Lenkeran as well as from neighbouring and other regions of Azerbaijan. Other industrial activities include construction materials production, electrical technology, timber processing and industrial enterprises. Industry in Lenkeran is in the process of being privatised. The lands of the region are of state, municipality and private ownership. Qizilagaj State Preserve makes 57.4% of the region area. Total available land of the preserve is 883.6 square km. Besides, there is Hirkan National Park with the territory of 2,904 hectare in the region. Lenkeran’s railway station and airport provide vital links for the local and surrounding regions. Great opportunities in the shores of the Caspian Sea create potential for the development of the seaport in Lenkeran. The only airport of the southern region of Azerbaijan is not working due to the economic problems and financial hardships. At present, trains and cars carry most of the passengers and cargo. Today one of the most difficult problems for the inhabitants of Lenkeran is the shortage of electrical energy. The villages of the region receive energy for just 4-5 hours, the city 5-6 hours a day in the fall-winter season. The energy supply of the region gets little better in spring-summer seasons. Lenkeran is also the cultural centre of the Lenkeran Astara region. There is a university, 4 secondary professional schools, 2 children’s music schools, 56 kindergartens, 2 lyceums, 88 secondary schools, and 2 palaces of culture and more than 200 cultural and 80 medical institutions. **Astara**

The basis of the economy of the region is food processing industry and agriculture, including tea growing, grain, citrus fruits, and market gardening. Astara is one of the most productive regions of Azerbaijan, particularly for grain production.

A report on activities conducted in the first half of 2005 under the State Programme of social and economic development includes that the construction of Astara freight terminal was finalized and 51 people were employed. Other activities included upkeep of the drainage and sewerage system, construction, repair and expansion of secondary schools and village schools, and a number of construction and capital repairs works to bridges, post offices, and the central library, the street network.
Construction of secondary schools in Miki and Koroba villages were finalized, capital repair was done in Mashkhan village secondary school. The followings constructions began: additional 10 classroom for Tengerud village school; new school building consisting of 12 classroom for Ag korpu village school; 6 additional classrooms for Ovala village school; 10 classrooms for Hamusham village school; 8 classrooms for Pelikes village school. Construction of the schools in Motlayatag and Toradi villages are almost over and will be functioning at the new school year. Additionally, a 26m bridge on the road leading to Ovula has been constructed recently. Major road works have also taken place including the repaving of the Ovula city roads, creating over 350 seasonal jobs.

Common property resources
The following information was taken from meetings with local officials and local communities during site visits in August 2005.

Astara: “There are many Islamic cemeteries and historical monuments near the existing road. Consultation during scoping stage also identified that widening of the existing road will require a very large number of households to be resettled, due to their proximity to the road.”

Jalilabad: “Widening of the existing road will involve a lot of resettlement (households, shops etc.) The cultural monuments are located far from the road. We can’t widen the existing road in Goytapa. Because required resettlement is about 200-250 households in that city and perspective plan areas for Goytapa is limited. Many people don’t agree with the widening of existing road because they have lived there for many years and invested to make shops, public service centres near the road, they don’t agree to demolish it. It is true that we will lost some of our infrastructure units, businesses, public services along the road, but I think we would gain new infrastructure and public services along the new road.”

Masally: “At the north and north-eastern part of Masally there are mainly state lands (sandy lands), but in the south near Lenkeran border productivity of the lands is very high. There is only private land under the new alignment, there is no density of people to create problem for resettlement. We have 3 category of lands.”

Lenkeran: “You must consider Airport in decision making, because Airport is situated close to existing road and it will be widened approximately 3.3 km.”

Salyan: “There is a graveyard in the centre of the city we can’t widen existing road in that place. Also we have many businesses and electricity lines, gas pipelines near road, it is impossible to widen it. People will lose their 2nd category land (In Salyan there isn’t 1st category land).”

Bilasuvar: “Road is economy. If the road wouldn’t pass near our city it will have negative impacts for our economic development.”

The Tables 2-6 to 2-8 illustrate the common property resources, within approximately 200m of the indicative alignments.
Table 0-6 – Common Property Resources for the Existing Road: Astara to Alyat (northwards)

<table>
<thead>
<tr>
<th>Village</th>
<th>Population</th>
<th>Water Resources</th>
<th>Mosque (M)/ Church(C)</th>
<th>Graveyard, Monuments</th>
<th>School</th>
<th>Hospital</th>
<th>Factory or mill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Archivan</td>
<td>8,288</td>
<td>M</td>
<td></td>
<td></td>
<td>2</td>
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<tr>
<td>Mashxan</td>
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<td>Spring</td>
<td>M</td>
<td>Monument</td>
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<tr>
<td>Tangarud</td>
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<td>M</td>
<td></td>
<td>Monument</td>
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<td></td>
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<tr>
<td>Telman</td>
<td></td>
<td></td>
<td>Monument</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vago</td>
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<td></td>
<td></td>
<td></td>
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<td>Ashagi</td>
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<td>Monuments x2</td>
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<td>2</td>
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</tr>
<tr>
<td>Nuvadi</td>
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<tr>
<td>Village</td>
<td>Population</td>
<td>Water Resources</td>
<td>Mosque (M)/Church(C)</td>
<td>Graveyard, Monuments</td>
<td>School</td>
<td>Hospital</td>
<td>Factory or mill</td>
</tr>
<tr>
<td>------------------</td>
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<td>Xil</td>
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<td>Mosque</td>
<td>Graveyard</td>
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<tr>
<td>Goyacol</td>
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<td></td>
<td></td>
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<td>1</td>
<td></td>
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</tr>
<tr>
<td>Musakuca</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Bina Xocavar</td>
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<td></td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td>Graveyard</td>
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<tr>
<td>Goytapa</td>
<td></td>
<td></td>
<td>Mosque, Church</td>
<td>Graveyard</td>
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<td>Jalilabad</td>
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<td>Borehole</td>
<td>Mosque</td>
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<td>Monument x3</td>
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<td>Water Resources</td>
<td>Mosque (M)/Church(C)</td>
<td>Graveyard, Monuments</td>
<td>School</td>
<td>Hospital</td>
<td>Factory or mill</td>
</tr>
<tr>
<td>-----------</td>
<td>------------</td>
<td>-----------------</td>
<td>---------------------</td>
<td>----------------------</td>
<td>--------</td>
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</tr>
<tr>
<td>Gizilagac</td>
<td>1,639</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Salyan</td>
<td>37,547</td>
<td></td>
<td></td>
<td>Monument x3, Graveyard</td>
<td>4</td>
<td>H</td>
<td>F</td>
</tr>
<tr>
<td>Ashagi Nurkand</td>
<td>1,332</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
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<td>Yenikand</td>
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<td></td>
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</tr>
<tr>
<td>Xidirli</td>
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<td></td>
<td></td>
<td>Monument x2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alyat</td>
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<td></td>
<td></td>
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</table>
### Table 0-7 Common Property Resources – ‘Direct Alignment’: Sarcuvar-Shorsulu section (northwards)

<table>
<thead>
<tr>
<th>Village</th>
<th>Population</th>
<th>Water Resources</th>
<th>Mosque/Church</th>
<th>Graveyard, monuments</th>
<th>School</th>
<th>Hospital</th>
<th>Factory or mill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yeddiymaq (2)</td>
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<td>Yeddiymaq (1)</td>
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<tr>
<td>Huseynhacili</td>
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<td>Qargaliq</td>
<td>1,528</td>
<td></td>
<td>Mosque</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Kurdabazli</td>
<td>625</td>
<td></td>
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<tr>
<td>Qacaqkand</td>
<td>1,100</td>
<td></td>
<td>Mosque x2</td>
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<td>Qirmizikand</td>
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<tr>
<td>Xirmandali</td>
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<tr>
<td>Enceqala</td>
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<td></td>
</tr>
<tr>
<td>Xallicali</td>
<td>1,055</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Kocakli</td>
<td>1,612</td>
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<td></td>
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<tr>
<td>Eminli</td>
<td>42</td>
<td></td>
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</tbody>
</table>
Table 0-8 Common Property Resources – ‘Railway Alignment’: Sarcuvar-Shorsulu section (northwards)

<table>
<thead>
<tr>
<th>Village</th>
<th>Population</th>
<th>Water Resources</th>
<th>Mosque/Church</th>
<th>Graveyard, monuments</th>
<th>School</th>
<th>Hospital</th>
<th>Factory or mill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jalilabad</td>
<td>3,800</td>
<td></td>
<td>Monument</td>
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<tr>
<td>Uzuntapa</td>
<td>4,325</td>
<td></td>
<td>Mosque</td>
<td>Graveyard</td>
<td>3</td>
<td>H</td>
<td>F x2</td>
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<tr>
<td>Kazimabad</td>
<td>4,870</td>
<td></td>
<td>Mosque</td>
<td>Graveyard</td>
<td>1</td>
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<tr>
<td>Caxirli</td>
<td>1,881</td>
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<td>Mosque</td>
<td>Graveyard</td>
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<tr>
<td>Bina Xocavar</td>
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<td></td>
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<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Samadxanli</td>
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<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Bala Takla</td>
<td>1,649</td>
<td></td>
<td></td>
<td></td>
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<td>1</td>
<td></td>
</tr>
<tr>
<td>Mashliq</td>
<td>1,235</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Soyudlu</td>
<td>1,546</td>
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</tr>
<tr>
<td>Ahmadli</td>
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</tr>
<tr>
<td>Encaqala</td>
<td>1,850</td>
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<td>Goyacol</td>
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<td></td>
</tr>
<tr>
<td>Qargaliq</td>
<td>1,528</td>
<td></td>
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</tr>
<tr>
<td>Hasanli</td>
<td>2,559</td>
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<td></td>
</tr>
<tr>
<td>Shorsulu</td>
<td>3,112</td>
<td>Mosque</td>
<td></td>
<td></td>
<td>2</td>
<td>H</td>
<td></td>
</tr>
</tbody>
</table>
Potential Social Impacts

Introduction

The scale and exact location of social impacts has not been possible to identify, as the proposed route has not been chosen. Therefore, what follows is a summary of categories of possible social issues and concerns, largely expressed by local people that will need to be addressed fully in the next phase. There are some issues that have been observed by the team on various site visits.

Baku-Shamakhi Road

‘Without Project’ scenario

The Baku-Shamakhi road is a section of the shortest way from Baku to Georgia and to western Azerbaijan. As well as many long, straight sections through unpopulated semi-desert areas, the road includes a number of steep, winding sections through the mountains with tight, blind corners. The road surface, which was constructed around “40 years ago” (Head, Local Executive Power, Shamakhi) is uneven in many places due to structural problems, damage from overloaded heavy vehicles and repeated ‘patching’ of the surface during road maintenance.

Without the project, the overall condition of the Baku-Shamakhi road is likely to deteriorate further and, in the absence of improved driver behaviour, the number of accidents with associated injuries and fatalities will inevitably increase.

3.2.2 Upgrading scenario

The proposed Project would focus on rehabilitating km 10 to km 134 of the 2nd category road linking Baku to Muglani village, west of Shamakhi. According to the ToR for the Preparation of Detailed Design and Environmental Assessment of Baku-Shamakhi-Muglani section of the Baku-Shamakhi-Yevlakh road, a six-month study with WB funding which is currently at the Tender stage, the proposed works will have the following features:

- Reconstruction of the existing two lane road including pavement strengthening, with possible spot realignments at locations where the current design jeopardises traffic safety;
- Widening by adding a climbing lane where a long and steep gradient may affect travel speed or safety because of heavy vehicle traffic.

Improvements to the road will include traffic safety features including illumination, road signs, road marking and road furniture, including appropriate road safety barriers (guardrails). Other issues to be considered include the need for construction of culverts and animal crossings, and the division of the works into lots (packages) to allow simultaneous construction without interference between lots.

3.2.3 Impact assessment

Upgrading of the existing road will take place within the existing right-of-way (ROW), so impacts on the local population – apart from temporary noise and disruption to traffic – are likely to be minimal and relatively short term. Measures will be included in the Environmental Management Plan for construction works to ensure that access to schools and properties is maintained. No impacts on cultural property, e.g. graveyards and cultural monuments, adjacent to the ROW are anticipated. The RTSD\textsuperscript{16} believes there maybe one or

\textsuperscript{16} Personal interview with RTSD official in Baku on 22.09.05
two roadside businesses within the ROW that will be directly affected and require compensation.
Alyat-Astara Road

Four alternative development options for the Alyat-Astara road, including the ‘without project’ scenario, are discussed below. A schematic overview of the alternative development options is presented in Figure 1.1.

3.3.1 ‘Without Project’ scenario

The Baku-Alyat-Astara road (M4/M3) is a 313 km road, which runs from Baku to the Iranian border. Between Baku and Alyat, the road is a four-lane section of the M4, which links to the newly improved Alyat to Hajigabul (Qazimammad) road. Between Alyat and Astara, the 240 km long and mainly two-lane M3 links the district centres of Alyat-Salyan-Bilasuvar-Jalilabad-Masally-Lenkeran-Astara. According to a road engineer in Jalilabad, “the existing road was built in 1941, during the war. It was very difficult to build a normal road. It was planned to build a road near to the railway (which is an ancient north-south route) but there was not enough money”.

The surface condition of the existing M3 road is variable, particularly in sections between the district centres. From Alyat, the road passes through the centre of Salyan (crossing the Kura river by a major bridge), via a winding route through Bilasuvar (where a 11.8 km bypass has been planned and partly constructed17), bypassing the centre of Jalilabad, through the built up areas of Goytapa and Masally, via a T-junction with the Qizilagac-Qymbasi extension of the M3 near Tazakand and the built up area of Leman (Port Illic), around the bypass at Lenkeran city and via a narrow, winding route to Astara. The terrain through which the road passes is effectively flat up to the section between Lenkeran city and Astara, where the road has a slightly undulating profile along the base of the hills.

Without the some form of intervention and investment in addition to the current routine road maintenance programme, the condition of some sections of the Alyat-Astara road is likely to deteriorate further.

3.3.2 Upgrading existing road with selected bypasses

One of the options for improving the Alyat-Astara road would be to widen the existing road to four-lane standard between settlements and to construct bypasses around existing centres of population. During meetings with officials and representatives of municipalities at the offices of the Local Executive Powers in Lenkeran city, Masally, Jalilabad, Bilasuvar and Salyan, this option was either strongly preferred or discussed as a viable alternative to construction of a new road. Only in Masally and Astara was this not considered to be the preferred option due to:

• the extent of the built up area around Goytapa and Masally,
• the winding nature of the existing road and the location of adjacent graveyards and mosques between the Lenkeran bypass and the border at Astara (see Appendix C in the REA for comments from the district meetings).

At Lenkeran city, it was suggested that if a new road was constructed, it should link with the existing bypass around the city.

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17 According to discussions at the offices of the Local Executive Power, the Bilasuvar bypass is 60% constructed and requires “just requires asphaltalting and construction of a bridge”. The bypass effectively cut the corner of the existing M3, reducing the route by 4 km and remove transit traffic from the centre of the city.
Iranian Study

In August 2004, an Iranian-funded consultancy was appointed to identify potential alignments for improvements to the Alyat-Astara road. The Initial Report describing five alignment variants A-E was submitted to RTSD in February 2005. Access to this document has not been made available to the REA study team. It is understood from information received via WB that the variants are approximately as follows:

- **Variant A**: Alyat-Yenikand, Yenikand-Salyan, Salyan-Shorsulu – construct new M4-M3 link at Astara and all new road construction bypassing Salyan; Shorsulu-Sarcuvar, south of Masally – all new road construction approximately parallel to and west of the existing Baku-Astara railway (referred to elsewhere in this report as the ‘Railway’ alignment), intersecting with an existing road near Jalilabad and up to three existing roads near Masally; Sarcuvar-Lenkeran—all new road construction west of existing road; Lenkeran-Astara – all new road construction east of existing road; construction of 7 new intersections with existing roads/main cities at Astara, Yenikand, Shorsulu, Jalilabad, Masally, Lenkeran and Astara; construction of 52 new bridges;

- **Variant B**: Alyat-Yenikand – construct new M4-M3 link at Alyat then widen existing road to Yenikand, new road construction bypassing Yenikand; Yenikand-Shorsulu – widen existing road between Yenikand and Salyan; Salyan-Shorsulu – link to Variant A at Shorsulu (no details of intersections/bridges);

- **Variant C**: Shorsulu-Hasanli – construct new direct route east of railway linking Shorsulu and existing road at Hasanli, near Masally (no details of intersections/bridges);

- **Variant D**: Shorsulu-Sarcuvar – construct new direct route (referred to elsewhere in this report as the ‘Direct’ alignment) between Shorsulu-Sarcuvar, east of railway. No intermediate links to existing roads/main cities (construct one new bridge).

- **Variant E**: Lenkeran-Astara – all new road construction lying west, then east, then west, then east of the existing road (no details of intersections/bridges).

It is important to note that the proposed alignment for the new road (and its variants) identified by the Iranian consultants only exist currently as a number of indicative lines on a 1:100,000 map dating back to the period 1974-1991, so it is not possible at this stage in Project development to identify accurately where the proposed road alignment(s) will be located, nor what areas will be included within the required 60 m wide road corridor.

The first Interim Report (issued in June 2005) covers the section between km 70 and km 102. It is understood that RTSD’s preferred alignment between Alyat and Salyan is Variant B of the Iranian study, including an intersection linking the M3-M4 at Alyat and bypasses around Yenikand and Salyan as described in Variant A.

A three-month study funded by WB for the *Environmental Assessment and Preliminary Design for a 22 km section of the Alyat-Astara Road* between Alyat and Salyan is currently underway (August/September 2005). In this section, it is proposed to construct a four-lane road within the existing Right of Way (ROW). No land acquisition or resettlement issues will occur in this section. According to the ToR, the road will have the following features:

- Reconstruction of the existing 2 lane 22 km road section to 4 lane standard;

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19 One intersection at Masally planned; potential for additional links to existing roads near Goytapa and Hasanli, near Masally
20 RTSD letter to Passillo consultants ref. 02/310 dated 4th March 2005: ...we inform that giving preference to the version of choice A and approaching to the version B at the distance of 0+000 km – 29+000 of this version...
21 Right of Way extends 30 m to either side of the centreline of the road (i.e. 60 m wide in total).
• Maximum width of the road is 27.5 m;
• Carriageway width is 15 m (2x7.5 m);
• Number of lanes is 4;
• Width of shoulder is 3.75 m (2x3.75 m) of which 2.5 m (2x2.5 m) should be paved with asphalt concrete (the indicative slope ratio is 1:3);
• Cross-fall in the carriageway should be 2% and in the shoulders 4%;
• Central strip width should be 1.5-5 m, depending on the equipment it carries. If it is less than or equal to 3 m wide, it will be stabilised and surfaced to facilitate maintenance. If not, it can be grassed and planted with shrubs, unless its width and the site topography enable the natural ground and existing vegetation to be preserved. In this case, a 1 m wide berm is maintained at the edge of the left hard strip;
• Separate-graded intersections should be designed, if required, in intersections of other roads with the Alyat-Astara road. The road should have dual carriageway with 4 lanes. The pavement should be designed in accordance with national standards.

Further studies are currently underway by the Iranian study consultants to cover the remainder of the route, none of which include proposals to improve any sections of the existing M3 road.

**Direct Alignment**

It is understood that the alignment which is currently preferred by RTSD for the section south of Yenikand – the one for which studies by the Iranian consultants are ongoing - includes a direct route (Variant D of the Iranian study) across an extensive area of wetlands and pasturelands between Shorsulu and Sarcuvar\(^22\), south of Masally, where it crosses the existing M3. Construction of this alignment would shorten the existing route between Baku and Astara by about 40 km. According to available information, there would be no intersections between this alignment and existing cities between Shorsulu and Lenkeran.

**Railway Alignment**

This alignment (Variant A of the Iranian study) for the section between Shorsulu and Sarcuvar runs approximately parallel to and west of the existing Baku-Astara railway, intersecting with an existing road near Jalilabad and up to three existing roads near Masally\(^24\).

**Impact assessment**

As in other parts of rural Azerbaijan, the main source of employment on the Alyat-Astara route is agricultural production. Therefore, land take could have an impact on people’s livelihoods and access to markets. The following information provides an overview of the specific settlements along the proposed routes.

**Yenikand-Shorsulu**

If a new road is constructed to bypass Yenikand, Salyan and Shorsulu and nearby villages with a major new crossing of the Kura River east of Salyan, there will inevitably be landtake of agricultural land. Some property requisition and associated resettlement will also be required. The extent of both resettlement and land take will obviously depend on the exact alignment of the road. Settlements where residential and other properties are likely to be affected include: Yenikand, Xalac, Goytapa, Cuxanli, Asagi Kurkandli, Boranikand and Shorsulu. Settlements where acquisition of agricultural land is likely to be required include: Yenikand, Yolustu, Xalac, Goytapa, Cuxanli, Asagi Kurkandli, Salyan, Marisli, Qizalagac, Sarvan, Dayikand, Borikand and Shorsulu.

\(^22\) RTSD letter to Passillo consultants ref. 02/310 dated 4th March 2005: ...we inform that giving preference to the version of choice A ... and using of the version D at the part of 86+000 km to 133+400 km...

\(^23\) In July 2005, RTSD indicated that the REA should not consider any variants apart from its preferred option. This approach would not have been in accordance the ToR

\(^24\) One intersection at Masally planned; potential for additional links to existing roads near Goytapa and Hasanli, near Masally
The land here is largely privately owned, with fallow and wasteland owned by the state and municipal authorities. Land is used for agriculture and as a pasture area for sheep and cattle. Along the alignment land are used for cotton growing, grain growing, vine growing, fruit farming and vegetable growing.

**Shorsulu-Masally (Direct Alignment)**

Settlements where residential and other properties are likely to be affected include: Shorsulu, Qargaliq, Kurdabazli, Huseynhacili, Birinci Yeddiamaq, Ikinci Yeddiamaq and Sarcuvar. Settlements where acquisition of agricultural land is likely to be required include: Shorsulu, Qacaqkand, Qirimizikand, Xirmandali, Kocakli, Qargaliq, Kurdabazli, Birinci Samadxi, Husaynhacili, Encaqali, Birinci Yeddiamaq, Ikinci Yeddiamaq, Goyacol and Sarcuvar. This section can be divided into 3 sub-sections. The first section is Shorsulu–Mugan channel. The land use between Shorsulu and Mugan channel is mainly irrigated land. This section mainly is used for cotton growing. The second section Mugan-Uzuntapa. From Mugan channel to Uzuntapa, the area is wetland and useless for cultivated agriculture (Akchala and Mahmudchala wetlands). Small parts of the area used as pasture for domestic animals. The third section of this road is Uzuntapa-Sarcuvar, near Masally. This area runs through mainly agricultural land, which becomes gradually more densely populated to the south.

**Shorsulu-Masally (Railway Alignment)**

Settlements where residential and other properties are likely to be affected include: Shorsulu, Uzuntapa, Kazimabad, Langan, Sarafa, Seybalin, Ancaqala and Sarcuvar. Settlements where acquisition of agricultural land is likely to be required include: Shorsulu, Qacaqkand, Qirimikand, Uzuntapa, Masliq, Soyudlu, Kazimabad, Ahmadli, Langan, Caxirli, Bala Takla, Sarafa, Seybalin, Ancaqala, Goyacol and Sarcuvar. Mostly there are wetlands (Mahmudchala, Akchala), which useless for cultivated agriculture (state lands). Around Masally, there are agricultural lands (private lands), which are being used for fruit farming and grain growing. Near Goytapa city, there are potato-growing areas.

**Masally-Astara**

The southern section of the Alyat-Astara road crosses a densely populated area with useful agricultural land. Settlements where residential and other properties are likely to be affected include: Sarcuvar, Boladi, Kargalan, Darquba, Asaki Nuvadi, Garmadtuk, Bala Suruk, Viyan, Seyidakaram, Kanarimesa, Tutapesta, Xolmili, Vel, Bala Sanagac, Siyakaran and Sahahagac. Settlements where acquisition of agricultural land is likely to be required include: Sarcuvar, Qumbasi, Boladi, Viravul, Girdini, Laji, Kargalan, Darquba, Asaki Nuvadi, Garmadtuk, Bala Suruk, Viyan, Seyidakaram, Kanarimesa, Tutapesta, Xolmili, Vel, Mamusta, Bala Sanagac, Kokolos, Gulyata, Siyakaran, Sahahagac, Archivan and Astara.

The agricultural land is very productive for citrus fruits and tea plantation in the northern part. In the southern part, the land is used for mainly for paddy, vegetable, fruit farming and tea plantation. This corridor mainly passes through private lands.

**Categories of Impact**

The following tables summarises the types of impacts that may occur for the two different alignments between Shorsulu and Sarcuvar, near Masally. Between Yenikand and Shorsulu, and between Massally and Astara, construction of a new road will inevitably lead to a similar range of impacts, the extent of which will depend on the exact alignment selected.
### Table 0-1 Category of Impact for the ‘Direct Alignment’

<table>
<thead>
<tr>
<th>Category of Impact</th>
<th>Specific Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relocation or loss of shelter</td>
<td>The extent of the impacts will depend on the route selected</td>
</tr>
<tr>
<td>Business premises</td>
<td>Possible need for relocation of shops and other businesses</td>
</tr>
<tr>
<td>Loss of assets or access to assets</td>
<td>No links planned between new road and existing settlements between Shorsulu and Sarcuvar; possible adverse impacts on access to agricultural/grazing land</td>
</tr>
<tr>
<td>Trees</td>
<td>Potential for loss of fruit trees</td>
</tr>
<tr>
<td>Loss of income/source of livelihood</td>
<td>Most people in these villages are dependant on agricultural production; potential loss of agriculture-related income</td>
</tr>
</tbody>
</table>

### Table 0-2 – Category of Impacts for the ‘Railway Alignment’

<table>
<thead>
<tr>
<th>Category of Impact</th>
<th>Specific Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relocation or loss of shelter</td>
<td>The extent of the impacts will depend on the route selected</td>
</tr>
<tr>
<td>Business premises</td>
<td>Possible need for relocation of shops and other businesses</td>
</tr>
<tr>
<td>Loss of assets or access to assets</td>
<td>Potential for improved access to markets via new road, depending on number of links between new road and existing settlements between Shorsulu and Sarcuvar; possible adverse impacts on access to agricultural land</td>
</tr>
<tr>
<td>Agricultural Land</td>
<td>Potential for loss of land used for growing cotton/vineyard/potatoes/grain</td>
</tr>
<tr>
<td>Trees</td>
<td>Potential for loss of fruit trees</td>
</tr>
<tr>
<td>Loss of income/source of livelihood</td>
<td>Most people in these villages are dependant on agricultural production; potential loss of agriculture-related income</td>
</tr>
</tbody>
</table>

### Table 0-3 – Comparison of Impacts between Direct and ‘Railway’ Alignments

<table>
<thead>
<tr>
<th>Category of Impact</th>
<th>Direct Alignment</th>
<th>‘Railway’ Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relocation or loss of shelter</td>
<td>The extent of the impacts will depend on the route selected</td>
<td>The extent of the impacts will depend on the route selected</td>
</tr>
<tr>
<td>Business premises</td>
<td>Possible need for relocation of shops and other businesses</td>
<td>Possible need for relocation of shops and other businesses</td>
</tr>
<tr>
<td>Loss of assets or access to assets</td>
<td>No links planned between new road and existing settlements between Shorsulu and Sarcuvar; possible adverse impacts on access to agricultural/grazing land</td>
<td>Potential for improved access to markets via new road, depending on number of links between new road and existing settlements between Shorsulu and Sarcuvar; possible adverse impacts on access to agricultural land</td>
</tr>
<tr>
<td>Agricultural Land</td>
<td>Potential for loss of access to agricultural/grazing land</td>
<td>Potential for loss of land used for growing cotton/vineyard/potatoes/grain</td>
</tr>
<tr>
<td>Trees</td>
<td>Potential for loss of fruit trees</td>
<td>Potential for loss of fruit trees</td>
</tr>
<tr>
<td>Loss of income/source of livelihood</td>
<td>Most people in these villages are dependant on agricultural production; potential loss of agriculture-related income</td>
<td>Most people in these villages are dependant on agricultural production; potential loss of agriculture-related income</td>
</tr>
</tbody>
</table>
Impacts Identified by the Local Population

During August-September 2005, a series of consultation meetings took place with local officials and village representatives at key centres of population along the Alyat-Astara road. A summary of non-attributed comments is provided in the Regional Environmental Assessment Appendix C. Views expressed in the meetings along the Baku-Shamakhi road related mainly to technical issues and traffic safety improvements. The wide-range of views expressed in the meetings between Salyan and Astara along the Alyat-Astara road have been categorised below. Participants at the meeting at Alyat focussed on access, crossings/underpasses for cattle and Sand Gazelles (from the National Park) and employment opportunities for local people in the proposed road construction works.

**Important factors in favour of upgrading existing road with bypasses**
- Existing houses & businesses have already been demolished 30 m either side of existing road
- ‘Road is life’ – importance of road to current social and economic life of settlements along route
- Existing investments along road and desire to retain them
- Settlements very near existing roads would benefit from bypasses

Conclusion: The benefits of upgrading the existing road seem to affect a relatively few number of people locally, who already have businesses along the road.

**Important factors against upgrading existing road with bypasses**
- Graveyards, historical and cultural sites near to existing route making widening of route difficult
- Economic and social costs associated with resettlement of large existing population
- Impact of resettlement on community cohesion, where it is felt there is not enough space for people to relocate locally, so that they will be pushed out of existing settlement as a result of road widening
- Schools and other social infrastructure that is near road
- Current zig-zag route between Lenkeran city and Astara is bad for lorries and difficult to widen
- Current poor condition of existing road
- Risk that new bypasses will not be used by trucks wanting to use services in the city

Conclusion: The adverse impacts of the upgrading of the road seem to be more widely felt and to affect the social and economic cohesion of local communities. The ramifications of large resettlement on the resettled community and the host community receiving them would need to be considered if not avoided altogether.

**Important factors in favour of new road**
- Shorten the distance and travel time to Baku
- Expected benefits to planned economic and social development in different sectors
- Expected improvement for delivery of agricultural goods to markets
- Expected benefits for job creation
- Expected opportunity for creation of new businesses
- Expected reduction in current level of accidents
- Expectations of associated improvements, such as new public services and infrastructure
- Reduce road accidents in settlements
- Improve road links for cities along the route

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25 It is too difficult to try and separate views into those relating to alternative alignments.
• Opportunity to use land not useful for agriculture
• Little or no resettlement required
• Opportunity to create new infrastructure near new alignment to compensate for loss of existing infrastructure

Conclusion: The positive benefits identified for the new road are considerable but should be more fully examined in the next phase of the project. The relatively wealthy population who has business skills and large farms may only feel the positive impacts. The issue of safety, however, is a positive one for members of the community.

**Important factors against new road**

• Expected negative impact of new road on economic life of existing settlements, including informal trade resulting from current users of route
• Expected negative impact of the road on existing economic and social development plans for settlements along existing route
• Previous clearance alongside existing route, raising expectations of improvements to existing road
• Expected higher costs of for new road/constructing on wetlands compared with existing road upgrade/resettlement
• Preference for spending money on resettlement rather than on new road, in order to preserve benefits of road improvements for existing settlements
• Doubts about likelihood of ministerial approval for construction on wetlands
• Loss of existing businesses against
• Fear that new road will result in existing road not being maintained

Conclusion: The adverse impacts appear to affect a wide range of people with business interests along the existing road, including the poorer and more marginalized members of the community who are concerned with the impact on informal trade. People involved in the informal economy are less likely to have the requisite skills to find work elsewhere or adapt to different sectors. Any decision that is made on the final route needs to make sure that those on a lower income, without formal jobs or land ownership are not disproportionately affected by the project.

**Other generic issues of anxiety and concern expressed during the consultation**

**Basic facts about the proposed route**

• How wide the road will be
• The exact alignment
• Relationship to ADB alignment
• Environmental impact of new routes
• Feasibility of new route especially over wetlands
• Anxiety about informing public too early when information is not clear
• The value of people’s views to the process

**Compensation**

A range of issues concerning compensation was raised during the consultation. These include:

• Categories of compensation, including for land, private land and state land, rented state land, investment in houses and shops, potential productivity of land
• Reaction of people to planned resettlement and demolition may be to not plant crops
• Fear of economic loss where illegal structures not compensated – treatment of illegal businesses – cases where businesses demolished in past, even though owner claimed to have official permission
• Past demolition of illegal structures, without compensation
• How compensation will be used for personal or for collective use, including for development and employment creation programme
• Ease/difficulty of compensating different types of land e.g. state land versus private land; valuation of land with oil extraction points.
• Differing willingness to accept compensation between those who cultivate land and those who don’t use land

Conclusion: The concerns about compensation and land acquisition highlight the importance of having a transparent and consistent compensation process. Although the Azeri laws are good, there is often inconsistency in the execution of the compensation process. Anecdotal evidence would suggest that people have not always been satisfied with the compensation process.

HIV/AIDS

With large scale construction and the influx of migratory workers into relatively poor areas can often pose a risk of HIV transmission. The proposed project will be under construction for a considerable time, which may increase the potential risk to both local communities and contractors.

Azerbaijan is currently facing a ‘concentrated’ HIV epidemic with a very low overall prevalence among the general population but a high prevalence among key population that are particularly vulnerable to HIV infection. This would include injecting drug users and commercial sex workers.

The dramatic socio-economic changes associated with the transition period have had a negative impact on employment, people’s social well being and the social safety net. All these factors have contributed to a growth in drug use, commercial sex work and migration. Current data and behavioural social trends indicate a high potential for further growth of the HIV epidemic\(^\text{26}\).

Measures to minimize the impact of HIV/AIDS in the project should include:
• Preferential employment policies for local people
• HIV/AIDS awareness programmes for contractors and local people
• Government –level action together with the transit industry to educate truckers about the issues of HIV/AIDS

Recommendations for Preferred Alignment

Yenikand-Shorsulu

If a new road is constructed to bypass Yenikand, Salyan and Shorsulu with a major new crossing of the Kura River east of Salyan, there will inevitably be landtake of agricultural land and some property requisition and associated resettlement will be required, the extent of which will depend on the exact alignment of the road.

Shorsulu-Masally - Direct Alignment

It is not possible at this stage to assess how many residential and other properties and businesses might be directly affected by construction of this route, but the numbers may be greater than for the railway option. The landtake of agricultural and pastureland would be less for this alignment than for the longer option following the route of the railway. However, this route has no planned connections to existing settlements between Shorsulu and Sarcuvar, near Masally, so the potential for generating economic benefits by increased access to markets for the region would be reduced.

\(^\text{26}\) UNESCO (2005): *HIV & AIDS in the Caucasus Region: A Socio-Cultural Approach*
**Shorsulu-Masally – Railway Alignment**

It is not possible at this stage to assess how many residential and other properties and businesses might be directly affected by construction of this route, but the numbers may be less than for the direct option. The potential landtake of agricultural and pastureland is more for this alignment, which follows the route of the railway, than for the direct route through the wetlands. Although the railway option does cross good agricultural land and pastures, the owners of which will require compensation and income restoration, the railway option is the preferred option. This is mainly because this route is designed to link, via existing roads, to several existing major settlements in the area including Jalilabad and Masally, and thus the potential to help bring the region out of economic isolation is greater than for the direct route. This option is also likely to have a lower potential for adverse environmental impact during both the construction and operation phase for reasons detailed in the Regional Environmental Assessment.

**Masally-Astara**

The southern section of the proposed Alyat-Astara road, particularly to the west and south of Lenkeran, crosses a densely populated area with useful agricultural land. The land that would be taken would be very productive: it has some of the best land for rice growing in the Astara region. The section between Lenkeran Bypass and Astara may be the section for which an alternative route is most required. This is because of the narrow and winding configuration of the existing road and the lack of opportunities for widening it due to adjacent residential properties and cultural monuments, such as graveyards.

**General Socio-Economic Impacts**

The regions of the proposed project areas are predominantly agricultural with some industrial activity. The main sources of income for people are agricultural production and selling of agricultural products as either as small family farmers or large organised agricultural businesses. Site observations and local information show that there are some illegal land holdings and businesses in the project areas that could be affected. However, there does not appear to be large-scale illegal holdings. The RTSD\(^{27}\) estimates that there are approximately 1,400 illegal businesses and properties along the existing route of Alat-Astara and around 300 illegal businesses in Lenkeran. When the project commences, a more detailed investigation will have to take place to determine the exact number of people without land titles. Many of the regions, such as Masally, have a slightly larger number of women than men together with greater out-migration than in-migration. This may be coincidental, but these figures could also suggest lack of economic opportunities for men who then seek work in Baku or other more industrial cities. There is no evidence if there is a large number of female-headed households or whether these households would be particularly vulnerable. If resettlement of households or acquisition of agricultural land is necessary land rights and inheritance rights for men and women will need to be investigated to make sure that female healed households have adequate access to land and the requisite compensation, if needed. Additionally, agricultural labour work is only seasonal therefore migration maybe a seasonal coping strategy for many families. Anecdotal evidence has pointed to the lack of opportunities for young men returning from national army service. Regarding the project areas and the implications for local people and the socio-economic welfare, there is enough evidence that suggest that the negative or positive affects of the project will largely be economic. There are very few internally displaced people or refugees, approximately less than 500 throughout all of the project areas. There is a large

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\(^{27}\) Information provided by Vagif Hajliijev of the maintenance department, RTSD, during a personal interview in September 2005
ethnic minority, the Talysh, who are relatively prosperous and well represented in the economic life of the region (for more information see 0).

On a micro level, project implementation could mean potentially more jobs for people during the construction phase. On the macro level, better access to markets, lower transport costs could invigorate the economy in addition to the multiplier affect of increased long-term employment. Areas of southern Azerbaijan currently suffer from economic isolation that the new road would improve. Car ownership in Astara, Lenkeran and Masally is relatively low, being 13, 17, and 21 cars per 100 families respectively. This would mean that benefits to the local population would be indirect, as the majority would not be using their own vehicles for transport on the road. The best market for agriculture is Baku therefore theoretically the route that expedites travel to Baku will provide improved access for the agricultural sectors of these economies. The project areas are heavily dependent on Baku for the selling of its goods; whilst the new road would improve this access, it may also potentially further exacerbate the dependency on Baku whilst doing nothing to develop local markets.
LEGAL FRAMEWORK

Introduction

The current legislation related to the status and control of the road reserves has its foundations in the land laws of the Soviet era. Prohibition of activities in the road reserve is outlined in the 1989 Road Decree, which itself refers to an earlier legal instrument, Number 228 of 3rd July 1976. Since independence, a Decree on the Application of the Road Law of 2000, and a recent Decree No. 18 of February 2004 on additional activities aimed at regulated usage of the road reserve, have provided greater clarity on the situation of the road reserve. Summaries of instructions given in these and other decrees are given in the following sections.

1976 Road Decree

The 1976 Decree refers back to a Russian state construction standard SNiP 467/74 that defined the requirements for a 60 metre wide road reserve for State and Republican Roads and a 25 metre wide road reserve for Local Roads. This decree gives legal standing to the width requirements for road reserves given in the construction standard.

1989 Road Decree No. 461

The 1989 decree again reinforces the road reserve width requirements given in the 1976 Decree. Article 7 outlines prohibited activities and constructions in the road reserve and assigns rights for the roads authority to evict illegal occupants on 15 days notice, at the conclusion of which, the roads authority may demolish the constructions without compensation and use the resultant materials in the construction of the road. This 1989 decree also formalised a procedure for the road authority to review and authorise applications for developments within 200 metres of each side of the road centreline in respect of aspects including maintenance of the road reserve and access provisions to the main road.

2000 Decree on Application of the Road Law

One of the main purposes of this decree was to update the 1989 decree, especially in regard to the designation of responsible agencies. Article 14 outlined that the width of road reserves will be confirmed by the Cabinet of Ministers. Processes for inclusion of new areas into the road reserve, and acquisition of affected properties, are described, and it is stated that those permitted to use lands within the road reserve must be notified of the conditions of this use upon agreement of use terms. Article 33 states that commercial enterprise may be undertaken with Roads Authority approval within the road reserve.

2004 Decree on Additional Activities Aimed at Regulating the Usage of Road Reserves in the Republic of Azerbaijan

This recent decree designates responsible agencies for various issues relating to the road reserve and adjacent land use, including the preparation of an inventory of national road reserves to identify illegal and legal occupiers and properties, and for ongoing maintenance and protection of the road reserve. These inventories indicating the legitimacy and value of all occupiers and properties were required to be submitted to the Cabinet of Ministers.

Other Legal Instruments

Azeri Law has the following instruments, which provide instruction on matters relating to land, land acquisition and compensation for other property losses:

- The Land Code, 25 June 1999;
- The Civil Code, 1 December 1998;
- Cabinet of Ministers Resolution No 42, 15 March 2000;

28 The road reserve width is defined as being 30 metres wide on each side of the centre-line, totaling 60 metres.
Aspects of these instruments that relate to the use and protection of the road reserve are given in the following sections.

**Land Code dated 25 June 1999**
When land is required for projects of national interest, compensation is initially offered on the basis of valuations made in accordance with a standard code (no. 158 dated 1998). If landowners are unhappy with this valuation, there is scope for agreeing a revised valuation. In the event that such agreement cannot be reached, the acquiring authority can process its application for acquisition through the courts, but this is often a long and complex process. The landowner also has an option for seeking recourse through the courts. The Land Code also allows exchange land to be given that is equivalent to the land being acquired.

Where a relevant local executive authority decides a land case, the decision shall come into force immediately and this decision will not be terminated by the lodgement of a complaint with the relevant court. Articles 110 and 111 describe wilful occupation of land plots, implementation of illegal construction on land plots as violations of the land legislation, and state that these are prohibited acts. The articles state that such land plots will be returned to the relevant authorities without reimbursement of the expenses incurred during the illegal utilization. Rehabilitation of the lands should also be carried out by the illegal occupants, at their own expense.

**Civil Code dated 1 December 1998**
This Civil Code states that any rights to immovable properties must be registered with the State, and that land may be recalled from owners for state or municipal needs as approved by the relevant courts.

This resolution outlines procedures for the compulsory acquisition of land for state or municipal needs.

**Cabinet of Ministers Resolution No 110 – On Approval of Regulations for an Inventory Cost estimation of Buildings Owned by Natural Persons dated June 1999**
This resolution outlines procedures for acquisition and compensation valuation for affected buildings and immovable properties. It refers to the standard code No. 58 that is to be used for making valuations of land and property to be acquired. These valuations are made on the basis of standard unit rates for different types of construction in different regions of Azerbaijan.

The following table shows an example of a land acquisition memorandum between WB and Azerbaijan.
Table 0-1 An Example of Land Acquisition Procedure

| Land Acquisition | The Memorandum of Understanding on Land Acquisition between the International Development Association (IDA) and the Government of Azerbaijan, which is used in the Baku-Gazakh-Georgia Borders road construction, states which information is collected for compensation applications. This includes (a) the type of land: if sowing land, pasture, garden, dry-farming or irrigated land, (b) buildings, (c) plants already sown or to be sown during the next season and (d) perennial herbs, trees and their age and quantity. This information is collected by the representatives of the District’s Executive Power and Azerbaijan State Land and Cartography Committee for compensation, which is finally approved and accepted by the Cabinet of Ministers. |
| Compensation Funds | Although the state is responsible to compensate, there is no permanent and clear compensation system and the accepted compensations are paid from different state funds as the case be. For the Tovuz Bypass Project it is recommended that compensations be paid from the Government funds of the IDA loan project and monitored by the RTSD or a supervision consultant engaged in the project. Compensations must be paid immediately after the final road design has been finished and those eligible to compensation are known. Compensations must be completed before any of the construction work starts. |

(Source: Finnroad Tovuz Bypass Land Acquisition Plan)

According to above mentioned the Azerbaijan Republic legislation, there are 3 possible scenarios of land acquisition:

1. Land owner is provided with the equal size and quality of land
2. Land owner is compensated by proponents of the land acquisition on the basis of current market prices
3. Dispute is the subject of court consideration

The real situation with land reserves excludes the first scenario. Local authorities either have no land reserves, or the quality of these lands is much lower than the land owned by people. Thus, the main scenario for smooth lands acquisition is justly valuation on basis of current market prices and timely compensation of these lands to their owners. Land swap does not appear to be an option due to the poor quality of available land.

The Government of Azerbaijan is represented in the regions by the local offices of line ministries, which in some cases may cover more than one district. In this Project, the Ministry of Transport represented by RTSD is the main stakeholder due to their responsibilities in road construction.

Compensation Valuation Methods in Azerbaijan

Land, Crop and Tree Compensation

Procedures for valuation for compensation and other purposes are laid down in the Land Law, the Land Code, as well as the following legal instruments:

- Resolution No. 42 on Some Normative and Legal Acts relating to the Land Code;
- Cabinet of Ministers Resolution No. 110 – On Approval of Regulations for an Inventory Cost estimation of Buildings.

For agricultural land, base land values are established using the Former Soviet Union (FSU) based cadastre system which values land based on land attributes (productivity of soils and regional agricultural characteristics), input costs and typical revenues achieved in each district. Cadastre based values are then reviewed in each district by a Valuation Commission and adjusted upwards where necessary to reflect changes in crop types and productions levels. Market prices for valuing crop production are determined based on local market prices.
Annual Crops
Compensation payable for loss of annual crops is determined by the Valuation Commission for each district that uses certified data on the productivity of crops and average price of produce as issued by the district Department of Statistics\(^\text{29}\). The formula used for calculating compensation for annual crops is as follows:

\[
CrC = ((RP \times Yd) – CC) \times A \times T
\]

Where:

- \(CrC\) is the compensation for loss of income from annual crops
- \(RP\) is the retail price of the produce (Azeri Manat / 100 kg)
- \(Yd\) is the yield (100 kg / hectare)
- \(CC\) is the growing costs including material inputs, agro-technical activities, transportation, taxes and duties (Azeri Manat / hectare)
- \(A\) is the area cleared by the project (hectares)
- \(T\) is the number of lost growing seasons

Examples of how the Valuation Commission in Shamkir applied the formula is shown below in Table 4.2.

### Table 0-2 Calculation of Annual Crops Compensation for Shamkir District

<table>
<thead>
<tr>
<th>Crop</th>
<th>Gross Yield '000 kg/ha</th>
<th>Loss %</th>
<th>Net Yield kg/ha</th>
<th>Market price '000 AzM/100 kg</th>
<th>Income '000 AzM/ha</th>
<th>Materials '000s AzM/ha</th>
<th>Agro. inputs</th>
<th>Transport</th>
<th>Taxes</th>
<th>Total costs</th>
<th>Compensation rate 1,000s AzM/ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>40</td>
<td>1</td>
<td>3,900.6</td>
<td>65,000</td>
<td>2,574</td>
<td>230</td>
<td>230</td>
<td>150</td>
<td>27</td>
<td>635</td>
<td>1,939</td>
</tr>
<tr>
<td>Clover</td>
<td>40</td>
<td>3</td>
<td>19,400</td>
<td>25,000</td>
<td>4,850</td>
<td>150</td>
<td>250</td>
<td>200</td>
<td>27</td>
<td>627</td>
<td>4,233</td>
</tr>
<tr>
<td>Potato</td>
<td>250</td>
<td>2</td>
<td>24,500</td>
<td>100,000</td>
<td>24,500</td>
<td>2,500</td>
<td>1,800</td>
<td>680</td>
<td>30</td>
<td>5,010</td>
<td>19,490</td>
</tr>
<tr>
<td>Corn</td>
<td>60</td>
<td>1</td>
<td>5,900.4</td>
<td>80,000</td>
<td>4,752</td>
<td>610</td>
<td>820</td>
<td>460</td>
<td>20</td>
<td>1,910</td>
<td>2,842</td>
</tr>
<tr>
<td>Onion</td>
<td>250</td>
<td>2</td>
<td>24,500</td>
<td>60,000</td>
<td>14,700</td>
<td>560</td>
<td>1,600</td>
<td>550</td>
<td>20</td>
<td>2,730</td>
<td>11,970</td>
</tr>
<tr>
<td>Cucumber</td>
<td>270</td>
<td>5</td>
<td>25,600.5</td>
<td>50,000</td>
<td>12,825</td>
<td>440</td>
<td>1,200</td>
<td>600</td>
<td>20</td>
<td>2,260</td>
<td>10,565</td>
</tr>
<tr>
<td>Tomato</td>
<td>200</td>
<td>5</td>
<td>19,000</td>
<td>40,000</td>
<td>7,600</td>
<td>280</td>
<td>920</td>
<td>480</td>
<td>20</td>
<td>1,700</td>
<td>5,900</td>
</tr>
</tbody>
</table>

Source: Shamkir Valuation Commission, 2002

**Perennial Crops (Trees, Shrubs and Vines)**
Perennial crops such as fruit trees, grape vines, and currant bushes are valued on a per tree or per shrub basis by applying a standard formula similar to that outlined above in section 2.3.2. An example of how this formula has been applied in the Shamkir District is shown below in Table 4.3.

### Table 0-3 Calculation of Compensation for Fruit Trees for Shamkir District

<table>
<thead>
<tr>
<th>Type of Tree</th>
<th>Yield</th>
<th>Market price</th>
<th>Income '000</th>
<th>Input Costs</th>
<th>Net Income '000</th>
<th>Maturity of Tree</th>
<th>Income to maturity</th>
<th>Sapling cost</th>
<th>Input costs</th>
<th>Compensation amount '000s AzM</th>
</tr>
</thead>
</table>

\(^{29}\) The procedure to be used in preparing these certificates is prescribed in Cabinet of Ministers Resolution No. 164 (25 November, 1996).
### Permanent Acquisition of Land

The land compensation price must be based on the market price, provided that such price is not less than the cadastral or normative price for the subject land (*Land Code*, article 96.5). Normative or cadastral rates for lands in each district are established by *Cabinet of Ministers Resolution No. 158 On Establishment of New Normative Prices for Land in the Azerbaijan Republic* (23 July, 1998).

The Project will pay compensation for permanent acquisition of land based on negotiated rates. The government normative or cadastral rates will be the minimum.

During land privatization, land titles allocated to families had all members of the family as of 1996 listed on the land parcel ownership certificate. In these cases, the household head is responsible for signing project documentation relating to leases or assignment of rights. The household head must, however, obtain the written consent of all other people listed on the ownership documents.

### Compensation for Immovable Assets and Land Attachments

This covers a range of items such as fences, walls, animal enclosures, small irrigation channels, drains, wells, hand pumps, artesian bores, water pumps, hay sheds, animal shelters and roads. These items will be valued on the basis of full replacement cost.

### Compensation for Temporary Access Roads

Compensation for temporary access roads will be calculated on a similar basis to the land temporarily acquired for the highway construction. Compensation will cover the following components:

- Loss of annual crop production
- Potential crop yield reduction for three years
- Loss of any trees or perennial crops
- Loss of use of grazing land
- Loss of immovable assets and land attachments.

Upon construction of completion, the land used for temporary access roads will be reinstated to its pre-project condition and returned to the owner or user.

### Entitlements

According to RTSD sources, for each land acquisition process, RTSD adopts a policy for entitlements that accords with Azeri legislation and within this legislation seeks to ensure that fair and proper entitlements are provided to all people who might be affected by the road rehabilitation works. A detailed entitlement matrix will be developed and defined for the resettlement action plans of each sub-project, after full censuses and household surveys have been carried out. The following table outlines some of the potential impacts that could occur and the mitigation measures used to minimise these impacts.
### Table 0-4 – Potential Social Impacts and Mitigation Measures

<table>
<thead>
<tr>
<th>Potential Impact</th>
<th>Mitigation Measure</th>
</tr>
</thead>
</table>
| Demolition of Commercial Buildings    | Avoidance or minimisation of building demolition. If not avoidable the following procedures should be carried out. Cash compensation based on negotiation, including moving expenses, and:  
  - Cash compensation for loss of net income and wages for 3 months, and  
  - Cash compensation to be paid before reconstruction, and  
  - Assistance from the Municipality to acquire or lease a legal plot nearby, and  
  - Demolition should be done after the business has been reconstructed. |
| Permanent land acquisition            | Compensation for lost land at market value, or  
  - Provision of replacement land of equivalent quality and comparable location, if acceptable to the owner.  
  - Compensation for any productive trees market prices, and  
  - Compensation for relocating or re-constructing fences or boundary walls to equivalent standard as the existing fence or wall. |
| Physical Relocation                   | Adequate resettlement plan that addresses the needs of affected households to be relocated, including vulnerable groups  
  - Participation of PAPs in relocation planning  
  - Assistance with moving costs |
| Loss of income                        | Adequate income restoration measures such as, preferential access to employment generated by the project, local procurement of goods and services, micro finance loan schemes, local community development programmes and adequate cash compensation for loss of income |

### Comparison of Azerbaijan Government and WB Policy on Resettlement

**WB OP 4.12 on Involuntary Resettlement**

Many of the key tenets of the WB’s OP 4.12 are covered in full or in part by current Azerbaijan law. These include:

- the requirement to pay compensation in advance where land is compulsorily acquired (Land Code, article 70.5);
- the need to compensate based on full market value or through grant of another land plot or building of equal quality, size and value (Land Code articles 8 and 70.5);
- the need to avoid, wherever possible, impacts on agricultural land and forests (Cabinet of Ministers Decree No. 42, section I, article 2);
- the requirement to compensate for losses, whether temporary or permanent) in production or damage to productive assets and crops (Cabinet of Ministers Decree No. 42, Sections I and II); and
- provision for pre-judicial avenues for resolution of disputes and rights of appeal.
The OP 4.12 principle of avoidance or minimization or resettlement is addressed in Article 70.4 of the Land Code, which stipulates that lands can be withdrawn only for location of state, municipal or public facilities of high importance. Under Article 22 of the Land Code, the state is required to establish protection zones with special (restrictive) regime for the purposes of construction and operation of industrial facilities. The law requires that land owners, users and lessees shall not lose their rights of access and use of such lands, other than in cases which require full withdrawal of land.

There are, however, three broad areas where the sponsor’s or borrower’s obligation under OP 4.12 extend beyond those required under Azerbaijan legislation. These are as follows:

- Resettlement planning and procedural requirements
- Public consultation and participation of project affected communities
- Extent of compensation and types of assistance to be offered
- Categories of people eligible for compensation
- Property measurement
- Income restoration

**Resettlement Planning and Procedural Requirements**

There is presently no requirement to prepare a formal Resettlement Action Plan (RAP) under Azerbaijan law, nor to undertake any of the component activities of a resettlement action plan such as, as a 'census', socio-economic survey, consultation with project affected people, monitoring or reporting. There are no specific references in the legislation to ‘involuntary resettlement’. Core WB planning requirements such as the need for community participation requirements such as the need for community participation in the resettlement planning process and the requirement to improve or enhance project affected people’s living standards and income and production levels, are not explicitly addressed in current legislation.

While Azerbaijan legislation is silent on involuntary resettlement, previous Azerbaijan government agreements with international companies working in Azerbaijan have stipulated that industry standards and practices comply with international standards and best practice. Measures required to ensure compliance with OP4.12 will include:

- Consulting with potential project-affected people on feasible measures for resettlement and rehabilitation
- Drafting and implementing a full public consultation strategy and disclosure plan before construction. Funds will need to be allocated for consultation activities.
- Carry out a scoping study as soon as possible to identify the need for a Resettlement Action Plan (RAP) and/or a Land Acquisition Plan (LAP)
- Assistance with Project Affected People’s (PAP) transit costs must be offered and financed by the government.
- PAPs need to be informed of their rights to assistance and this needs to be explained clearly with supporting information and material, if appropriate.

**Public Consultation and Participation**

OP 4.12 specifies that project affected people should 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; and provided prompt and effective compensation at full replacement.’(Clause 6 (i), (ii)). Additionally, the International Finance Corporation (IFC), WB’s private sector specialist body, has published guidelines for private sector developers on disclosing information that would also be useful for government developers. Currently there is no explicit consultation requirement in Azeri law.

Measures required to ensure compliance with OP4.12 will include:

- Information about the project should be disclosed as early as possible
Disclosure of project environmental and social information should be an integral part of the public consultation process, with information being provided about both benefits and disadvantages of the project.

- Information should be clearly presented in appropriate local languages and dialects and in modes that are sensitive to local communities.
- Information should be disclosed in locations that are open to the public and that are readily accessible to PAPs.

**Compensation Eligibility in Azerbaijan**

The categories of people who must be compensated under Azerbaijan legislation are narrower than those defined under OP 4.12. Under the legislation, the only people and entities entitled to compensation are those with registered property rights, for example, registered landowners, leaseholders, users and those with registered third party rights or those who have legally obtained the right to register their title but whom, for some reason, have not completed registration. This potentially precludes many categories of affected people that would be entitled to compensation under WB Group policies. These categories would include, in Azerbaijan:

- Users who use land on the basis of an informal agreement often with a relative or extended family member (share croppers, tenant farmers)
- Owners who occupy land that was transferred by informal agreement from another owner
- Owners who have not registered a change in ownership following a family death, marriage annulment or similar situation
- Internally Displaced People (who have no rights to land)
- People who make use of communal resources to which they have no formal title
- Informal dwellers

OP 4.12 states that land, housing, infrastructure and other forms of compensation should be provided to the adversely affected population, indigenous groups, ethnic minorities, and pastoralists who may have customary rights to the land or other resources OP 4.12 para 7 goes on to specifically state that ‘...the absence of legal title to land by such groups should not be a bar to compensation’ (Clause 7 Criteria for Eligibility).

Displaced persons may be classified in one of the following three groups:

- those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country)
- those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets—provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan
- those who have no recognizable legal right or claim to the land they are occupying. (Clause 15 (a), (b), (c))

Under the WB safeguard policies, the basic criterion for eligibility is to be adversely or severely affected (physically or economically) by the project. The World Bank defines ‘severely affected’ as households who lose more than 10% of their landholding as a result of the project. People in this category would be eligible for income restoration measures and rehabilitation assistance. In practice, the compensation entitlement of different classes of PAP will vary, for example, those with no legal title or claim to and property will only be compensated for loss of assets and not land.

The WB also singles out as requiring particular attention, what the policy terms as ‘vulnerable groups’ which are at particular risk in the resettlement process. Vulnerable groups may
include not only indigenous people and ethnic minorities but also the elderly, very poor, people with disabilities, female-headed households.

Measures required to ensure compliance with OP4.12 will include:

- All users of land (including those with legal documents and those without) should be entitled to compensation for loss of land, structures and livelihoods. For illegal dwellers, compensation for loss of livelihood only is required. All land users must be informed, in a timely and appropriate manner, of their rights and this should be monitored to ensure that eligible people are aware of their entitlements. Leaseholders and users should be entitled to reasonable compensation subject to evidence of use of the land for 2 years or more.

- Scoping and preliminary census should identify those who are considered vulnerable. Special arrangements should be made, where necessary for compensation disbursement for those unable to travel to payment locations. Ongoing monitoring should be carried out to check for cases of hardship arising from the project.

Provisions for Illegal land use in Azerbaijan

Although the Azeri law does not make provision for people with no legal title, the practice on the ground is often different. Anecdotal information suggest that people with no legal titles to their businesses are given compensation of the value of the business but are not provided with income restoration measures, they are also given assistance with physical relocation. This practice on the ground does adhere to the World Bank OP4.12; but as it is not in law, it is conducted on a discretionary case-by-case basis and is not systematically monitored.

Compensation is complicated by the fact that some business owners have legal title to their business but do not have legal title to the land on which the business lies. This often occurs when businesses have encroached on the right of way, but are provide with licenses by the local municipality. In these cases, the compensation is the responsibility of the local municipality. This can could cause delays and problems as the municipality does not have an independent budget but has to request funds from central government. Those with no legal title do not have the right to appeal against their compensation whereas, legal owners do.

Information about the extent of illegal land use is hard to assess, as people are unwilling to disclose their status for fear of prosecution or eviction. Additionally, changes in the laws regarding land title and definitions of land use since the end of Soviet rule, have further obscured the scope of illegal land use. Anecdotal evidence suggests that there is a small number of illegal land users in the project areas. Thorough and appropriate research, as part of the census and household survey, on this issue will be carried out for the Resettlement Action Plan for each sub-project to ensure that all project-affected people are provided with the appropriate compensation as specified in the WB OP4.12.

Measures required to ensure compliance with OP4.12 will include:

- Adequate rehabilitation assistance for those who do not have official titles to the land but who use the land for lawful activities

- Rehabilitation assistance will include, for example, free house plots or subsidised flats

Extent of Compensation and Resettlement Assistance

Under current legislation of Azerbaijan, compensation is payable for loss of land, buildings, crops, profit and other damages arising from the acquisition of land for a project. In addition to compensation for losses of land and productive assets, OP4.12 requires that:

- resettled people should be assisted with their move and supported during their transition period at the resettlement site; and,

- assisted in their efforts to improve their former living standards, income earning capacity and production levels or at least to restore them.

Such assistance is not recognized under the Azeri law as a responsibility of the government, and no government agency (Local executive body, RTSD, municipality, etc.) is charged to carry out such a responsibility. Anecdotal information shows that assistance of some kind may be offered informally, if only to facilitate land acquisition and resettlement process, but
such assistance is not mandatory. The WB policy notes that cash compensation alone may not be adequate to restore lost production. Other types of loss that are recognised under the WB policy as needing to be addressed are loss of access to public services, customers and suppliers and fishing, grazing and forest areas. The policy recognises that such losses cannot be easily evaluated or compensated in monetary terms, but emphasises the requirement for attempts to be made to establish access to equivalent resources.

Measures required to ensure compliance with OP4.12 will include:

- Adequate resettlement sites should be identified and be satisfactory to the project affected people
- Services such as privileged access to jobs in the road construction or preferential loans for small business start-up should be made available to those people identified as survey impacted by the project.
- A community needs assessment should be carried out to identify the social needs of heavily impacted people and communities

**Property Measurement**

Under the WB safeguard policies, compensation for lost properties will be calculated based on full replacement cost, in other words, compensation should be equal to what enables the PAP to restore their livelihood at the level prior to the resettlement. Under the Azeri law, compensation is equal to the market value of lost properties. Theoretically, the two rules mean the same, in that full market price is equal to the price at which land owners are willing to surrender the property voluntarily in the open market, which should reflect the cost not only of the productive value of the land but also that to restore livelihood. The project-affected person will not agree to surrender land unless guaranteed a value of compensation that enables them to restore livelihood.

In reality, however, the two can differ since not all PAP may be aware of what full replacement cost really means, and hence what is their entitlement. In addition, from anecdotal information from government officials, it is not clear whether they mean full replacement the productive value of properties alone, when ‘market value’ is discussed. Measures required to ensure compliance with OP4.12 will include:

- Adequate information provided to PAP about the implications of income restoration. Advice on how to calculate full income restoration should also be provided.
- Government officials should be given advice and training, if necessary, on the concept of full replacement cost when used to measure the value of properties.
INSTITUTIONAL FRAMEWORK

Introduction

The recent legislation relating to roads re-allocates responsibility for road issues as noted in the following sections.

Road Transport Services Department
Responsibility for implementation of most duties formally allocated to the Ministry of Transport is passed down to the Road Transport Services Department (RTSD). Following the issue of the February 2004 decree, the RTSD created a new division called the Road Protection Service (RPS), which has, responsibility for control of the road reserve and vehicle overload control. The RPS has spearheaded the preparation of the inventories of properties within the road reserve, coordinating the local representatives of each of the authorities with designated responsibilities for the inventory. The RPS has a central office in Baku, and several regional offices throughout the country.

The RTSD (through its Traffic Regulation sector) is required to issue permits to build and operate developments within the road reserve. This requirement was first introduced in the 1989 Decree No. 461, however most of the owners of buildings within the road reserve either (i) did not apply to RTSD for this permission; or (ii) constructed buildings within the 60 metre wide road reserve, despite having received a permit from RTSD for construction outside the road reserve.

Protection of the road reserve and prevention of further encroachment is also the responsibility of the Ministry of Transport (designated to the RPS) with the Ministry of Internal Affairs and local Executive Authorities (local district governments).

Local Executive Powers and Municipalities
The local Executive Powers and Municipalities have general powers for approving new building developments in respect of planning requirements, appearance, architectural style and construction standards. Local officers are required to instruct building owners to stop construction of illegal buildings in the road reserve, and obliges them to seek permission from the Ministry of Transport and the State Committee on Mapping and Land approval for any such developments.

The February 2004 Decree also required the Local Executive Powers and Municipalities to participate with the Ministry of Internal Affairs, Ministry of Economic Development, Ministry of Finance and the State Committee of Construction and Architecture in preparing inventories of all structures in the road reserve, that identifying their legitimacy and value. These inventories were required to be submitted to the Cabinet of Ministers who then directed appropriate action.

Capacity Building of Implementing Agencies to Carry out Expropriation Processes

As mentioned in the previous chapter on legal capacity, the Azerbaijan government does not have any specific regulations requiring resettlement planning and procedures to those reflecting the WB’s OP 4.12. Additionally, there have been relatively few large land transaction and resettlement processes, the most notable being construction of the Baku-Tbilisi-Ceyhan (BTC) pipeline, which was completed in 2005.

The Land Acquisition Department (LAD) is relatively a new department within RTSD. This department will be tasked with carrying out future resettlement procedures and will have that

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30 As multiple permits are required for construction in the right of way, those from local executive authorities and municipalities are only part of this process. Gaining all required permits is the responsibility of the applicant, however the February 2004 decree law places new emphasis on the role of local agencies in ensuring that the Ministry of Transport approvals are in place before they grant local approval.
have responsibility for the coordination studies including their consultation and disclosure; liaison with the relevant ministries and agencies regarding approvals and clearances; and the practical implementation of related plans. The establishment of these demonstrates Azerbaijan’s commitment to develop its capacity in the knowledge and experience in social and resettlement issues. However, now there is not a large body of documented knowledge or experience on which to draw. What follows are a few examples taken from the BTC project of how different institutions delivered different aspects of the resettlement and land acquisition process.

As BTC was a gas pipeline project and was implemented prior to the establishment of the LAD appropriate, alternative suggestions for a road project have been included. The BTC pipeline was a private sector project with international funding and thus the BTC Company was the project sponsor with the requisite project sponsor responsibilities. When a national government, such as the Azerbaijan government receives funding for a specific project they must assume the same responsibilities as a project sponsor and adhere to the guidelines and conditions imposed on them by the lender, in the case of the project that would be the WB. Table 5.1 should be used as a learning tool in the development of coordinated resettlement and land acquisition procedures in the future. The table has been adapted from BTC to accommodate the newly-formed LAD of RTSD. Therefore, an alternative to BTC’s format has been suggested in the table.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Purpose</th>
<th>Period</th>
<th>Responsible Authority</th>
<th>Implementation</th>
</tr>
</thead>
</table>
| Application for land allocation for the project corridor | To secure Azerbaijan Government approval for allocation of land for project | Planning | State Land and Cartography Committee (SLCC) | State Oil Company of Azerbaijan (SOCAR): 
Alternative: Land Acquisition Department (LAD) + local representatives from affected districts |
| Research of land title & ownership details | Identification of project affected land parcels, landowners & users | Planning | SLCC | SLCC researches title and ownership information. BTC assists with GIS database development |
| Census of project affected households | To provide a record of all households and enterprises eligible for compensation needs | Planning | Land Acquisition Department (LAD) + local representatives from affected districts | Land Acquisition Department (LAD) + local representatives from affected districts |
| Notification & preliminary consultation with affected people | Meetings to advice landowners/users of the need to acquire their land & explain procedures to be followed and to give people an opportunity to ask questions and raise concerns about the project | Planning | SLCC/SOCAR | Land Acquisition Department (LAD) + local representatives from affected districts with assistance from district executive authorities and village representatives |
### Specific Roles and Responsibilities of Key Agencies

The following agencies had specific roles assigned to execute the RAP. Although the agencies may have changed, the tasks are the same. The importance of co-ordinating between and within different government agencies and other organisations is still effective in carrying out the roles.

#### State Land and Cartography Committee

This role is to be assumed by the new LAD and possible responsibilities should include:

- Identifying affected land parcels and compiling land ownership and lease information
- Participating in the Land Acquisition team for the survey and inventory of affected land and assets
- Reviewing applications for allocation of land for the project and making recommendations to the Cabinet of Ministers on necessary implementing decrees
- Registering changes in ownership
- Preparation of new or amended ownership certificates
**Project Sponsor or Borrower**

The Project Sponsor (RTSD in this case) will have the responsibility for ensuring that the actions defined in the RAP are fully implemented:

- Participating fully with appropriate ministry
- Providing training on WB involuntary resettlement policies
- Providing resources and logistical support to RAP team
- Undertaking socio-economic survey of PAP
- Carrying out consultation and disclosure activities
- Preparation of the RAP
- Verifying payment of compensation to eligible PAP
- Restoration of land and infrastructure following construction completion
- Monitoring livelihood restoration of affected households
- Managing complaints and grievances (at project level)
- Ensuring that RAP monitoring and reporting are undertaken
- Preparation of the Environmental Impact Assessment (which includes social aspects)
- Ongoing monitoring and disclosure

**Process for Land Acquisition and Resettlement in the sub-projects**

As mentioned in section 5.2 the Land Acquisition Department (LAD) of the RTSD has only been established for a few months, as of September 2005. Although its staff is experienced in Land Acquisition there is little experience of the department working closely with other government agencies on issues of land acquisition, resettlement and compensation. LAD in Baku provided the following process and procedure\(^{31}\). It provides a framework to which detail can be added for the specific sub-projects. However, the roles of departments will remain the same as well as the responsibilities for budget and compensation payments. Moreover, additional institutions to those mentioned may be involved in the land acquisition and resettlement process, depending on the scope of land acquisition of the individual sub-projects.

1. Project Management Department, consisting of different departments\(^{32}\) of the RTSD, carries out a thorough assessment of the properties, businesses and land to be affected by project.
2. Project Management Department sends the results of the assessment of affected properties to The Cabinet of Ministers and send details of any land acquisition to the Land Committee who ‘quality check’ the assessments.
3. The Cabinet of Ministers assesses the process and determines the normative prices for land and property.
4. The Cabinet of Ministers decides on the government budget for resettlement, land acquisition and compensation.
5. The Cabinet of Ministers transfers the land acquisition budget to RTSD.
6. If project affected people just want money but no land the money is paid directly into their bank accounts. If they want land then RTSD buys the land directly.
7. The local commission, which consists of representatives of the executive powers from the affected regions and one representative from the RTSD\(^{33}\), pay the compensation
8. RTSD assists with moving costs, building of new houses and business units. Income restoration measures are provided. Compensation is only given for actual business loss not income.

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\(^{31}\) Personal interview with Qabil Mammadov of the Land Acquisition Department, September 20 2005, in Baku

\(^{32}\) These departments may include, ecology, statistics, geological etc

\(^{33}\) Other representatives include: local executive powers from the municipalities, the building department.
The Local Commission is responsible for monitoring the progress and effectiveness of the land acquisition process and receives its funding for this from RTSD. In order to comply with WB OP 4.12, the Azeri Government will pay PAPs income restoration, and this will be calculated by assessing people’s incomes/salaries or payments in kind for the previous 3-6 months prior to compensation assessment.
Costs and budget allocation

Introduction

As project affected communities will not been identified until the alignment has been chosen, it has not been possible to provide specific costs of resettlement. Additionally, in practice and prices differ from region to region and sometimes seasonally. Up to date land prices for the project area have not been available. What follows in this section is an example of a recent resettlement budget for a road project in Azerbaijan and some suggestions for additional budget lines to be considered when calculating the cost of a resettlement process.

Table 0-1 Project Resettlement Budget\(^ {34}\)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Budget Cost (US$ 000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Provision for Compensation of any Affected Properties within Road Reserve</td>
<td>150</td>
</tr>
<tr>
<td>2. Provision for Compensation of Affected Properties outside the Road Reserve</td>
<td>186</td>
</tr>
<tr>
<td>3. RTSD costs in managing and implementing the Resettlement Process</td>
<td>50</td>
</tr>
<tr>
<td>4. Support services provided by the Design and Supervision Consultant</td>
<td>30 Costs included in the consulting services budget</td>
</tr>
<tr>
<td>5. Co-ordination and Monitoring services provided by the PIU</td>
<td>40 Costs included in the PIU budget</td>
</tr>
<tr>
<td>6. Consultation Costs</td>
<td>25</td>
</tr>
</tbody>
</table>

**Total Resettlement Costs** 481

**Additional Budget Lines to Consider**

- Purchase of maps and/or aerial photographs
- Topographic works in field & office
- Public consultation costs
- Dissemination costs
- Legal costs
- Internal monitoring costs
- External monitoring costs
- Management and administrative costs (salaries)
- An allowance of 10% of the total resettlement budget to cover contingency costs.

\(^{34}\) Source: RTSD (2005)  Permission to quote given on condition that project details not specified
Cost Estimate for Project

Without knowing the exact location of the alignment, it is not possible to give an accurate estimation of the budget costs for resettlement and land acquisition in the project areas. The following table is an indicative budget for the cost of compensation for land sites and buildings only. This budget only includes the costs of compensation and does not take into account of the costs of compensation as detailed in Table 6.1, such as government salaries, and contingency costs. The prices for land are very tentative and are likely to increase during the more detailed design phase of the project.
Table 0-2 – The Value of Land Sites and Buildings to be Acquired in the Course of the Alyat-Astara Highway Construction

<table>
<thead>
<tr>
<th>No</th>
<th>Rayons</th>
<th>Road length (km)- position</th>
<th>Condition of Land</th>
<th>Sites (ha)</th>
<th>Unit Cadastre Price, thousand manats</th>
<th>Cadastre prices for land US$ thousands</th>
<th>Houses and other buildings</th>
<th>Final value US$ thousands</th>
<th>Additional notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Garadagh</td>
<td>8</td>
<td>Arable</td>
<td>58</td>
<td>709.7</td>
<td>8,957</td>
<td></td>
<td></td>
<td>8,957 Partially non-arable</td>
</tr>
<tr>
<td>2</td>
<td>Hajiqabul</td>
<td>5</td>
<td>Non-Arable</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Existing road</td>
</tr>
<tr>
<td>3</td>
<td>Salyan</td>
<td>17</td>
<td>Existing Road</td>
<td>102</td>
<td>7570.46</td>
<td>577.33</td>
<td>84</td>
<td>661.33</td>
<td>Existing road</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>51.8</td>
<td>350.8</td>
<td></td>
<td></td>
<td></td>
<td>Arable</td>
</tr>
<tr>
<td>4</td>
<td>Neftchala</td>
<td>29.2</td>
<td>175.2 (arable)</td>
<td>7570.46</td>
<td>577.33</td>
<td>11</td>
<td>84</td>
<td>661.33</td>
<td>arable</td>
</tr>
<tr>
<td>5</td>
<td>Masally</td>
<td>28</td>
<td>178 (arable)</td>
<td>10924.12</td>
<td>422.715</td>
<td>15</td>
<td>276</td>
<td>698.715</td>
<td>arable</td>
</tr>
<tr>
<td>6</td>
<td>Lenkeran</td>
<td>33</td>
<td>218.5 (arable)</td>
<td>10382.43</td>
<td>492.037</td>
<td>81</td>
<td>1,963</td>
<td>2,455.037</td>
<td>arable</td>
</tr>
<tr>
<td>7</td>
<td>Astara</td>
<td>20.35</td>
<td>142.1 (arable)</td>
<td>9028.2</td>
<td>278.893</td>
<td>24</td>
<td>336</td>
<td>614.893</td>
<td>arable</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>192.35</strong></td>
<td><strong>1064.1</strong></td>
<td><strong>58 (non-arable)</strong></td>
<td><strong>132 (existing road)</strong></td>
<td><strong>2049,406</strong></td>
<td><strong>131</strong></td>
<td><strong>2659</strong></td>
<td><strong>4708,406</strong></td>
<td></td>
</tr>
</tbody>
</table>

35 Source: RTSD – September 2005
36 Land sites were assessed by means of cadastre prices
37 At the time of writing 1US$ = 4,600 manats
38 The value of the buildings for each rayon is in conformity with the data table on objects to be removed during the Alyat-Astara Highway reconstruction, which was previously prepared on the basis of the instructions of the Cabinet of Ministers of the Azerbaijan Republic
PUBLIC CONSULTATION AND GRIEVANCE REDRESSAL

Introduction

The WB safeguard procedures on involuntary resettlement (OP/BP 4.12) require that a resettlement policy framework includes measures to ensure that displaced persons are informed about their options and rights pertaining to resettlement and are consulted on technically and economically feasible resettlement alternatives. Public consultation is a sensitive issue and requires specific skills to be carried out thoroughly and effectively. The RTSD and other government ministries have been conducting public consultation in various projects but there does not seem to be systematic methodology for carrying it out. Equally local people, largely because of recent history, need to learn how to participate adequately ask questions and take advantage of the participatory consultation process.

This section therefore provides some guidelines for best practice consultation process. However, guidelines will not guarantee success. Government officials responsible for resettlement need to assess the training needs of implementing agencies and provide capacity building programme for all who will be involved. These could involve formal training, study tours, shadowing of more experienced colleagues and agencies and working with local NGOs who have grassroots consultation experience. Experience of the initial meetings with the public during August has also informed the suggestions.

Procedural aspects concerning consultation

There is a mixed, and generally poor, existing understanding of the plans and alternative options being considered, even amongst official representatives of regions. It is likely that this will be even more apparent amongst the general public and directly affected individuals and households. The lack of detailed alignment information for the proposed new road makes public consultation very difficult to conduct. A number of concerns expressed related to the lack of clear information and associated uncertainty, with the fear that this could create panic, fear or confusion.

To date, consultation has only been possible to arrange with officials, including village representatives. For the future, as consultation is widened out, measures will be required to ensure that potentially disadvantaged groups are able to access information about plans and to express their views. As consultation is widened, it is possible that additional issues and concerns, not yet voiced, will be identified. There needs to remain scope to take into account additional considerations, including in defining compensation procedures.

Expectations are likely to grow as people are informed about plans for new road or improvements to existing road. This will include expectations about compensation, but also expectations about wider associated benefits, such as improvements to public services, further new infrastructure.

Measures to be Employed

In the process of Project development, there will be a number of sub-project studies, which will consider the environmental and social impacts of specific alternative alignments (see Environmental Assessment and Management Framework). At this stage, clear information on the details of proposed alignments will become available and be presented and explained to representatives and affected communities during future consultation.

Opportunities to consult with groups not familiar with consultation will be identified and followed up. It may be appropriate to identify functioning women’s groups, which can be approached in order to gain the input of women. Likewise, other groups, such as disabled people, elderly people, and ethnic groups will be identified and their views sought.
A grievance system needs to be defined and explained to people potentially affected by the proposed new road or improvement to the existing road. Consideration will need to be given to how to address issues such as past destruction of illegal structures without compensation, disputes over the legal status of existing structures.

Consultation process needs to be staged so that there are opportunities for plans to be revised to take into account the views of people as they change, in response to greater definition of plans and increased certainty. Otherwise, there is the risk of creating distrust that people’s views are being taken into consideration.

Consultation needs to be designed so that the views of officials in favour or against options do not become overly influential as consultation is widened out the public and affected communities.

Information on compensation procedures, including World Bank requirements need to be explained.

**Measures for Grievance Procedures**

The Government of Azerbaijan currently has a grievance procedure in place and according to anecdotal information, most people are aware of their rights to appeal in court. However, in practice this may not happen as court costs are high for both parties and resolutions are identified outside court. However, there is no requirement to monitor or document the grievance procedure and this will be put in place to strengthen the efficacy and transparency of the grievance process. A good grievance procedure will be used as a project monitoring tool, which can indicate the success of a project or identify areas for improvement. If levels of grievances are high modification of the project maybe needed.

The objective of a grievance procedure is closely aligned to the objectives of public consultation meaning that the process will be transparent and accessible to all. Essentially this process should:

- Provide affected people with straightforward and accessible avenues for making a complaint or resolving any dispute that may arise during the course of the project.
- Ensure that appropriate and mutually acceptable corrective actions are identified and summarily implemented to address complaints.
- Allow verification that complaints are satisfied with outcomes of corrective actions.
- Avoid the need to resort to judicial or pre-judicial proceedings.
Monitoring

Introduction

Monitoring is a crucial element for the success of any resettlement project and should be planned and costed as early as possible in the project. As this project is going to be divided into several subprojects it is important that each sub-project has a robust monitoring framework and requisite budget. What follows is a summary of the key elements needed in a good monitoring process.

Monitoring Process

In order to comply with World Bank requirements the overall internal monitoring procedures will be as follows:

Internal performance monitoring
This monitoring will be based on the resettlement implementation plan and will check that physical progress has been made in execution of required actions. Narrative reports on progress should be produced on a monthly basis. The main performance milestones to be checked will be:

- Public consultation meetings held
- Census, assets inventories, assessments and socio-economic studies completed
- Grievance and redress procedures in place and functioning
- Compensation payments disbursed
- Relocation of people completed
- Income restoration activities initiated
- Monitoring and evaluation reports submitted

Impact monitoring
The impact monitoring will be used to assess the effectiveness of the RAP and its implementation in meeting the needs of the affected population. It will use socio-economic data and census information gathered at the beginning of the project as baseline information. Reporting should be conducted on an annual basis. The methodology for impact monitoring should involve:

1. Field checks of:
   - Payment of compensation and timing of payments
   - Preparation and adequacy of resettlement sites
   - Housing construction
   - Provision of employment and income levels
   - Adequacy of training and other support provided
   - Infrastructure relocation or replacement
   - Enterprise relocation, compensation and its adequacy

2. Interviews with a random sample of affected people from different sites to assess their knowledge and concerns regarding the resettlement process, their entitlements and rehabilitation

3. Observer at public consultations with affected people and observe function of resettlement operation to assess compliance with RAP
4. Check of the type of grievance issues and the effective functioning of the grievance redress mechanisms by interviewed aggrieved affected people and reviewing grievance and appeals processing.

5. Survey the standard of living of the affected people after the implementation of resettlement to assess whether the standards of living of affected people have improved or been maintained, using baseline information for comparison.

6. Advise project management of changes necessary to improve implementation of RAP.

**Final External Evaluation**

This external evaluation will assess whether compensation and other measures to restore the living standards of project-affected persons have been properly designed and carried out. This should be completed by an external independent third party.
principles and procedures FOR THE resettlement action plans

Introduction

WB OP 4.12 requires the Resettlement Action Plans to fulfil certain criteria both during the process and documentation. This section outlines some of the key principles and objectives for developing and implementing a resettlement action plan (for a sample outline for a RAP please see Appendix c: outline of a resettlement action plan 0)

Project Affected People (PAPs)

The PAPS include the following people (households, businesses and private organizations) to be identified by the baseline information collected for each of the Resettlement Action Plans of the sub-projects as specified in Section 4:

1. People whose houses are in part or in total affected (temporarily or permanently) by the project;
2. People whose premises and/or agricultural land is in part or in total affected (permanently or temporarily) by the project
3. People whose businesses, residences and land are affected in part or in total (temporarily or permanently) by the project.
4. People whose crops (annual or perennial) and trees are affected in part or in total by the Project.
5. Those who have formal legal rights to land (including customary and traditional rights recognized under Azeri law);
6. Those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets—provided that such claims are recognized under the laws of the Azerbaijan become recognized through a process identified in the resettlement plan.
7. Those who have no recognizable legal right or claim to the land they are occupying.

Principles and Objectives

The principles outlined in the World Bank’s Operational Policy 4.12 have been adopted in preparing this Policy Framework and will be applied to the RAPS for the sub-projects. In this regard, the following principles and objectives apply:

1. Acquisition of land and other assets and resettlement of people will be minimized as much as possible.
2. All PAPs will be entitled to be provided with rehabilitation measures sufficient to assist them in to improving or at least maintaining their pre-project living standards, income earning capacity and production levels.
3. The rehabilitation measures to be provided are:
   - Compensation at replacement cost without deduction for depreciation, transaction fees or salvage materials for house and other structures
   - Agricultural land for land of equal productive capacity or in cash at substitution cost according to the PAPs preference
o Replacement of premise land of equal size acceptable to the PAP or in cash at the substitution cost
o Compensation for income losses from businesses
o And transfer and subsistence allowances.

o Severely affected people will also be provided with income restoration measures, to include: Adequate income restoration measures such as, preferential access to employment generated by the project, local procurement of goods and services, micro finance loan schemes, local community development programmes and adequate cash compensation for loss of income,

Replacement premise and agricultural land will be as nearby as possible to the land that was lost and be acceptable to the PAP.

Categories of Entitlement

Different project-affected people will sustain different levels of impacts by the project in various ways, which will have implications for the type of compensation that they receive. The World Bank’s OP 4.12 makes provision for this by requesting an entitlement matrix, as part of all RAPs. The entitlement matrix is a very useful tool for assessing PAPs’ needs and requisite compensation. It is also useful for planning the resettlement and compensation budget. When a full census has been carried out, as part of the RAP, a list of the categories of entitlements will be drafted. The following detail is a sample entitlement matrix for some of the possible categories of PAPs the Azeri government should use when assessing people’s entitlements and levels of compensation in accordance with WB OP 4.12. As no such assessment has been made for the sub-projects this table is a simply an illustrative example or framework that would need to be adapted for each specific sub-project. A fuller entitlement matrix can be found in appendix B that was sued for a road project in Azerbaijan.
## Table 0-1 Sample Entitlement Matrix 1

<table>
<thead>
<tr>
<th>Category of affected persons</th>
<th>Type of Loss</th>
<th>Compensation for Loss of Structures</th>
<th>Compensation for Loss of Assets</th>
<th>Compensation for Loss of Land</th>
<th>Compensation for Loss of Income</th>
<th>Moving assistance</th>
<th>Other assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Owner</td>
<td>Loss of Land</td>
<td>No compensation</td>
<td>Crops, trees and fencing</td>
<td>Lump sum for area of agricultural land lost, based at current national market value. Additional sum for loss of use of further land.</td>
<td>Preparation of a list taking into consideration the expected incomes as well as all the expenditures spent by farmers.</td>
<td>Lump sum payment or payment in kind, such as providing transportation.</td>
<td>General assistance the entire process of resettlement</td>
</tr>
<tr>
<td>Residence Owner</td>
<td>Loss of Residence</td>
<td>Compensation at current market value</td>
<td>Compensation of assets e.g. water well etc. at the current market value assessed by respective Districts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Owner</td>
<td>Loss of Business</td>
<td>Compensation based on physical assessment at current market value for the resettlement cost</td>
<td>Compensation at current market value is assessed</td>
<td></td>
<td></td>
<td></td>
<td>Except the facilities mentioned above there are provided other fiscal facilities</td>
</tr>
</tbody>
</table>
## Resettlement Action Plans

Resettlement Action Plans, following this policy framework will be prepared for each sub-project. This policy framework should be used as guide for these RAPs. Each specific RAP should be completed no later than 2 months prior to the estimated date for the commencement of each sub-project. The compensation, resettlement and rehabilitation activities should be completed before awarding contracts of civil works under each sub-project. Some rehabilitation activities could be completed prior to or in the period of the project implementation such as training. The following table illustrates the process of implementation for a Resettlement Action Plan.

### Table 0-2 Resettlement Action Planning and Implementation for Sub-Projects

<table>
<thead>
<tr>
<th></th>
<th><strong>RTSD Responsibilities</strong></th>
<th><strong>WB Responsibilities</strong></th>
</tr>
</thead>
</table>
| **1: Preliminary RAP Preparation** | • Prepare and circulate Terms of Reference for RAP Specialist services  
• Select and justify land acquisition and economic displacement alternatives that minimize adverse environmental impact and resettlement  
• Identify other social impacts (non-resettlement-related) and identify mitigation measures.  
• Identity potential partners such as NGOs, community groups and government agencies who can assist with public consultation and implementation social impact mitigation measures. | • Review TORS and advice Government accordingly |
| **2: Technical Design – RAP Preparation** | • Engage services of resettlement experts  
• Submit outlines and draft of RAP for WB to review  
• Carry out initial public consultation (for both EIA and Rap purposes)  
• Map affected area, including host communities, if applicable  
• Identify, organize an coordinate local support for RAP implementation (e.g. local executive powers, local commission etc)  
• Carry out census and registration of affected people.  
• Carry out social assessment and impact studies as part of the EIA  
• Review and consult PAPs on the project alternatives | • WB to review RAP outline |
### RTSD Responsibilities

#### 3: Prepare Resettlement Action Plan

- Define project area and all socio-economic impacts in that area.
- Select resettlement sites as appropriate.
- Conduct socio-economic and other related surveys as required.
- Establish legal framework for RAP; identify gaps between WB Policy and Azeri Government policy; propose means for bridging any gaps.
- Consult PAPs in relation to entitlements.
- Establish and verify monitoring and evaluation indicators.
- Establish grievance arrangements and notify the PAPs of these procedures.
- Assign implementation and monitoring responsibilities.
- Complete arrangements for the participation of affected people and communities in RAP implementation and monitoring.
- Finalise the budget.
- Submit RAP to WB for review.
- Disclose RAP for public consultation.
- Revise and finalise RAP based on public disclosure and consultation.
- WB Board approval.
- Project loan agreement approved.

### WB Responsibilities

- WB review RAP for clearance and submit RAP to website for 30-60 days prior to WB board approval of project.

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### 4: Implementation

- Implement social management plan and RAP and associated development initiatives in sequence with project implementation.
- Initiate monitoring and reporting during implementation.
- Ensure regular consultation with PAPs.
- Ensure mechanisms are in place to promote PAP participation in RAP implementation and to resolve grievances are functioning adequately.

### WB Responsibilities

- WB specialists review annual monitoring reports.

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### 5: Evaluation

- Independent financial and completion audit of RAP is carried out to determine the effectiveness of livelihood restoration and developmental initiatives.

### WB Responsibilities

- WB specialists review evaluation/audit, monitor any corrective actions and confirm RAP completion.
APPENDIX A: REFERENCE MATERIALS


Finnroad (2005) Tovuz Bypass Project – English
• Environmental & Socioeconomic Assessment, Baku, May 2005
• Environmental & Socioeconomic Management Plan
• Public Consultation Meetings
• Land Acquisition Plan, Baku, May 2005


IFC (Undated) Handbook for Preparing a Resettlement Action Plan


USAID (undated) Azerbaijan (country strategy) – English

World Bank (2005) Highway II Project - English
• Integrated Safeguards Data Sheet
• Project Information Sheet
• Regional Environmental Assessment, Environmental Assessment & Management Framework and Regional Policy Framework – Terms of Reference
• 22 km section of Alyat-Astara Highway – Terms of Reference for the Environmental Assessment and Preliminary Design
• Terms of Reference for the Preparation of Detailed Design and Environmental Assessment of Baku-Shamakhi-Muganli section of Baku-Shamakhi-Yevlakh Road

World Bank (2005) Tovuz Bypass Project – English

Independent Review of Environmental Assessment Report and Environmental Management Plan of Tovuz Bypass Project


World Bank (Undated) Involuntary Resettlement Sourcebook (CD Rom) – English

World Bank (Undated) Operational Policy OP/BP 4.12 on Involuntary Resettlement
### Appendix B: Example: Entitlement Matrix

Table 0-1 Entitlement Categories Used for Determining Eligibility for Compensation in Azerbaijan

<table>
<thead>
<tr>
<th>Entitlement Status</th>
<th>Eligible Project Affected People or Entities</th>
</tr>
</thead>
</table>
| Private Land owner                  | ① Land owners with registered land ownership certificates  
② Land owners with land passport ownership documentation (registrable)  
③ Persons who obtained the right to register their ownership due to long actual possession, but undocumented  
④ Person with a notarised Power of Attorney to act on behalf of an absentee land owner |
| Registered Users                     | ① State collective enterprises with registered leases on State or municipal land  
② Private users or entities with registered leases on State land  
③ Private users or entities with registered leases on municipal land  
④ Private users or entities with registered lease on private land  
⑤ Private users or entities with third party rights (seasonal grazing and stock movement rights, hay making) |
| Un-Registered Users                  | ① Private users with verbal or informal (unregistered) agreement with land owner  
② Private users of State or municipal land without lease or formal agreement (see note)  
③ Private users of private land without formal agreement with land owner (see note) |
<p>| Employees of State Livestock Enterprises | ① Employees of State collective livestock enterprises allocated grazing land which is to be permanently or temporarily acquired |</p>
<table>
<thead>
<tr>
<th>Type of Losses</th>
<th>Level of Impact</th>
<th>Entitled Persons</th>
<th>Compensation Policy and Standards</th>
<th>Implementation Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition of Commercial Buildings</td>
<td>No demolition of commercial buildings within the road reserve is anticipated, but this will be confirmed during the detailed design.</td>
<td>Enterprise owners within the road reserve whose businesses are active</td>
<td>1) Legal Permanent Structures</td>
<td>Cash compensation based on negotiation, including moving expenses, and Cash compensation for loss of net income and wages for 3 months, and Cash compensation to be paid before reconstruction, and Assistance from the Municipality to acquire or lease a legal plot nearby, and Demolition should be done after the business has been reconstructed.</td>
</tr>
<tr>
<td>2) Non-legal Permanent Structures</td>
<td>Enterpris owners within the road reserve whose businesses are active</td>
<td></td>
<td>Cash compensation equivalent to the replacement cost of lost building and moving expenses, and Assistance from the Municipality to acquire or lease a legal plot nearby, and Cash compensation to be paid before reconstruction, and Demolition should be done 3 months after notification.</td>
<td></td>
</tr>
<tr>
<td>3) Non-legal Temporary Structures</td>
<td>Owners within the road reserve whose businesses are active</td>
<td></td>
<td>Cost of moving the temporary structure to a site outside the road reserve, and Assistance from the Municipality to acquire or lease a legal plot nearby, and 15 days notice provided before relocation.</td>
<td></td>
</tr>
<tr>
<td>Owners of abandoned enterprises</td>
<td></td>
<td></td>
<td>No compensation unless owner can be determined.</td>
<td></td>
</tr>
<tr>
<td>Type of Losses</td>
<td>Level of Impact</td>
<td>Entitled Persons</td>
<td>Compensation Policy and Standards</td>
<td>Implementation Issues</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Demolition of Residential Houses</td>
<td>No demolition of residential houses within the road reserve is anticipated, but this will be confirmed during the detailed design.</td>
<td>Owners of legal houses (#)</td>
<td>• Cash compensation for lost housing and all attachments (such as courtyards, fences, wells, etc.) at negotiated prices, and • Assistance from the Municipality to acquire or lease a legal plot nearby, and • Compensation for any productive trees market prices, and • Demolition only after new house has been constructed, and • Cash compensation for moving and transitional expenses.</td>
<td>The design consultant will be required to carry out the alignment design to avoid all existing residential houses.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Owners of non-legal houses (#)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss of land plots</td>
<td>Requirements for acquiring land plots within the road reserve will be confirmed during the detailed design.</td>
<td>Private owners of business and owners of houses</td>
<td>• Cash compensation for lost housing and all attachments (such as courtyards, fences, wells, etc.) at replacement cost of material, and • Assistance from the municipality to acquire or lease a legal plot nearby, and • Compensation for any productive trees market prices, and • Demolition should be done 3 months after notification.</td>
<td></td>
</tr>
<tr>
<td>Permanent land acquisition</td>
<td>Maximum of 11 separate areas, but land take to be confirmed during</td>
<td>Owners of the affected properties:</td>
<td>• Since the land belongs to RTSD, no land compensation needs to be paid • Assistance from the municipality to acquire or lease a legal plot nearby, and • After acquisition, if remaining legal land plot is insufficient for commercial or residential use, this area is eligible for compensation at market rates.</td>
<td>Require support for: • Obtaining required approvals from relevant departments in order to be</td>
</tr>
<tr>
<td>Type of Losses</td>
<td>Level of Impact</td>
<td>Entitled Persons</td>
<td>Compensation Policy and Standards</td>
<td>Implementation Issues</td>
</tr>
<tr>
<td>-----------------------</td>
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<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>detailed design</td>
<td>2) Municipalities 3) State-owned land</td>
<td>• Compensation for relocating or re-constructing fences or boundary walls to equivalent standard as the existing fence or wall.</td>
<td>issued ownership papers for any newly allocated land.</td>
</tr>
<tr>
<td>Demolition of residential houses</td>
<td>None</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demolition of Commercial Structures</td>
<td>None</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix c: outline of a resettlement action plan

Introduction

• Briefly describe the project.
• List project components including associated facilities (if any).
• Describe project components requiring land acquisition and resettlement; give overall estimates of land acquisition and resettlement.

Minimizing Resettlement

• Describe efforts made to minimize displacement.
• Describe the results of these efforts.
• Describe mechanisms used to minimize displacement during implementation.

Census and Socio-economic Surveys

• Provide the results of the census, assets inventories, natural resource assessments, and socio-economic surveys.
• Identify all categories of impacts and people affected.
• Summarize consultations on the results of the various surveys with affected people.
• Describe need for updates to census, assets inventories, resource assessments, and socio-economic surveys, if necessary, as part of RAP monitoring and evaluation.

Legal Framework

• Describe all relevant local laws and customs that apply to resettlement.
• Identify gaps between local laws and World Bank Group policies, and describe project-specific mechanisms to address conflicts.
• Describe entitlement policies for each category of impact and specify that resettlement implementation will be based on specific provisions of agreed RAP.
• Describe method of valuation used for affected structures, land, trees, and other assets.
• Prepare entitlement matrix.

Resettlement Sites

• Does the project require community relocation sites? Have affected people been involved in a participatory process to identify sites, assess advantages and disadvantages of each site, and select preferred sites?
• Have the affected people been involved in developing an acceptable strategy for housing replacement? Will new housing be constructed/allocated?
• Does the project involve allocation of agricultural land or pasture/rangeland?
• Have the individual households that will be allocated lands been involved in identifying potential new sites, and have they explicitly accepted the selected sites?
• Describe the specific process of involving affected populations in identifying potential housing sites, assessing advantages and disadvantages, and selecting sites.
• Describe the feasibility studies conducted to determine the suitability of the proposed sites, including natural resource assessments (soils and land use capability, vegetation and livestock carrying capacity, water resource surveys) and environmental and social impact assessments of the sites.
• Demonstrate that the land quality and area are adequate for allocation to all of the people eligible for allocation of agricultural land. Provide data on land quality and capability, productive potential, and quantity.
• Give calculations relating to site requirements and availability.
• Describe mechanisms for: 1) procuring, 2) developing and 3) allotting resettlement sites, including the awarding of title or use rights to allotted lands.
• Provide detailed description of the arrangements for site development for agriculture, including funding of development costs.
• Have the host communities been consulted about the RAP? Have they participated in the identification of likely impacts on their communities, appropriate mitigation measures, and preparation of the RAP? Do the host communities have a share of the resettlement benefits?

**Income Restoration**

• Are the compensation entitlements sufficient to restore income streams for each category of impact? What additional economic rehabilitation measures are necessary?
• Briefly spell out the restoration strategies for each category of impact and describe their institutional, financial, and technical aspects.
• Describe the process of consultation with affected populations and their participation in finalizing strategies for income restoration.
• How do these strategies vary with the area of impact?
• Does income restoration require change in livelihoods, development of alternative farmlands or some other activities that require a substantial amount of training, time for preparation, and implementation?
• How are the risks of impoverishment to be addressed?
• What are the main institutional and other risks for the smooth implementation of the resettlement programmes?
• Describe the process for monitoring the effectiveness of the income restoration measures.
• Describe any social or community development programmes currently operating in or around the project area.
• If programmes exist, do they meet the development priorities of their target communities? Are there opportunities for the project proponent to support new programme or expand existing programmes to meet the development priorities of communities in the project area?

**Institutional Arrangements**

• Describe the institution(s) responsible for delivery of each item/activity in the entitlement policy; implementation of income restoration programmes; and coordination of the activities associated with and described in the resettlement action plan.
• State how coordination issues will be addressed in cases where resettlement is spread over a number of jurisdictions or where resettlement will be implemented in stages over a long period of time.
• Identify the agency that will coordinate all implementing agencies. Does it have the necessary mandate and resources?
• Describe the external (nonproject) institutions involved in the process of income restoration (land development, land allocation, credit, training) and the mechanisms to ensure adequate performance of these institutions.
• Discuss institutional capacity for and commitment to resettlement.
• Describe mechanisms for ensuring independent monitoring, evaluation, and financial audit of the RAP and for ensuring that corrective measures are carried out in a timely manner.

**Implementation Schedule**

• List the chronological steps in implementation of the RAP, including identification of agencies responsible for each activity and with a brief explanation of each activity.
• Prepare a month-by-month implementation schedule (using a Gantt chart, for example) of activities to be undertaken as part of resettlement implementation.
• Describe the linkage between resettlement implementation and initiation of civil works for each of the project components.

**Participation and Consultation**

• Describe the various stakeholders.
• Describe the process of promoting consultation/participation of affected populations and stakeholders in resettlement preparation and planning.
• Describe the process of involving affected populations and other stakeholders in implementation and monitoring.
• Describe the plan for disseminating RAP information to affected populations and stakeholders, including information about compensation for lost assets, eligibility for compensation, resettlement assistance, and grievance redress.
Grievance Redress

- Describe the step-by-step process for registering and addressing grievances and provide specific details regarding a cost-free process for registering complaints, response time, and communication methods.
- Describe the mechanism for appeal.
- Describe the provisions for approaching civil courts if other options fail.

Monitoring and Evaluation

- Describe the internal/performance monitoring process.
- Define key monitoring indicators derived from baseline survey. Provide a list of monitoring indicators that will be used for internal monitoring.
- Describe institutional (including financial) arrangements.
- Describe frequency of reporting and content for internal monitoring.
- Describe process for integrating feedback from internal monitoring into implementation.
- Define methodology for external monitoring.
- Define key indicators for external monitoring.
- Describe frequency of reporting and content for external monitoring.
- Describe process for integrating feedback from external monitoring into implementation.
- Describe arrangements for final external evaluation.

Costs and Budgets

- Provide a clear statement of financial responsibility and authority.
- List the sources of funds for resettlement and describe the flow of funds.
- Ensure that the budget for resettlement is sufficient and included in the overall project budget.
- Identify resettlement costs, if any, to be funded by the government and the mechanisms that will be established to ensure coordination of disbursements with the RAP and the project schedule.
- Prepare an estimated budget, by cost and by item, for all resettlement costs including planning and implementation, management and administration, monitoring and evaluation, and contingencies.
- Describe the specific mechanisms to adjust cost estimates and compensation payments for inflation and currency fluctuations.
- Describe the provisions to account for physical and price contingencies.
- Describe the financial arrangements for external monitoring and evaluation including the process for awarding and maintenance of contracts for the entire duration of resettlement.

Annexes

- Copies of census and survey instruments, interview formats, and any other research tools.
- Information on all public consultation including announcements and schedules of public meetings, meeting minutes, and lists of attendees.
- Examples of formats to be used in monitoring and reporting on RAP implementation.