Republic of Azerbaijan

Ministry of Transport

Road Transport Services Department

EAST–WEST HIGHWAY IMPROVEMENT PROJECT

RESETTLEMENT PLAN

June 2005

THIS IS NOT AN ADB BOARD APPROVED DOCUMENT
Hormatlı Honq Vanq!

Azərbaycan Respublikasının Ərazi-Çərəb dahlizində Yevlax-Ganja avtomobil yolunun təkmilləşdirilməsi üzrə Kürərlə Plan layihəsinin 7-14 iyun 2005-ci il tarixində "Yolqəliyyatservis" Departamenti (YNSD) və Azərisə İnkışaf Bankının (AIB) əməkdaşları ilə birgə növbəti monitorinqi keçirilməsidir.


YNSD tərəfindən icrasi nazarət götərilmişdir.

Hormatlı Roıs

C.Qurbanov
To: Head of the Road Maintenance Agency of Gornboy/Yevlax/Ganja/Xanlar

The draft Resettlement Plan for the Rehabilitation of the East-West Corridor Road of the Azerbaijan Republic has been prepared by the Road Transport Service Department in accordance with the Azerbaijan law and ADB guidelines on resettlement. The Resettlement Plan covers land acquisition and other resettlement aspects for the rehabilitation of the road segments from Yevlax to Ganja and from Gazax to the border with Georgia.

The draft Resettlement Plan is based on the studies of social and economic conditions of businesses, ordinary people and families that have been affected by the above mentioned road rehabilitation project as well as on the consultations with local authorities. The impact shown in the Resettlement Plan reflects the results of the Technical Assistance provided by the ADB. The draft Resettlement Plan will be upgraded and completely finalized in 2006. This draft Resettlement Plan has been approved by RTSD and ADB and may be disclosed to all affected communities and people.

We authorize your agency to disclose the Resettlement Plan to all concerned parties as necessary.

Attachment: draft resettlement Plan – 54 pages

Head of the Road Maintenance Division V. Hajiyev
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CURRENCY EQUIVALENTS
(as of 1 February 2005)

Currency Unit – manat (AzM)
AzM1.00 = $0.0002
$1.00 = AZM4,900

ABBREVIATIONS

ADB – Asian Development Bank
IDP – Internally displaced persons
RPS – Road Protection Service
RTSD – Road Transport Services Department
MOT – Ministry of Transport
PIU – project implementation unit
1. BACKGROUND

1.1 Outline of the Project

The Project will involve the reconstruction of the following three sections of the main east-west road from Baku to the Georgian border in west Azerbaijan:

- (i) 52 km long section between Yevlax and the western end of the Ganja bypass;
- (ii) 36 km long Ganja bypass;
- (iii) 38 km long section between Qazax and the Georgian border.

This east-west road has strategic importance for Azerbaijan and it is part of the “silk road” transport corridor that links Asia to Europe.

The Project will reconstruct the existing two lane pavement with minor widening, and thus the physical works will not require significant land acquisition outside of the designated 60 meter wide road reserve. There are a maximum of 11 local areas where it may be necessary to exceed the bounds of the existing road reserve so the radius of the curves meets the required norms for speed and for safety reasons. These will be determined during detailed design.

The Project will also include rehabilitation of 11 local roads, totaling 65 km. For these sections, no land acquisition is required and no clearance of the road reserve is needed. There is also a separate component for a customs facility at the border with Georgia, but the land is State-owned and no persons would be affected.

The Asian Development Bank (ADB) will provide a loan to help finance the road rehabilitation civil works for (i) about 38 km Yevlax-Ganja road section including the 36 km long Ganja Bypass, (ii) the 38 km long road section from Qazax to the Georgian border, and (iii) the xx km of local road rehabilitation. The Islamic Development Bank will help finance 50 km of the Yevlax to Ganja main road section. This Resettlement Plan (RP) applies to all components of the Project, irregardless of the source of funding.

The RP covers procedures that will be adopted for (i) the acquisition of any land and properties outside the official road reserve and (ii) any removal of property inside the official road reserve that is required for the construction of road rehabilitation civil works.

1.2 Status of the Road Reserve

Azerbaijan’s legislation stipulates a 60 meter wide road reserve for all main roads. Development within this road reserve is generally prohibited, unless a permit has been issued by the national road authority, the Road Transport Services Department (RTSD) of the Ministry of Transport (MOT).

In February 2004, the Cabinet of Ministers issued a new decree, giving the RTSD and other related agencies at the local level responsibility for inventorying encroachments into the national road reserves, and maintenance of the reserves, as previously decreed in 1989. Following the issue of the February 2004 degree, MOT established a new Road Protection Service (RPS) within RTSD. The role of the RPS is to coordinate the clearance of unauthorized developments and control of further development within the reserve of all roads managed by RTSD.

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1 There is also a 400 meter planning corridor where any new development requires review and approval from RTSD.
2. SOCIOECONOMIC CONDITIONS IN THE PROJECT AREA

The project area consists of 6 districts or rayons (Goranboy, Yevlax, Khanlar, Aghstafa, and Qazax, and Ganja City), with a total population of 702,300 (based on 1999 population census) See Figures 1a and 1b.

2.1 Project Impact Areas

For the socio-economic assessment, three zones of impact have been identified:
Zone 1 – refers to the villages along the road (see Table 2-1). These villages are likely to be most affected by road rehabilitation. Fourteen villages are located along the road within the four districts of Yevlax, Goranboy, Khanlar, and Qazax, with a total population of 42,498.

Table 2-1 Villages within 3km of the Yevlax - Ganja Road

<table>
<thead>
<tr>
<th>District</th>
<th>Village</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yevlax</td>
<td>Aran</td>
<td>6,500</td>
</tr>
<tr>
<td>Goranboy</td>
<td>Goranli</td>
<td>581</td>
</tr>
<tr>
<td></td>
<td>Borsonlu</td>
<td>3,113</td>
</tr>
<tr>
<td></td>
<td>Dalimammadli</td>
<td>5,000</td>
</tr>
<tr>
<td>Khanlar</td>
<td>Azizbeiy</td>
<td>3,676</td>
</tr>
<tr>
<td></td>
<td>Balchili</td>
<td>3,087</td>
</tr>
<tr>
<td></td>
<td>Gushgarag</td>
<td>1,644</td>
</tr>
<tr>
<td>Qazax</td>
<td>Janali</td>
<td>1,478</td>
</tr>
<tr>
<td></td>
<td>Chayli</td>
<td>6,842</td>
</tr>
<tr>
<td></td>
<td>Qazaxbeyli</td>
<td>1,125</td>
</tr>
<tr>
<td></td>
<td>Orta Salaly</td>
<td>1,562</td>
</tr>
<tr>
<td></td>
<td>Damirciler</td>
<td>1,364</td>
</tr>
<tr>
<td></td>
<td>Sixli</td>
<td>3,086</td>
</tr>
<tr>
<td></td>
<td>Sixli II</td>
<td>3,440</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14</strong></td>
<td><strong>42,498</strong></td>
</tr>
</tbody>
</table>

Source: 1999 Census, SSC
Zone 2 – The districts which the road project passes through, including Ganja, which it bypasses. These districts all use the road as the primary connection to other districts. In the case of Ganja, the benefit will be in the improvement of connection to Yevlax and the diversion of heavy traffic through the bypass.

<table>
<thead>
<tr>
<th>District</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yevlax</td>
<td>108,200</td>
</tr>
<tr>
<td>Goranboy</td>
<td>86,600</td>
</tr>
<tr>
<td>Khanlar</td>
<td>53,300</td>
</tr>
<tr>
<td>Ganja</td>
<td>299,300</td>
</tr>
<tr>
<td>Qazax</td>
<td>81,000</td>
</tr>
<tr>
<td>Aghstafa</td>
<td>73,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>702,300</strong></td>
</tr>
</tbody>
</table>


Zone 3 – The regional divisions through which the project passes include Ganja-Gazakh (11 districts including Ganja, Khanlar and Goranboy) and Aran (18 districts, including Yevlax). At a broader scale, the project will facilitate transport and trade in these areas. These are also economic zones established by the government, and the level to which a majority of available, current information on the project is accurate.

2.2 Social Profile of the Project Area

2.2.1 Demographics

The population of the secondary project impact zone in 2001 was over half a million. The population of Ganja represents almost 60% of this population, and skews the view of the urban and rural population of the area. Yevlax another important regional center, also has a higher proportion of urban population at 54%, while Goranboy has the least urban dwellers at only 21%.

Population growth in the project area appears to fall well below the national average. As mentioned below, migration and resultant declining fertility may be one cause of this decline in the project area. It should be noted however, that this data shows only to 2001. In Ganja in recent years, the economy has shown a distinct improvement, and has likely attracted a greater influx of population.

Table 2-4 Annual Population Growth Rates in the Project Area

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan*</td>
<td>2.8</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Ganja</td>
<td>0.4</td>
<td>0.01</td>
<td>0.2</td>
</tr>
<tr>
<td>Khanlar</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Goranboy</td>
<td>0.8</td>
<td>0.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Yevlax</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
</tr>
</tbody>
</table>

*ADB Key Indicators of Developing Asian and Pacific Countries, 2002
Source: calculated from SSC 2002
In 2002, the population of the project area was more than 98.4% Azeri, with small populations of Russian (0.6%), Turkish (0.4%), and Kurdish (0.2%) people. Very small numbers of Ukrainian, Jewish, Georgia, Armenian and local ethnic groups make up the remaining 0.4%.

Average household sizes in the project area range from 4.61 to 4.75, slightly higher than the national average of 4.47³.

2.2.2 Incomes and expenditures

Average incomes in the project regions are slightly below the national average, in the order of 6-8 percent. In 2004, national monthly incomes are estimated at 191,594 AZM, while in Ganja-Gazakh it is 180,218 AZM and less in Aran at 176,932 AZM.

Table 2-5 Sources of Income in Azerbaijan and the Project Area

<table>
<thead>
<tr>
<th>Income Sources</th>
<th>Azerbaijan Average</th>
<th>Ganga-Gazakh</th>
<th>Aran</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>191.594</td>
<td>180,218</td>
<td>176,932</td>
</tr>
<tr>
<td>Employment</td>
<td>59.553 31.1%</td>
<td>37,801 21.0%</td>
<td>42,141 23.8%</td>
</tr>
<tr>
<td>Self-Employment</td>
<td>41,965 21.9%</td>
<td>33,402 18.5%</td>
<td>41,733 23.6%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>28,507 14.9%</td>
<td>30,792 17.1%</td>
<td>35,329 20.0%</td>
</tr>
<tr>
<td>Rent</td>
<td>2,507 1.3%</td>
<td>2,417 1.3%</td>
<td>1,192 0.7%</td>
</tr>
<tr>
<td>Property</td>
<td>627 0.3%</td>
<td>856 0.5%</td>
<td>348 0.2%</td>
</tr>
<tr>
<td>Current transfers received</td>
<td>25,216 13.2%</td>
<td>23,178 12.9%</td>
<td>26,614 15.0%</td>
</tr>
<tr>
<td>Pensions</td>
<td>20,800 10.9%</td>
<td>20,048 11.1%</td>
<td>19,115 10.8%</td>
</tr>
<tr>
<td>Benefits &amp; Social Contributions</td>
<td>2,232 1.2%</td>
<td>2,257 1.3%</td>
<td>3,277 1.9%</td>
</tr>
<tr>
<td>Social transfers in kind</td>
<td>1,992 1.0%</td>
<td>713 0.4%</td>
<td>4,170 2.4%</td>
</tr>
<tr>
<td>Other Income</td>
<td>33,215 17.3%</td>
<td>51,768 28.7%</td>
<td>29,573 16.7%</td>
</tr>
<tr>
<td>Income from other Households</td>
<td>28,587 14.9%</td>
<td>43,285 24.0%</td>
<td>25,454 14.4%</td>
</tr>
</tbody>
</table>

Source : Household Budget Survey, Q2 2004, SSC

Employment or salaried positions account for a smaller share of income in the project area, than they do nationally. In each of the districts, average salaries have increased gradually in recent years. Ganja, being the second largest city in Azerbaijan, has the highest average wages, followed by Goranboy, Khanlar and Yevlax⁴.

Agriculture represents a higher portion of income in the project regions. In Aran, where a large population of refugee and IDPs have settled, social contributions and benefits, and transfers in kind (such as food aid, electricity and gas concessions etc) are higher than the national average.

Income from other households and "other income" is significantly higher in Ganja-Gazakh, and may well be the result of the informal income⁵ perhaps more common in urban areas, and the importance of remitted income from family members abroad.

³ Household Budget Survey Q2 2004, SSC
⁵ The World Bank Study states that experts estimate informal income to represent up to 40% of household income.
Over the past decade, decreased employment in the state sector has not been matched by increases in the private sector, indicating an increase in unregistered unemployment, or and increase in informal employment. Both are expected to be true, and much of the unemployment and informal income is expected to be reported under self-employed in much of the formal statistics. This issue is reinforced by community consultations and surveys in which people rate unemployment as the highest priority for development.

2.2.3 Poverty

The absolute poverty line is based on a minimum consumption basket. In Azerbaijan, there is not the usual urban/rural divide in poverty rates. In Azerbaijan poverty is experienced by almost half of the population (46.7%), and is only slightly more common in urban than rural areas.

Table 2-6 Poverty Incidence in Azerbaijan and the Project Area

<table>
<thead>
<tr>
<th>Population Type</th>
<th>Poverty Level (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Absolute (175,000 AZM)</td>
</tr>
<tr>
<td>All Azerbaijan</td>
<td>46.7</td>
</tr>
<tr>
<td>Urban</td>
<td>47.8</td>
</tr>
<tr>
<td>Rural</td>
<td>45.4</td>
</tr>
<tr>
<td>Ganja - Gazakh</td>
<td>49.6</td>
</tr>
<tr>
<td>Aran</td>
<td>43.5</td>
</tr>
</tbody>
</table>

Source: SPPRED 2004, poverty rates for 2002

Analyses of poverty risks in Azerbaijan have determined several aspects:
- Poverty risks increase with household size
- Young people (0-15) are at a greater risk of poverty
- IDPs and Refugees have a higher poverty incidence
- Gender does not influence poverty risk (from an expenditure perspective)
- Higher education levels of household heads show less risk of poverty, but the difference is less pronounced than would be expected in many other countries.

Attitudes towards poverty are influenced by the reality that recent economic development in the country has been focused in the oil-sector primarily in Baku, and that little development has been distributed to the districts. Focus groups discussions in the project area indicate people believe there has been no improvement, with continued lack of employment opportunities, frequent lack of water for drinking and irrigations, absence of energy sources, and the poor condition of medical facilities resulting in common illness. During these discussions, people observed that poverty was experienced when there was not enough food and clothes for the family, when they were unable to heat their houses in winter, have clothes for their children to wear to school, or when they could not afford needed medicines. Communities see that poverty is greatest in villages distant from the railway (Yevlax and Goranboy) and road (Khanlar) and experienced within communities by the elderly, widows or unmarried women, the disabled and IDPs.

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Estimating the magnitude of poverty in the project districts gives an indication of 41.5% of the population poor, and a further 6.8% extremely poor.

Table 2-7 Estimates of Poor Population in the Project Area

<table>
<thead>
<tr>
<th>District</th>
<th>Total Population</th>
<th>Poor</th>
<th>Extreme Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ganja-Gazakh</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Poor – 49.6%</td>
<td>301,400</td>
<td>132,616</td>
<td>16,878</td>
</tr>
<tr>
<td>Ganja</td>
<td>88,700</td>
<td>39,028</td>
<td>4,967</td>
</tr>
<tr>
<td>Goranboy</td>
<td>54,200</td>
<td>23,848</td>
<td>3,035</td>
</tr>
<tr>
<td>Khanlar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Poor – 43.5%</td>
<td></td>
<td>39,028</td>
<td>4,967</td>
</tr>
<tr>
<td>Aran</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yevlax</td>
<td>110,000</td>
<td>34,870</td>
<td>12,980</td>
</tr>
<tr>
<td>Total</td>
<td>554,300 (48.3%)</td>
<td>230,394 (41.5%)</td>
<td>37,873 (6.8%)</td>
</tr>
</tbody>
</table>

Source: Calculated applying SPPRED 2002 poverty rates to SSC 2001 population estimates

2.2.4 Agriculture

Agriculture is one of the main forms of employment of people in rural areas. Although only accounting for approximately one fifth of income, many of the unemployed and underemployed are still able to work their land, and contribute to the sustenance of the household. In Ganja this is less the case, with no agricultural land as such, and only household “kitchen gardens” available to urban residents.

Table 2-8 Agricultural Indicators in the Project Area

<table>
<thead>
<tr>
<th></th>
<th>Ganja</th>
<th>Khanlar</th>
<th>Goranboy</th>
<th>Yevlax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Land Area (ha)</td>
<td>118,300</td>
<td>179,100</td>
<td>155,500</td>
<td></td>
</tr>
<tr>
<td>Under agriculture (ha)</td>
<td>206</td>
<td>9,310</td>
<td>26,600</td>
<td>20,907</td>
</tr>
<tr>
<td>- Percentage</td>
<td>7%</td>
<td>15%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Cattle per capita</td>
<td>negligible</td>
<td>1.27</td>
<td>0.33</td>
<td>0.14</td>
</tr>
<tr>
<td>Sheep per capita</td>
<td>negligible</td>
<td>3.28</td>
<td>1.92</td>
<td>0.86</td>
</tr>
<tr>
<td>Available Irrigation water</td>
<td>0.4</td>
<td>28</td>
<td>39</td>
<td>148</td>
</tr>
</tbody>
</table>

Source: 2004 Statistical Yearbook, SSC 2004

Productivity is highest in Yevlax as availability of irrigation water is greater here, whereas in Goranboy it dropped from levels similar to Yevlax in the mid 1990’s to zero in 2000. Khanlar, with a hillier terrain has an even lower level irrigation, but has the greatest per capita ownership of sheep and cattle, and has access to high quality pastures for the maintenance of this and other livestock.

2.2.5 Housing and Utilities

Since independence, little has been done to maintain the infrastructure for utility provision that was common place during the soviet period. The 1999 survey presents a similar story to that of today. Electricity and gas were readily available during Soviet era, but distribution systems have since fallen into disrepair, and while electricity is still common to many villages, the high rates of connection indicated in the 1999 census do not represent truly functioning supplies. Many villages are awaiting the inspection and repair of disused gas mains, and
even when this is complete will need to ensure payment in order for the gas agencies to recommence supply. The rates quoted below for gas access include those using gas bottles. However heating, a more common feature of rural homes in the past, and powered by reticulated gas is now scarce.

Table 2-9 Household Access to Utilities (%)

<table>
<thead>
<tr>
<th></th>
<th>Ganja</th>
<th>Khanlar</th>
<th>Goranboy</th>
<th>Yevlax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Households</td>
<td>59,200</td>
<td>10,857</td>
<td>18,243</td>
<td>20,567</td>
</tr>
<tr>
<td>Electricity</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>Gas</td>
<td>117^</td>
<td>82</td>
<td>84</td>
<td>58</td>
</tr>
<tr>
<td>Heating System</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Piped Water</td>
<td>93</td>
<td>51</td>
<td>30</td>
<td>55</td>
</tr>
<tr>
<td>Bathroom</td>
<td>68</td>
<td>25</td>
<td>09</td>
<td>19</td>
</tr>
<tr>
<td>Telephone</td>
<td>36</td>
<td>20</td>
<td>19</td>
<td>15</td>
</tr>
</tbody>
</table>

^ this anomalous rate may be due to non-residential urban buildings with gas connections
Source: 1999 National Census, SSC 2003

Water supply, though an essential determinant of health and agricultural productivity, is in short supply in many villages. During the Soviet period, many collective farms and communities had water trucked in, a system which is now prohibitively expensive, and has left some villages without water, or with poor quantities and quality of water. The urban nature of Ganja and to some extent Yevlax explain the higher rates of water supply, while in Goranboy and Khanlar only between a third and a half of households have such supply. During focus group discussions in the project area, shortage and complete absence of both drinking and irrigation water were identified as major constraints to the expansion of production and income generation.

Sanitation and communications are also very much indicators of wealth, and although they are more widely found in urban areas, are still not broadly available.

2.2.6 Social Services and Organization

In general, although people have access to many social services established during the Soviet period, the condition of these is poor. This is true of both medical and educational facilities, with buildings and equipment in disrepair, limited and inadequate supplies, and underpaid staff who have been without training for more than 13 years.

Table 2-10 Availability of Social Welfare Services in the Project Area

<table>
<thead>
<tr>
<th></th>
<th>Ganja</th>
<th>Goranboy</th>
<th>Khanlar</th>
<th>Yevlax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population per Medical Point *</td>
<td>9,419</td>
<td>3,412</td>
<td>6,022</td>
<td>4,783</td>
</tr>
<tr>
<td>Population per Hospital*</td>
<td>16,744</td>
<td>22,175</td>
<td>13,550</td>
<td>8,462</td>
</tr>
<tr>
<td>Doctors (per 1000 pop)</td>
<td>40.2</td>
<td>19.6</td>
<td>13.1</td>
<td>16.1</td>
</tr>
<tr>
<td>Infant mortality</td>
<td>5.2</td>
<td>11.9</td>
<td>6</td>
<td>18.5</td>
</tr>
<tr>
<td>Population per School*</td>
<td>6,279</td>
<td>1,152</td>
<td>1,106</td>
<td>1,964</td>
</tr>
</tbody>
</table>

^ Calculated using 2001 populations estimates and services data from SSC 2003

At the same time, one of the great concerns for the development of Azerbaijan is high levels and quality of literacy and education attained during the Soviet period. Although these levels of enrolment are being maintained, there is grave concern as to the quality of this schooling.
People's organizations or "soviets" which were established under the USSR continue to exist, though in most instances are dormant. At the time, these were a vehicle of organization for people such as Women, Farmers, etc., and now also for Veterans and IDPs. After the Soviet "cradle to grave" social welfare scenario, followed by a period of humanitarian aid, a culture of external dependence was sustained. Since international aid has been able to move away from humanitarian aid and to fostering sustainable development, the capacity, enthusiasm and activity of the people has shown great promise for community-driven development. The experience of international NGOs has shown that even these dormant soviets can be vehicles remobilized for local development.

2.2.7 Gender issues

During the Soviet era, men and women were formally equal, and numerous policies ensured they had equal opportunity and representation in the labor force and access to services. The women's soviets, and the issues which they regulated and protected, provided the foundations of the current women's movements and NGOs. While the role of civil society and NGOs has increased in this regard, the government's role in protecting and supporting this equality has declined. The current State Committee on Women's Affairs is designated this responsibility; however it is severely under staffed and under resourced.

In terms of education, women and men have equivalent rates of enrolment. At secondary schools, women in urban areas have a slightly higher level of enrolment than men, but slightly lower in rural areas. For higher education, female enrolment rates have seen an increase since Soviet times, with increased participation since 2000, however this still remains somewhat lower than rates from males.

A 2003 Labor Force Survey shows that women have lower participation in the workforce, with a labor force participation rate (LFPR) of 57.2%, compared with 73% for men. The incidence of unemployment is then greater for women. Commonly the levels of work in which women are employed are lower paid than positions for men.
3. SCOPE OF RESETTLEMENT IMPACTS

3.1 Resettlement Requirements for the Road Rehabilitation Works

3.1.1 Resettlement Requirements within the Road Reserve

The process of clearing illegal residential houses or commercial structures from within the road reserve is an ongoing government program throughout Azerbaijan. Also, municipalities are also requiring people to remove temporary structures and to construct permanent buildings in accordance with urban development plans. In 2004, RTSD compiled an inventory of 200 structures located within the 60 meter wide road reserve for the Project road (see Table 3-1).

Table 3-1 Inventory Results of Properties Within Project Road Reserve

<table>
<thead>
<tr>
<th>Type of Structure</th>
<th>Yevlax No.</th>
<th>Value ($'000)</th>
<th>Goranboy No.</th>
<th>Value ($'000)</th>
<th>Khanlar No.</th>
<th>Value ($'000)</th>
<th>Qazax No.</th>
<th>Value ($'000)</th>
<th>Total No.</th>
<th>Value ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Residential Houses</td>
<td>-</td>
<td>-</td>
<td>42</td>
<td>171.9</td>
<td>37</td>
<td>321.3</td>
<td>0</td>
<td>0</td>
<td>79</td>
<td>493.2</td>
</tr>
<tr>
<td>2 Public Convenience Businesses</td>
<td>3</td>
<td>3.5</td>
<td>2</td>
<td>43</td>
<td>6</td>
<td>68</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>114.5</td>
</tr>
<tr>
<td>3 Sales Businesses</td>
<td>7</td>
<td>31.5</td>
<td>81</td>
<td>355.7</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>89</td>
<td>390.2</td>
</tr>
<tr>
<td>4 Service Properties</td>
<td>2</td>
<td>4</td>
<td>8</td>
<td>72.9</td>
<td>2</td>
<td>13.7</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>90.6</td>
</tr>
<tr>
<td>5 Petrol Stations</td>
<td>4</td>
<td>39.7</td>
<td>1</td>
<td>395.0</td>
<td>4</td>
<td>94.0</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>528.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16</strong></td>
<td><strong>78.7</strong></td>
<td><strong>134</strong></td>
<td><strong>1038.5</strong></td>
<td><strong>50</strong></td>
<td><strong>500</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>200</strong></td>
<td><strong>1617.2</strong></td>
</tr>
</tbody>
</table>

Source: RTSD, Road Maintenance Division.

As of June 2005, 61 temporary structures have been removed from the road reserve. Since these businesses were removed prior to ADB approval of the RP, a due diligence had to be conducted to determine: (i) whether they were removed in compliance with the policies and procedures set out in this RP, and (ii) the latest status of these businesses and whether any remedial measures are required. The due diligence is described in Section 3.3.

RTSD’s inventory includes 150 businesses and residences that are still located within the road reserve. These structures will be removed after detailed design is prepared and relocation will be completed prior to the mobilization of contractors for road construction. Some of these businesses and residences may be partially legal 7, and therefore such provision has been included in the RP (see Section 5.2).

3.1.2 Resettlement Requirements Outside the Road Reserve

It may be necessary to acquire up to 11 separate areas of land in locations where the existing road curvature is sub-standard and realignments would be necessary for safety reasons to provide horizontal curvature and sight distance at each location that is commensurate with the design speed. In each of these areas, the land would be required to accommodate the new road and road reserve to suit the new road centerline. The final resettlement requirements will be determined during the detailed design of the project. The RP will be updated by RTSD and submitted to ADB prior to commencement of land acquisition.

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7 Some properties may have been constructed prior to 1989 (legislation) and some properties may have been approved by a municipal order, but none have been approved by RTSD.
Table 3.2 indicates the potential requirements for resettlement associated with the Project outside the road reserve for the project.

Table 3.2: Resettlement Requirements Outside the Road Reserve

<table>
<thead>
<tr>
<th>Type</th>
<th>Yevlax-Ganja Bypass Section (Km282–334)</th>
<th>Ganja Bypass Section (Km334–370)</th>
<th>Qazax-Georgian Border Section (Km465–503)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Value ($’000)</td>
<td>No. Value ($’000)</td>
<td>No. Value ($’000)</td>
<td>No. Value ($’000)</td>
<td></td>
</tr>
<tr>
<td>Cultivated land within house plot</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Other land (e.g. disused petrol station)</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Unused/barren land</td>
<td>-</td>
<td>3</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>3</td>
<td>18</td>
<td>168</td>
</tr>
</tbody>
</table>


3.1.3 Resettlement Requirements for Rehabilitation of Local Roads

The Project will improve ten local roads totaling about 65 km in the project area to enhance access of local communities to the east-west highway. These local roads comprise (i) Km 283.6-Narimanabad road, (ii) Km 284.3-Duzdagh road, (iii) Km 284.4-Nemetabad road, (iv) Dalimamedli-Khoilu road, (v) Dalimamedli-Sarov road, (vi) Km 320.6-Nadirkend road, (vii) Km 320.8-Semedabad road, (viii) Km 327.0-Birmay road, (ix) Km 472.2-Ashagi Salahli road, and (x) Km 482.7-Kamardi road. Improvement of these local roads will enable about 8,100 households with more than 29,000 people in 21 adjoining villages to better access markets, job opportunities, and social services.

The technical standards of the local roads will be determined during the detailed design of the Project. Since the work involves resurfacing the existing roads, no land acquisition and no clearance of the 25 meter wide road reserve is anticipated. This will be confirmed during detailed design and if there are any impacts, the RP will be updated accordingly.

3.2 Temporary Resettlement Impacts

The civil works contracts will require the contractors to be responsible for the temporary acquisition and reinstatement of all land required outside the road reserve for construction camps, offices, borrow pits, materials storage sites, materials processing sites and haul roads. The contractors will select the land parcels they require and they will be responsible for negotiating agreements with land owners to occupy the land. In the event that a contractor fails to obtain the agreement of any landowner, they would be required to select an alternative site and negotiate a new agreement. No involuntary occupation of land for temporary construction purposes would occur.

Provision will be made in the civil works contracts for the contractors to be responsible for providing adequate measures to cater for existing traffic while the road rehabilitation works are in progress. These measures might include (i) enabling single lane traffic operations on one side of the road, while construction works are carried out on the other side; (ii) constructing and maintaining temporary diversion roads within the road reserve; and (iii) diverting traffic onto any parallel existing roads and maintaining these roads.

No land would be required for the construction of diversion roads outside the road reserve. The contractors shall be required to obtain the approval of RTSD for all proposals for traffic
management during the construction of the civil works contracts and they shall also be required to maintain all temporary diversion roads and existing roads used to carry diverted traffic from the main road.

3.3 Existing Impacts from Government Clearance of the Road Reserve

Since the promulgation of Decree No. 18 in February 2004, the government began to inventory structures within the 60 meter wide road reserve. In the project area, this inventory was undertaken during April 2004 by a team of 7 government officers, variously representing - RTSD, Ministry of Economic Development, Ministry of Finance, Ministry of Internal Affairs, State Committee for Construction and Architecture, Local Executive Authority, Local Municipality, State Police, State road Police. This team identified the structure owner, and requested evidence of government building approvals so as to ascertain legitimacy. The team estimated the market value of the structure, and briefly described it’s structure and location relevant to the road centerline. The inventory showed that 200 structures were located within the road reserve along the Project road, with an estimated value of over US$1.6 million (see Table 1). Residential properties accounted for almost 40% of the inventory, and to date have not been removed. A photo of residential properties within the road reserve is included in Appendix 6.

By October 2004, RTSD had begun clearance of illegal structures in many areas, including the Yevlax to Ganja section of the Project road.

3.3.1 Due Diligence

As of June 2005, 61 businesses had been removed from the road reserve along the Project road. These were mostly sales enterprises operating from small iron booths or temporary shelters, as well as a few abandoned businesses such as garages and fuel stations. Only four structures were made of brick and these were also small and simple construction. It is illegal for these businesses to continue using these booths on the lands beside the road because (i) the land belongs to RTSD and was occupied without their permission, and (ii) the location of structures is a safety hazard, both to vehicles and owners. The RTSD has consulted with affected businesses and liaised with local municipalities, executive powers and other agencies to provide assistance for moving these structures and materials. In several cases, the Executive Authority, together with the Municipality enlisted the use of cranes in relocating the booths. At the local level, these responsible agencies worked together to create relocation options for the affected businesses which enabled the affected businesses to select affordable land plots on which to rebuild their shops and continue their trade. In most cases, lands adjacent to the road but outside the road reserve were offered to the affected businesses. The lands have been transferred from the municipal land reserve to private ownership. Together with this land comes the conditionality that new constructions meet architectural designs provided by the local office of the State Committee for Construction and Architecture. This is a requirement for all new construction in order to modernize and beautify the municipalities. The affected businesses have complied with these requirements and are now satisfied as their shops are permanent, legal and in some cases much larger. The process for land registration and approvals in Azerbaijan can be difficult but the local authorities have helped to facilitate this process; without such approval construction cannot commence. In accordance with national policies to facilitate local investment and ease such hurdles and incidences of corruption, local authorities have agreed that land certification will be facilitated for the affected businesses. The fact that 29 of removed

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8 Land costs ranged from $0.20 to $1.20 per m², depending upon location and the average size plot was 100 m².
9 At the time of removal, many businesses were uncertain as to the future ownership of their new businesses and are concerned that they may again be demolished, or simply confiscated. In order
businesses (48%) have already been reconstructed is evidence that this assistance has been successful. Of the remaining 32 businesses, 24 are under construction and 8 are expected to receive their land certificate approval soon.

All of the 61 businesses removed to date were illegal, as they had no permission from RTSD or Traffic Police to occupy the land within the road reserve. However, 17 businesses (28%) did possess a registration document from the local authorities, some dating back to 1983, which gave them permission to build a structure. Such documents issued after 1989 are in conflict with the Law on Road Reserve. They also have businesses licenses and paid taxes to local municipalities. For the 44 businesses with no building registration, the owners were aware that the structures were illegal and at some point they would be required to move at their own expense. The new Decree No. 18 issued in February 2004 provided advance notification that removal was eminent. Subsequently, notices were given to individual businesses. The law stipulates 15 days for removal but in most cases, 1 month was allowed. In many cases, new land plots were agreed upon before the structures were removed.

For the 17 businesses that possess a registration document from the local authorities, the law states that the local authorities are responsible for compensation. However, to date, no cash compensation has been paid. However, local government has provided assistance to remove the structures and help with the provision of certified land plots. As part of due diligence, 7 of these 17 businesses were investigated and it was confirmed that they were all satisfied and they had no further demands for compensation.

Based on investigations and surveys of 21% of removed businesses, the economic losses caused by removal have not had a serious impact of these businesses, for several reasons:

1) these businesses are operated by local villagers who possess farmland, orchards and livestock; this operate these businesses for extra income but it is not there major source of income;
2) the people who operated these businesses are not poor; they have profited from the use of this land free of charge;
3) the owners knew the structures were illegal and therefore did not invest much money in their structures; the structures were able to be moved and materials salvaged, so there was little material loss;
4) during the period of acquiring new lands and constructing shops, these businesses could still operate from their homes or by selling to other retailers; and
5) the cost of the move was minimal and was assisted by RTSD and local municipalities; the average cost of the land plot was 140,000 AzM ($30).

It is true that new structures were more costly but these are now legal buildings that provide much better conditions for business. The location is also very good for business and will be increasing improved during road construction and operation.

The results of the due diligence investigations conducted in June 2005 revealed that the situation for removed businesses was (i) conducted in accordance with domestic laws, (ii) supported by local government, (iii) and shows that many businesses have restored or improved their condition despite the fact the no cash compensation was paid. The reason for this stems from the fact that all affected businesses were capable entrepreneurs who have taken advantage to invest in reconstructing their businesses and gaining full legal title to their land plots which are in excellent locations. Without the support from local government, they may not have been able to complete this process themselves, or the expense may have been much higher. The results of the sample survey show:

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to register the land transfer, building and development approvals are required from 12 separate agencies. Some businesses feared that the “unofficial” costs of obtaining these approvals would be upwards of US$600. Based on recent investigations, these fears were unfounded due to assistance from local Executive Powers and municipalities. The affected businesses surveyed were all satisfied.
1) the average asset value of buildings increased from $2850 to $6800, an increase of 170%;
2) the average size of shop has increased from 50 m² to 115 m², an increase of 130%;
3) the number of workers employed in businesses has increased from 21 to 34, an increase of 62%
4) the total revenues from the 13 surveyed businesses increased from 54 million AzM to 81 million AzM, and increase of 50%.

Interviews with local government and other business people confirmed that the survey results are representative. Nonetheless, there are 24 businesses that are still constructing their new shops and 8 businesses that are still waiting for land permits to start construction. Local officials stated these cases would be resolved soon. RTSD has agreed to monitor this situation and the results will be investigated by an independent monitor in September 2005, and reported to ADB. The results of the due diligence survey and a summary of the baseline inventory data are provided in Appendix 4.

3.4 Impacts on Vulnerable Groups

The social assessment of resettlement impacts indicates that the Project will not require the land acquisition or removal of vulnerable groups. Firstly, the resettlement impacts are small and mainly focused on clearance of structures from the road reserve. The businesses located within the road clearance are sideline activities of local farmers, who have other farmland and income sources. No internally displaced people or poverty families are affected, since they do not have the resources to establish shops. Some residences have been located in the road reserve for more than 15 years but these households are not poor. Therefore, no special measures are required for vulnerable groups.

3.5 Summary of Total Affected Persons

Based on Section 3.1 (permanent impacts) and Section 3.2 (temporary impacts), the total estimate of affected persons based on feasibility study is as follows:

1) Road Reserve Clearance
   - 79 residential house with 370 people to be relocated
   - 122 businesses with 200 staff to be relocated

2) Permanent Land Acquisition and Removal of Structures Outside Road Reserve
   - 11 private properties with 50 people may have partial land loss (less than 10%)
   - 0 to 4 private structures may need to be demolished on these same lands

3) Temporary Land Occupation Impacts
   - contractors will only occupy vacant land within the road reserve, or unused land outside the road reserve; compensation may be required to occupy these lands but there would be little loss of assets. This will be determined based on contractor requirements and costs will be paid by contractors.

Therefore, the total number of estimated affected persons is 620. This estimate will be updated based on detailed design.
4. LEGAL FRAMEWORK AND INSTITUTIONAL RESPONSIBILITIES

4.1 Summary of Road Legislation

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 3 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 provided below.

4.1.1 1976 Road Decree

The 1976 Road Decree stipulated the use and protection of motor roads, in conformity with construction norms and rules IN 467/74 of soviet times. This decree established the requirements for a 60 meter wide road reserve\(^{10}\) for roads of national importance and a 25 meter wide road reserve for local roads. This decree gives legal standing to the width requirements for road reserves given in the construction standard.

4.1.2 1989 Road Decree (No. 461)

The 1989 Road Decree stipulates rules for use of the motor roads and road installation, and for their protection by prohibiting implementation of construction works within the road reserve. This decree reflects the main provision related to 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 formalized a procedure for the road authority to review and authorize applications for developments within 200 meters of each side of the road centerline in respect of aspects including maintenance of the road reserve and access provisions to the main road.

4.1.3 2000 Decree (No. 299) 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. This law defines the legal, technical-economic and organizational principles for design, construction, use, maintenance and development of motor roads and related engineering installations, as well as management of roads, and regulates the main relations arising among the subjects of road economy. Article 14 states the purpose of road reserves, determination of the size of the land coming under the road reserve and its use, as well as design and stationing of various engineering installations and service facilities which must be implemented on the basis of corresponding normative legal documents. 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 establishes that commercial and other activities on the motor roads (or within the road reserve) can be carried out only on the basis of consent and agreement with the road authority.

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\(^{10}\) The road reserve width is defined as being 30 meters wide on each side of the centre-line, totaling 60 meters.
4.1.4 2004 Road Reserve Decree (No. 18) 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. The decree requires the submission of this data, and suggestions for further actions to the Cabinet of Ministers. Local television campaigns were implemented to promote the legislative revisions, and awareness of encroachment issues is now quite high among the general population. The legislation requires that legal entities (i.e. that have been permitted to build within the right of way under relevant conditions) be given 6 months notice of requirement to move, but must do so at their own costs. Illegal structures must be given 15 days notice, and similarly must be demolished at the occupants own costs. Relevant excerpts of these legal instruments are shown in Appendices.

4.2 Other Relevant Legal Instruments

In addition, Azeri Law has various instruments that provide instruction on matters relating to land, land acquisition and compensation for other property losses. These instruments are: (i) the Land Code (25 June 1999), (ii) the Civil Code (1 December 1998), (iii) Cabinet of Ministers Resolution No 42 (15 March 2000), and (iv) Cabinet of Ministers Resolution No 110 (June 1999).

Aspects of these instruments that relate to the use and protection of the road reserve are given in the following sections. Relevant excerpts of these legal instruments are also shown in the Appendices 1 to 4.

4.2.1 Land Code (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 a often a long and complex process. The land owner also has an option for seeking recourse through the courts. The Land Code also allows for exchange land to be given, that is equivalent to the land being acquired. Chapter 21 describes the procedures for resolution of land disputes both in and out of courts. 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 lodging of a complaint with the relevant court. Articles 110 and 111 describe willful occupation of land plots and implementation of illegal constructions 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.

4.2.2 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.

4.2.4 Cabinet of Ministers Resolution No 110 – On Approval of Regulations for an Inventory Cost estimation of Buildings Owned by Natural Persons (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.

4.3 Institutional Responsibilities

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

4.3.1 Road Transport Services Department

Responsibility for implementing most duties formally allocated to the Ministry of Transport is passed down to RTSD. Following the issue of the February 2004 decree, RTSD created a new division called the Road Protection Service (RPS) that is responsible 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. For western Azerbaijan, the Ganja Office is responsible for the entire east-west road from Alat (on the Caspian Sea) to the Georgian border. The Ganja Regional Office began operation in early September, with eight staff.

RTSD (through its Traffic Regulation Section) 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 meter 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 are also the responsibility of MOT (designated to the RPS) with the Ministry of Internal Affairs and local governments.

4.3.2 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

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11 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,
from MOT and the State Committee on Mapping and Land approval for 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 that then directed appropriate action.

4.4 Compensation Valuation Methods

4.4.1 Land, Crop and Tree Compensation

Procedures for valuation for compensation and other purposes are laid down in the Land Law, the Land Code, and the following legal instruments: (i) Resolution No. 42 on Some Normative and Legal Acts relating to the Land Code; and (ii) the 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 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 Ganja market prices.

1. 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.\(^{12}\) The formula used for calculating compensation for annual crops is as follows:

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

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

Examples of how the Valuation Commission in Shamkir applied the formula is shown in Table 4.1. The district values will be confirmed by the State Land Committee.

\(^{12}\) The procedure to be used in preparing these certificates is prescribed in Cabinet of Ministers Resolution No. 164 (25 November 1996).
Table 4.1: Calculation of Annual Crops Compensation for Shamkir District

<table>
<thead>
<tr>
<th>Crop</th>
<th>Revenue</th>
<th>Expense</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross</td>
<td>Loss</td>
<td>Market</td>
</tr>
<tr>
<td></td>
<td>Yield '000s kg/ha</td>
<td>%</td>
<td>kg/ha</td>
</tr>
<tr>
<td>Wheat</td>
<td>40</td>
<td>1</td>
<td>3,900.6</td>
</tr>
<tr>
<td>Clover</td>
<td>40</td>
<td>3</td>
<td>19,400</td>
</tr>
<tr>
<td>Potato</td>
<td>250</td>
<td>2</td>
<td>24,500</td>
</tr>
<tr>
<td>Corn</td>
<td>60</td>
<td>1</td>
<td>5,900.4</td>
</tr>
<tr>
<td>Onion</td>
<td>250</td>
<td>2</td>
<td>24,500</td>
</tr>
<tr>
<td>Cucumber</td>
<td>270</td>
<td>5</td>
<td>25,600.5</td>
</tr>
<tr>
<td>Tomato</td>
<td>200</td>
<td>5</td>
<td>19,000</td>
</tr>
</tbody>
</table>


2. 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 4.3.2. An example of how this formula has been applied in the Shamkir District is shown in Table 4.2.

Table 4.2: Calculation of Compensation for Fruit Trees for Shamkir District

<table>
<thead>
<tr>
<th>Type of Tree</th>
<th>Yield kg/tree</th>
<th>Market price AZM/kg</th>
<th>Income AZM/tree</th>
<th>Input Costs AZM/tree</th>
<th>Net Income AZM/tree</th>
<th>Maturity of Tree Years</th>
<th>Income to maturity AZM/tree</th>
<th>Sapling cost AZM/tree</th>
<th>Input costs AZM/tree</th>
<th>Compensation amount AZM/tree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fig</td>
<td>40</td>
<td>500</td>
<td>20,000</td>
<td>20,000</td>
<td>10</td>
<td>200,000</td>
<td>5,000</td>
<td>10</td>
<td>200,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Cherry</td>
<td>20</td>
<td>500</td>
<td>10,000</td>
<td>10,000</td>
<td>10</td>
<td>100,000</td>
<td>5,000</td>
<td>10</td>
<td>100,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Plum</td>
<td>25</td>
<td>500</td>
<td>12,500</td>
<td>12,500</td>
<td>10</td>
<td>125,000</td>
<td>5,000</td>
<td>10</td>
<td>125,000</td>
<td>10,000</td>
</tr>
<tr>
<td>P/Granate</td>
<td>10</td>
<td>500</td>
<td>5,000</td>
<td>5,000</td>
<td>10</td>
<td>50,000</td>
<td>5,000</td>
<td>10</td>
<td>50,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Grapes</td>
<td>20</td>
<td>1,500</td>
<td>30,000</td>
<td>20,000</td>
<td>7</td>
<td>140,000</td>
<td>5,000</td>
<td>10</td>
<td>140,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Date palm</td>
<td>150</td>
<td>1,500</td>
<td>225,000</td>
<td>220,000</td>
<td>10</td>
<td>2,200,000</td>
<td>10,000</td>
<td>10</td>
<td>2,200,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Mulberry</td>
<td>30</td>
<td>2,000</td>
<td>60,000</td>
<td>55,000</td>
<td>10</td>
<td>550,000</td>
<td>20,000</td>
<td>10</td>
<td>550,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>


3. 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 the Cabinet of Ministers Resolution No. 158: On Establishment of New Normative Prices for Land in the Republic of Azerbaijan (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.
4.4.2 Compensation for Housing, Other Immovable Assets and Land Attachments

RTSD will compensate the owners of any legal structures that are damaged or need to be relocated for the project construction. Compensation is calculated based on Market prices and replacement value as determined by local evaluators and agreed upon by the owner, RTSD and the Executive Powers. For illegal structures within the road reserve, no cash compensation is allowed but assistance is provided to remove the structures, salvage materials, and identify a land plot to reconstruct a permanent shop. For partially legal structures (i.e., permits were granted by local authorities), cash compensation should be paid by the agency that issued the permit. There are cases were permits were issued by local municipalities; however, no permits were issued by RTSD.

Other immovable assets and land attachments 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.

4.4.3 Compensation for Temporary Land Occupation During Construction

During construction, temporary land occupation will be required for temporary access roads, borrow areas, spoil deposits, and construction facilities/camps. Compensation will be calculated on the basis of the land temporarily acquired for the highway construction. Compensation will cover the following components: (i) loss of annual crop production, (ii) potential crop yield reduction for three years, (iii) loss of any trees or perennial crops, (iv) loss of use of grazing land, and (v) loss of immovable assets and land attachments. Upon construction completion, the land used for temporary access roads will be reinstated to its pre-project condition and returned to the owner or user.
5. RESETTLEMENT PLAN

5.1 Resettlement Policy

5.1.1 ADB Policy on Involuntary Resettlement

RTSD is fully aware of the ADB’s policy on involuntary resettlement that requires that: (i) involuntary settlement is avoided wherever feasible; (ii) resettlement is minimized where population displacement is unavoidable; and (iii) displaced people receive assistance, preferably under the Project so that they would be at least as well-off with the Project as without it. This policy also applies to people affected in advance of the Project (i.e., people and businesses removed from the road reserve). This Resettlement Plan specifies the measures to be taken by RTSD to accord with ADB’s policy.

5.1.2 Resettlement Policy for the Project

Outside the road reserve, it is not certain whether land acquisition or demolition of any residential housing or business premises would be required under the project. If some realignments are required, impacts would be very small, and this would be confirmed during the detailed design. RTSD will require the detailed design consultant to take all appropriate measures to avoid or minimize resettlement.

Within the road reserve, there are illegal temporary structures. Under Azeri legislation, the occupiers of illegal business premises are not entitled to cash compensation, but they will be assisted to be moved and rehabilitated. Though such measures, RTSD has assured ADB that they will ensure affected businesses and households are not worse off.

For businesses that were already removed from the road reserve, RTSD has provided evidence that businesses are satisfied and able to restore their businesses. Some businesses are still in the process of rehabilitation. RTSD has agreed to monitor these businesses to ensure that all have been adequately rehabilitated.

All planning and implementation processes connected with this resettlement will be carried out in accordance with the existing Azeri legislation and the stipulations of this Resettlement Plan. Care will be taken to ensure that the impacts on the affected people are minimized. In particular, the following measures will be taken:

- (i) the design consultants will be required to ensure that the road alignment is selected to minimize requirements for resettlement within the road reserve;
- (ii) entitlements will be provided as set out in Section 5.2;
- (iii) all affected people will be informed of their legal entitlements under the existing Azeri legislation;
- (iv) all affected people will be kept fully informed about the progress of the resettlement process;
- (v) effective grievance mechanisms will be provided for the implementation of these plans;
- (vi) full attention will be given to reviewing any grievances brought to RTSD’s notice and RTSD will deal with these cases promptly and fairly, within the framework of Azeri legislation. Options for providing alternative means of
compensation will be considered on an individual basis to ensure that affected people will not be disadvantaged by the project related resettlement activities.

5.2 Entitlements

RTSD will adopt 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. Table 5.1, shows entitlements due to various groups of people who might be affected by the road rehabilitation works.
Table 5.1: Resettlement Entitlement Matrix

<table>
<thead>
<tr>
<th>Type of Losses</th>
<th>Level of Impact</th>
<th>Entitled Persons</th>
<th>Entitlement Policy and Standards</th>
<th>Implementation Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Impacts Caused by Road Rehabilitation Works inside the Road Reserve</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demolition of Commercial Buildings</td>
<td>About 120 businesses, of which 61 have already been removed</td>
<td>1) Legal Structures</td>
<td>• Cash compensation based on negotiation, including moving expenses, and</td>
<td>Compensation will be paid by RTSD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enterprise owners within the road reserve whose businesses are active (no such cases identified so far)</td>
<td>• Cash compensation for loss of net income and wages for 3 months, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Cash compensation to be paid before reconstruction, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Assistance from Municipality to acquire a legal plot nearby, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Demolition after the business has been reconstructed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Compensation will be paid by local authorities;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>RTSD will request for quick settlement</td>
<td></td>
</tr>
<tr>
<td>2) Structures with permit from local authorities</td>
<td></td>
<td>Enterprise owners within the road reserve whose businesses are active (about 40-50 cases)</td>
<td>• Cash compensation equivalent to the replacement cost of lost building and moving expenses, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Assistance from the Municipality to acquire or lease a legal plot nearby, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Cash compensation to be paid before reconstruction, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Support to pursue legal action with local authorities if a permit was provided.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Demolition should be done 3 months after notification.</td>
<td></td>
</tr>
<tr>
<td>3) Illegal Structures</td>
<td></td>
<td>Owners within the road reserve whose businesses are active (70-80 cases)</td>
<td>• Assistance to move the temporary structure to a site outside the road reserve, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Assistance from the Municipality to acquire or lease a legal plot nearby, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 15 days notice provided before relocation.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Owners of abandoned enterprises (10 cases)</td>
<td>• No compensation unless owner can be determined.</td>
<td></td>
</tr>
</tbody>
</table>

23
### 1. Impacts Caused by Road Rehabilitation Works inside the Road Reserve (continued)

<table>
<thead>
<tr>
<th>Type of Losses</th>
<th>Level of Impact</th>
<th>Entitled Persons</th>
<th>Entitlement Policy and Standards</th>
<th>Implementation Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition of Residential Houses</td>
<td>79 residential structures.</td>
<td>1) Owners of legal houses (#)</td>
<td>• Cash compensation for lost housing and all attachments (such as courtyards, fences, wells, etc.) at negotiated prices, and &lt;br&gt;• Assistance from Municipality to acquire a legal plot nearby, and &lt;br&gt;• Compensation for any productive trees market prices, and &lt;br&gt;• Demolition only after new house has been constructed, and &lt;br&gt;• Cash compensation for moving and transitional expenses.</td>
<td>Compensation will be paid by RTSD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2) Owners of non-legal houses with permit from local authorities (#)</td>
<td>• Compensation for lost housing and all attachments (such as courtyards, fences, wells, etc.) at price negotiated with local authorities, and &lt;br&gt;• Assistance from municipality to acquire a legal plot nearby, and &lt;br&gt;• Compensation for any productive trees market prices, and &lt;br&gt;• Demolition should be done 3 months after notification.</td>
<td>Compensation will be paid by local authorities; RTSD will request for quick settlement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3) Owners of illegal structures (#)</td>
<td>• Assistance to move the temporary structure to a site outside the road reserve, and &lt;br&gt;• Assistance from the Municipality to acquire or lease a legal plot nearby, and &lt;br&gt;• 15 days notice provided before relocation.</td>
<td></td>
</tr>
</tbody>
</table>

### 2. Impacts Caused by Road Rehabilitation Works outside the Road Reserve

<table>
<thead>
<tr>
<th>Type of Losses</th>
<th>Level of Impact</th>
<th>Entitled Persons</th>
<th>Entitlement Policy and Standards</th>
<th>Implementation Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent land acquisition</td>
<td>Maximum of 11 separate areas, but land take to be confirmed during detailed design)</td>
<td>Owners of the affected properties: 1) Private owners 2) Municipalities 3) State-owned land</td>
<td>• Compensation for lost land at a negotiated market value, or &lt;br&gt;• Provision of replacement land of equivalent quality and comparable location, if acceptable to the owner. &lt;br&gt;• Compensation for any productive trees market prices, and &lt;br&gt;• Compensation for relocating or re-constructing fences or boundary walls to equivalent standard as the existing fence or wall.</td>
<td>Require support for obtaining required approvals from relevant departments in order to be 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>Type of Losses</td>
<td>Level of Impact</td>
<td>Entitled Persons</td>
<td>Entitlement Policy and Standards</td>
<td>Implementation Issues</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----------------</td>
<td>---------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Demolition of Commercial Structures | None           |                           | • Cash compensation based on opportunity lost during the period of temporary acquisition.  
• Land returned to the landholder after use, fully restored or improved.  
• For crops that cannot be harvested, affected people will be awarded the full market value.  
• Cash compensation at market price for loss of crops.  

All temporary land acquisition will be arranged by the contractors, by agreement with the landowners concerned. The contractors will be responsible for agreeing compensation directly with each landowner.                                                                                                                                                                                                 |                                                                                                                                                                                                                      |
| Temporary loss due to land occupation during construction | Losses include:  
1) Annual crops | Crop owner              | 2) Fruit Trees  
Owner of trees  
• Cash compensation at market price for loss of fruits calculated at the number of years for new plants to reach equivalent productive maturity  
3) Private shade trees  
Owner of trees  
• Cash compensation in accordance with local standards.  
4) Public shade trees  
Municipalities  
• Cash compensation in accordance with local standards, or  
• Replacement, on request, by planting of saplings up to a factor of 15 new to one old tree.  

Appropriate provision to be included in civil works contract documents                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                      |
| Damage to local road or irrigation network | Damage by transport of borrow material and construction equipment | Local community | • Maintain roads in good condition to handle construction vehicles and detour traffic.  
• Maintain irrigation networks in good condition.  
• Repair the roads and irrigation networks to their original condition as early as possible.  

Appropriate provision to be included in civil works contract documents                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                      |
5.3 Remedial Measures for Removed Businesses

For the 61 businesses that have already been removed, rehabilitation measures are well underway and half of the businesses have already been fully restored or improved. For the remaining businesses RTSD will ensure the following:

1) construction and operation of new shops should be monitored and progress reported to ADB
2) for businesses within land certificates, assist businesses to finalize the procedures and then monitor their rehabilitation progress and report to ADB
3) of the 17 businesses with building permits from local authorities, 7 businesses have agreed that they are satisfied and demand no further compensation; for the remaining 10 businesses, they will be asked whether they have further compensation demands; if so, RTSD will request local authorities to negotiate compensation in accordance with domestic laws; if these business give written waiver of any claim, no further action will be required;
4) the progress on the above actions should be monitored and reported to ADB quarterly, until all outstanding issues are resolved.
5) The progress should be independently monitored each quarter.

5.4 Relocation and Rehabilitation Measures for Remaining Properties

Another 150 properties have been identified along the road reserve, but none of these are affected by road rehabilitation. Instead, RTSD plans to relocate these businesses and residences to clear the road reserve for possible future road use. This is part of a national program but since the east-west road is a major national highway, it has higher priority for road clearance. So far, the structures that were closest to the road have been relocated as a matter of road safety. The remaining structures are further back and pose no immediate safety hazard, so they will be relocated on a gradual basis. In some cases, owners have voluntarily agreed to move themselves. Some businesses, such as petrol stations, can remain because the main facilities are outside the road reserve; in such cases, RTSD will provide license for use of the road reserve to access the petrol station and no costs or compensation are required. Therefore, the schedule for removal and the number to be removed is still uncertain at this time, but will be decided by detailed design (June 2006).

In terms of relocation, all properties can be relocated nearby within the same village, and in many cases along the same road so long as they are outside the road reserve. The local municipal offices will identify available plots of land currently under municipal ownership. The owner can choose the location and size of plot they require and make payment to the municipality. The municipal office with assist with documentation to facilitate the certification of the land and building permit. In some cases, the municipality may sell the land at a rate less than stipulation by the Land Committee; in any case, the cost of land is quite affordable for businesses and most residents.

The rehabilitation measures for businesses depend upon the owner’s investment plans. Some owners may wish to expand their businesses through self investment; in such cases, the municipality will assist to find a location that is compatible with neighbors, and good for business. Other businesses will simply maintain the same scale of business. For any businesses that face difficulty to restore their business, the municipality can assist the owner to lease a building. In this manner, all relocated businesses can be rehabilitated. When new roadside markets are constructed, any affected businesses that still face difficulties will be given priority for commercial space.
No residences have been removed to date, but there are 79 houses located within the road reserve. Most of these houses have building permits from local authorities, and some even pre-date the road construction; these owners will receive compensation to rebuild their houses. There are many housing plots available in the village, so the owners will have many choices. The most difficult cases will be illegal houses that have no compensation entitlement; for these cases, RTSD will take a flexible approach by giving more time for removal; some may be allowed to remain in the road reserve but this will depend upon detailed design. Most owners are prepared to relocate since they understand they are illegal and can’t make major improvements to their homes. Those that have the financial means will be prepared to relocate once notification is given; only a few may be unable to finance the new house construction. Municipalities will work with the owners to resolve these problems prior to relocation. In this manner, all affected households will be rehabilitated.

During road construction, many local people have expressed interest in construction jobs. Many people have skills that are suitable for road construction. The local authorities will liaise with RTSD and the contractors to maximize local employment activities. Also, adversely affected households, especially the most vulnerable, will be given special consideration for construction employment. Contractors will provide on-the-job training to workers. This employment income will help the affected households to restore and improve their livelihoods.

### 5.5 Resettlement Budget

Table 5.3 shows the budget for all project related resettlement matters.

#### Table 5.3: Project Resettlement Budget

<table>
<thead>
<tr>
<th>Activity</th>
<th>Budget ($’000)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for Compensation of any Affected Properties within Road Reserve</td>
<td>150</td>
<td>Paid by local authorities</td>
</tr>
<tr>
<td>Provision for Compensation of Affected Properties outside the Road Reserve (11 properties)</td>
<td>186(^{13})</td>
<td>Paid by the Project</td>
</tr>
<tr>
<td>RTSD costs in managing and implementing the Resettlement Process</td>
<td>50</td>
<td>Costs included in the consulting services budget</td>
</tr>
<tr>
<td>Support services provided by the Design and Supervision Consultant</td>
<td>30</td>
<td>Costs included in the Project budget</td>
</tr>
<tr>
<td>Co-ordination and Monitoring services provided by the RTSD</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Consultation Costs</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td><strong>Total Resettlement Costs</strong></td>
<td>481</td>
<td></td>
</tr>
</tbody>
</table>

Source: RTSD estimates.

The resettlement budget is included in the Project cost and will be funded from RTSD capital budget. These funds will be approved prior to loan effectiveness/award of civil works. Compensation payments will be made by RTSD directly to the affected person; these payments will be made in accordance with the rules and procedures of government. The external monitor will confirm whether full entitlement has been received by the affected persons in a timely manner. Should any complaints or signs to the contrary be received during the implementation of the project, the need for auditing the compensation payments will be considered.

\(^{13}\) See estimate in Table 3.2.
6. IMPLEMENTATION ARRANGEMENTS

6.1 Procedural Requirements

The following table outlines (i) the procedures and steps involved to update the RP based on detailed design and to implement the resettlement process and (ii) the authorities responsible for carrying out the various actions. The institutions involved are described in Section 2.3.

<table>
<thead>
<tr>
<th>Resettlement Procedures</th>
<th>Designated Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Update Requirements for Resettlement within and outside Road Reserve based on detailed design (2006)</strong></td>
<td>Detailed Design Consultant</td>
</tr>
<tr>
<td>• Carry out detailed design to minimize requirements for land acquisition and resettlement.</td>
<td>Detailed Design Consultant</td>
</tr>
<tr>
<td>• Identify affected structures and properties.</td>
<td>RTSD, Ministry of Economic Development, State Committee for Architecture and Construction, local Executive Powers and other agencies designated under the Decree No. 18 (2004).</td>
</tr>
<tr>
<td>• Consultation with relevant authorities and structure owners.</td>
<td>RTSD</td>
</tr>
<tr>
<td>• Valuation of properties computed and agreed by authorities and structure owners according to Azeri legislation, including confirmation of status of property legitimacy.</td>
<td>RTSD</td>
</tr>
<tr>
<td>• Provide property owners with formal written notification of required clearance.</td>
<td>External Monitor (in 2005)</td>
</tr>
<tr>
<td>• Collection of baseline socioeconomic information for affected people</td>
<td>RTSD to liaise with local municipalities, State Committees for Construction and Architecture, agencies related to land transfer approval, and affected people to ensure agreement of all parties.</td>
</tr>
<tr>
<td><strong>Detailed Resettlement Planning (2005 and 2006)</strong></td>
<td>RTSD finalizes and submits updated Resettlement Plan to ADB</td>
</tr>
<tr>
<td>• Consultation with affected people and all agencies to identify good sites for relocating businesses and houses.</td>
<td>RTSD, local municipality and local executive powers</td>
</tr>
<tr>
<td>• Process for approval of structure design and land certification is assisted by local authorities.</td>
<td>RTSD</td>
</tr>
<tr>
<td>• Submit updated Resettlement Plan to ADB for approval.</td>
<td>External Monitor</td>
</tr>
<tr>
<td>• Distribution of information/ notification for affected people of agreed plans and issuance of notification to clear road reserve.</td>
<td>External Monitor</td>
</tr>
<tr>
<td><strong>Clearance of Affected Properties (2005 and 2006)</strong></td>
<td></td>
</tr>
<tr>
<td>• Compensation and/or relocation assistance provided to affected persons in advance of clearance.</td>
<td></td>
</tr>
<tr>
<td>• Affected people given adequate notice (minimum 3 months) to remove and salvage materials from their structures.</td>
<td></td>
</tr>
<tr>
<td><strong>Monitoring and Evaluation (2005 to 2007)</strong></td>
<td></td>
</tr>
<tr>
<td>• Conduct a baseline survey for affected businesses and households and submit report to ADB.</td>
<td></td>
</tr>
</tbody>
</table>
Resettlement Procedures | Designated Responsibilities
--- | ---
- Monitor progress of relocation and reestablishment of businesses, obstacles encountered, and suggest actions to rectify if required and report to ADB. | RTSD monitors during the 3 month notice period, and at the time of clearance
- Undertake independent monitoring and evaluation of business activity and changes in socioeconomic situations and prepare reports for RTSD and ADB. | External monitor appointed by RTSD to monitor at 6 monthly intervals
- Prepare resettlement completion report and submit to ADB. | RTSD and External Monitor

6.2 Implementation Responsibilities and Capacity

The Ecology and Safety Section of RTSD will be responsible for (i) updating the Resettlement Plan; (ii) consulting with all affected people to inform them of the resettlement program, procedures and grievance mechanisms; (iii) providing administrative support to prepare and deliver notices to affected people and other local residents related to the project’s resettlement activities and other more general project matters; (iv) collection of socio-economic data relating to all affected people, (v) determining final eligibility to compensation, compensation valuations and payment of compensation, and (vi) monitoring, supervision and reporting resettlement progress. Project progress monitoring and coordination between all concerned government agencies involved in the resettlement process would be carried out by the Project Implementation Unit (PIU) based in Baku.

The Ecology and Safety Section has 6 staff to deal with environmental and social aspects of national roads. However, since they are under the Road Maintenance Division, they have support from the district/rayon Road Maintenance Offices (6 for the Project road). This enables close monitoring of project activities and good relations with local municipalities and executive powers. Also, the Ganja regional office of the RPS has 8 staff engaged on monitoring and controlling development in the road reserve of all roads in their area. The RPS Ganja Office would need to be involved in the project resettlement activities, but this involvement would be limited to overall co-ordination and liaison with the district Road Maintenance Offices.

RTSD has gained experience in land acquisition and resettlement during the past 10 years due to the rehabilitation and expansion of the national highways. The requirements for road reserve clearance are new but RTSD has expanded its capacity by establishing the RPS. Also, the Ecology and Safety Section was established in 2004 to address environment and social planning and implementation issues. Under the Project, technical assistance will be provided for the preparation of social assessment guidelines and staff training.

6.3 Implementation Schedule

The implementation schedule for the project and for land acquisition and resettlement is shown in Figure 1. Most resettlement will occur in 2006, when detailed design is prepared.
6.4 Consultation and Participation Program

RTSD will engage in full consultation and participation program that will relate to all local residents as well as people directly affected by resettlement. This consultation and participation program will be implemented by the Ecology and Safety Section and its activities will cover (i) public participation related to the design of facilities for pedestrians, bus users, road side vendors and animals; (ii) general publicity about the intended program, scope of the construction works, and environmental impacts through public meetings and printed brochures; (iii) establishing a mechanism for local people to raise concerns over the impacts of the construction works; (iv) consultation, on a group or individual basis, with any people affected by resettlement to keep them fully informed through all stages of the resettlement process and ensure that they are aware of their legal rights; and (v) ensuring grievance and redress mechanisms are effective.. The design and supervision consultant will assist RTSD to implement this program.

The socio-economic assessment included consultations with national, district and local stakeholders from various government agencies, NGOs, communities and the private sector. Consultations provided the opportunity to inform a variety of stakeholders about the nature of the project, to elicit information from stakeholders on potential impacts and concerns related to the project, and also to better understand the nature of poverty and its causes in the project area.

Consultations (focus group discussions) in 10 villages along the route engaged 105 people (63 men and 43 women) in sharing a greater understanding of the nature of poverty and development in the project area, and issues related to road transport. These meetings provided an opportunity to advise local populations of the proposed road development, however the over-arching concern of most residents was of the potential demolition of their properties within and near to the road reserve. The concerns and suggestions of shepherds in relation to road improvement were also garnered through consultation with small groups during their spring migrations (approximately 4 groups).

In the next phase, when detailed design of both the road rehabilitations are undertaken, further consultation will require a greater depth to involve affected people and responsible agencies in the decision making and design. Siting and design of integral components of the road will need to be undertaken in consultation with local communities and authorities (e.g., the location of bus stops, local road access maintenance, pedestrian and livestock crossings.

Appendix 1 outlines the program for consultation and participation in the lead up to the detailed engineering design, through to road reconstruction. Appendix 2 present details of the consultations undertaken to date with various stakeholders.

6.5 Grievance Redress Mechanism

There will be formal and informal procedures for addressing grievances related to Project implementation. Based on previous experience, many grievances can be resolved through informal channels. Affected persons will normally voice their concerns to the project site office or the contractors. In order to facilitate the handling of individual grievances, the local people and authorities will be notified that all grievances should be channelled through the district Road Maintenance Offices. These offices will document the grievance and send it to the appropriate agency/office for action. The Road Maintenance Office will also follow-up to ensure the grievances have been adequately resolved. In this manner, common grievances can handled quickly and more effectively. A summary of grievances will be forwarded to the PIU and made available to ADB on request.
If individuals are not satisfied with this informal process, a formal complaint can be sent to the municipal authorities or the local executive powers, first at village level and if necessary to district level. Grievances can also be formally submitted to RTSD if they are the responsible party. If the grievances are not adequately resolved, the individual can take action through the courts.

6.6 Monitoring, Evaluation and Reporting

A comprehensive program of monitoring, evaluation and reporting will be established by RTSD to ensure that any resettlement is carried out within the procedures given in this Resettlement Plan. There will be both internal and external monitoring and evaluation (M&E).

Internal monitoring, supervision and quarterly reporting will be the responsibility of the Ecology and Safety Section of RTSD. This will have the twofold objective of: (i) monitoring people affected by resettlement to ensure that they are treated fairly within the Azeri legislation, to monitor that entitlements have been adequately provided to affected persons and to monitor that they are not made worse-off by the project; and (ii) monitoring the effectiveness and efficiency of the whole resettlement process to identify any bottlenecks in the process and ensure that prompt action is taken to resolve these bottlenecks to minimize the risk of delays to the project completion. Resettlement Progress reports will be submitted to ADB quarterly during resettlement implementation.

External monitoring, evaluation and reporting will conducted local expert to be recruited by RTSD. The terms of reference for the external monitor are shown in Appendix 5. The external monitor will be contracted by 31 October 2005 in order to (i) conduct baseline socioeconomic survey of affected businesses and households and (ii) monitor the ongoing removal businesses from the road reserve and their rehabilitation. A baseline socioeconomic survey report will be prepared and submitted to RTSD and ADB. During resettlement implementation, monitoring will be conducted quarterly and M&E reports submitted semi-annually to RTSD and ADB. After rehabilitation, one or two annual investigations will be conducted to evaluate the results compared with the baseline condition, and M&E reports submitted to RTSD and ADB.

When resettlement and rehabilitation activities are successfully completed, RTSD with assistance from the external monitor will prepare a resettlement completion report and submit to ADB. This will be required for final acceptance of the Project completion.
## Figure 1  RESETTLEMENT IMPLEMENTATION SCHEDULE

<table>
<thead>
<tr>
<th>Activity</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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</thead>
<tbody>
<tr>
<td><strong>IDB-Funded Road Improvement Works</strong></td>
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<tr>
<td>Clearance of Road Reserve (61 businesses)</td>
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<tr>
<td>Approval of Resettlement Plan</td>
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<tr>
<td>Detailed Design</td>
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<tr>
<td>Further Clearance of Road Reserve as per RP</td>
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<tr>
<td>Temporary Impacts During Civil Works Construction</td>
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<tr>
<td><strong>ADB-Funded Road Improvement Works</strong></td>
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<tr>
<td>(a) Yevlax-Ganja &amp; Qazax-Georgian Border Sections</td>
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<tr>
<td>Preparation and Approval of Resettlement Plan</td>
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<tr>
<td>Detailed Design</td>
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<tr>
<td>Updating and Approval of Resettlement Plan</td>
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<tr>
<td>Clearance of Road Reserve as per RP</td>
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<tr>
<td>Land Acquisition for Road Realignment</td>
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<tr>
<td>Temporary Impacts During Civil Works Construction</td>
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<tr>
<td>(b) Local Roads</td>
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<td></td>
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<tr>
<td>Confirmation of Roads and Detailed Design</td>
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<tr>
<td>Updating and Approval of Resettlement Plan, if required</td>
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<tr>
<td>Land Acquisition and Resettlement, if required</td>
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<td>Temporary Impacts During Civil Works Construction</td>
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<tr>
<td><strong>Monitoring and Evaluation of Resettlement</strong></td>
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<tr>
<td>Appoint Resettlement Staff within Ecology &amp; Safety Section</td>
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<tr>
<td>Engage External Monitor</td>
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<tr>
<td>Internal Monitoring, Supervision and Reporting by RTS</td>
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<tr>
<td>Baseline Surveys (inside and outside road reserve)</td>
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<tr>
<td>External Monitoring, Evaluation and Reporting</td>
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</tbody>
</table>

ADB = Asian Development Bank, IDB = Islamic Development Bank, PIU = project implementation unit, Q = quarter.

Source: Road Transport Service Department.
## Appendix 1 – Consultation and Participation

### 1.1 Participation Plans

<table>
<thead>
<tr>
<th>Objective of Participation</th>
<th>Participants</th>
<th>Phase of Project and Timing</th>
<th>Mode of participation</th>
<th>Activities undertaken during Feasibility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For Project Design and Construction</strong></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
| Inform local stakeholders of project plans and land acquisition and resettlement impacts | • District government  
• District road agency  
• Local community  
• Affected residents  
• Affected businesses | • Feasibility (Oct. to Dec. 2004)  
• Detailed Design (Jan. to June 2006)  
• Pre-construction (July to Oct. 2006) | • Notice in Local Papers  
• Progress Reports in regular Town Hall Meetings  
• Posters at transport nodes  
• Roadside notices (pre-construction)  
• Public meetings and posters at 7 roadside settlements | • Announced and explained at Ganja Town Hall meeting, Oct 14. (multi-stakeholder)  
• Consultation with local govt., road agencies, and some of local population through FGD and interviews |
| Local input for concerns on adverse impacts and opportunities for enhancing social benefits for local poor | • Local villagers  
• Affected residents  
• Affected businesses  
• Relevant district department for social affairs | • Feasibility (Oct. to Dec. 2004) | • Focus Group Discussions (FGDs) in communities  
• Consultation with affected households and businesses  
• In-depth Key Informant interviews with community representatives, local government and NGOs | • 10 FGDs in villages  
• Discussion with local govt., NGOs and private sector working in the project area |
| Location requirements for underpasses or other crossing points to ensure safe access across the road | • Local villagers  
• Local shepherds  
• Local farmers  
• Local departments of construction | • Feasibility (Oct. to Dec. 2004)  
• Detailed Design (Jan. to June 2006) | • Focus group discussions with target groups  
• Local public meetings/ workshops to prioritize and agree locations | • Preliminary discussions with shepherds and local communities to identify need and preliminary locations. Also established further issues for shepherds |
| Location and design of bus stops | | | | |

To summarise:

- For Project Design and Construction:
  - Identified potential locations for underpasses or other crossing points.
  - Consulted local stakeholders on adverse impacts and social benefits.
- Local Input on Adverse Impacts:
  - Collected feedback on adverse impacts and social benefits.
- Location Requirements:
  - Planned underpasses and crossing points.

This approach ensured comprehensive stakeholder engagement throughout the project's design and construction phases.
<table>
<thead>
<tr>
<th>Objective of Participation</th>
<th>Participants</th>
<th>Phase of Project</th>
<th>Mode of participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Proposed Roadside Market Development with Concessional Areas for the Poor and Vulnerable</td>
<td>Obtain local authority input and consent in developing the concept</td>
<td>District Executive Authorities (EA) • Local Municipalities • Local RTSD • Local stakeholders and affected businesses</td>
<td>Feasibility (Oct. to Dec. 2004) • Detailed Design (Jan. to June 2006)</td>
</tr>
<tr>
<td>Stakeholder assessment to establish capacity of potential target groups and determining any capacity building needs</td>
<td>Community organizations • Affected businesses</td>
<td>Detailed Design (Jan. to June 2006)</td>
<td>Stakeholder specific workshops/FGDs • Key informant interviews</td>
</tr>
<tr>
<td>Stakeholder engagement in planning and design issues</td>
<td>District Executive Authorities (EA) • Local Municipalities • Local RTSD • Community organizations • Affected businesses</td>
<td>Detailed Design (Jan. to June 2006)</td>
<td>Stakeholder specific consultation and training for some capacity building if necessary • Local workshops</td>
</tr>
<tr>
<td>Formation of a planning and management group to be responsible for planning and implementation</td>
<td>District Executive Authorities (EA) • Local Municipalities • Local RTSD • Community organizations • Affected businesses</td>
<td>Detailed Design (Jan. to June 2006) • Construction (2007 and 2008)</td>
<td>Iterative workshops • Iterative meetings</td>
</tr>
</tbody>
</table>
## Appendix 1.2 – Record of Consultations during Socio-economic Assessment

During the socio-economic assessment, consultations were undertaken at the national, district and local level with relevant government, private sector, community, affected households, affected businesses and NGO stakeholders.

<table>
<thead>
<tr>
<th>Date (2004)</th>
<th>Stakeholder</th>
<th>Form of Consultation</th>
<th>Issue*</th>
<th>Result</th>
</tr>
</thead>
</table>
| 5 Oct       | EBRD        | Consultant Team meeting | Road rehabilitation | • Information about road reserve clearance information campaign  
• Establish some businesses already relocated |
| 6 Oct       | Yevlax Executive Authority | Consultant Team meeting | Project disclosure and district information | • Informed local authorities of project plans and scope, and of the studies objectives  
• Garner support for the study and collect some preliminary information |
| 7 Oct       | Governor of Ganja | Consultant Team meeting | Problem ID | • Procedure for ROW inventory and maintenance |
| 8 Oct       | Goranboy Executive Authority | Consultant Team meeting | Road information and problem ID | • Status of road reserve clearance (notification complete, some eviction carried out) |
| 15 Oct      | Khanlar Executive Authority | Consultant Team meeting | Road reserve issue – procedure, responsibilities, status, plan | • Procedure for inventory  
• Relevant laws |
| 7 Oct       | Ganja RTSD  | Consultant Team meeting | Problem ID | • Procedure for ROW inventory and maintenance |
| 8 Oct       | Goranboy RTSD | Consultant Team meeting | Road information and problem ID | • Status of road reserve clearance (notification complete, some eviction carried out) |
| 12 Oct      | Road Safety Services Dept. RTSD | Consultant Team meeting | Road reserve issue – status and plan | • Procedure for inventory  
• Relevant laws |
| 13 –14 Oct  | RTSD – Dpty Technical Director | Social Specialist interview | Road reserve issue – status and plan | • Inventory list for road reserve in project area  
• Inventory process  
• Copies of inventory documents  
• Advised to seek status information from regional implementation team |
<table>
<thead>
<tr>
<th>Date</th>
<th>Stakeholder</th>
<th>Form of Consultation</th>
<th>Issue*</th>
<th>Result</th>
</tr>
</thead>
</table>
| 15 Oct | Ganja RTSD                                 | Social Specialist meeting with various RTSD staff | Road reserve clearance status                                         | • TV warnings and awareness campaign already initiated  
• Notification for removal was verbal, not written  
• Introduced to Local Ganja Road Safety Services Team                                                                                                                                                  |
| 15 Oct | Ganja Road Safety Services Team            | Social Specialist meeting with RSST            | Road reserve clearance status                                         | • Information on program (began demolition Sept 5, plan all complete by end 2004)  
• 220 demolished to date, including 60 in Yevlax and Goranboy  
• Team of 8 working from Alat to Georgia  
• Daily patrol protects the reserve  
• COM will decide any house compensation  
• Some local govt allocated land to evictees  
• For WB section, clearance was done before RSST formed  
• Anticipated social impacts to damaged local access roads, elevation of road isolating low-lying adjacent properties                                                                .FlatStyle:cell
| 16 Oct | Goranboy Deputy Executive Power (for Social Issues) | Social Specialist Interview                    | Local development issues, opportunities, road reserve issues          | • Collect extensive information on development projects, plans and priorities, and socio-economic conditions  
• Information on multi-stakeholder cooperation to support road reserve clearance and evictees (land allocation, relocation service)                                                                 |
<table>
<thead>
<tr>
<th>Date</th>
<th>Stakeholder</th>
<th>Form of Consultation</th>
<th>Issue*</th>
<th>Result</th>
</tr>
</thead>
</table>
| 17 Oct  | Interviews with shepherds (3 groups) | Social Specialist Field interviews with individuals and shepherd groups | Issues related to road and it’s development, especially crossing requirements | • Stock loss due to accidents is not an issue  
• Cross the road frequently at villages and intersections  
• Bridge (in Khanlar) is a bottle neck with no alternative |
| 17 Oct  | Interviews with evicted shop owners  | Social Specialist group interview with 3 owners and other bystanders | Details of the clearance and actions since | • Information on the timing and procedure of inventory, notification, and clearance  
• Information on the assistance offered and its quality  
• Information on the cost and requirements for redevelopment  
• Information on the current status of evictees, their concerns and requirement |
| 19 - 21 Oct | 10 Communities along road           | Social Specialist Focus Group Discussions (Total 106 participants – 63 men, 43 women) | Local poverty, development priorities, assessment of current development, migration, concerns about road project, development opportunities from the road | • Extensive information on each topic |
| 20 Oct  | RTSD                                 | Consultant Team meeting       | Advise of road reserve issue and ADB requirements                     | • Discussed the situation in regard to road reserve clearance  
• Discussed applicability of ADB resettlement policy to these activities and the required responses  
• Discussed draft entitlement matrix |
Appendix 2   TERMS OF REFERENCE FOR EXTERNAL MONITOR

In accordance with the ADB loan agreement, RTSD will select and engage an independent external monitor for resettlement implementation. The external monitor should be experienced with involuntary resettlement and social assessment. The proposed candidates will be sent to ADB for concurrence, prior to signing a contract with RTSD. The responsibilities of the external monitor would be as follows:

1. **Confirmation of Affected People and Their Eligibility for Compensation and Assistance**  
   - the inventories of affected persons will be reviewed by the external monitor to confirm eligibility of affected persons has been conducted in accordance with the approved Resettlement Plan(s).

2. **Baseline Survey of Affected Households and Businesses** – conduct a survey of 20% of affected households and 20% of affected businesses as a baseline database for tracking resettlement impacts and results of compensation and assistance. This survey should focus on income levels, livelihoods/businesses and living conditions, before and after resettlement.

3. **Monitoring and Report on Resettlement Implementation** – monitor the resettlement planning and implementation activities quarterly to ensure the work is conducted in accordance with the Resettlement Plan. Confirm that:
   
a. entitlements have been provided in full and on time;
   b. assistance and other proposed measures have been implemented satisfactorily
   c. information disclosure has been adequate
   d. grievances and redress has been handled appropriately and timely.
   
   Where it is found that adverse impacts persist, remedial measures should be recommended to RTSD based on field investigations. The external monitor will submit monitoring reports every six months to RTSD and ADB.

4. **Tracer Surveys of Affected Households and Businesses** – conduct a tracer survey of 20% of affected households and 20% of affected businesses (i.e., those included in the baseline database). Confirm the degree of resettlement impacts, compensation and assistance received, and the results on their income levels, livelihoods/businesses and living conditions, before and after resettlement. The tracer surveys should be conducted annually until it is determined that affected persons have been fully restored.

5. **Annual Evaluation and Resettlement Completion Reports** – based on the tracer surveys and other investigations, the external monitor will prepare an evaluation report one year after affected persons were resettled; this report should assess whether the activities were adequately implemented and whether the results has fully restored their income levels, livelihoods/businesses and living conditions. If there are outstanding problems, remedial measures should be recommended. Evaluations should be conducted annually for two years. If there are no further issues, the second report should constitute the final resettlement completion report. Therefore, the contract for external monitoring will cover a 3 to 4 year period.
Appendix 3 RELEVANT LEGAL INSTRUMENTS

Appendix 3.1

Cabinet of Ministers of the Republic of Azerbaijan

2004 Road Reserve Decree (Decree No 18)
28 February 2004
(unofficial translation)

Regarding Additional Activities Aimed at Regulating the Usage of Reserved Road Areas of the Azerbaijan Republic.

There are currently many properties built in the right of way of the roads in the Azerbaijan Republic, in contravention of the requirements of the Road Law and other legislative norms. This situation prevents the expansion of the roads to meet international road standards and at the same time leads to accidents. However, executive powers and municipalities of some districts continue to allocate illegal lands for the construction of various properties within the right of way.

Considering the above mentioned conditions, the Cabinet of Ministers of the Republic of Azerbaijan decrees:

1. Designate to district Executive Powers and Municipalities to halt constructions within 60 meters of republic roads, and within 25 meters of local roads, excluding engineering features which have been permitted by the ministry of Transport and Ministry of Internal Affairs, according to Decree No 461 of the Azerbaijan Soviet Socialist Republic Soviet of Ministers, “Approval for using the roads and road components (structures) and their maintenance”, dated 17 November 1989.

2. Designate to the State Committee on Mapping and Land of the Republic of Azerbaijan, District Executive Powers and Municipalities to ensure agreement of Ministry of Transport and Ministry of Internal Affairs before allocating any land for constructing any kind of engineering structures adjacent to the republic category roads, considering road rehabilitation works and safety of road traffic. Pay special attention to build any kind of legal property in a national architectural style around the road and close to the reserved area of the road.

3. The Ministry of Transport of the Republic of Azerbaijan should conduct the approvals process for the allocation of lands around the republic and local roads in consideration of prospects for road development and expansion.

4. Designate to the Ministry of Transport, Ministry of Internal Affairs, Ministry of Economic Development, Ministry of Finance, and the State Committee for Construction and Architecture, that considering the prospects for rehabilitation and construction of the roads to meet international standards, jointly with the City Executive Power, to inventory all properties and engineering structures with are located within the reserved area of the road (60 meters and 25 meters) within 3 months, identifying legitimacy and value, and submit the results, along with suggestions to the Cabinet of Ministers of the Republic of Azerbaijan.

5. The Ministry of Transport and the Ministry of Internal Affairs jointly with the City Executive Powers, the prevent and strictly control any kind of illegal constructions on the right of way of republic an local roads, and to be alert not to overlook any of these such properties and restoration works

6. This decree comes into power from the day when it is signed.
EXCERPTS FROM THE DECREES OF THE PRESIDENT OF THE REPUBLIC OF AZERBAIJAN ON APPLICATION OF LAW ON ROADS
Decree No 299
10 March 2000
(unofficial translation)

Article 9. Republic Roads

Republic roads being constitute part of general road network serve the transportation of goods and passengers in country area. Republic roads provide the way out from Baku, the capital of the Republic of Azerbaijan, to the bordering countries as well as connects Baku city with the Republic cities, regional centers, big settlements, air, sea and river ports, railway stations, reserves and recreation centers, and special objects and entities.

The classification of republic roads is worked out and approved as specified by the appropriate executive bodies in accordance with requirements of effective legislative acts.

Article 10. Local Roads

Local roads are the part of public roads and provide transport between rayons and town as well as administrative areas and production units. The classification of local roads is worked out and approved by the appropriate executive bodies in accordance with effective legislative acts.

Article 14. Road Reservation

Road reservation, a component of land areas allocated for road, covers the territory where the roadside infrastructure objects, other engineering, social and technical structures as well as decorative and protective planting necessary for construction, repair, use and maintenance of road structures is located.

The dimensions of road reservation are identified considering the classification indicators and concrete circumstances of roads determined by relevant executive power body.

Use of road reservation is carried out by taking into account the requirements of relevant normative legal acts.

Land area for design and construction of other engineering structures in the road reservation for general use is only allocated in exceptional cases by the agreement of adequate executive power bodies considering the perspective development, repair and construction as well as provision of traffic safety of the road.

Land areas where the objects are located within the road reservation can be redeemed (purchased) from the owners, users and leasers according to the legislation on land, except for the cases determined in regime\(^{14}\) for using those areas.

During the one month after the decision on new dimensions of road reservation and land allocation is made, the property owners, land users and leaser receive a note about

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\(^{14}\) Regime refers to those properties permitted conditional use of the road reserve by the Ministry of Transport. The conditions of this use state that they are not entitled to compensation for any losses due to the Ministry of Transport resumed use of the lands.
specific usage regime of this land and the possibility of this land area to be purchased for road needs in the future.

When allocating the land areas within the road reservation for the needs of legal and physical entities and procurement of the objects located in that area, the new owners must be notified of the conditions of use of this land.

Besides the road reservation, other land sites can be designated for permanent and temporary use for the needs of road. Regulations for designation of these lands are defined by adequate executive power bodies.

**Article 33. Implementation of enterprise and other kinds of activity on roads**

Enterprise and other kinds of activity on roads and the fixed strip should not prevent traffic and pedestrians and should be carried out in specially allocated places with the consent roads owners.

Trade and other enterprise activity within the limits of a ground of the roads, which are in common use, are forbidden. The order of use in these purposes of the roadside areas allocated in a fixed strip is adjusted by the appropriate normative-legal acts.

The physical and corporate persons carrying out enterprise and other activity in the territory of roads can be engaged in realization of such activity only in the order established by the legislation.

The corporate and physical persons, willing to be engaged in trade and other enterprise activity on a roadside strip, can do it on the basis of the contract concluded with owners of roads, with performance of the obligations following from the contract.

**Article 53. Procedure for Settlement of Disputes**

Settlement of disputes on issues of realization of road activity, road use and road protection are done by road economy organizations or by the appropriate court according to their powers in the order established by the legislation.

Disputes between the Azerbaijan Republic both the foreign states and the international road bodies on the issues connected to roads, are solved according to the appropriate international contracts and agreements of the Republic of Azerbaijan.
EXCERPTS FROM THE 1989 ROAD DECREE
(unofficial translation)

Article 7

In the reserved area it is not permitted to:

a) Build communications, sewage, gas, electricity or pipeline infrastructure. Also other constructions such as agricultural and industrial.

b) Plough crops, plant trees, or damage existing trees.

c) Dispose waste water or sewage.

d) Display commercial advertisements or portraits.

e) In some exceptional circumstances, engineering constructions may be permitted. However, if construction or rehabilitation of the road is required, these constructions must move within 6 months of notification. If the construction is built without permission, they may be given 15 days to move, after which the roads departments can demolish the constructions without compensation and use these materials in the construction of the road.
Appendix 3.4

EXCERPTS FROM THE LAND CODE OF THE REPUBLIC OF AZERBAIJAN
(approved by Law 695 on 25 June 1999)
(unofficial translation)

Chapter XXI. Resolution of Land Disputes

Article 103. Authorities resolving land disputes

1. Land disputes shall be resolved by the relevant executive authorities, municipalities and courts within their authorities.

2. Disputes shall be considered by courts in the manner established by the legislation in the event that the parties are not pleased with the relevant executive authority and municipality’s decision.

3. Property disputes on land relations including the disputes on the determination and reimbursement of damages caused shall be settled by court in the manner established by the legislation.

4. Disputes regarding the proprietary rights for land plots in districts (towns) and landowners, users and lessees' disputes on the utilization of land plots shall be considered and resolved by the relevant executive authority, municipality and court.

5. Disputes regarding the determination of the limits of residential areas within any district (town) shall be considered by the relevant executive authority and municipality. Parties may file complaints with upper state agencies or court in the event that they are not satisfied with their decision.

Article 106. Procedures for the consideration of land disputes out of court

1. The relevant executive authority shall consider land disputes on the basis of one of the parties' application within a month after the date of acceptance of said application.

2. Land disputes shall be considered with the participation of the interested parties. Consideration of the case shall be postponed in the event that one of the parties does not participate in the resolution of the issue for the first time and that his formal agreement to consider the case is not available.

3. Non-appearance of one of the parties in the process of consideration of the case without valid reasons shall not suspend the adoption of a decision on this issue.

4. The decision of any authority considering land disputes shall include the procedures for the enforcement of said decision and the reinstatement of the violated rights.

5. The decision shall be submitted to the parties within 5 days after the date of adoption of this decision.

Article 107. Rights of the Parties to Land Disputes Resolved by Court

Parties to land disputes considered out of court shall have the right to familiarize themselves with the documents on the resolution of disputes, make excerpts from them, participate in the consideration of land disputes, submit documents and other proofs, solicit for, give verbal and written explanations, object to other party's solicitation and agreements,
obtain a copy of the decision on land disputes and lodge a complaint to the relevant court in the event that he/she is not satisfied with the decision of the relevant executive authority and municipality.

Article 108. Enforcement of the Decision on Land Disputes by Court

1. The decision of the relevant executive authority or municipality regarding land disputes shall be deemed to have come into force as of the date of its adoption. Lodging a complaint against the decision to the relevant court shall not terminate its enforcement.

2. Supervision over the enforcement of the relevant executive authority or municipality’s decision on land disputes shall be carried out by the relevant executive authority in the established manner.

3. The enforcement of the decision on land disputes may be terminated or its term extended by the authority that has adopted this decision or by an upper authority.

Chapter XXII. Responsibility for the Violation of Land Legislation

Article 109. Invalidity of Land Agreements

Agreements entered into by landowners and lessees for the purchase and sale, donation, willful exchange of land plots subject to others’ property, as well as the agreements signed by the breach of procedures provided for in this Code shall be deem null and void.

Article 110. Responsibility for the Violation of Land Legislation

Persons found guilty in the commitment of the following actions shall bear responsibility in the manner established by the legislation:

- Signing of the agreements indicated in Article 109 herein;
- Willful occupation of land plots;
- Implementation of illegal construction on land plots;
- Changing of land categories without following the requirements of the legislation;
- Contamination of land plots and pollution of land plots with process and domestic wastes, chemical and radioactive substances and sewage water; Infection of land plots with bacterial-parasitic and harmful quarantine organisms;
- Non-taking of mandatory actions for the improvement of land quality and the protection of land from wind, water erosion and other processes that deteriorate the fertility of land plots;
- Spoilage of fertile layer of lands (including forest lands);
- Designing, construction and commissioning of the facilities causing damage to the status of land;
- Returning of land plots granted on temporary utilization and lease not in due time and non-fulfilment of obligations regarding the rehabilitation of said land plots for purposeful utilization;
- Destruction of the limits and the markers of land plots subject to property and utilization;
- Concealment of land plots from state registration and distortion of information about the quantity and quality of land plots;
- Destruction of geodetic-reference stations and surface markers of meteorological networks and metering devices available on land plots; spoilage of melioration and irrigation systems there.
Article 111. Returning of Willfully Occupied Land Plots

1. Willful occupation (seizure) of land plots in the Republic of Azerbaijan shall be prohibited.

2. Land plots occupied (seized) willfully should be returned back to the relevant authority without reimbursement of expenditures incurred during the illegal utilization of said land plots.

3. Rehabilitation of land plots (including the pulling down of the buildings, premises and facilities available there) shall be carried out by legal entities and physical persons that have occupied the land plots or at the expense of said persons. If land plots occupied (seized) willfully are not returned back in the manner established by the legislation then the cadastre value of said land plot shall be paid to its legal owner by the person that has occupied said land plot and then it shall be returned back.

Article 112. Reimbursement of Damages Caused As a Result of Violation of the Land Legislation

Legal entities and physical persons shall be obliged to pay any damages caused as a result of violation of the land legislation by them.

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i Includes businesses such as restaurants, cafes
ii Estimated value, as one property in Yevlax, outside the project area has been deducted from the inventory data, but the value has been assumed to be average for the district.
iii Includes transport services such as car repairs, garages
Source: RTSD Technical Department
APPENDIX 4
LIST OF BUSINESS UNITS REMOVED FROM THE ROAD RESERVE

(This is not attached due to confidentiality)
1. **Outline of the Project**

The East-West Highway Improvement Project (the Project) involves reconstruction of two sections of the main east-west highway running from Baku to the Georgian border: (i) 89 km long section between Yevlakh and the western end of the Ganja via the Ganja bypass, and (ii) 38 km long section between Qazakh and the Georgian border. This east-west road has strategic importance for Azerbaijan and it is part of the “silk road” transport corridor that links Asia to Europe. The Road Transport Service Department (RTSD) is planning to start reconstruction by mid 2006.

The Project will reconstruct the existing two lane pavement with minor widening, and thus the physical works will not require significant land acquisition outside of the designated 60 meter wide road reserve. In a few spots, it may be necessary to exceed the bounds of the existing road reserve so the radius of the curves meets the required norms for speed and for safety reasons. These will be determined during detailed design in the first half of 2006.

The Asian Development Bank (ADB) and the Islamic Development Bank will provide loans to the Government of Azerbaijan to help finance the road rehabilitation civil works. This Resettlement Plan (RP) applies to all components of the Project, irregardless of the source of funding. The RP covers procedures that will be adopted for (i) the acquisition of any land and properties outside the official road reserve and (ii) any removal of property inside the official road reserve that is required for the construction of road rehabilitation civil works.

2. **Project Impacts**

The project area includes 6 rayons (Yevlax, Goranboy, Khanlar, Ganja City, Aghstafa, and Qazax. The project road crosses xx villages. In 2004, RTSD compiled an inventory of 210 structures located within the 60 meter wide road reserve for the Project road. As of June 2005, 61 temporary structures have been removed from the road reserve and about 150 structures are still to be removed, in accordance with the Road Law.

It may be necessary to acquire up to 11 separate areas of land in locations where the existing road curvature is sub-standard and realignments would be necessary for safety reasons to provide horizontal curvature and sight distance at each location that is commensurate with the design speed. In each of these areas, the land would be required to accommodate the new road and road reserve to suit the new road centerline. The final resettlement requirements will be determined during the detailed design of the project.

The civil works contracts will require the contractors to be responsible for the temporary acquisition and reinstatement of all land required outside the road reserve for construction camps, offices, borrow pits, materials storage sites, materials processing sites and haul roads. The contractors will select the land parcels they require and they will be responsible for negotiating agreements with land owners to occupy the land. In the event that a contractor fails to obtain the agreement of any landowner, they would be required to select an alternative site and negotiate a new agreement. No involuntary occupation of land for temporary construction purposes would occur.

Provision will be made in the civil works contracts for the contractors to be responsible for providing adequate measures to cater for existing traffic while the road rehabilitation works are
in progress. These measures might include (i) enabling single lane traffic operations on one side of the road, while construction works are carried out on the other side; (ii) constructing and maintaining temporary diversion roads within the road reserve; and (iii) diverting traffic onto any parallel existing roads and maintaining these roads.

No land would be required for the construction of diversion roads outside the road reserve. The contractors shall be required to obtain the approval of RTSD for all proposals for traffic management during the construction of the civil works contracts and they shall also be required to maintain all temporary diversion roads and existing roads used to carry diverted traffic from the main road.

3. Legal and Policy Framework and Entitlements

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 3 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.

ADB’s policy on involuntary resettlement requires that: (i) involuntary settlement is avoided wherever feasible; (ii) resettlement is minimized where population displacement is unavoidable; and (iii) displaced people receive assistance, preferably under the Project so that they would be at least as well-off with the Project as without it.

Procedures for valuation for compensation and other purposes are laid down in the Land Law, the Land Code, and the following legal instruments: (i) Resolution No. 42 on Some Normative and Legal Acts relating to the Land Code; and (ii) the Cabinet of Ministers Resolution No 110 – On Approval of Regulations for an Inventory Cost estimation of Buildings.

RTSD will compensate the owners of any legal structures that are damaged or need to be relocated for the project construction. Compensation is calculated based on Market prices and replacement value as determined by local evaluators and agreed upon by the owner, RTSD and the Executive Powers. For illegal structures within the road reserve, no cash compensation is allowed but assistance is provided to remove the structures, salvage materials, and identify a land plot to reconstruct a permanent shop. For partially legal structures (i.e., permits were granted by local authorities), cash compensation should be paid by the agency that issued the permit. Other immovable assets and land attachments 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.

During construction, temporary land occupation will be required for temporary access roads, borrow areas, spoil deposits, and construction facilities/camps. Compensation will be calculated on the basis of the land temporarily acquired for the highway construction. Compensation will cover the following components: (i) loss of annual crop production, (ii) potential crop yield reduction for three years, (iii) loss of any trees or perennial crops, (iv) loss of use of grazing land, and (v) loss of immovable assets and land attachments. Upon construction completion, the land used for temporary access roads will be reinstated to its pre-project condition and returned to the owner or user.
All planning and implementation processes connected with this resettlement will be carried out in accordance with the existing Azeri legislation and the stipulations of this Resettlement Plan. Care will be taken to ensure that the impacts on the affected people are minimized. In particular, the following measures will be taken:

(i) the design consultants will be required to ensure that the road alignment is selected to minimize requirements for resettlement within the road reserve;
(ii) entitlements will be provided as set out in Table 1;
(iii) all affected people will be informed of their legal entitlements under the existing Azeri legislation;
(iv) all affected people will be kept fully informed about the progress of the resettlement process;
(v) effective grievance mechanisms will be provided for the implementation of these plans;
(vi) full attention will be given to reviewing any grievances brought to RTSD's notice and RTSD will deal with these cases promptly and fairly, within the framework of Azeri legislation.

RTSD will adopt 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. The entitlement matrix is shown in Table 1.

4. Implementation Responsibilities and Capacity

The Ecology and Safety Section of RTSD will be responsible for (i) updating the Resettlement Plan; (ii) consulting with all affected people to inform them of the resettlement program, procedures and grievance mechanisms; (iii) providing administrative support to prepare and deliver notices to affected people and other local residents related to the project's resettlement activities and other more general project matters; (iv) collection of socio-economic data relating to all affected people, (v) determining final eligibility to compensation, compensation valuations and payment of compensation, and (vi) monitoring, supervision and reporting resettlement progress. Project progress monitoring and coordination between all concerned government agencies involved in the resettlement process would be carried out by the Project Implementation Unit (PIU) based in Baku.

RTSD will engage in a full consultation and participation program that will relate to all local residents as well as people directly affected by resettlement. This consultation and participation program will be implemented by the Ecology and Safety Section and its activities will cover (i) public participation related to the design of facilities for pedestrians, bus users, road side vendors, and animals; (ii) general publicity about the Project and impacts; (iii) establishing a mechanism for local people to raise concerns over the impacts of construction works; (iv) consultation with any people affected by resettlement; and (v) ensuring grievance and redress mechanisms are effective. The design and supervision consultant will assist RTSD to implement this program.

RTSD will establish monitoring, evaluation and reporting to ensure that any resettlement is carried out according to the RP. Monitoring and evaluation will have two objectives: (i) monitoring people affected by resettlement to ensure that they are treated fairly, receive full entitlements in a timely manner and ensure they are not made worse-off; and (ii) monitoring the effectiveness and efficiency of the resettlement process to identify any bottlenecks in the process and ensure that prompt action is taken to resolve problems. Internal monitoring,
evaluation, and reporting will be carried out by the Ecology and Safety Section and reported to ADB through the PIU; external monitoring, evaluation, and reporting will be conducted by a locally recruited independent monitor.

Copies of the full Resettlement Plan have been provided to Rayon Government

If you need further information, please contact:

The local Rayon Road Maintenance Office

or

Ecology & Safety Section,
Road maintenance Division,
Road Transport Service Department
Baku
Telephone Number
Table 1: Resettlement Entitlement Matrix

<table>
<thead>
<tr>
<th>Type of Losses</th>
<th>Level of Impact</th>
<th>Entitled Persons</th>
<th>Entitlement Policy and Standards</th>
<th>Implementation Issues</th>
</tr>
</thead>
</table>
| Demolition of Commercial Buildings | About 120 businesses, of which 61 have already been removed | 1) Legal Structures: Enterprise owners within the road reserve whose businesses are active (no such cases identified so far) | • 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 Municipality to acquire a legal plot nearby, and  
• Demolition after the business has been reconstructed. | Require support for:  
• Attaining required approvals from relevant departments in order to be issued ownership papers of newly allocated land.  
• Support to pursue legal action with local authorities if a permit was provided. |
| 2) Structures with permit from local authorities | Enterprise owners within the road reserve whose businesses are active (about 40-50 cases) | • 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 6 months after notification. | |
| 3) Illegal Structures | Owners within the road reserve whose businesses are active (70-80 cases) | • Assistance to move 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. | |
<p>| | Owners of abandoned enterprises (10 cases) | • No compensation unless owner can be determined. | |</p>
<table>
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<tr>
<th>Type of Losses</th>
<th>Level of Impact</th>
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<th>Entitlement Policy and Standards</th>
<th>Implementation Issues</th>
</tr>
</thead>
</table>
| Demolition of Residential Houses | 79 residential structures. | 1) Owners of legal houses (#) | • Cash compensation for lost housing and all attachments (such as courtyards, fences, wells, etc.) at negotiated prices, and  
• Assistance from Municipality to acquire 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. | Compensation will be paid by RTSD |
| 2) Owners of non-legal houses with permit from local authorities (#) | • Compensation for lost housing and all attachments (such as courtyards, fences, wells, etc.) at price negotiated with local authorities, and  
• Assistance from municipality to acquire a legal plot nearby, and  
• Compensation for any productive trees market prices, and  
• Demolition should be done 6 months after notification. | Compensation will be paid by local authorities; RTSD will request for quick settlement |
| 3) Owners of illegal structures (#) | • Assistance to move 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. | |

2. Impacts Caused by Road Rehabilitation Works outside the Road Reserve

| Permanent land acquisition | Maximum of 11 separate areas, but land take to be confirmed during detailed design | Owners of the affected properties:  
1) Private owners  
2) Municipalities  
3) State-owned land | • 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. | Require support for obtaining required approvals from relevant departments in order to be issued ownership papers for any newly allocated land. |
| Demolition of residential houses | None |  
| Demolition of Commercial Structures | None | |

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<table>
<thead>
<tr>
<th>Type of Losses</th>
<th>Level of Impact</th>
<th>Entitled Persons</th>
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<th>Implementation Issues</th>
</tr>
</thead>
</table>
| Temporary loss due to land occupation during construction | Losses include: 1) Annual crops | Crop owner                | • Cash compensation based on opportunity lost during the period of temporary acquisition.  
• Land returned to the landholder after use, fully restored or improved.  
• For crops that cannot be harvested, affected people will be awarded the full market value.  
• Cash compensation at market price for loss of crops.                                                                 | All temporary land acquisition will be arranged by the contractors, by agreement with the landowners concerned. The contractors will be responsible for agreeing compensation directly with each landowner. |
| 2) Fruit Trees                                     | Owner of trees    |                           | • Cash compensation at market price for loss of fruits calculated at the number of years for new plants to reach equivalent productive maturity |                                                                                                           |
| 3) Private shade trees                             | Owner of trees    |                           | • Cash compensation in accordance with local standards.                                                                                   |                                                                                                           |
| 4) Public shade trees                              | Municipalities    |                           | • Cash compensation in accordance with local standards, or  
• Replacement, on request, by planting of saplings up to a factor of 15 new to one old tree.                                                |                                                                                                           |
| Damage to local road or irrigation network          | Damage by transport of borrow material and construction equipment | Local community            | • Maintain roads in good condition to handle construction vehicles and detour traffic.  
• Maintain irrigation networks in good condition.  
• Repair the roads and irrigation networks to their original condition as early as possible.                                                        | Appropriate provision to be included in contract documents.                                                                                           |