

**Eastern Ukraine: Reconnect, Recover, Revitalize (3R) Project**

**State Road Agency of Ukraine**

**and**

**Ministry for Reintegration of Temporarily Occupied Territories of Ukraine**

**RESETTLEMENT POLICY FRAMEWORK**

May 2020

## Abbreviations

RPF	-	Resettlement policy framework
MRTOT	-	Ministry of Reintegration of Temporarily Occupied Territories
IBRD	-	International Bank for Reconstruction and development
ESS	-	Environmental social standard
PAP	-	Project affected person
RAP	-	Resettlement actions plan
A-RAP	-	Abbreviated resettlement actions plan
GRM	-	Grievance readdress mechanism
PIU	-	Project implementation unit

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## 1. Introduction

### 1.1 Background

The Government of Ukraine, through MRTOT and Ukravtodor will implement **Eastern Ukraine: Reconnect, Recover, Revitalize (3R) Project** (hereinafter - the Project) financed by the International Bank for Reconstruction and Development (hereinafter - IBRD). This Resettlement Policy Framework (RPF) will be implemented by the Ministry for Reintegration of Temporarily Occupied Territories and Internally Displaced Persons (MRTOT) and the State Agency of Automobile Roads of Ukraine (Ukravtodor). Luhansk regional administration and local government bodies in project affected areas (including Severodonetsk City, Starobilsk Rayon, Svatove Rayon, Troitske Rayon, Bilokurakyne Rayon) actively participated in the RPF's preparation.

### 1.2 Components description

#### 1.2.1. Description of road rehabilitation component activities

The Component 1 envisages the rehabilitation of road sections estimated in Table 1.

Table 1. Estimate of the road sections which would be rehabilitated

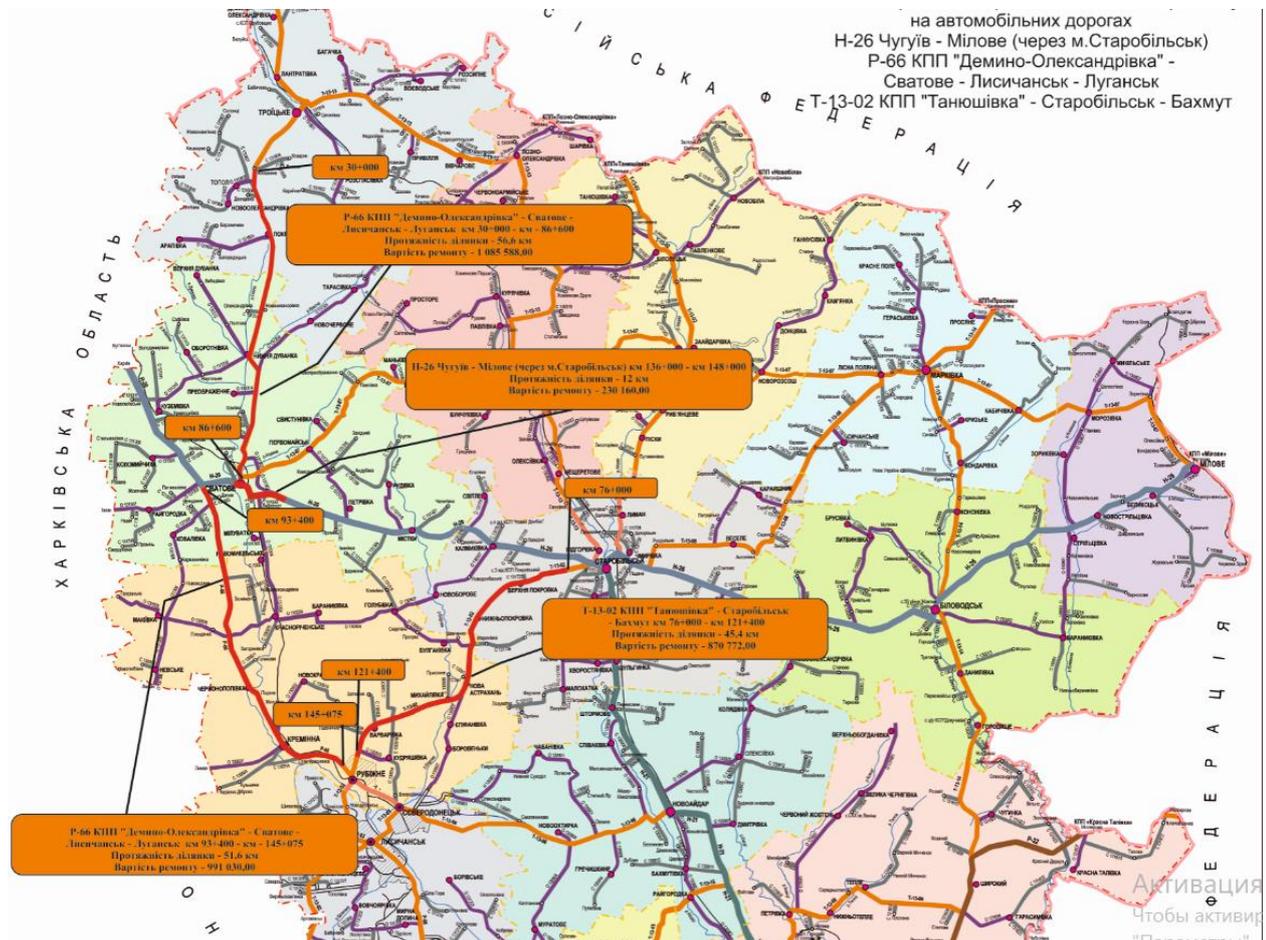
No.	Name of road	Length, km	Types of works	Expected positive results
1	H-26 Chuhuiv – Milove (via Starobil's`k) km 136+000 – km 202+000	66	Capital repair	Enhanced speed, comfort, cost-effectiveness of passenger and cargo transportation and road safety, access to public infrastructure, driver for economic growth of local communities
2	P-66 KPP "D`omino-Oleksandrivka" – Svatove – Lysychans`k – Luhans`k km 93+400 – 145+075	51,6	Capital repair	Enhanced speed, comfort, cost-effectiveness of passenger and cargo transportation and road safety, access to public infrastructure, driver for economic growth of local communities
3	T-13-02 KPP "Tanyushivka" – Starobil`s`k – Bahmut km 76+000 – km 121+400	45,4	Capital repair	Enhanced speed, comfort, cost-effectiveness of passenger and cargo transportation and road safety, access to public infrastructure, driver for economic growth of local communities
Total		163		

Component 1 provides for the capital repair of local roads in Lugans`k oblast which would connect agricultural rayons of oblast with markets and crop storage facilities in urban settlements (Severodonetsk, Lysichans`k, Svatove, etc). During conflict on the east of Ukraine, these road sections have been demolished by heavy military machinery and overweighed trucks. As a result,

current condition of these road sections extremely poor and need capital repair according to State standards. The capital repair of mentioned road sections will allow ensure adequate conditions for passenger and cargo transportation in the context of the substantial increase in passenger and goods traffic to other regions of Ukraine, logistic centers and seaports, located in the south part of Ukraine. Also, this Component will have a positive impact on the investment climate in the region. Due to the absence of a complete railway network in this area, these road corridors are still the main role for passengers and cargo mobility.

### Sub-project’s background and discussion of alternatives

The planned capital repair of mentioned road sections coincides with the existing alignment, therefore, no alternative routes are considered for the main road corridor. As of February 2020, the design documentation for the capital repair is being elaborated. When developing the design documentation, the designer will consider alternatives to some individual solutions, and the final version of the design will be disclosed for public consultations, as required by the applicable building codes.



■ Sections which will be rehabilitated

### Land acquisition status

The land plots required for the capital repair of the specified sections are in permanent use of Luhans'k Road Service (i.e. publicly owned, and no private lands), which is confirmed by the existing acts for permanent use issued by the State Cadastre Authorities.

It is expected that the capital repair works will not require land acquisition, though the implementation of some design solutions may cause (but unlikely) a need for minor additional land acquisition (or access restriction) in order to accommodate the elements of road infrastructure (traffic interchanges, acceleration / deceleration lanes, rest areas, etc.). In the event that following the approval of the design documentation by the state expert examination and the Cabinet of Ministers of Ukraine a need will arise for additional land acquisition, Ukravtodor will deliver the Resettlement Action Plan (or its abbreviated version in case if the overall amount of PAPs will be less than 2002. Also, the land for temporary usage during construction period may be required for storage of materials. In addition, in the event that any livelihood impacts arise as a result of land acquisition or land access restriction, necessary principles of ESS5 will be followed to develop appropriate mitigation measures.

**Component 2: RECOVER - Agriculture Investments to Support Sector Recovery and Modernization.** Component 2 will complement the connectivity investments of Component 1 through select agricultural sub-projects that address some of the conflict's impacts on the agricultural sector in Luhansk GCAs, including loss of access to agricultural services, processing facilities, product testing and local urban markets, as well as limited technology and value chain to market support for the Oblast's many small producers. Agricultural investments will include: (a) an *Agriculture Logistics and Service Hub* in Starobilsk City, as the agricultural center of the region and including a grain/oil seed elevator; a small grain/oil seed quality testing facility; an office building for administration and business development support; an innovative online trading platform to link producers and traders; and an agricultural services support area; (b) a *Regional Agricultural Testing and Food Safety Laboratory* to address a critical gap following the loss of access to the agricultural product testing and food safety management services due to the conflict; and (c) *Agricultural cluster development* for small household-level producers. Community-based Cluster support will facilitate the transition from current subsistence production towards more organized and market-oriented production practices, including value-chain to market support to an estimated 5 to 10 clusters of 100 to 150 small household-level producers.

Implementation of Component 2 will be the responsibility of MRTOT, and application of this RPF to Component 2 will be overseen by MRTOT. It is unlikely that any activities under Component 2 will require land acquisition (or cause physical or economic displacement). The Project Operations Manual will also include criteria by which any sub-projects under Component 2 that may cause ESS5 impacts or risks will not be eligible for financing. Below description of the RPF therefore mainly covers possible impacts, risks, and applicable procedures and principles in the context of Component 1. If it is found during implementation that some activities under Component 2 result in loss of private land or non-land assets, the policies and procedures of this RPF will apply to mitigate such a loss.

## 2. Objective and key principles of drafting the RPF document

The RPF document takes into account the needs of project-affected persons and is drafted in accordance with the Environmental and Social Framework (ESF) and its social and environmental standards of IBRD (ESS5)<sup>1</sup> and the Ukrainian legislation.

The RPF objective is to identify strategies, principles, institutional mechanisms, legislative framework and procedures for resettlement or acquisition of assets under the Project implementation, as well as to set forth the framework for the preparation of Resettlement Action Plans, should any be required in the course of the Project implementation.

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<sup>1</sup> <http://pubdocs.worldbank.org/en/796881511809516397/ESS5-FactSheet-WB-ESF.pdf>

This document was elaborated by Ukravtodor and MRTOT and can be updated if stakeholders raise viable suggestions, and depending on the project implementation. The final RPF version, upon IBRD approval, will be published on the official websites of the lender and Ukravtodor and in official information resources (if any) of the respective state rayon administrations on whose territories the Project will be implemented.

In accordance with the IBRD ESS5, Ukrainian legislation and best practices in implementing the resettlement process, when planning the resettlement process, implementing entities (Ukravtodor and MRTOT) will adhere to the following principles:

- (i) should a need be revealed for the acquisition of land plots or other privately owned assets, the Resettlement Action Plan will be delivered by implementing entities. The Resettlement Action Plan will be elaborated based on processes and procedures provided in this RPF in compliance with the requirements of IBRD ESS5 and national legislation, and will comprise a complete registry of the project-affected individuals, set the cut-off date<sup>2</sup> and include the comprehensive description of mitigation measures aimed at minimizing the adverse impacts of the Project.
- (ii) During project design elaboration, implementing entities and the design agency takes comprehensive measures to minimize the alienation of assets and the resettlement of individuals within the framework of the project implementation. This task achieved through optimizing design solutions and giving acquisition priority to the assets, avoiding impacts on private lands or assets wherever possible which are in state or communal ownership.
- (iii) the preparation and implementation of Resettlement Action Plan will be carried out in a transparent manner and by involving the project-affected individuals through consultations and disclosing the related documents in publicly available sources.
- (iv) the main principle of the resettlement process will pursue saving of the living conditions of the PAPs at least to those levels existing prior to the start of the Project.
- (v) the PAPs will not incur any material losses when being paid compensation for expropriated assets, re-registering the respective rights in favour of the local authorities and during implementation of resettlement arrangements.
- (vi) the compensation for expropriated assets will be fully paid to the PAPs, with allowances made for the respective investments. Determination of the compensation amount will be carried out exclusively by licensed assessment entities based on the principles of replacement cost<sup>3</sup> in accordance with the procedures described in the RPF. The transaction and relocation costs will be evaluated by regional road services and will be added to full compensation package.

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<sup>2</sup> Cut-off date – the date on which the census for identification of the project-affected individuals is finished and disclosed to the public, and their eligibility for compensation is documented. In the event that the right to assets was acquired after the cut-off date had been set and publicly disclosed, such assets shall not be eligible for compensation.

<sup>3</sup> Replacement cost” is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material and labour for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety.

- (vii) the provisions of this document extend to all PAPs, regardless of their number and the degree of impact as well as their legal status to the land affected by the project.
- (viii) when elaborating and implementing the RAP, particular attention will be paid to the needs of vulnerable groups, women and minorities, people who live below the poverty line, ethnic minorities and displaced persons. The vulnerable PAPs will be identified and their special needs will be assessed during RAP preparation.

### 3. RAP drafting and approval

Resettlement Action Plan will be elaborated following the approval of the design documentation by the state expert examination and the Cabinet of Ministers of Ukraine. For example, for Component 1 impacts, upon approval of design solutions, the Road Service in Luhansk oblast will involve certified land management agencies for staking of project boundaries and obtaining a detailed list of land plots and other assets falling within the capital repair area of the road and requiring acquisition, their type and the project-affected individuals, including asset owners, tenants and asset users.

The purpose of Resettlement Action Plan will be to verify the list of the project-affected individuals (including tenants and informal asset users), determine the type and amount of compensation for loss of assets or income sources in order to ensure preserving the living standards and income of all affected persons.

RAP will have the following structure:

- (i) General description of the Project for which a specific RAP applies, description of the objectives of RAP preparation
- (ii) Information on the potential impacts (both positive and negative) that were identified during RAP preparation
  - a description of the impacts that will directly or indirectly affect the need for assets alienation;
  - a description of the location of impacts;
  - a description of the alternatives having been assessed to minimize the alienation of assets;
- (iii) Disclosure of the results of socio-economic research, which is a necessary procedure in RAP preparation
  - a description of the census to record the PAPs, including the assets subjected to acquisition
  - characteristics of the project-affected households, including employment, living standards, income level, economic and social activity of household members, access to social infrastructure, information on vulnerable groups.).
- (iv) A review of the Ukrainian legislation and Lender's requirements regarding organisational arrangements guiding the acquisition of assets for public purpose;
- (v) Institutional framework. A review of the stakeholders involved in the Project implementation, including their responsibilities;
- (vi) Entitlement Matrix (eligibility). Identification of the groups that might be adversely affected by the project implementation and types of envisaged compensation and livelihood restoration measures.
- (vii) Description of the Methodology for assessing the loss of assets depending on the nature of losses;
- (viii) Description of resettlement measures that will be envisaged to provide appropriate assistance to ensure that the resettlement process is in line with IBRD requirements and standards;
- (ix) Description of the measures aimed at involving communities in RAP implementation, including a grievance mechanism;

- (x) Timetable for RAP implementation;
- (xi) Indicative budget;
- (xii) Arrangements for RAP implementation monitoring;

During RAP preparation the series of public consultations will be organized in localities where the project will have negative impact and resettlement issues. The information on conducting public consultations will be preliminarily disseminated in local mass media, local authorities and in public places. During consultations all interesting parties will be informed about purpose Project activities, purpose of the RAP and about its content in clear non-technical terms on language which will be available for stakeholders. The elaborated RAPs will be disclosed on Ukravtodor and road services official websites. The hard copies of RAP on will be available in each community which affected by the Project.

Upon IBRD approval, RAP will be published on the official websites of the Bank and Ukravtodor and MRTOT in Ukrainian and English.

#### 4. Potential impacts

During preparation of this RPF some potential impacts were determined:

- Permanent loss of private agricultural and residential land and structures by persons who has a title deeds;
- Permanent loss of private agricultural and residential land and structures by persons who has no title deeds (informal users and squatters);
- Temporary loss of land;
- Loss of annual and perennial crops and trees;
- Loss of non-residential structures (fences, barns, sheds) and infrastructure (irrigation or other utilities).
- Loss of business structures (shops, places for trade along the road, workshops, fuel stations, tire-mounting stations, etc.)
- Loss of residential houses (physical displacement);
- Loss of sources of livelihood (economical displacement);
- Temporary or permanent loss of access to public infrastructure;
- Temporary or permanent loss of access to private land or structures;
- Temporary or permanent loss or limitation of access to business along the road;

The presence and intensity of this impacts for each road section which will be capital repaired under this project will be assessed during RAP preparation, where design documentation will be approved by Cabinet of Ministers of Ukraine and by the State expertise.

In case if impact will be identified, the mitigation measures will be taken according to the entitlement matrix (Chapter 4).

#### 5. Categories of PAPs and the rights matrix entitling compensation

Eligible project-affected individuals may be classified as follows:

- (i) persons who have formal legal rights to the land or fixed assets;
- (ii) persons who do not have formal legal rights to land at the time of the census of project-affected individuals, but claim to it and declared accordingly, provided that such claims are recognized under the national law;
- (iii) persons who have the old type of land ownership documents and are not registered in the state land cadastre;
- (iv) persons who do not have formal legal rights to the land or other assets, but use them;

The persons belonging to the first three categories (i), (ii) and (iii) will be paid compensation for the expropriated assets and, as necessary, will get assistance during resettlement. The persons belonging to the fourth category (iv) will get assistance during resettlement in lieu of compensation per Entitlement Matrix below. In the event that the representatives of all the above listed categories grow agricultural crops on the land plots required to be expropriated for the purposes of the Project, such persons will be given the opportunity to harvest standing crops or otherwise receive the respective compensation. In case if informal users of residential assets need to be resettled, the adequate alternative housing with security of tenure will be provided.

A comprehensive Entitlement matrix for compensation is presented in Table 2

Table 3. Entitlement Matrix.

Type of impact	Category of PAP	Type of compensation
<b>Permanent losses</b>		
Permanent loss of agricultural and residential land	Owner of land	<ul style="list-style-type: none"> <li>- Monetary compensation for loss of land, which is the market value of land (all administrative charges for lots division and title fees are covered by project costs)</li> <li>- Land-for-land compensation, equivalent in area and fertile characteristics (if suitable land is available).</li> <li>- In case where the part of land plot will be acquired and the rest of land plot can not be used rationally according to land purpose, upon request of land owner, whole land plot should to be acquired;</li> </ul>
	Formal users (tenant) of land	<ul style="list-style-type: none"> <li>- The tenants will be preliminarily notified (1 agricultural season before acquisition) of the project implementation to avoid loss of harvest or modernization losses and leasing payments for acquired land. The lease agreements will be amended in accordance with the law to indicate the land areas to be expropriated for the purposes of the project.</li> <li>- The user will be given an opportunity to harvest the crop or compensation for the crop will be provided at full replacement cost.</li> </ul>
	Informal users of land	<ul style="list-style-type: none"> <li>- Assistance to identify replacement land/resources for use prior to land entry.</li> <li>- The informal users will be given an opportunity to harvest the crop or compensation for the crop will be provided at full replacement cost.</li> </ul>
Permanent loss of structures or residential houses	owner of structures or residential house	<ul style="list-style-type: none"> <li>- Monetary compensation for loss of immovable structures at full replacement cost including all adjacent facilities (fruit trees, outbuildings, etc.);</li> <li>- Compensation by providing a house to replace the affected house, at least equivalent in size and current status, including residential land at least equivalent to the advantages of the land taken (if suitable building is available).</li> <li>- Assistance to move;</li> </ul>

		<ul style="list-style-type: none"> <li>- If no reasonable alternative access can be provided and a owner of structures and residential land will permanently lose the access to the social infrastructure ( access to the road, to the communal facilities, to the municipal infrastructure, etc) the owner will be resettled or his assets will be acquired.</li> <li>- Depreciation will not be taken into account as part of the compensation, and salvage materials will be handed over to owners.</li> </ul>
	Formal user (tenant) of land	<ul style="list-style-type: none"> <li>- Information about the acquisition of the house at least six months in advance of demolition to enable the tenant to find other accommodation</li> <li>- Assistance to move;</li> </ul>
	Informal users of structures	<ul style="list-style-type: none"> <li>- In case if people occupied the land and structures prior of the cut-off date, the compensation will cover structures loses and expenses for land improvement at full replacement cost. In addition, resettlement assistance will be provided.</li> <li>- In case if informal users of residential assets need to be resettled, the adequate alternative housing with security of tenure will be provided</li> </ul>
Loss of one-year crop	Land owner, land user, informal user	<ul style="list-style-type: none"> <li>- The crop owners will be given a possibility to harvest. When conducting public consultations in the RAP preparation stage, the owners will be notified of the planned activity and recommended to abandon sowing of the land plots required for the project needs.</li> <li>- In case when the opportunity to harvest the crop was not ensured, the crop owners will be paid compensation at full replacement cost. The methodology of calculating the compensation for lost crop will be presented in RAP. In case when owners of the crop were notified about civil works in advance but planted the crop, the compensation for crop loses will not provided.</li> </ul>
Loss of perennial plants		The owners will be paid compensation for loss of perennial plants at full replacement cost based on their age and value, including the costs for the restoration of plantings. The methodology of calculating the compensation for lost perennial plants will be presented in RAP.
Loss of non-residential structures	Owner of non-residential structure and infrastructure (which could be the landowner or formal or informal user of land)	Cash compensation at full replacement cost

Loss of business structures (shops, places for trade along the road, workshops, fuel stations, tire-mounting stations, etc.)	Owners of business structures	<ul style="list-style-type: none"> <li>- Cash compensation at full replacement cost or replacement of business structure.</li> <li>- The owners of business will be notified in advance (no later than 6 months before acquisition) for ensuring the opportunity to find a new location for business.</li> </ul>
	Tenants of business structure	<p>Information about the acquisition of the business structure at least six months in advance of demolition to enable the tenant to find other premises</p> <ul style="list-style-type: none"> <li>- The tenant of structure for business will be notified in advance (no later than 6 months before acquisition) for ensuring the opportunity to find a new location for business.</li> </ul>
	Informal business structures along the road	<ul style="list-style-type: none"> <li>- The users will be offered a mechanism for the use of land plots to do business legally in other territories, agreeable to them. If necessary, in line with lenders requirements, assistance will be provided for business relocation. These users will be able to get an assistance for removal to the other place</li> <li>- The owner of informal structure for business will be notified in advance (no later than 6 months before acquisition) for ensuring the opportunity to find a new location for business</li> </ul>
Public administrations	Lands of state or municipal property	The land will be transferred to the permanent use of Road Services without any compensation
<b>Temporary losses</b>		
Temporary loss of land	Owner	<ul style="list-style-type: none"> <li>- Cash compensation at full replacement cost for the right to use land under contract, for the land use period;</li> <li>- Reinstatement of land after use.</li> <li>- The crop owners will be notified in advance will be given a possibility to harvest.</li> </ul>
	Tenant	<ul style="list-style-type: none"> <li>- The user will be given an opportunity to harvest the crop. In other case the compensation for the crop will be provided.</li> <li>- Assistance to identify replacement land/resources for use prior to land entry.</li> </ul>
	Informal user	<ul style="list-style-type: none"> <li>- Assistance to identify replacement land/resources for use prior to land entry.</li> </ul>
Temporary or permanent loss of access to public infrastructure (hayfields, pastures, recreation areas, etc.)		Creating alternative access routes to these facilities
Loss of livelihood	Local population, local business	The livelihood restoration measures will be taken according IBRD requirements to the preproject level. In case if loss of livelihood will be identified during RAP preparation, the restoration action plan will be developed according to the livelihood

		restoration strategy. The livelihood restoration strategy described in Section 9.
PAPs with vulnerabilities	Land and structures owners/tenants/informal users	The RAP will define vulnerability criteria and identify affected vulnerable persons. Identified PAPs with vulnerabilities will receive additional assistance (assistance in registration of title deeds, searching alternative location for business, moving assistance, etc).

## 6. Legal framework applicable to alienation of assets and resettlement

### 5.1 National legislation

The following legal framework will be used to acquire privately owned land:

- The Constitution of Ukraine (Articles 13, 14, 41) stipulates that "no one shall be unlawfully deprived of the right for property. The right for private property shall be inviolable." and "The expropriation of private property objects may be applied only as an exception for the reasons of social necessity, on the grounds of, and in the order established by law, and on terms of advance and complete compensation of the value of such objects. The expropriation of such objects with subsequent complete compensation of their value shall be permitted only under conditions of martial law or a state of emergency." (Article 41);
- Law of Ukraine "On Alienation of Land Plots and Other Objects of Immovable Property Located Thereon in Private Ownership for the Social Needs and on the Grounds of Social Necessity" of 17.11.2009 No. 1559-VI
- Land Code of Ukraine (of January, 1 2002) (in particular, Articles 143, 146, 147, 149-151)
- Civil Code of Ukraine (of 16.01.2003, No. 435-IV), which establishes the procedure for termination of title to immovable property due to the acquisition or alienation of the land on which the property is located, for national needs, and regulates issues related to the protection of property rights (Articles 3.50-351);
- Code of Administrative Procedure of Ukraine (of 06.07.2005), which establishes the procedure for conducting legal proceedings related to the acquisition of land for national needs.
- Law of Ukraine "On Regulation of Urban Development Activity" of 19.05.2011 No. 3395-VI
- Law of Ukraine "On Land Valuation" of 11.12.2003 No. 1378-IV6
- Decree of the Cabinet of Ministers of Ukraine of 17.11.1997 No. 1279 "On Amount and Procedure for Determining Agricultural and Forest Production Losses to be Refunded" and Appendix.
- Law of Ukraine of 21.05.1997 No. 280/97-BP "On Local Self-Government in Ukraine"
- "Procedure for Determination and Compensation of Losses to Land Owners and Land Users" adopted by the Decree of the Cabinet of Ministers of Ukraine of 19.04.1993 No. 284
- Decree of the Cabinet of Ministers of Ukraine of 11.10.2002 No. 1531 "On Expert Valuation of Land Plots"
- Law of Ukraine "On Evaluation of Property, Property Rights and Professional Appraisal Activity in Ukraine" of 12.07.2001 No. 2658-III

- Law of Ukraine "On State Land Cadastre" of 07.07.2011 No. 3613-VI  
"Procedure for Performance of Notarial Acts by Notaries of Ukraine" approved by the Order of the Ministry of Justice of Ukraine of 22.02.2012 No. 296/5.

Compensation for temporary use of land during construction is regulated in the following Decrees of the Cabinet of Ministers:

- Decree of the Cabinet of Ministers of Ukraine of 17.11.1997 No. 1279 "On Amount and Procedure for Determining Agricultural and Forest Production Losses to be Refunded" and Appendix.
- "Procedure for Determination and Compensation of Losses to Land Owners and Land Users" adopted by the Decree of the Cabinet of Ministers of Ukraine of 19.04.1993 No. 284

## **IBRD Environment and Social Standards and Requirements**

All projects funded by IBRD must comply with Bank`s environment and social standards. From October 1, 2018 The Bank introduced a new set of standards under Environment and Social Framework. From social perspective, following World Bank environmental and social standards are applicable:

ESS1 Assessment and Management of Environmental and Social Risks and Impacts sets out the Borrower`s responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with each stage of a project supported by the Bank through Investment Project Financing (IPF), in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs).

ESS5 "Land acquisition, restrictions on land use and involuntary resettlement" is one of the most important standards guiding land acquisition and related resettlement / livelihood restoration issues during project implementation. The key principle of this standard - involuntary resettlement should be avoided. Where involuntary resettlement is unavoidable, it will be minimized and appropriate measures to mitigate adverse impacts on displaced persons (and on host communities receiving displaced persons) will be carefully planned and implemented. This standard covers situation where Project must compensate people for loss of land, assets, livelihood or standard of living.

ESS 10 "Stakeholder Engagement and Information Disclosure" recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation. Urban transport and city development programs require systematic and intensive engagement of stakeholders to implement them effectively and successfully. There are a wide range of stakeholders to be consulted which may include political powerholders at city and national level, transport operators (both public and private), business and trade organizations, civil society organizations, and other public sector institutions who have large number of workforce commuting to the city for work. The Stakeholder engagement plan (SEP) will map project-affected persons and other interested parties, summarize their views on preferred modes of engagement throughout the project, propose stakeholder engagement activities with he respective implementation roles, timeline and budget to be carries out through the life of the project. The project will also require a robust communication and public outreach strategy to inform communities candidly about impacts as well as benefits as well as the schedule and scope of works so that residents can plan accordingly.

## **Gap analysis between national legislation and IBRD environmental and social standards**

In Ukraine, entitlements for payment for the exchange of land are based on registration of ownership. However, under the IBRD involuntary resettlement standard, affected persons are entitled to some form of compensation whether or not they own a registered land title, if they occupy or use the land prior to the cut-off date. The focus of the IBRD standards is to mitigate the adverse impacts of poverty, where any adverse impacts occurring are directly or indirectly attributable to activities funded by the project. In cases where PAP have no ownership or tenure rights according to Ukrainian law due to lack of registration, the provisions of the Lender requirements will be applied in terms of their rights for compensation, consultation, and grievance mechanisms. Where there is a difference between the compensation requirements of the laws of Ukraine and IBRD requirements, the more beneficial to the affected people, will be employed in order for the Lender to support and fund the Project.

**Table 4. Gaps between Ukrainian legislation and the requirements of the IBRD**

<b>Ukrainian Laws and Regulations</b>	<b>IBRD requirements</b>	<b>Gap Filling Measures</b>
Only officially registered buildings are subject to compensation for damages / destruction caused by the project	All buildings are subject to compensation for damages / destruction caused by the project	The project will compensate all affected structures for damages/demolition caused by the project
Only officially registered land owners will be paid compensation for loss of profit / business caused by the project	Registered and non-registered tenants will be paid compensation for loss of profit / business caused by the project, regardless of registration.	The project will compensate all lease tenants (legal or informal) for income/business losses regardless of registration
There are no special provisions identifying the process of involuntary resettlement planning, as well as specific tools, including preparation of any plan pertaining to land expropriation and resettlement	Time-limited in terms of application, the resettlement action plan shall be prepared prior to the commencement of compensation	A Resettlement Action Plan will be developed to fill in the gaps
<p>No provisions are available for:</p> <ul style="list-style-type: none"> <li>- Rehabilitation of income / livelihoods,</li> <li>- Assistance to landowners / tenants who have been severely affected by project activity</li> </ul> <p>No compensation or assistance is envisaged with respect to the specified movable property</p>	<p>Lenders standards provide for rehabilitation of income / livelihoods, compensation for serious losses, and costs incurred by landowners / tenants during resettlement. Compensation shall include:</p> <ul style="list-style-type: none"> <li>- Funds for improving living standards of displaced persons;</li> <li>- Costs for displacement;</li> <li>- Compensation for materials damaged during displacement;</li> <li>- Other transportation costs</li> </ul>	<p>If relocation will be required, the project will provide compensation to cover:</p> <ul style="list-style-type: none"> <li>- the cost of replacement improvements;</li> <li>- shifting allowances;</li> <li>- compensation for deteriorated materials or goods during transportation;</li> </ul> <p>rentals and other transactions costs</p> <ul style="list-style-type: none"> <li>- The impact on livelihood will be assessed during RAP preparation and livelihood restoration measures will be defined.</li> </ul>

<p>Land expropriation and resettlement related decisions are exceptionally negotiated between landowners / official tenants and local authorities alienating assets</p>	<p>The information showing specific figures for the affected items, namely, assets value, social benefits and compensation amount / financial support will be disclosed to landowners and tenants prior to the start of preliminary project calculations. The general provisions of RAP (including the Rights Matrix (eligibility) for compensation) will be disclosed to public, whilst the personal data on losses / compensation will only be available to individuals / homeowners who have been adversely affected by the project. The project affected persons will be consulted on the provisions of the RAP.</p>	<p>The project will disclose the data on quantification of affected items, value of assets, entitlements, and compensation/financial assistance amounts to Project Affected Persons. The Resettlement Action Plan will be disclosed to public (personal sensitive individual information will be disclosed to Project Affected Persons only) through public consultations</p>
<p>The Ukrainian legislation lacks a special plan for public consultations.</p>	<p>Consultations with stakeholders and public involvement are an integral part in RAP preparation and implementation</p>	<p>The project will carry out a comprehensive consultative process with Project Affected Persons, local and state authorities, other stakeholders as being required through public disclosure meetings, individual consultations and public consultations</p>
<p>According to Ukrainian legislation only personalized grievances or appeal should be considered.</p>	<p>The Project implementer should consider all grievances and appeals including grievances from Contractor`s personnel and anonymous</p>	<p>The implementer will consider all grievances and appeals.</p>
<p>The Ukrainian legislation have not special provisions for vulnerable people support during resettlement</p>	<p>Vulnerable people who warrant specific assistance must be identified and supported throughout the resettlement compensation process. World Bank`s require that measures are provided to enable poor and vulnerable people (including women) who are physically displaced or affected by economic displacement to improve their incomes to at least national minimum standards.</p>	<p>The RAPs will define vulnerability criteria and identify affected vulnerable persons.</p> <p>Affected households categorized as vulnerable will receive specific assistance</p>

## 7. Methodology for assessing lost assets

The redemption price of the assets subject to alienation will be established by licensed appraisers for valuation activities. Where the owner is entitled land-for-land compensation, the redemption price will cover the cost of producing land use planning documents required for obtaining the title to this land plot, as well as the costs associated with the state registration of the respective title. Pursuant to Article 5 of the Law of Ukraine “On Alienation of Land Plots and Other Objects of Immovable Property Located Thereon in Private Ownership for the Social Needs and on the Grounds of Social Necessity”, the value of the land plot subject to alienation or land-for-land transfer will be determined on the basis of its expert monetary valuation conducted in accordance with the Law "On Land Valuation". Expert monetary valuation of land which is held in connection with the purchase of land for public purposes is carried out to determine the value of land subject to alienation based on the capitalization methodical approach of net operating income or rental income of land use (“capitalization”) taking into account its intended purpose (use) established on the date of the decision on resettlement taken by the local authorities (Paragraph 2 of Article 19 of the Law of Ukraine "On Land Valuation". The methodical approach based on the capitalization of net operating or rental income shall involve determining the value of the land plot in the most efficient use, taking into account the established encumbrances and other land related restrictions. The net operating income shall be determined based on an analysis of market rates of the rental payments for land. The rental income shall be calculated as the difference between the expected income from the products obtained on the land (actual or imputed), production costs and the manufacturer’s income<sup>4</sup>.

The reports on the expert monetary valuation of land plots being alienated shall be subject to review, state expert examination of land management documentation in the cases and manner prescribed by law. The land valuation officer will be appointed by the local executive authorities. In the event that the owner disagrees with the alienation of his / her real property based on the assessment carried out by the licensed appraiser appointed by the executive body or the local executive authorities, he / she may involve another licensed appraiser to determine the value of real property or to conduct a review of the evaluation report of such property. In this case, the cost of such services will be borne by the property owner. The alternative valuation if commissioned by the landowner cannot be accepted by the local executive body. It will just give the owner an alternative opinion to consider when deciding whether to accept the offer from the local executive body. It will give the owner means to challenge if the compensation determined by the licensed appraiser is equivalent to the replacement cost of affected assets and thus meet the requirement of this RPF and the Bank’s ESS5. Any alternative amount can only be determined by the court (who will appoint independent valuator).

The redemption price of the expropriated assets will be agreed with the asset owner during official negotiations between the owner and the local executive body, as stipulated in Article 11 of the Law of Ukraine “On Alienation of Land Plots and Other Objects of Immovable Property Located Thereon in Private Ownership for the Social Needs and on the Grounds of Social Necessity”.

For filling gaps between Ukrainian legislation and IBRD requirements, other types of compensation or assistance in resettlement stipulated by Table 3 will be provided by Ukravtodor during RAP implementation. The identification of all PAPs and required types of compensation for each person will be taken during RAP preparation.

Under the Ukrainian legislation, the land-for-land compensation will be offered to all project-affected individuals who face loss of land in accordance with the procedure established by the Ukrainian legislation, in the case of land availability.

If affected people opt for land-for-land compensation, lands plots of equal size and the same productivity will be offered to all project-affected individuals if available.

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<sup>4</sup> <https://zakon.rada.gov.ua/laws/show/1531-2002-%D0%BF>

Assets owners dissatisfied with the decisions of the local executive body, may apply to the court for procedures defined by the Ukrainian legislation. The court decision also determines the party to pay the litigation costs.

## 8. Organisational arrangements for compensation procedure and responsibilities of each party

Following approval of the design documentation, the Luhans`k Road Service will take measures prescribed by the Land Code of Ukraine and aimed at coordinating the project location with the local authorities. In addition, the Road Service will involve land management organizations that have a corresponding license for land surveying activities and access to the data of the State Land Cadastre to set out the design boundaries and determine the required additional land and immovable assets acquisition. As soon as the necessary quantities of additional land allocation and other fixed assets located thereon have been determined and the list of asset owners have been compiled, Ukravtodor will deliver the respective Resettlement Action Plan. Depending on the land allocation quantities and their geographical location, Ukravtodor will decide on the number of required RAP to be prepared.

Upon obtaining IBRD approval of RAP, the Lugans`k Road Service will be authorised to take measures aimed at acquisition of the land plots required for the Project implementation in line with the current Ukrainian legislation. The Luhans`k road service will negotiate with the owners for their prior consent for lots division of land plots, will place orders for delivery of technical documentation including the valuation procedure for the land plots and the real property located thereon. Upon obtaining the owner`s consent for the lots division of the land plot and the real property objects located thereon, as well as for the delivery of the technical documentation, the Road Service will apply to the local executive authorities (State Raion Administrations) with a request for assets acquisition.

Based on the documents provided by the Road Service, the Head of the State Raion Administration will issue an Executive Order for assets acquisition. The State Raion Administrations will initiate negotiations with the assets owners and obtain a written consent of the owner for the acquisition of the land plot, which is supported with the relevant records (protocol). Following the owner`s confirmation of his / her consent for the asset alienation, a purchase / sale contract is signed between the owner and the local executive authority, according to which the State Raion Administration undertakes to pay the agreed price of the asset within 10 days after conclusion of the contract, and the owner is obliged to waive the land plot or a real property object during the equivalent period.

After the conclusion of the contract and payment of compensation to the owner, the purpose of the land plots is changed for 12.04 "For placement and operation of buildings and structures of road transport and road industry" according to the state land classification system, and the land plots are further transferred to the Road Service for permanent use and registered accordingly in the State Land Cadastre.

In the event that no agreement has been reached between the owner and the local executive authority on the asset alienation, in accordance with Articles 15 and 16 of the Law of Ukraine "On Alienation of Land Plots and Other Objects of Immovable Property Located Thereon in Private Ownership for the Social Needs and on the Grounds of Social Necessity", the latter shall appeal to the administrative court with a claim on the forced alienation of an asset during 6 months from the date of State Raion Administration`s order . The court decision on the involuntary acquisition of a land plot and other real property objects located thereon, together with the documents confirming the provisional and full payment of the redemption price to the former owner or the state registration of the title to real property provided in lieu of the alienated assets, is the basis for state registration of the property right of a state or a territorial community to these objects.

No works can be commenced on the land plot until the owner is paid the full compensation of the asset value. In the event that the acquisition process in relation to a land plot or real property, due to the reasons beyond control of Ukravtodor or the local authorities, causes delays in the works under the project (this may be the procedure for the owner's entry into the inheritance, the long absence of the owner in Ukraine's territory, registration of the land plot in the State Land Cadastre, the restrictions imposed by the court for the assets alienation due to inheritance disputes, etc.), the Luhansk Road Service will request the owner to provide a written consent to perform the works while the alienation procedure is in place or the documents required for alienation are prepared. Preliminary full compensation cost is made by depositing funds by State rayon Administration on the local notary's office account according to the Order of Ministry of Justice of Ukraine from 22.02.2012 No. 296/5 till the disputes, inheritance etc. issues will be resolved.

## 9. Disclosure of Resettlement Policy Framework Document and RAP

### 9.1 Previous consultations

During project preparation stage, a series of public consultations with local authorities, NGO's, farmers and citizens were organized by Ukravtodor and MRTOT together with IBRD representatives. The purpose of the consultations was to identify the key problems faced by Lugansk oblast addressing post conflict recovery issues and define activities that will help to increase opportunities for development of local communities. As a result of these public consultations the need for project addressing design to address those challenges was supported by all stakeholders (local authorities, communities, NGOs, farmers, etc.). The more detailed information on public meetings during project preparation provided in Stakeholder Engagement Plan (SEP)<sup>5</sup>.

### 9.2 Public disclosure of ESMF

The RPF is disclosed on official website of two implementing agencies of the project in Ukrainian and English languages. Due to the limitations caused by outbreak of Covid-19 in Ukraine and the restrictions put in place by the Law # 530-IX "Amending Some Legal Acts of Ukraine to Prevent the Occurrence and Spread of Coronavirus Disease (COVID-19)" adopted on March 17, 2020, the MRTOT and UAD conducted public consultations and stakeholder engagement virtually/remotely. The electronic versions of the documents on Ukrainian were provided to local stakeholders (local city and rayon's administrations, NGOs, farmers and business). The feedback form was also provided for filling in and providing of feedback regarding RPF. In addition, documents and contacts for submitting propositions/grievances/comments were posted on Svatove, Severodonetsk and Starobil'sk city council's official web sites. During disclosure period the stakeholders were encouraged to provide feedback and comments on the entire project design. The stakeholders showed their high level of awareness about the Project design and its objectives; confirmed the importance of its successful implementation for the development of Luhansk region.

The public consultations process is still opened during project implementation. Stakeholders may appeal to the UAD or MRTOT with proposals/informational request at all stages of project implementation and their appeal will be responded during 30 days according to the Law "On citizen's appeals".

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<sup>5</sup> During project preparation the number of meetings and consultations took place with the representative of MRTOT, Luhansk Regional Administration (LRA), farmers and CSOs.

The next round of public consultation will be carried out at the later stages of project implementation during design preparation and ESMP elaboration or per local communities' request.

### 9.3 Disclosure of RAP

RAP will be published as described in the above procedure. During RAP preparation stage, when socio-economic survey will be done and all project affected persons and assets will be identified, a series of public consultations will be arranged with the representatives of local communities and PAPs to ensure that the PAPs get the opportunity to participate in project implementation. The advertisements with the information about agenda, venue and time of public consultations will be available in local media, websites and public places no later than before 14 days from date of consultations. In the course of consultations during RAP preparation, the stakeholders will be informed about design solutions, terms of the project implementation, quantities of land acquisition and a detailed description of the grievance mechanism. In addition, all stakeholders will receive a short guide with the explanations of the goals and content of RAP. This Land acquisition Guide will be developed in clear non-technical terms for people who have not profile education in road sphere.

Where necessary or at the request of local communities, additional consultations with stakeholders may be arranged during RAPs preparation and implementation in order to minimize the likelihood of social tension in the communities due to resettlement process.

## 10. Livelihood restoration strategy framework

In the process of project implementation, there may be a need to apply livelihood strategies to affected people. This strategy covers owners of assets, tenants and informal users of assets. The main goal of this strategy - to restore the quality of life of project affected persons as minimum to the pre-project level or even increase it. The compensation for loss of assets will be paid according to the entitlement matrix but, in some cases compensation may not guarantee of full livelihood restoration and some additional measures may be required. The livelihood restoration may be needed as at individual level as on the level of community (in case if the level of community and public services were decreased or access to them became harder; if some community recreation areas were affected by project, etc).

For community level the project design will be updated or special plans for restoration of community services will be undertaken. The restoration of community affected infrastructure will be consulted with local authorities and users.

Livelihood restoration of project affected persons may applicable in such situations as:

- Physical resettlement
- When the land to be acquired or restricted is an only source for income
- When persons will lose the job or business as result of project implementation.

The Livelihood restoration measures might be necessary will be identified during socio-economic study within the framework of RAP preparation. RAP will be contain the livelihood restoration plan applying the following principles:

- Livelihood restoration measures will be developed taking into account not only physical persons but also community sustainable development;
- The elaborated livelihood restoration measures will be consulted with Project affected peoples and communities members.

- The livelihood restoration measures will be implemented prior start of resettlement process for avoiding of period when resettlement or economical displacement have been done but the livelihood restoration measures not provided yet.
- During implementation of livelihood restoration the gender differentiated approach will be followed because as usual women and girls are more vulnerable to displacement. The livelihood restoration activities will take into account women`s needs and preferences.

## 11. Grievance Redress Mechanism

Transparency and accountability are core elements of the Project. For this purpose, the project will include a Grievance Redress Mechanism (GRM). The goal of the GRM is to strengthen accountability to beneficiaries and to provide channels for project stakeholders to provide feedback and/or express grievances related to project supported activities. The GRM is a mechanism that allows for the identification and resolution of issues affecting the project. By increasing transparency and accountability, the GRM aims to reduce the risk of the project inadvertently affecting citizens/beneficiaries and serves as an important feedback and learning mechanism that can help improve project impact.

The mechanism focuses not only on receiving and recording complaints but also on resolving them. While feedback should be handled at the level closest to the complaint, all complaints should be registered and follow the basic procedures set out in this chapter.

Population displacement and the resettlement process can raise several grievances and complaints on the part of the project affected persons. They include grievances related to land acquisitions, entitlements and compensation, disruptions to livelihoods, services and facilities, issues, etc.

The grievance mechanism for land acquisition livelihood restoration process have 2 levels:

- Local level
- A person (or a group of persons) may apply to the Road Service in the region with a written request describing a problem or a proposal, in any format. The authority contacted by a person will address the grievance and respond to the complainant within the timeframe established by the Law of Ukraine "On Citizens' Appeal". Grievances can be either signed by persons (group of persons) or anonymous. Grievances will be addressed and resolved during 30 days. If the grievance / appeal don't require additional measures (i.e. request for information) the response will be given during 15 days. In case if grievance resolving is impossible during 30 days, the complainant will be informed about terms extension (in case if complainant mentioned his contact information). The total term of resolving the issues may not exceed 45 days. The grievances, received from persons with vulnerabilities will be considered first and as soon as possible.

Contacts of local road services:

### **Lugansk road service:**

93411, Severodonetsk, Gagarina str.,70

tel.: +38 (06452) 4-20-37

e-mail. [info\\_luhansk@ukravtodor.gov.ua](mailto:info_luhansk@ukravtodor.gov.ua)

website: <https://lg.ukravtodor.gov.ua/>

### **Project level**

In the event that the complainant is not satisfied with the grievance resolution at the local level, he / she is entitled to apply directly to Ukravtodor and the Project Implementation Unit (PIU) to the following contacts:

- Ukravtodor: 03150, Kyiv, Fizkultury st. 9  
e-mail: [kae@ukravtodor.gov.ua](mailto:kae@ukravtodor.gov.ua)  
Tel.: (044 ) 287 -51 -78
  
- PIU: SE “Ukrdorinvest”: 03150, Kyiv, 51, Antonovycha st., Office 701  
e-mail: [mail@ukrdorinvest.gov.ua](mailto:mail@ukrdorinvest.gov.ua)  
Tel.: (044 ) 287 -70 -60

## **MRTOT**

As noted in an earlier section, citizens’ appeals, complaints and recommendations procedure is specified in the Law On Citizens’ Appeals and amendments to the latter through the 2015 amendment on Electronic Petitions. According to the mentioned law and Constitutional Article 40, the 3R Project proposes the following channels through which citizens, beneficiaries and PAPs can make complaints regarding project-funded activities:

- a. **By Email:** Project’s email addresses: [forec@ukravtodor.gov.ua](mailto:forec@ukravtodor.gov.ua); [info@mtot.gov.ua](mailto:info@mtot.gov.ua)
- b. **Through the following web page:** [www.mtot.gov.ua](http://www.mtot.gov.ua) ; [ukravtodor.gov.ua](http://ukravtodor.gov.ua)
- c. **In writing to UKRAVTODOR and MVTOT:** Letter addressed to PIU, sent to the address of:  
UKRAVTODOR - Fizkul'tury St, 9, Kyiv, Ukraine, 02000  
MVTOT - Lesi Ukrainky Square, 1, Kyiv, Ukraine, 01196
- d. **In person:** at the above addresses or at the addresses of delegated authority by the latter
- e. **Other:** Written complaints to project staff (through project meetings)

The project shall ensure flexibility in the channels available for complaints, as well as ensure accessibility to the contact information for individuals who make complaints.

To this effect, in addition to the Grievance Log provided by the project (Annex A), citizens can also file their appeals in accordance with Article 5 of the Law of Ukraine On Citizens’ Appeals. In the latter case, the appeals filed by citizens should contain full name, place of residence, the issue of the question, comment, application, claim, statement, request or demand. A written appeal should be signed and dated by the appellant (appellants). An appeal sent via e-mail to the IAs noted above should contain an e-mail address or postal address or any other means of communication in order to answer the appeal. The use of electronic signature is not required for e-mail appeals.

The term of addressing and resolving grievances – up to 30 days.

In the event that no agreement is reached on the grievance, the complainant, as a last resort, may apply to the court of competent jurisdiction in accordance with the procedure established by national legislation.

For each of the RAPs, a grievance mechanism will be developed both at the local level and at the level of Ukravtodor based on this RPF. The channels for filing complaints will be listed in

RAPs and communicated to the public during the consultations.

The PIU and Ukravtodor have a capacity for regular monitoring of grievance addressing process. All grievances that will be received at both the local and the project levels during RAPs preparation, implementation and RAP post-implementation monitoring and the actions taken by the parties to resolve these grievances will be recorded in the grievance log and sent to IBRD on a quarterly basis or upon a request.

## 12. Measures to monitor land acquisition and compliance with Lenders requirements

In order to monitor the land acquisition and grievance redress process, an expert will be involved in the project by Ukravtodor, who will report to Ukravtodor, IBRD on any violations of land owner's rights, any additional negative impacts on the population, will maintain the grievance log, monitor the number of land plots required for acquisition, and deliver appropriate reports.

Ukravtodor will work closely with PIU, which will be providing daily support to the project implementation, regional Road Services and local authorities. The Road Service will report to Ukravtodor on the progress of the compensation process and the number of land plots subject to alienation, as well as on the grievances received from the stakeholders and the measures taken to address them.

The monitoring indicators given in Table below

Indicator	Additional notes	Frequency
Overall information about RAP implementation	<ul style="list-style-type: none"> <li>- The amount of land plots which need to be acquired</li> <li>- The amount of structures needed to be acquired:</li> <li>- Amount of PAPs (by groups) that claim to compensation</li> <li>- Number (and percentage) of land plots/houses/businesses for which compensation agreements were signed</li> </ul>	Quarterly
Number of formal and informal households that have to be physically displaced Number of formal and informal businesses that have to be relocated	Data will be received through the census/survey.	Quarterly
Number of grievances regarding RAP implementation received	Grievances which were received by all project implementation parties and how they were addressed.	Quarterly

After RAP completion, the independent audit will be carried out to ensure that any livelihood restoration and land acquisition measures is substantially completed.

## 13. Budget

To the date of this RPF preparation, the design for civil works is still under preparation and it is not possible to determine the budget for land acquisition, compensations payments and implementation of mitigation measures. The budget for compensations and mitigation measures

will be specified during RAP preparation, where the project design will be prepared and approved by Cabinet of ministers of Ukraine.