Moldova-Romania Power Interconnection Project
Feasibility Study

Part 1: Feasibility assessment and ESIA of the 1st priority project

Component A: Back to back (BtB) station at Vulcanesti and
OHL 400* kV Vulcanesti-Chisinau

Task 7: ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT STUDY
Land Acquisition and Compensation Framework - LACF

July 2017
**Task 7: Land Acquisition and Compensation Framework**

**Issue date:** July 2017

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1. INTRODUCTION

In 2009, the Republic of Moldova (Moldova) joined the Energy Community Treaty that extends the EU energy policy to the South-East Europe and, in 2010, it signed the Accession Protocol. As part of the Energy Community Treaty, Moldova has unique advantages such as integration into European energy market, joining the ENTSO-E, investments opportunities.

The integration of Moldova’s energy market into the European energy market assures a real competition and transparent and equitable prices. Further, the security of supply is expected to enhance through diversification of market participants.

In 2015, Moldova approved the Roadmap for energy sector. Its work package 3 Promoting the energy infrastructure investment projects, point “a” Presentation of priority projects with the European Union (Romania), specifies the "Back to back" Vulcănești station and 330 kV OHL Vulcănești – Chișinău project as a priority development. The project implementation will ensure a high level of energy security for Moldova and its integration in the European energy market.

The European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and World Bank (WB) (further together referred to as ‘International Financial Institutions’, or IFIs) are considering providing finances to the state enterprise MOLDELECTRICA (‘the Company’) for the design and construction of a ‘back-to-back’ station and a 400 kV overhead transmission line (OHL) from Vulcănești to Chișinău (‘the Project’).

Following the requirements of the IFIs, the Company developed the Project Feasibility Study and ESIA package, including:

- Environmental and Social Impact Assessment (ESIA) report;
- Stakeholder Engagement Plan (SEP);
- Land Acquisition and Compensation Framework (LACF); and
- Non-Technical Summary (NTS).

The Project implementation requires land acquisition. This LACF aims at establishing the objectives, principles and processes for land acquisition, compensation, economic displacement and livelihood restoration. At the later stages of Project planning, it will be necessary to develop a detailed Land Acquisition and Compensation Plan (LACP).

2. PROJECT DESCRIPTION

The Project description is briefly presented below. More details are available in the ESIA.

2.1. The Project Location
The Project includes the following elements:

- the construction of two new substations: the 400 kV “back to back” Vulcănești substation and the 400/330 kV Chișinău substation,
- the modification of the existing substation 330/110/35 kV Chișinău, and
- the construction of a new 400 kV Vulcănești – Chișinău OHL with a total length of about 158 km.

The “back to back” substation will be located within the existing 400/110/35 kV Vulcănești substation, 6.160 km to the north - east of Vulcănești city.

The 330/110/35 kV Chișinău substation is situated at a 6.0 km distance from the southern outskirts (last building or yard) of Chișinău city.

The 158 km OHL will cross the territorial administrative units of Autonomous Territorial Unit of Găgăuzia, Cahul, Tărăclia, Leova, Cimișlia, Hânceste, Ialoveni and Chișinău districts.

The OHL consists of 511 towers to be situated at an average distance of 350 m from each other.

The 400 kV OHL requires a safety corridor consisting of land and airspace and measured from the OHL's outmost wires without deviation¹. The distance from the outmost wires to the boundary of the safety corridor is established at 30 m to both sides. For the types of the towers to be used for the 400 kV OHL, the length between the outmost conductors is 15 m or 15.5 m depending on the type of a suspension or a tension tower. Thus, the total width of the safety corridor is 75 (75.5) m (i.e. 30m+30m+15 or 15.5m).

The proposed route for the transmission line was designed to be at a significant distance from any house or other construction. The nearest villages are Boroganiu (Leova district) - 120 m away and Musaitu (Taraclia district) -190 m away and the farthest is Vulcănești that is 6,000 m away.

The Project location is presented in Figure 2.1.

¹ Governmental Decision (GD) no. 514/2002 for approval the Regulation regarding the protection of electrical network.
Figure 2.1 Project Location
2.2 Alternative Project Locations

The alternative OHL routes and alternative locations of BtB sub-station have been considered in the ESIA (Chapter 3). Both alternatives require land acquisition and from this perspective are briefly considered in this section. More information is presented in ESIA.

2.2.1. OHL routes alternative

The alternative routes are presented below (Figure 2.2). Option 1 (red line) has been selected as the preferable route. For the LACF purposes, it is important to highlight that the preferable route:
Figure 2.2 Project alternatives
• does not cross the existing protected areas (Table no. 1, ESIA.); no limitations related to the status of the protected areas are relevant to the Project.
• implies the smallest scale of land acquisition compared to other options as far as the length of this route is less than the length of the other option.

To conclude, the preferred OHL route meets the IFI requirement – to minimize the land acquisition and displacement.

2.2.2. The BtB substation location alternatives

The site of the existing 400/110/20 kV Vulcanesti substation and four alternative locations have been assessed within the ESIA process (Figure 2.3).

It is planned to locate the BtB substation within the existing 400/110/20 kV Vulcanesti substation, so no new lands is required, and there is enough space for that. However, the free space on the existing site was historically contaminated by PCB. The cleanup program has been developed; the cost of this program is currently being estimated.

![Figure 2.3. The BtB substation alternative locations](image)
In case the cost would not be acceptable, four other alternative locations have been considered, and Option 2 has been selected. All alternative sites require 8 ha of land to be acquired.

2.3. Project Land Needs

The Project needs land both for permanent and temporary use. Alternative BtB sites need about 8 ha of permanent land acquisition.

The main land needs are associated with the OHL route construction and are considered below.

2.3.1. Temporary land acquisition

The temporary land use is associated with the OHL construction works.

Land areas which will be temporarily occupied at the construction site are:

- Working platform for suspension towers erection (about 825 m$^2$);
- Working platform pertaining to tension towers for erection, phase conductors and ground wires sagging operations (about 1,500 m$^2$);

<table>
<thead>
<tr>
<th>Table 2.3.1 Land type and surface area affected by the safety corridor</th>
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<tbody>
<tr>
<td><strong>UTA Găgăuzia</strong></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>UTA Găgăuzia*</td>
</tr>
<tr>
<td>Cahul</td>
</tr>
<tr>
<td>Taraclia</td>
</tr>
<tr>
<td>Clisilia</td>
</tr>
<tr>
<td>Hincesti</td>
</tr>
<tr>
<td>Ialoveni</td>
</tr>
<tr>
<td>Chisinau</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Total, %</strong></td>
</tr>
</tbody>
</table>

*Note 3:* Other lands are mostly agricultural lands of different types but can also include other land categories

- OHL working corridor (access zone) 3 m width, for phase conductors and ground wires erection (tension).

More lands will be needed for temporary access roads. Access roads are needed to each tower so in case there is not access road, temporary solution will have to be arranged. After construction the temporary roads and land occupied for construction can be turned back to original land use.
No exact information on the overall land needs for the construction phase is available at the time of this writing, to be developed at the Project design stage.

Table 2.2.1 presents the land-use structure of the land within the safety corridor. About 96% of this required land area refers to agricultural lands. Another 4% are the forest fund land.

2.3.2 Permanent land acquisition

The area where tower and possible additional anchoring are found will be permanently used. There are a total of 511 towers. The amount of land required for the permanently affected area will differ between the different types of tower.

Land to be acquired for permanent use by the Project is described in Table 2.2.2. Similarly to the above, it is mostly agricultural land.

### Table 2.3.2 Land type and surface area permanently affected by tower construction

<table>
<thead>
<tr>
<th>District/land category</th>
<th>Total [m²]</th>
<th>Forest [m²]</th>
<th>Agricultural lands [m²], including:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Agricultural, sub-total</td>
</tr>
<tr>
<td>UTA Găgăuzia*</td>
<td>11,531</td>
<td>0</td>
<td>11,531</td>
</tr>
<tr>
<td>Cahul</td>
<td>2,839</td>
<td>0</td>
<td>2,839</td>
</tr>
<tr>
<td>Taraclia</td>
<td>6,597</td>
<td>455</td>
<td>6,142</td>
</tr>
<tr>
<td>Leova</td>
<td>2,763</td>
<td>0</td>
<td>2,763</td>
</tr>
<tr>
<td>Cimislia</td>
<td>10,365</td>
<td>520</td>
<td>9,845</td>
</tr>
<tr>
<td>Hincesti</td>
<td>1,658</td>
<td>0</td>
<td>1,658</td>
</tr>
<tr>
<td>Ialoveni</td>
<td>3,308</td>
<td>65</td>
<td>3,243</td>
</tr>
<tr>
<td>Chisinau</td>
<td>1,768</td>
<td>0</td>
<td>1,768</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40,829</strong></td>
<td><strong>1,040</strong></td>
<td><strong>39,789</strong></td>
</tr>
<tr>
<td><strong>Total, %</strong></td>
<td><strong>100%</strong></td>
<td><strong>2,5%</strong></td>
<td><strong>97,5%</strong></td>
</tr>
</tbody>
</table>

*Note3: Other lands are mostly agricultural lands of different types but can also include other land categories.

Also, permanent land use restrictions will take place within the safety corridor (1,157.6 ha) that will mean some land use limitation, according to the rules established by GD no. 514/2002 (see above).

2.4 Impacts associated with the land acquisition

The land acquisition will potentially impact on land use, access to lands, ownership and incomes dependent upon the land.

During the construction, temporary land use will provide the temporary impacts:

- Impact on property and incomes:

The temporary land acquisition will provide the temporary impact on the land owners. The will not be able to use their land when the construction works are going on. Loss of crops, damage to plans are typical impacts of temporary land acquisition.
• **Impact on land-use:**

At the construction stage, temporary impacts will occur as the current land use will be not possible. In the case where vineyards or orchards are found, the impacts will be seen over a longer period of time as some damage or clearing of vine or trees is required.

• **Access to land:**

The temporarily occupation of land for construction purposes will result in impacts related to changes in land access. These impacts will depend on season when the construction of the transmission line is executed, the time period needed for the construction and the land use type.

The **permanent impact of the construction stage** is associated with the permanent land acquisition for the tower basement. The total amount of permanent land acquisition is 40,829 m². Both publicly and privately owned land will be affected by the proposed Project; considering that the ownership is fragmented, including many farms owning less than 1 ha land, a high number of land owners is expected to be affected. Due to a high level of outmigration in the affected area, many land owners might be abroad.

The loss of this ownership must be compensated prior the construction works.

**During the operation** of the OHL the potential impacts will be caused by tower footprints and restrictions within the safety corridor.

• **Impact on property/lands:**

No additional property loss will happen on the operational stage. But the existence of the tower basements can contribute to the land fragmentation.
The economic displacement due to the OHL will impact people in different ways depending on their situation. In the Project area, many of the land plots are small and therefore for some individuals or enterprises the impact can be high. With proper choice of tower’s locations and with appropriate compensation for land loss, the socio-economic impacts are estimated to be moderate to high.

The residual impact on access to land will require the proper compensation

- Land-use restrictions:

Apart from the land to be permanently occupied by the towers, the land between the towers can continue to be used for agricultural or other purposes during the operational stage of the transmission line but there will be restrictions associated with use of certain equipment (high vehicles for example) and activities (for example standing on top of higher objects such as a wagon underneath the power line) in the direct vicinity of the OHL. The electric and magnetic fields generated in the power line will not exceed allowed levels at ground level meaning that there are no restrictions in terms of working or standing below the transmission line.

- Housing:

According to existing legislation in the Republic of Moldova, there are no houses for residence allowed within the OHL safety corridor of 75 m. No buildings exist within this corridor. Below the OHL, there should be no future constructions, as defined in national legislation. Note: this assessment is based on the proposed OHL route and make the assumption that any deviations from this route does not take it closer to inhabited places, but rather tries to increase distances from any residential areas.

- Health Impact of the electromagnetic field:

The electromagnetic field level will be below the established standards for human receptors, so that the farmers and workers agricultural workers can work under the OHL after it is commissioned. Still, it’s important to provide the health and safety information to farmers and agricultural workers, including workers at vineyards and orchards raising their awareness on the magnetic and electric fields generated from the OHL, the exposure and associated risks. Employers need to be informed about their obligations and responsibilities towards their workers. Impacts on workers from magnetic field and/or electric field are expected to be moderate. The risk of unhealthy exposure will persist and necessary follow-up and training is critical.

The lifetime of the OHL is 30 - 40 years, but with appropriate maintenance activities, this can be longer.
3. LEGAL AND REGULATORY FRAMEWORK

3.1 Republic of Moldova Legislation

The regulatory framework of the Republic of Moldova related to land acquisition and involuntary resettlement are presented in relevant legal norms and several legal acts.

For the purposes of LACF, we mostly focused on the legal matters related to changing land use, land purchasing, and expropriation on the ground of the public utility. These issues are defined in the following legal acts:

- Constitution of the Republic of Moldova (adopted on July 29, 1994);
- Forest Code no. 887-XIII, 21 June 1996;
- Law on expropriation on the ground of the public utility no. 488-XIV, 8 July 1999,
- Law on normative price for land and sale/purchase procedure no. 1308, 25 July 1997

At the later stages (Project design and Land Acquisition and Compensation Plan preparation) further details shall be taken into account, including the more specific legal acts such as:

- Water Code No. 1532-XII of June 22, 1993;
- Family Code No. 1316 of October 26, 2000;
- Law On local public administration No. 436-XVI of December 28, 2006;

3.1.1 Land use categories and re-categorisation

The Land code establish the following categories of lands:

- Agricultural land;
- Settlement land;
- Land of Industry/transport/communication and other special purposes;
- Land of nature protection, health, recreation, cultural, sub-urban and green zones;
- Forest fund land;
- Water fund land;
- Reserve land

These categories have different rules of land use and land-use change. For the purposes of LACF, we focused on agricultural land and forest fund land because the vast majority of
the land needed falls under these categories. The detailed types of lands/land-use management are provided in the Land Code (art.36, 48, 50, 73, 97).

No existing protected areas will cross with the OHL route [ESIA, Table 21], so no legal provisions/limitations on the land of protected areas are applicable.

More details can come on the later stage.

✓ For the agricultural and forest fund land, the Land Code the following provision related to change of land use, temporary land withdrawal from agricultural use and compensation of damages/losses:

- Art. 15 specifies that lands with low land class and lands free of forests are assign for construction of non-agricultural facilities, including OHLs projects;
- Art. 71 defines the possibility to change the use of agricultural land, subject to different approval procedure, as follows:
  - Government decision, in case of agricultural land owned by the State, with the approval of council administrative-territorial unit where the land is located;
  - Decision of the councils of the administrative-territorial units, in case of agricultural land;
  - Decision of the councils of the administrative-territorial units, based on the applications of land owners;
- Art. 74 allows temporary land withdrawal from agricultural use and from forest lands (with no re-categorisation) in case of installation of OHLs; the temporary land withdrawal is approved by local government authorities with the consent of land owners;
- Art. 97 establishes the obligation to compensate the land owners in case of losses caused by temporary land use, restriction of the rights of land owners (for ex. in case of protection zones) or deterioration of land quality; the compensation shall be assured by enterprises that caused losses; disputes related to recovery of losses and their amount shall be solved in courts or by arbitration;

According to ESIA, about 84% of land needed for the project is agricultural land; another 5% is the land of forestry fund; the rest 11% are titled as „other land“ (also mostly agricultural lands, for example, pastures) [ESIA, Table 35, Figure 56].
• Art. 99 establishes the obligation to compensate losses caused by temporary or permanent land withdrawal from agricultural use and forest lands; the compensation of losses from the state budget for restoring and increase of land fertility and is performed in parallel with repairing the damages;

✓ **Forest Code** establishes the following provisions relevant for the proposed investment:

• Art. 78 forbids the reduction of forest area with exception of construction of special facilities; in case of the construction of OHLs investments it is allowed to withdraw forests from the forests fund, subject to special Government degree;

• Art 79 establishes the rules for compensation in case of forests withdraw from the forests fund;

### 3.1.2 Expropriation on the Ground of the Public Utility

✓ **Law no. 488-XIV, 8 July 1999**, on expropriation on the ground of public utility defines the procedure applicable in case of expropriation of land for public utilities projects, namely:

• Art 5 establishes the types of public utilities projects (the OHLs projects are included at art. 5 para 1, lit. “е”) that have to be declared as national or local interest;

• Declaration of public utility provides (Провозглашение общественной полезности осуществляется) after preliminary study, if all legal conditions for expropriation are met (art. 7).

• In case of land expropriation for public utilities projects, the land owner is entitled to compensation (art. 9, para. 2);

• In case that the public administration authority and landowner do not reach an agreement related to the market price of the land, the price should be established by the court, based on an expertise conducted by independent experts (art. 15);

✓ **Law no. 1308, 25 July 1997**, on normative price for land and sale/purchase procedure establishes the following provisions relevant for the proposed investment:

• Art. 11 stipulates that lands withdrawal from agricultural use and from forest lands are allowed for public interest;

• Art 12 stipulates that losses caused by lands withdrawal from agricultural use and from forest lands shall be compensated;
• Art 15 defines purposes and cases of land expropriation; the land expropriation for public utilities projects are allowed (art. 15 para.3);

• Art. 17 establishes the rules for compensation in case of land expropriation; the land may be expropriated at the market prices that are not allowed to be less than the normative price specified in the Annex, at item II (1,248.02 MD for one point-hectare); in case that the public administration authority and landowner do not reach an agreement related to the market price of the land, the price should be establish by the court, based on an expertise conducted by independent experts;

✓ GD no. 1170, 25 October 2016, on approval of provisions for procedure on the assignment, land use change and land exchange establishes the procedure for preparation, submissions and processing the application documents and defines the involved authorities and timeframe of the process; the following provisions are relevant for the proposed investment:

• For state owned institutions and enterprises, public land (both state and administrative-territorial unit ownership) shall be available in order to use it in their business activities (Annex 1, chapter 2, paragraph 6);

• For construction special facilities, including OHLs projects, lands with low land class and lands free of forests shall be assigned (Annex 1, chapter 2, paragraph 7);

• The change of land use shall respect the procedure established by GD no. 1451, 24 December 2007 (Annex 1, chapter 2, paragraph 32-41); the Government approves a decree related to the change of land use from agricultural and forests lands within one month after transferring the funds to the state budget, equivalent to the losses caused by the lands withdrawal from agricultural use;

✓ GD no. 958/2003 on temporary methodology of evaluation of estate/land no matter the type and ownership;

✓ GD no. 514/2002 for approval the Regulation regarding the protection of electrical network defines the following main provisions relevant for the proposed investment:

• In order to ensure integrity, normal operation conditions for the OHLs and prevention of accidents several the following main principles shall be respected, namely:
  ▪ Protection zones shall be established;
  ▪ Minimum acceptable distances shall be established between OHLs and buildings, constructions, land and water areas;
- Delimitation of corridor clear of trees in massive woodlands and plantations shall be defined;
  - The OHL protection corridor (the land and airspace limited by vertical planes, on both sides of the line), in case of 400 kV OHL shall be 30 m on both side of the line;
  - For the construction and operation the OHLs, the lands will be assigned according to the legislation;
  - The lands located on the protection corridor, not taken from land owners, will be used for agricultural works and other works in strict compliance with the regulation;
  - The planned works for repairing, technical maintenance and reconstruction of OHLs crossing agricultural land will be performed with the consent of the land owners and usually in the period when the lands are not occupied by crops or when it is possible to ensure the integrity of agricultural cultures and to avoid interruption of agricultural activities.

3. 2 IFI’s Requirements Pertinent to Land Acquisition and Involuntary Resettlement

International lenders or International Financial Institutions (IFIs) consider land acquisition and involuntary resettlement as one of the most significant negative impacts that may result in long-term hardships for the affected persons and communities as well as environmental damage and adverse socio-economic impacts in host communities. The IFIs have developed their own standards/requirements that their clients should follow if resettlement (either physical or economic) is triggered by the clients’ project(s). These standards and requirements are overviewed below.

3.2.1 EBRD

The EBRD uses the Environmental and Social Policy (ESP) and Performance Requirements (PRs) adopted in 20143. The PRs contain requirements to the EBRD clients.

PR5 Land Acquisition, Involuntary Resettlement and Economic Displacement, outlines the main approach and requirements to physical resettlement, economic

displacement, compensations and livelihood restoration. The particular requirements of PR5 are obligatory to the EBRD clients.

**EBRD Resettlement Guidance and Good Practice**\(^4\) (2016) explains the key concepts of land acquisition and resettlement, addresses some of the most frequent issues associated with these and provides advice on interpreting and implementing PR5. It is not the compliance document; rather it is a useful resource for better resettlement planning and implementation.

### 3.2.2 EIB

The overarching EIB E&S document is the EIB Statement of Environmental and Social Principles and Standards\(^5\) (2009), whilst concrete requirements, concepts and procedures are presented in the EIB Environmental and Social Handbook\(^6\). Part I of the Handbook includes ten environmental and social standards.

**Standard 6 Involuntary Resettlement** contains key obligatory requirements to EIB-financed projects that have a land acquisition and/or resettlement component.

### 3.2.3 World Bank

World Bank was the first IFI that developed safeguard policies on key environmental and social issues. Currently, there are 11 key Operational Policies and associated Bank Procedures\(^7\) that are critical to ensuring that potentially adverse environmental and social consequences are identified, avoided, or, if unavoidable, minimized and/or mitigated, and receive particular attention during the Bank’s project preparation and approval process. These policies will be replaced in 2018 with the Environmental and Social Framework (ESF)\(^8\). The two sets of policies will operate in parallel for about seven years to govern projects approved before and after the date the ESF is adopted.

**Operational Policy OP 4.12\(^9\) (2001)** defines the requirements to involuntary resettlement. Its new iteration, as part of the ESF, is **Environmental and Social Standard 5. Land Acquisition, Restrictions of Land Use and Involuntary Resettlement** (ESS 5) that


defines specific requirements to the WB borrowers in case the land acquisition/involuntary resettlement occurs.

### 3.2.4 Key IFI requirements pertaining to land acquisition and resettlement

All IFIs recognise the involuntary resettlement as a critical issue and recommend avoid/minimize it where possible. However, where the land acquisition/involuntary resettlement takes place, it must be properly managed.

The IFI requirements on land acquisition and involuntary resettlement are based on similar principles and approaches, and include the same key elements. This document does not intend to stress differences between the EBRD, WB and EIB requirements; rather it considers them in integrity given that all applicable requirements of the IFIs involved into the Project must be met.

#### 3.2.4.1 Involuntary resettlement

Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition, or restrictions on land use, that result in displacement. This occurs in cases of: (i) lawful expropriation or restrictions on land use based on eminent domain; and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

The requirements do not apply to resettlement resulting from voluntary land transactions and where such a transaction affects only those with legal rights.

Project-induced involuntary resettlement should be avoided, where possible, and minimised by considering alternative project designs.

[EBRD PR 5, paras 2, 86 11]; Re: [WB ESS 5, Para 1, 6]; [EIB Standard 6, para 1, 3, 13, 14]

Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or resources), and/or loss of access to assets or resources that leads to loss of income sources or means of livelihood).

[EBRD PR5, para 1]; Re: [WB ESS 5, para 2]; [EIB Standard 6, para 12]

Clients are encouraged to acquire land rights through negotiated settlements even if they have the legal means to gain access to the land without the consent of the seller. Negotiated settlements help avoid expropriation and eliminate the need to use governmental authority to remove people forcibly.
Note 2: This document focuses on the analysis of economic displacement requirements as physical displacement is not triggered by the Project.

3.2.4.2 Consultations

Continuous consultations

Consultations should start early and continue throughout the entire resettlement process, including the implementation, monitoring and evaluation of compensation payment and resettlement. All affected communities should be involved (including host communities).

[EBRD PR5, para 12]; Re: [WB ESS 5, para 17]; [EIB Standard 6, para 50,51]

Focus on vulnerable groups

Both men’s and women’s perspectives should be taken into account. Vulnerable groups should be identified through the ESIA process; the client has to ensure that these groups are not disadvantaged in the resettlement process, are fully informed and aware of their rights, and are able to benefit equally from the resettlement opportunities and benefits.

The affected persons shall be given the opportunity to participate in the negotiation over the compensation packages, resettlement assistance, suitability of proposed resettlement sites and proposed timing.

Decision-making processes related to resettlement and livelihood restoration will include options and alternatives from which affected persons may choose.

[EBRD PR5, para 12, 13]; Re: [WB ESS 5, para 17, 18]; [EIB Standard 6, para 37, 51].

Note 3: No Indigenous Peoples (IPs) have been identified in the Project area; so, the IP requirements are not considered herein.

3.2.4.3 Socio-economic Assessment and Census. Cut-off Date.
The client will carry out a socio-economic baseline assessment on people affected by the project, including impacts related to land acquisition and restrictions on land use\textsuperscript{10}.

[EBRD PR5, para 14]; Re: [EIB Standard 6, para 30]

The client will carry out a detailed census to: (i) identify persons who will be displaced by the project; (ii) determine who will be eligible for compensation and assistance; and (iii) take inventory of affected land and property. The census should take into account the needs of seasonal resource users who may not be present in the project area during the time of the census.

[EBRD PR5, para 15]; Re: [WB ESS 5, para 10, 20]; [EIB Standard 6, para 30, 32]

The cut-off date should be established. Often the most practicable cut-off date is during the baseline assessment or census. Setting the cut-off date will provide clarity as to eligibility for compensation and assistance. Persons moving into the project location after the cut-off date are not entitled to compensation or other assistance.

[EBRD PR5, para 16]; Re: [WB ESS 5, para 20]; [EIB Standard 6, para 8, 31].

3.2.4.4 Compensation for the Displaced Persons

\textit{Compensation}

The client will offer all displaced persons and communities compensation for loss of assets at full replacement cost and other assistance. This is intended to restore, and potentially improve, their standards of living and/or livelihoods to pre-displacement levels.

The measures can be based on land, resources, wages and/or business activities. Standards for compensation will be transparent and consistent within the project. Compensation will be provided before displacement or imposition of access restrictions.

Displaced persons/communities should benefit from the project.

[EBRD PR5, para 17]; Re: [WB ESS 5, paras 12-16]

\textit{Compensation to land-based communities}

\textsuperscript{10} The recommendations on socio-economic survey for the resettlement process are presented in the EBRD Resettlement Guidance and Good Practice (Chapter 3).
Where livelihoods of displaced persons are land-based, or where land is collectively owned, the client will offer, where feasible, land-based compensation, taking into account seasonal and agricultural timing requirements.

[EBRD PR5, para 17]; Re: [WB ESS 5, paras 12-16]

Who are compensated?

Displaced persons are classified as persons:

(i) who have formal legal rights to the land (including customary and traditional rights recognised under national laws);

(ii) who do not have formal legal rights to land at the time of the census, but who have a claim to land that is recognised or recognisable under national laws; or

(iii) who have no recognisable legal right or claim to the land they occupy.

All displaced persons should get compensation, if they were in the area before the cut-off date.

[EBRD PR5, para 18]; Re: [WB ESS 5, para 10]; [EIB Standard 6, para 33, 34]

In case of economic displacement, if temporary or permanent loss of income or livelihood take place, regardless of whether the affected people are physically displaced, the client will compensate to affected persons/structures all losses.

- to economically displaced persons with legal rights or claims to land which are recognised or recognisable under the national laws (classified as i or ii, see above) provide replacement property (for example, agricultural or commercial sites) of equal or greater value, or cash compensation at full replacement cost where appropriate;
- to economically displaced persons without legally recognisable claims to land (classified as iii, see above) compensate for lost assets other than land, at full replacement cost.

[EBRD PR5, para 37]; Re: [WB ESS 5, para 34]; [EIB Standard 6, para 34]

Replacement cost

“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 labor for construction of structures or other fixed assets, plus transaction costs.

The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents.

Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure compensation at replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.

[WB ESS 5, para 2]; Re: [EBRD PR 5, para 5, footnote 7]; [EIB Standard 6, para 17]

3.2.4.5 Resettlement & Livelihood Restoration Planning

Resettlement/Livelihood Restoration Framework

A Resettlement and/or Livelihood Restoration Framework will be developed where the exact nature or magnitude of the land acquisition or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown due to the project development stage. The framework will outline the general principles, procedures and entitlement framework consistent with the IFIs requirements.

[EBRD PR 5, para 22]; Re: [WB ESS 5, para 20-22; Annex 1.B]; [EIB Standard 6, para 68]

Resettlement/Livelihood Restoration Plan

Once the individual project components are defined and the required information becomes available, the framework will serve as a basis for the development of a detailed Resettlement Action Plan (RAP) or Livelihood Restoration Plan (LRP).

In case of economic displacement only, the client will develop and implement a LRP. The LRP will establish the entitlements of affected persons and communities and will ensure that these are provided in a transparent, consistent and equitable manner.

[EBRD PR 5, para 22, 36]; Re: [WB ESS 5, para 20-22, Annex 1.A ]; [EIB Standard 6, para 69]
3.2.4.6 Grievance mechanism

The client will establish an effective grievance mechanism as early as possible in the process in order to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons and/or members of host communities. It will include a recourse mechanism designed to resolve disputes in an impartial manner.

[EBRD PR 5, para 22]; Re: [WB ESS 5, para 19]; [EIB Standard 6, para 53]

3.2.4.7 Monitoring

Monitoring of the resettlement and livelihood restoration process will be carried out in accordance with IFIs requirements and should involve the participation of key stakeholders such as affected communities.

[EBRD PR 5, para 23]; Re: [WB ESS 5, para 23]; [EIB Standard 6, para 70, 71]
3.3 Moldova's Legislation versus IFI Requirements: Main Similarities, Differences and Gaps

A comparative analysis national legal requirements against IFI requirements aiming main gaps identification is presented in this section.

Table 3.3 Gap-analysis: resettlement requirements of Moldova legislation versus IFI requirements

<table>
<thead>
<tr>
<th>#</th>
<th>IFI Requirement/concept</th>
<th>Relevant requirement of Moldova legislation</th>
<th>Gap</th>
<th>Proposed Project action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Involuntary resettlement: physical displacement and economic displacement</td>
<td>No definitions of involuntary resettlement, physical &amp; economic displacement exist on Moldova legislation. Expropriation procedure on the ground of the public utility is suggested.</td>
<td>Lack of concept of physical/ economic displacement: IFI concept provide the broader options with no contradiction to national law.</td>
<td>Develop LACF/RAP basing on IFI concept</td>
</tr>
<tr>
<td>2</td>
<td>Continual consultations/engagement</td>
<td>Public consultations are required within local EIA framework (starting and finishing within the EIA procedure); Negotiations on compensation of losses are possible; the affected people can make proposals.</td>
<td>No continual consultations/engagement are considering No consultations on the displacement procedure/eligibility criteria are anticipated</td>
<td>Foresee the continual participation with the affected groups within LACF/RAP preparation/ implementation/ monitoring process</td>
</tr>
<tr>
<td>#</td>
<td>IFI Requirement/concept</td>
<td>Relevant requirement of Moldova legislation</td>
<td>Gap</td>
<td>Proposed Project action</td>
</tr>
<tr>
<td>----</td>
<td>---------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3</td>
<td>Focus on vulnerable groups</td>
<td>No provisions on vulnerable groups exist within the national resettlement framework</td>
<td>Lack of provisions on vulnerable groups</td>
<td>Preparing LACF/RAP, identify vulnerable groups and provide additional efforts for their engagement</td>
</tr>
<tr>
<td>4</td>
<td>Socio-economic survey: the assessment of living standards/lifestyle in the affected communities is required</td>
<td>The preliminary survey is required for justification of public utilities</td>
<td>Lack of the socio-economic baseline assessment in the affected communities</td>
<td>On the next planning stage (LRP preparation) to provide socio-economic survey, as prescribed/recommended by IFIs standards and guidelines.</td>
</tr>
<tr>
<td>5</td>
<td>Census of all displaced persons and inventory of all assets is required</td>
<td>The inventory of all assets is required. The list of affected people/households is preparing for the compensation purposes</td>
<td>Part compliance. The inventory of assets can be discussed as an analogue</td>
<td>The national procedure will be followed by the authorities</td>
</tr>
<tr>
<td>6</td>
<td>Cut-off date</td>
<td>The declaration of public utility can be discussed as partial analogue of cut-off date. The expropriation procedure can start in 10 days after announcement.</td>
<td>No early limitations on land transactions/house-buying is considering</td>
<td>The national procedure will be followed by the authorities</td>
</tr>
<tr>
<td>#</td>
<td>IFI Requirement/concept</td>
<td>Relevant requirement of Moldova legislation</td>
<td>Gap</td>
<td>Proposed Project action</td>
</tr>
<tr>
<td>----</td>
<td>-------------------------</td>
<td>---------------------------------------------</td>
<td>-----</td>
<td>-------------------------</td>
</tr>
</tbody>
</table>
| 7  | Compensations and compensation costs | Fair compensation provides to all owners for every asset  
The assets’ compensation calculated by the licensed experts on the market-based valuation. | Full replacement costs should be compensated (including the market cost of the land/facilities of the same use value and all transactions related to the displacement.) | The public authorities will work on the basis of national procedure. In addition, within the LACP preparation, the other measures could be undertaken by the Client where relevant (in-kind compensations, technical assistance, etc) |
<p>| 8  | Who is compensated? | Land/real assets owner are compensated | Other categories of land-users should be compensated (look para 3.2.2.4) | Additional studies should be undertaken within LACP preparation, the proper measures to be identified |
| 9  | Land-based households | No special provisions on land-based households exist | For land-based households the land compensation is preferable | Investigate the issue and suggest the proper measures within the LACP preparation |
| 10 | Resettlement/Livelihood Restoration Planning | No special planning provisions exist | Resettlement and livelihood restoration plan is required at the next planning stage | To prepare LACP, on the basis of census and socio-economic survey |
| 11 | Grievance mechanism | Administrative and court-based mechanisms are established. | No particular requirements to grievance mechanism exist | To establish the grievance mechanism within land acquisition process |
| 12 | Monitoring | No monitoring process is required | Lack of resettlement monitoring | Establish the monitoring process |</p>
<table>
<thead>
<tr>
<th>#</th>
<th>IFI Requirement/concept</th>
<th>Relevant requirement of Moldova legislation</th>
<th>Gap</th>
<th>Proposed Project action</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>when expropriation is finished</td>
<td>(including consultations)</td>
<td></td>
<td>within LACP development and carry out monitoring during LACP Implementation.</td>
</tr>
</tbody>
</table>
4. KEY PRINCIPLES, APPROACH AND PROCESS

4.1. Key principles

The key principles of land acquisition, economic displacements and compensations that will be applied are summarized below:

- Land acquisition and the related economic displacement will be minimized. To this end, a LACP will be developed and implemented.

- Fare and early compensation will be provided based on clear asset valuation:
  - Valuation of land plots and assets will be accomplished. The permanently needed land for the towers foundation may be purchased at market cost as per the provisions of GD no. 958/2003.
  - The Company will ensure that the remaining land (due to the permanent acquisition and/or restrictions related to the safety corridors) is not economically unviable. If this is unavoidable, this will be considered during the valuation process and/or specific measures will be incorporated in the LACP.
  - All RAPs persons will receive full compensation payments before the construction works start;
  - Both temporary and permanent land acquisition will be taken into account and compensated;
  - Negotiated agreements on land acquisition with all RAPs will be achieved, with expropriation only being followed as a last resort where negotiation fails.

- Potentially affected people (PAPs) will be assisted in their efforts to improve their livelihoods and standards of living or at least to restore them to pre-project levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

- Consultation with the PAPs will continue throughout the valuation and compensation process, including the delivery of livelihood activities and measures to assist the resettlement, if such case arises. Particular attention will be provided to women, the poor and the most vulnerable PAPs. Consultation events will be documented.
• A Grievance Mechanism will be implemented to register and timely and efficiently address the questions and concerns of the PAPs and communities along the OHL route.

4.2 Overview of the Process

The land acquisition, compensation and livelihood restoration will be implemented in accordance with the legislation of the Republic of Moldova and EBRD PR5, EIB ESS6 and WB ESS5 requirements. Following the IFI requirements, the LACF has been prepared at the Feasibility stage on the basis of the existing information.

At the Project Design stage, a detailed LACP will be developed. The LACP should be approved by IFIs before the implementation.

This Plan will include the steps that are described below.

4.2.1. Declaration of Public Utility

Given the importance of the Project for the Republic of Moldova, it is expected that the Parliament will declare the Project’s public utility.

The procedure of Declaration of the public utility contains the following steps:

➢ A preliminary research has to be done for the Project of “national interest” by a Commission;
➢ The Commission is approved by Governmental Decision and consists of representatives of the following authorities:
   • Ministry of Economy;
   • Ministry of Regional Development and Construction;
   • Ministry of Agriculture and Food Industry;
   • Ministry of Finance;
   • Ecological Inspectorate of State, Ministry of Environment;
   • Institute of Designing for Territorial Organization – State Enterprise;
   • Each district where the transmission line passes (president);
   • Each commune where the transmission line passes (mayor);
   • Each village where the transmission line passes (mayor);

➢ The Commission establishes the arguments for the “national interest”, the socio-economic and ecological premises or other reasons for the necessity of the Project;
➢ The Declaration of public utility of the Project is made known by public announcement at the Local Councils and by publishing in the Official Gazette;
The owners of the land expropriated have to be announced in 10 days from the data of the declaration of public utility;
The announcement will content the compensation measures, too;
If the owner doesn’t agree the compensation in 45 days can submit complaint. This complaint has to be resolved in 30 days by Commission.

LACP has to include the national expropriation procedure of the “national interest” Project, as well as to consider the following:

- How the information is disseminated and how the public consultation will be conducted;
- The Grievance mechanism;
- The monitoring and evaluation of the LACP implementation.

4.2.2. Establishing the cut-off date

The date of establishing (announcement) of the Public utility of the Project could be considered as an analogue of the cut-off date. New comers cannot appear in the area after this date, any new persons that may appear after this date do not have rights for compensations.

4.2.3. Socio-economic Survey

The socio-economic survey will be undertaken within the LACP development in parallel with the census/assets’ inventory preparation. The approach will ensure the consistency the socio-economic survey, census and assets’ inventory and will allow for the efficient land acquisition mitigation.

In this particular case, the socio-economic survey should cover the following issues:

- Identification of the RAPs;
- Focused survey of the local livelihood/living standards; the special attention should be paid to the dependency of the RAPs/affected households on land. For the land-based household/persons the natural compensation is preferable.
- The vulnerable groups should be identified. The specific measures ensuring their engagement into and benefits from the Project to be developed.
- The broader socio-economic context (Rayon and settlement level) should be studied and presented in detail. The development opportunities for the RAPs should be outlined.

4.3. Census of the RAPs and Assets’ Inventory

MOLDELECTRICA should conduct a detailed census of the RAPs, including

(i) people who has formally acquired legal rights for the assets and
(ii) people who declare the rights (not fully acquired but recognised by Moldova legislation). These people should get the legal assistance in official recognition of their rights where possible; the compensation should be provided;

(iii) People who do not have these rights but use the assets for many years should be included. They will not get compensations for the land but should be compensated for their property.

The Census should include the names of all RAPs, data on age, sex, education, income, occupation and skills of the RAPs, rights to the real assets, household information; indication of the land-based households.

The real assets (land plots, proprieties and other assets) should be identified; the assets’ inventory should be developed.

The census and the assets’ inventory will be based on the cadastral information and the results of the socio-economic survey. The 100% coverage of the RAPs is required. If the discrepancies between cadastral data and real information (found within socio-economic survey or census) would be found, for example, the owners have been changed (with no proper registration) or leave or dead, the Company and the Authorities will share the information and mutually find the proper decision, avoiding inconsistency in information, duplications and controversies in the further steps and decisions.

Both, the census and the inventory should be done by local public administration responsible for the land acquisition process, with the support of the experiences company (providing guidelines/training, etc.). It is important to reach the consistency of the census of the displaced persons and assets’ inventory.

Investigations may be needed to identify if there are informal owners of the land plots to be acquired. All the affected people formal or informal included in the census are eligible for compensation. Informal affected people first have to clarify their situation in accordance with the national legislation.

In the case of absentee owners (e.g. people with legal rights to the land but who are living elsewhere), they will still be eligible for compensation and the Company should make, and document, good faith efforts to find them and inform them about the process. These efforts may include efforts to reach them through their neighbours, publication of an ad in newspapers informing about the process, etc. If they cannot be found, and in accordance with local requirements, the compensation amount must be allocated in the special account and be readily available should the absentee owner reappear.

Based on the socio-economic survey, census and assets’ inventory the next step should be planned and implemented.
4.4 Compensations

It is the key principle that all the RAPs should be compensated.

The licenced experts according to the national legislation (see above) will calculate the compensation costs. The authorities responsible for the land acquisition and compensations will pay these compensations (including the legalization fees and any taxes related to land acquisition).

The Company shall ensure within the LACP process that all losses are compensated, and the full replacement cost will be provided (direct compensations and in-kind indirect assistance). Where necessary, the Company will contribute in providing displacement assistance.

A preliminary entitlement matrix is present in Annex 2.

4.5 Methods of valuing assets

In the Republic of Moldova, there is a guideline on valuating the assets, approved by GD no. 958/2003. The assessment process includes several stages as follows:

- Defining the subject to assess, the patrimonial rights, the purpose of assessment, the type of estimate value, the domain to apply the results and the limits;
- Collecting and analysing the evaluation data as economic and social of the area where the assets are, specific information of usage, costs, undervaluing and possible revenue, selling price on the market of the same assets, etc.;
- Applying the assessment methods recommended for each type of assets (housing, lands, commercial building, industrial constructions depending on the market development and the ones unique and specialised);
- Values reconciliations and estimation the final value;
- Elaboration of the assessment report.

The lands needed to implement the Project are generally agricultural (crops, vineyard or orchards, grazing cattle, etc.). Two methods are recommended in this case: one method is a comparative analysis of the sales and the second one is the method of revenues.

The comparative analysis of the sales method is based on the estimation of market value of the asset compared with similar assets recently sold and on adjustments of the selling price for the differences between these assets and the one assessed. This method is applying as a standard procedure consisting of the following actions:

- Collecting and analysing the market information to select the comparable assets;
- Identification of the elements that can be compared;
Determination of the adjustment level
Comparison of the asset evaluate with the similar ones to adjust the selling prices;
Analyse the adjusted price of the comparable assets to determine the market value of the one assessed.

The comparison elements used in this method are the property rights and other real rights, financing, transaction and market conditions, location, physical and economic characteristics, usage and other components there are not directly related with the asset.

The revenue method is valuing the asset based on the net income future generated and is applied in two phases:

- Prognoses of the future incomes;
- Determination of the actual value of the future incomes.

The future incomes are provided by the following sources:

- Payment of the rent collected after the lease of the assets;
- Income from the commercial exploitation of the assets.

The land occupied permanent by the tower foundations has to be assessed with one of the methods recommended. These values should be presented to the Commission for expropriation to establish the compensation measures.

If due to unpredictable interventions during operation and/or maintenance, some land/assets are affected or access to assets is restricted, compensation should be offered to the owners. These interventions can be e.g., damages to the crops, vineyards, orchards and other assets that produce income.

5. DISCLOSURE OF INFORMATION, PARTICIPATION AND CONSULTATION

A stakeholders engagement is the key ESIA element carried out by MOLDELECTRICA. The Stakeholder engagement Plan (SEP) has been developed providing the legal and policy framework, overview of the previous consultations, stakeholder identification and analysis, consultation program, grievance mechanism and monitoring. The SEP will be implemented, analysed and updated throughout the Project lifecycle on a regular basis.

At the stage, the ESIA information disclosure package includes ESIA Report including the Environmental and Social Management and Monitoring Plan (ESMMP), this LACF, SEP and Non-Technical Summary (NTS) that summarise all findings, information and process.
This package will be available on MOLDELECTRICA and EBRD websites, and hard copies will be made publicly available at MOLDELECTRICA offices (headquarter, regional bureaus) and administrative buildings / mayoralties of the neighbouring communities inside 400 kV OHL route survey corridor.

Currently, the land acquisition issues are discussed on the level of principles and approaches, as suggested above, within the general stakeholder engagement process. At the next stage (during the LACP preparation and implementation), specific communication tools and opportunities will be proposed; a separate section/addendum devoted to consultations on economic displacement will be added to the SEP. MOLDELECTRICA LAC Officer will be hired for better communications with the affected community.

6. GRIEVANCE REDRESS MECHANISM

A grievance mechanism already set up under the SEP will be used to collect feedback regarding the LACP preparation and implementation. MOLDELECTRICA needs to be responsive to any concerns and complaints on land acquisition issues, particularly from affected stakeholders and communities, and provide information on compensation and livelihood restoration measures.

Any comments or concerns can be brought to the attention of the Company verbally (by phone) or in writing (by post or e-mail) or by filling in a specific grievance form (Annex 1–Land acquisition grievance form). The grievance form will be made available in the mayor’s office, community centres and other public places that are easily accessible for all relevant stakeholders.

The form after being filled out will be forwarded to the indicated contact person, who will register it and will ensure that all actions are made to close out the complaint.

Efforts will be made by MOLDELECTRICA to prevent grievances by ensuring full participation and consultation of the potentially affected parties / communities.

7. LACF IMPLEMENTATION, BUDGET, MONITORING AND REPORTING

MOLDELECTRICA will be responsible for the implementation of all aspects of this LACF and the detailed LACP in the moment when it will be available.
When the final tower locations will be decided and the corridor is established, before the construction activities start, the LACP will be developed and implemented in three stages:

1. Public meetings, census and socio-economic survey are taken place;
2. Acquisition of property rights on the lands and payment of compensation;
3. Monitoring of and reporting on LACP implementation.

The LACP budget will consist of the costs for land acquisition, compensation, monitoring, evaluation and other administrative expenses. This budget will be included in the overall costs of the Project.
## ANNEX 1 – Public Grievance Form

<table>
<thead>
<tr>
<th>Reference No: (to be completed by Moldelectrica)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received by:</td>
</tr>
<tr>
<td>Solved by:</td>
</tr>
<tr>
<td>Date of initial response:</td>
</tr>
</tbody>
</table>

### Full Name:
(to be completed by the person lodging the complaint)

Note: you can remain anonymous if you prefer or request not to disclose your identity to the third parties without your consent

### Contact Information:
(to be completed by the person lodging the complaint)

Please mark how you wish to be contacted (mail, telephone, e-mail).

- **By Post**: Please provide mailing address:

  ____________________________________________  
  ____________________________________________  
  ____________________________________________

- **By Telephone**: _____________________________

- **By E-mail**: ____________________________________________

### Preferred Language for Communication:
(to be completed by the person lodging the complaint)

- Romanian
- Russian

### Would you like to receive information on the Project development?
(to be completed by the person lodging the complaint)

- Yes
- No

### Description of Grievance:
(to be completed by the person lodging the complaint)

What happened? Where and How did it happen? What are the results / consequence / impact of this issue?

____________________________________________  
____________________________________________  
____________________________________________  
____________________________________________  

### Date of Grievance: (to be completed by the person lodging the complaint)

- One time grievance (date DD.MM.YYYY)
- Happened more than once (how many times?)
- On-going (currently experiencing problem)

What would you like to see happening in order to solve this issue?

_____________________________________________________________________________________
_____________________________________________________________________________________
_____________________________________________________________________________________
## ANNEX 2 – Compensation Entitlement Matrix

<table>
<thead>
<tr>
<th>Type of Project Affected Right or Loss</th>
<th>Category of PAPs</th>
<th>Entitlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporarily loss of crops/trees during construction along the OHL (crops, orchards, vineyards, etc.)</td>
<td>Registered owners</td>
<td>Compensation of losses or damages of crops</td>
</tr>
<tr>
<td></td>
<td>Legalizable Owner</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-legalizable users</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Renter/Leaseholder</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Person coming in the area after cut-off date</td>
<td>Not entitled to compensation</td>
</tr>
<tr>
<td>Temporary use of land during construction</td>
<td>Registered owners</td>
<td>Civil Works Contractor will lease land required temporarily during construction on voluntary basis where land owner/user will have the right to say ‘no’. Lease rates to be paid should not be less than lease at current market rates, plus compensation for any loss of crops or trees at gross value of 2 year’s harvest of crops on the affected lands. It is also required that lands (or other assets) be fully cleared and restored following use.</td>
</tr>
<tr>
<td></td>
<td>Legalizable Owner</td>
<td></td>
</tr>
<tr>
<td>Permanently loss of land and crops/trees due to the installation of tower foundations</td>
<td>Registered owners</td>
<td>Compensation of land and losses or damages of crops.</td>
</tr>
<tr>
<td></td>
<td>Legalizable Owner</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-legalizable users</td>
<td>Non-legalizable PAPs losing agricultural land plot, which is the only land plot used and provides main source of income for AH, will be compensated for land with one time allowance in cash equal to 1 year of minimum subsistence income</td>
</tr>
<tr>
<td></td>
<td>Renter/Leaseholder</td>
<td>Eligible for crops compensation only</td>
</tr>
<tr>
<td></td>
<td>Person coming in the area after cut-off date</td>
<td>Not entitled to compensation</td>
</tr>
<tr>
<td>Loss of state owned land</td>
<td>State body owning state land</td>
<td>No compensation as the state land ownership rights are transferred to the Project developer, which is a state enterprise</td>
</tr>
<tr>
<td>Loss of state-owned trees, bushes or other vegetation within the safety corridor of the OHL</td>
<td>Authority responsible from trees, bushes or other vegetation</td>
<td>Planting in other location establish by authorities</td>
</tr>
<tr>
<td>Restrictions on land use during operation (e.g. easement for the OHL)</td>
<td>Registered owners</td>
<td>Easement agreement will include shall be concluded based on independent</td>
</tr>
<tr>
<td>Type of Project Affected Right or Loss</td>
<td>Category of PAPs</td>
<td>Entitlement</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>------------------</td>
<td>-------------</td>
</tr>
</tbody>
</table>
| safety corridor)                     | Legalizable Owner| valuation
|                                      | Renter/Leaseholder| Not eligible for easement fee for land-use restriction. |
|                                      | Non-legalizable users| Not eligible for easement fee for land-use restriction. |
| Buildings, structures, or facilities | Registered owners | Compensation amount determined by independent valuation |
|                                      | Legalizable owners | |
|                                      | Buildings, structures, facilities without legally recognized rights | No compensation is foreseen. |
| Loss of common property and/or resources | Community/Government | Reconstruction of the lost structure or replacement of agricultural lands in consultation with community and restoration of their functions |
| Business/Employment                  | Business owner    | (i). (permanent impact) cash indemnity of 1 year net income; |
|                                      |                  | (ii) (temporary impact) cash indemnity of net income for months of business stoppage. |
|                                      | Workers/employees: | Indemnity for lost wages equal to 3 months of minimum subsistence income and job trainings. |

Note: PAPs are not losing their land falling within the safety corridor, but land use restrictions imposed (e.g., prohibition to construc structures).