

Selac Wind Project Summary of the Land Acquisition and Livelihood Restoration Plan

INTRODUCTION

SOWI Kosovo L.L.C (SOWI), a full-service provider whose expertise lies in the design, construction, financing and operating renewable energy facilities, is the Proponent of the Bajgora Wind Project (the "Project") that consists of the development of three adjacent wind farms (WF), with a total capacity of 105 MW, in a mountainous area near Mitrovica, northern Kosovo. Electricity will be exported through an overhead power line (OHL) from the WF to Vushtrri, to be developed by SOWI and then transferred to KOSTT, the state-owned transmission company. The Project is financed by a group of lenders, including the European Bank for Reconstruction and Development (EBRD).

This document represents a summary of the Land Acquisition and Livelihood Resettlement Plan prepared by SOWI and approved by EBRD in March 2020. The full version of the document is available on SOWI's website: www.sowikosovo.com

WHAT IS THE PURPOSE OF THE LALRP?

The LALRP has been prepared by SOWI to ensure that **land required for the Project's construction and operation is secured in compliance with Kosovo's legislation and with EBRD's standards**, in particular Performance Requirement (PR) 5 on Land Acquisition, Involuntary Resettlement and Economic Displacement.

This LALRP therefore has the following objectives:

- define the approach towards the Project's land acquisition and livelihood resettlement;
- describe the activities performed;
- identify actions that will have to be implemented in the future, in order to ensure that land acquisition is done in compliance with national legislation and EBRD standards.

WHAT IS THE LEGISLATIVE FRAMEWORK FOR LAND ACQUISITION ACTIVITIES?

National Legislation

Law No. 03/L-139 on Expropriation of Immovable Property is the main law in Kosovo on expropriation and indicates that municipalities and the Government of Kosovo may expropriate immovable property if the expropriation is in the interest of the general public, as in the case of the Project's OHL. According to the law, the project proponent is required to compensate for the value of the land that is expropriated or subject to servitude. The law entails a step by step process, that include stakeholder engagement activities. Below is a list of the main steps of the expropriation process according to Kosovo legislation and the dates when they occurred:

- Submission of expropriation elaborate to the evaluation body - 20.03.2019.
- Issuing the preliminary decision by the Ministry of Environment and Spatial Planning – 18.04.2019
- Issuing of the final decision by the Ministry of Environment and Spatial Planning - 17.12.2019.

EBRD Performance Requirement 5

EBRD's PR 5 is applicable in cases where the physical and economic displacement or land use restrictions placed on Project Affected People (PAP) are of an involuntary nature. Such displacement is considered involuntary when affected people do not have the right to refuse the specific land acquisition or restriction on land use.

EBRD has requirements that are more stringent than national legislation. A specific gap analysis has been prepared in the LALRP to highlight what additional measures have been implemented by SOWI to ensure compliance with EBRD Performance Requirements. Among more stringent requirements, EBRD asks that landowners, but also formal and informal land users are compensated fairly based on the loss of assets and livelihood that they are subject to, because of Project activities. The compensation of these losses has to be provided at full replacement cost, usually calculated as the market value of the assets plus the transaction. In addition EBRD requires that special provisions be made for vulnerable groups, to ensure that they are not disproportionately impacted by the Project and that measures are implemented to ensure that PAP are able to restore and where possible improve their livelihood through a livelihood restoration programme.

Based on what has been described above, **two types of compensations** are made available:

- In compliance with Kosovo legislation, landowners will be compensated for the loss of land value due both permanent land acquisition and servitude.
- In compliance with EBRD PR5, landowners and land users will be compensated for the loss of assets and livelihood due to both permanent land acquisition and servitude.

WHAT TYPES OF LAND REQUIREMENTS ARE NEEDED FOR THE PROJECT?

The Project will require land both for the Wind Farm and for the Overhead Line.

Land acquisition for the **Wind Farm was completed by SOWI in 2019** according to a willing buyer/willing seller approach, and is therefore outside the scope of the LALRP, as the transfer was of voluntary nature.

The land necessary for the OHL component **is of two types**, as described below:

- The OHL will generate permanent land acquisition where the pylons will be located. The permanent land acquisition will be relatively small at **10,358 m²**. This land will be acquired permanently from the current landowners.

- The OHL will generate servitudes below the OHL cables. KOSTT will not own the land contained within the servitude but will acquire rights for its use for the entire life cycle of the OHL, through an agreement with the landowners. Some **278,492 m²** of land is affected by the servitude requirements. Ownership of the servitude land remains with the landowner who has restricted use of the servitude. KOSTT has the statutory authority to restrict the activities that can be carried out on servitudes to ensure the safety of landowners and the community. Permitted and prohibited uses of land under servitude are as follows:
 - Maintenance of the area covered by the servitude is the responsibility of the landowner or land user (depending on terms of use).
 - Servitudes must be maintained subject to the safety restrictions specified in the contracts.
 - KOSTT reserves the right to carry out additional land management functions within the servitude where unsuitable vegetation, ground surface level conditions, or other activities compromise the safe and reliable operation of the transmission lines.
 - Access roads and tracks may be constructed specifically to build and maintain the transmission lines. KOSTT retains the right to use these tracks for building and maintenance.

As shown in the figure below, most of the land needed for the Project will be subject to servitude, which has limited impacts on livelihood, and only a small amount (3.7%) will consist in permanent land acquisition.

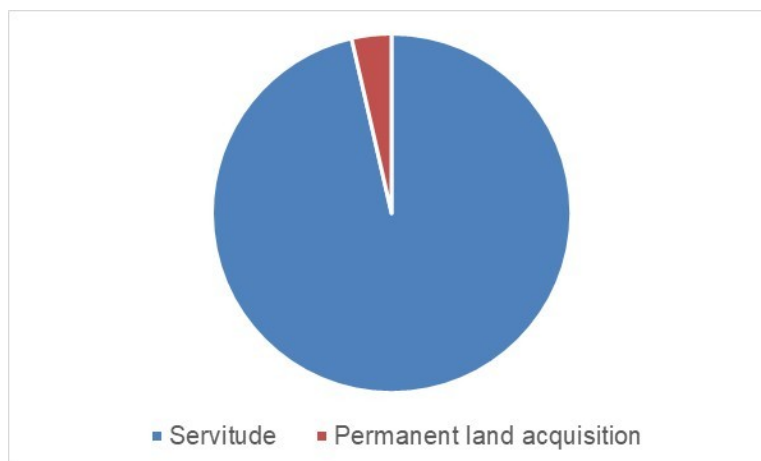


Figure 1: Ratio of permanent land acquisition to servitude

The land necessary for the OHL falls under Kosovo's law on expropriation and the transfer from current landowners to SOWI is considered of involuntary nature. **The land acquisition and establishment of servitudes for the OHL therefore has to be undertaken in compliance with the EBRD PR5 and is the subject of the LALRP.**

WHAT ACTIVITIES HAVE BEEN PERFORMED FOR THE PREPARATION OF THE LALRP?

Specific activities have been carried out to prepare a LALRP compliant with Kosovo Legislation and EBRD PR5, in order to better understand what will be the losses that PAPs will be subject to and to calculate the economic compensation due. Field activities consisted of a census and socio-economic survey and a plot and asset inventory. Local communities were informed by SOWI about these activities through different stakeholder engagement activities, including focus group meetings with village representatives, telephone calls and one-to-one meetings with landowners.

The main activities performed are briefly described below.

Census and socio-economic survey

The census and socio-economic survey was performed by SOWI in the period from January 15th to January 23rd by a team of two persons under the supervision of Golder. The survey was performed through household interviews to PAPs, using a questionnaire prepared by Golder; the questionnaire aimed at collecting information on the overall livelihood status of the PAPs and on the activities performed on the plots that will be affected by Project activities. **In total 51 interviews were performed in the different villages along the OHL route.**

Most interviews were performed in person with the household head; in some cases, due to difficulties in meeting the head in person, interviews were done over the phone. Regarding property or affected plots, all interviews were performed with landowners, no land users that are not landowners were interviewed during the survey.

Plot and asset inventory

The plot and asset inventory was performed by Eco-Iliria in the period from January 21st to January 25th under the supervision of Golder. **All affected plots were visited**, and pictures taken, a template table was filled in for each plot, collecting all data necessary for the valuation of losses, in terms of land use, presence of structures and other economic activities performed on the plot. Plots were categorised according to the cadastral definitions used in Kosovo.

The **cut-off-date for eligibility** coincided with the end of the socio-economic survey, and of the land and asset inventory, which was on 25 January 2020. This means that any individual and households that use/occupy Project-affected land (without legal rights or claims) after this date are not entitled to compensation and livelihood restoration assistance. Stakeholders were informed about the cut-off date through a series of stakeholder engagement activities previously mentioned.

Entitlement matrix

Based on the activities described above, an entitlement matrix was prepared to set out the compensation principles for eligible PAPs. **The matrix indicates what kind of compensation PAPs are entitled to** in case of permanent loss, temporary loss and servitude. Specific measures are also identified for vulnerable groups.

WHAT IMPACTS WILL OCCUR DUE TO LAND ACQUISITION AND SERVITUDE?

The OHL impacts on the administrative municipalities of Vushtrri and Mitrovica. Nine cadastral zones are affected. When considering the anticipated Project impacts, it is important to note that there are two types of land required for the Project:

■ Permanent land acquisition:

As previously mentioned, an area of 10,358m² will be acquired permanently. **This area represents 109 parcels. The permanent land take will affect 70 PAPs and 20 public entities.**

■ Land required for the establishment of a servitude:

As mentioned, an area of 278,492m² will be required for the establishment of the servitude. **This area represents 325 plots, affecting 183 PAPs and 24 public entities.**

Considering the restrictions due to servitude described above, it is anticipated that the servitude will in no case result in complete loss of livelihoods. The restrictions may have a partial impact on livelihoods (see for example impacts on orchards, described below), largely from a production volume perspective, although in the case of agriculture and animal husbandry this is not likely to be of significance.

■ Loss of assets

From a loss of asset perspective, two orchards and a cattle barn were identified as impacted upon.

Based on the data presented above, impacts on livelihood are expected to be limited. With regards to permanent land acquisition, as mentioned above, only 30% of affected land has agricultural use and 36 private landowners of agricultural land out of 70 in total are affected by the Project. Most of the produce from agriculture fields is used by households, or partially used by households and partially sold. In very few cases (3 respondents out of 51) farming produce is entirely sold. The remaining affected land is used mainly for pasture and as meadow, and hence potentially has a more limited role for households' livelihood. On average 1.1% of the overall plots' extension will be affected by the pylons' footprint, with a maximum of 14.3% of one plot affected in the village of Pasomë (plot classified as "mountain" category, hence not used for farming activities).

Also impacts due to servitude on agriculture will be limited, considering that most farming activities can continue beneath the cables. With regards to servitude, 40% of affected land has agricultural use and 98 private landowners of agricultural land out of 183 in total are affected by the Project. In the case of servitude, on average 12% of the overall plots' extension will be affected; this percentage is higher than that of land acquisition because the extension of the servitude is much bigger than the footprint of pylons. One plot in Pasomë, classified as of mountain type, will be entirely affected by servitude; eight other plots will have more than half of their extension affected by servitude, only one of them, however, is classified as agricultural land.

HOW HAVE COMPENSATION VALUES BEEN CALCULATED?

Compensation for government land acquisition and servitude

The value of compensation for the government land acquisition process is € 560,000. The valuation of compensation due to loss of land for permanent land acquisition and servitude was performed by MESP and by the Real Estate Evaluation Commission, according to the Kosovo legislation on expropriation. In particular, the legislation allows that one or more valuation methods are used, among the comparative sales method, the cost method and the income method. **The economic compensation that PAPs are entitled to, according to the national law, is contained in the final decision issued by the government in December 2019.** SOWI was not responsible for the calculation of this compensation.

Compensation for economic losses

The economic compensation due to loss of assets and livelihood determined by land acquisition and servitude necessary for the OHL component is determined at €193,476.70.

The valuation process for economic losses was performed using a series of national and international standards. The assessment method used was the comparable sale method. Comparable sales method is the preferred method for valuation of the economic losses, if there are sufficient data, within a certain period, for transactions that occurred as well as data for market research.

The valuation process considered numerous aspects and variables identified during the plot and asset inventory, on the following main categories of land and assets:

- The value of agricultural land.
- The value of forest land and forests.
- The value of construction land.
- The value of other land.
- The value of buildings.
- The value of accessory parts and fruits.
- The value of the damage.

Based on the approach described above and based on the outcomes of the land and asset inventory, compensations due to losses caused by the Project have been evaluated for the different cadastral zones and assets. More detail on this is available in the LALRP.