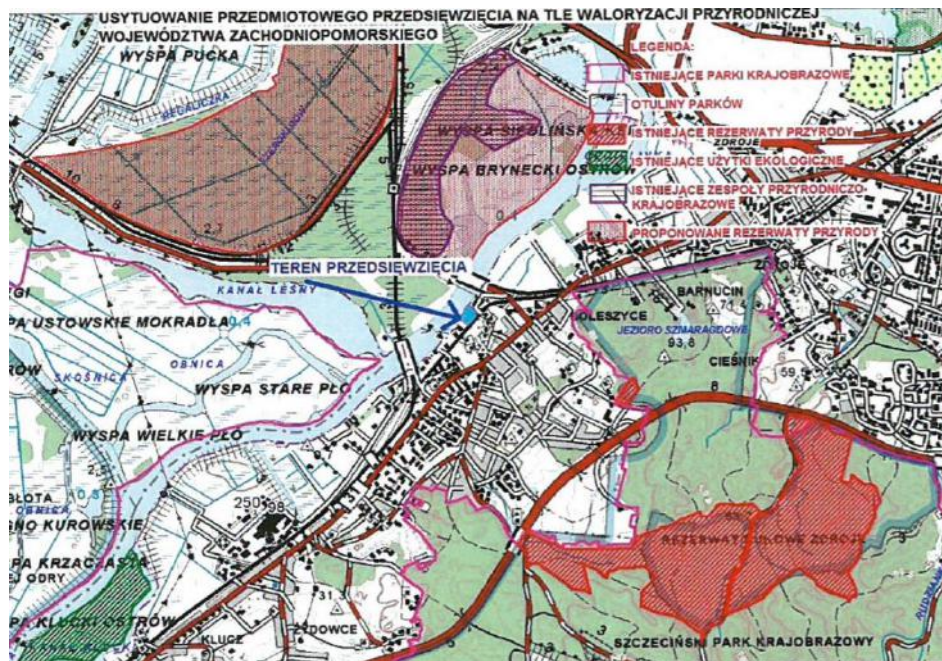


Bearing in mind that the investment planned on the site of the Podjuchy estate is a recreational and tourist place and includes within its scope a space intended for meetings and broadly understood recreation and leisure, as well as the short distance from the current place where the bench is located to the area of the investment planned by the City of Szczecin commune, it was deemed unnecessary for the Investor to move the bench. The place of recreation and rest referred to in the note to the EMP will be provided as a result of the activities of the City of Szczecin commune, not coordinated with the Investor's activities. It should be noted that the place that is to be created as a result of the abovementioned project implemented by the Commune will have much greater advantages than the single bench, which is also a private property of one of PAP. The investment site will feature not only streetscaping objects such as benches or tables, but also viewing platforms to observe the other bank of the river and a roofed shelter.

As a consequence of the City of Szczecin commune providing a place that will fully meet the demand for this type of recreational facility and at the same time with access to the river, residents of Szczecin, and in particular of the Podjuchy estate, the Investor decided that taking action on the possible transfer of the bench is unnecessary. It was taken into account that the bench, after a detailed analysis of the information and documentation in possession, was classified as private property owned by one of the non-contractual users of the plot.



*A picture showing the distance from the site of this project (plot No. 7/16) to the site of the project carried out by the Municipality of Szczecin.*



*A figure received from the Project Manager showing the location of the project site.*

## 2.3 ENTITIES RESPONSIBLE FOR IMPLEMENTING SUBCOMPONENT 1B OF THE PROJECT

As from 1 January 2018, the main entity responsible for national water management is the State Water Holding 'Polish Waters' (also referred to as 'Polish Waters' or 'PGW WP'), seated in Warsaw.

Polish Waters was founded under the Water Law of 20 July 2017 and the statute given under the Regulation of the Minister of Environment of 28 December 2017 (Polish Journal of Laws 2017, item 2506). Polish Waters is a state-owned legal person (Article 9(14) of the Public Finance Act of 27 August 2009 – Polish Journal of Laws 2009, item 1240, as amended).

One of the tasks of the SWM PW is comprehensive, broadly understood water management in Poland, including investments. The entity also represents the State Treasury and exercises its ownership rights with regard to the water, water equipment and other property related to water management, owned by the State Treasury. A detailed list of the rights and obligations, including the division of competence between the internal units and separated bodies, is set out in Article 240 of the WL. Polish Waters consists of the following organisational units: the National Water Management Authority seated in Warsaw, regional water management authorities, basin boards and water supervision offices.

In Article 536 of the WL, the legislator has regulated the issues regarding the continuation of projects commenced before the date the Law entered into force, by transferring to Polish Waters the rights and obligations arising from the contracts and decisions concerning projects carried out on the public water bodies owned by the State Treasury, and concerning principal drainage equipment, including the contracts financed or co-financed by foreign resources, which were previously implemented by regional water management authorities, provinces, province marshals or competent provincial

organisational units. Article 526 of the WL stipulates that from the date the Law enters into force, Polish Waters shall also perform the tasks of the previous President of the National Water Management Authority, the previous directors of regional water management authorities, and province marshals, which involve the maintenance of water and other property of the State Treasury related to water management and water management projects. It should be noted that all the receivables, liabilities, rights and obligations of the previous National Water Management Authority and the regional water management authorities have become receivables, liabilities, rights and obligations of Polish Waters. Therefore, it was a general succession from the previous regional boards to Polish Waters.

The reform of the water management was caused by the Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 (the so-called Water Framework Directive), which establishes a framework for Community action in the field of water policy. The reform was a condition which Poland had to satisfy in order to use the resources from the European Union operational programmes for 2014–2020.

The Project Implementation Unit (PIU) for this Task is the State Water Holding Polish Waters, which has legal personality and exercises the ownership rights for and on behalf of the State Treasury. The National Water Management Authority in Szczecin is an internal unit of Polish Waters. In consequence, the State Water Holding 'Polish Waters' will be the Investor in this Task.

### 3. BASIC PRINCIPLES ADOPTED IN THE LA&RAP<sup>2</sup>

The principal objective of this Land Acquisition and Resettlement Action Plan is to acquire real properties necessary to implement the Works Contract in line with Polish legal regulations and the World Bank's Operational Policy OP 4.12, in a way to minimise the adverse impacts on the project affected persons, improve or at least restore their living conditions and ensure long-term and sustainable use of environmental resources in that area.

Unless adequate mitigation and prevention measures are planned and implemented, land acquisition may generate and strengthen inequalities and cause social exclusion and permanent environmental damage. Therefore, in planning and implementing the property acquisition process, it is required to apply the following principles:

1. Permanent and involuntary land acquisition shall be minimised or avoided where possible. Where permanent acquisition is unavoidable, the procedures and requirements outlined in this LA&RAP shall be followed to mitigate the impact of the land acquisition on the parties interested.  
[http://www.odrapcu.pl/doc/OVFMP/Ramowy\\_dokument\\_dotyczacy\\_Przesiedlen\\_i\\_Pozy\\_skiwania\\_Nieruchomosci.pdf](http://www.odrapcu.pl/doc/OVFMP/Ramowy_dokument_dotyczacy_Przesiedlen_i_Pozy_skiwania_Nieruchomosci.pdf)
2. The land acquisition procedures shall ensure that the living conditions of people are improved or at least restored to pre-project level.
3. All project affected persons (PAPs) shall be properly consulted and given the possibility to actively and effectively participate in improving the Project, and shall be given access to mechanisms enabling the submission of complaints and applications. The public consultation should account for the needs of vulnerable groups and those arising from participants' gender identity.
4. Project Affected Persons shall be provided access to fair, just and inexpensive appeal procedure conducted before an independent authority or before a court, which should be carried out without undue delay.
5. All land acquisition processes, whether permanent or temporary, shall be conducted in line with the procedures set forth in Polish legal regulations and in OP 4.12, as per the LARPF, and shall be elaborated in specific RAPs. LA&RAPs will be consistent with the LA&RPF.  
[http://www.odrapcu.pl/doc/OVFMP/Ramowy\\_dokument\\_dotyczacy\\_Przesiedlen\\_i\\_Pozy\\_skiwania\\_Nieruchomosci.pdf](http://www.odrapcu.pl/doc/OVFMP/Ramowy_dokument_dotyczacy_Przesiedlen_i_Pozy_skiwania_Nieruchomosci.pdf)
6. This LA&RAP concerns permanent or temporary acquisition of real property, as well as permanent or temporary restrictions in using the property, which may in particular result in the (permanent or temporary) loss of revenue or the reduction of living standards.
7. The implementation of the LA&RAP shall be monitored and documented, and evaluated upon completion.
8. The process of public participation and the protective and mitigation measures shall be carried out in line with the principle of equal treatment regardless of age, sex or disability of the project affected persons. Particular attention must be paid to the households where a member or members belong to the vulnerable groups.

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<sup>2</sup> The contents of this section are in line with the LA&RPF.

9. Land Acquisition and Resettlement Action Plans are prepared and implemented as integral parts of the Project. All costs of planning and implementing the compensation measures shall be included in the costs and benefits of the Project.
10. The persons economically affected by the Project, in particular those who have been subject to expropriation, shall be compensated before the start of construction works on the expropriated property.
11. Within the compensation measures, a priority shall be given to the 'land for land' compensation, that is by giving a property of a similar production potential. Monetary compensation shall be used where the acquisition of the property or a part thereof has no impact on the possibility to use the property for its previous purposes as well as where the person economically affected by the project expresses their will to receive monetary compensation.
12. In case of temporary acquisition of the assets, after the works they will be returned in the same condition as beforehand to enable the owners or users the business activities on the same level as before.
13. All PAPs, without regard to legal status of property, will receive support of various kinds, as per the principles set out in the Entitlement Matrix include in this RPF. Lack of legal title should not be a bar to compensation and/or rehabilitation. Detailed rules of acquiring real properties, conducting the public participation procedure and carrying out the mitigating, preventive, protective and compensating measures are set forth in this RAP.

The purpose of the LA&RAP is, *inter alia*, to gather basic social and economic information on the project affected persons, to identify the impacts, to determine the mitigating and compensating measures taken against any adverse impacts, and to assess whether the conditions for further management on the properties covered by the project have been restored (both for properties owned by natural persons and public entities). The LA&RAP also specifies the procedures, budget and deadlines to achieve the said purposes.

Based on determined indicators, the LA&RAP shall be subject to continuous monitoring and updates conducted by the Consultant's team and by the PIO, as the works proceed and in case any new factual or legal circumstances which affect the implementation of its provisions. It will make it possible, *inter alia*, to provide the Project Affected Persons with the relevant information, to early identify risks and implement methods that will allow to mitigate or eliminate such risks. The results of the monitoring will be presented in monthly and quarterly reports.

An *ex-post* assessment will be conducted six months after full implementation of the LA&RAP and evaluating and documenting its outcomes.

## 4. MINIMISING THE IMPACT

### 4.1 Social impacts – general

In the light of OP 4.12, a social impact associated with property acquisition is defined as any direct loss, whether social or economic, which arises out of the expropriation of a real property or the permanent restriction in the manner of using or access to the real property.

The social impacts caused by the Investment Project, and thus by the land acquisition which often leads to resettlement, may be classified into the following categories:

- 1) Impacts caused by the Investment Project:**
  - a/ direct impacts,
  - b/ indirect impacts,
- 2) Impacts caused by the Investment Project's severity:**
  - a/ significant impacts,
  - b/ minor impacts,
- 3) Subjective impacts:**
  - a/ favourable impacts,
  - b/ adverse impacts.

**Re. 1.** According to §3 of the World Bank's Operational Policy OP 4.12 *Involuntary Resettlement*, the said Policy covers only direct impacts which are caused by the involuntary taking of land or the involuntary restriction of access to parks and protected areas, resulting in adverse impacts on the livelihood of the project affected persons.

‘Direct social impact’ means any consequence immediately related to the taking of a parcel of land or to restrictions in the use of legally designated parks or protected areas, during the Investment Project financed or co-financed by the World Bank. People directly affected by land acquisition may lose their home, farmland, property, business, or other means of livelihood; a reduction in living standard is also possible. In other words, they lose their ownership, control over the property and the rights of use.<sup>3</sup>

OP 4.12 does not apply to long-term indirect impacts caused by the Investment Project, for example on customer loyalty (for people running a business), differences in local tastes, or other forms of intangible cost caused by the Investment Project.<sup>4</sup>

**Re. 2.** The severity of the Investment Project’s impact on land properties largely depends on the type and purpose of the property.

Therefore, the basic criterion to assess the severity of social impacts is the percentage share of the expropriated part of the property in its entirety. However, we should also take into account the data obtained during the socioeconomic study.

To assess the social impacts, for the purposes of this LA&RAP, we have adopted the following criteria, according to OP 4.12:

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<sup>3</sup> See: *Involuntary Resettlement Sourcebook, Planning and Implementation in Development Projects, The World Bank 2004, Chapter 1, page no. 4*

<sup>4</sup> See: *Involuntary Resettlement Sourcebook, Planning and Implementation in Development Projects, The World Bank 2004, Chapter 1, page no. 19*



- minor impact – in the case of real properties with intended use other than agricultural and wasteland, secondary impact is deemed to be the impact where less than 20% of land or assets of a given household are lost, while no physical relocation takes place,

- significant impacts – for real properties intended for purposes other than agriculture, and for wasteland, significant impacts are such impacts where the household loses more than 20% of its land.

In assessing the severity of impact, we have also considered the information acquired from the socioeconomic study, and the social sensitivity of the analysed household, defined as the exposure to risk and severity of the impact, sensitivity to those risks and effects, and adaptation capabilities; we have also considered whether the PAP belongs to a vulnerable group.

Therefore, when assessing the impacts for their severity, it is required to assess the size, purpose, use and production capacity of the entire property and its part being lost. Often the real property subject to acquisition is the family's only source of income, and sometimes it is not used whatsoever. In such cases, the acquisition of the same area of property will be subject to different compensation amounts, based on the purpose and production capacity of the property. Therefore, an important aspect to be determined during the socioeconomic study is the percentage ratio of the acquired area of property to the remaining area, and whether the part acquired generates any revenue.<sup>5</sup>

Sometimes, despite acquiring 100% of a small property, which was used by the PAP only for leisure purposes, and it is impossible to determine that the property was the family's source of revenue, the impact must be deemed significant.

For those people already in poverty, however, loss of even a small percentage of holdings may render the rest of their land unviable. In these cases, the loss of less than 10% of the holdings (which could indicate a minor impact) will only deepen poverty – for such PAPs, adequate additional measures should be taken aside from monetary compensation.<sup>6</sup>

**Re. 3.** The implementation of flood protection projects which have an impact on the entities located at the site or within the range of the Investment Project, as well as their long-term impact, may be classified as favourable. This is because the communities living in the areas of Investment Projects will benefit from the improvement of flood safety. Therefore, we may claim that the outcome of the Investment Project (the improvement of flood protection level) will only have a favourable impact.

However, in the event of acquiring a private real property being, the subjective impressions of the project affected persons will be usually negative. There may arise adverse impacts relating to the relocation of households, but in some cases a change in the place of residence brings improvement of the PAP's living standard, and thus an impact that is initially considered adverse turns out to be favourable in the long term. In any case, attention must be paid to the psychological adverse impacts, especially for persons from the vulnerable groups.

## 4.2 Social impacts identified for the purposes of Task 1B.3/1

To implement Task 1B.3/1, the real properties required for the investment project will be acquired under a voluntary exchange agreement to be concluded between the Municipality of Szczecin and the

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<sup>5</sup> See: *Involuntary Resettlement Sourcebook, Planning and Implementation in Development Projects, The World Bank 2004, Chapter 3, page no. 38*

<sup>6</sup> See: *Involuntary Resettlement Sourcebook, Planning and Implementation in Development Projects, The World Bank 2004, Chapter 5, page no. 74*

State Treasury PGW WP RZGW in Szczecin. In the case of this property, four contractless users have been revealed, and the property will probably be issued by the owner without the possibility of full possession. The persons who presently occupy the property do not hold any title or claims thereto, which could be derived from the Polish legal system. One of the contractless users permanently resides on the area remaining after the allotments, while the other three PAPs have developments and plantings existing on a part of the property. In consequence, a physical resettlement will take place with respect to the person residing on the plot to be taken by the investment project and the one who runs a business on the part occupied without a contract. In this case, the physical resettlement implies the loss of facilities necessary to gain profits. Given the age and health condition of that person, there may also occur psychological impacts such as stress caused by the loss of the present place of residence and adaptation to a new one. Therefore, the task also provides for support and protective measures for the person to be relocated, which will prevent or mitigate the adverse impacts of the resettlement.

According to the good practices recommended by the World Bank, for poor people it is required to take special measures which go beyond the implementation of Operational Policy OP 4.12. Considering that such people have no title to the land or goods for which they could be compensated, the socioeconomic study should determine the source of their revenue, where possible. The good practices also recommend individual consultations to be conducted with persons in poverty, as they may be unwilling to participate in the public consultation.<sup>7</sup>

It should be emphasized that the purpose of this LA&RAP is to set the frameworks and rules to prevent direct, significant and adverse impacts on the community, due to property acquisition and involuntary resettlement.

The planned Task will entail direct significant impacts in the form of physical relocation of a household – for one of the PAPs permanently residing in an allotment gazebo. The impacts should be, however, deemed favourable in the long term, as the homeless PAP will improve their living conditions by being given housing premises. As part of the compensation measures, the PAP has been voluntarily enrolled in a local scheme, managed by an auxiliary entity of the Municipality of Szczecin, which enabled the conclusion of a lease contract for a dwelling unit to be renovated. In the end, despite competition, the PAP was identified as a person eligible to conclude a lease contract for a dwelling unit to be renovated. The participation in the scheme did not imply any direct costs. The only expenses related to stamp duties on powers of attorney and on appropriate certificates which had to be enclosed with the application for the dwelling unit. As for now, the PAP has signed the lease contract for a dwelling unit to be renovated. The PAP has covered from his/her own funds the costs of insuring the flat for the time of renovation, and has paid a refundable security deposit – both amounts were necessary to enter into the lease contract. The costs of the renovation will be covered from the monetary compensation paid to the PAP for the goods lost due to physical resettlement. Based on the authorisation granted by the PAP, the Investor will commission renovation works in the premises to be used for relocating the PAP, and the costs of the renovation will be covered from the compensation due to the PAP. Any surplus, reduced by the renovation costs, will be handed over to the PAP.

Simultaneously with the acquisition and renovation of the premises, efforts will be taken to find another dwelling unit (ready to move in), which could be used to satisfy the housing demand of the PAP. If it is possible to acquire rights to that other dwelling unit, and the PAP consents to moving there, the premises to be renovated will be abandoned and the PAP will be displaced to the location he/she has chosen. This solution is beneficial, as the premises intended for the PAP will be made available

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<sup>7</sup> See: *Involuntary Resettlement Sourcebook, Planning and Implementation in Development Projects, The World Bank 2004, Chapter 5, page no. 73*



sooner. However, there are variables such as the amount of maintenance charges, location, floor, etc. This is why the final choice will always be left to the PAP.

As for the person who runs a business on a part of the property occupied without a contract, there will exist significant direct impacts and a physical resettlement implying the loss of facilities necessary to generate income, but there will be no economic resettlement. In the first place, the PAP was offered to make a new lease contract, for a new but similar location that would enable going concern and assistance in business relocation. The PAP had initially emphasized that the going concern of the fishing business is his priority, but in the end, instead of using the offer to continue the business and the assistance in relocation, the PAP declared that he was only going to accept compensation for the facilities, plantings and improvements made on the property by his own means.

Direct impacts will also arise for the other two contractless users, who will be given a monetary compensation for the facilities, plantings and improvements they have made on the property. Given the intended use and present development of a part of the property, and the condition of the structures possessed by the PAP, the impact should be considered minor, and monetary compensation for the PAP should be regarded as advisable.

Direct adverse impacts have occurred for the former lessees of the investment property located at Karpia street, on plot 7/16. It should be highlighted that the outcome of the adverse impacts was not due to actions taken by the Investor but by the property owner, who terminated the lease contracts when most of the people had already prepared their allotments for the new cultivation season, made plantings and incurred related expenditures. It is important that the notices of termination delivered to the lessees expressly stated that the contract was terminated since the property owner (Municipality of Szczecin) had taken actions to transfer the property to the Investor with the aim to implement the planned Investment Project (for more details, see chapter 7.4 *'Former lessees of plot No. 7/16'*).

The lease concerned small parts of the property intended for the cultivation of plants and vegetables, so the impact on the lessees should be regarded as direct and adverse, whereas the area of the occupied parts of the property (for each of the lessees) may not be considered to generate any revenue that would ensure subsistence of the household, and thus the impacts may not be deemed significant. It should be emphasized that the allotments were used mostly for leisure purposes.<sup>8</sup>

What is important, in accordance to Polish law, the persons illegally (that is without a title or expectant right to acquire the same) controlling the property intended for the Investment Project, are not entitled to receive compensation for expropriation from the property. However, they will receive compensation for the plants, structures and facilities being their property and, where necessary, a package of special protective measures to restore or improve their quality of life.

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<sup>8</sup> Detailed list of PAPs, including the severity of social impacts, is set out as Appendix 3 hereto, and may not be disclosed due to the protection of personal data.

Item	PAP category	Direct / indirect impact	Significant / minor impact	Favourable / adverse impact
1.	Contractless user – vulnerable group	Direct	Significant	Possible adverse psychological impacts / Favourable impacts due to improved living conditions
2.	Contractless user	Direct	Minor	Favourable
3.	Contractless user	Direct	Minor	Favourable
4.	Contractless user being an entrepreneur	Direct	Significant	Adverse
5.	Former lessees of the plots located at Karpia street Karpia street	Direct	Minor	Adverse

**Table 3:** Types of impacts of the Investment Project on the PAPs identified in the socioeconomic study

### 4.3 Mitigating the impacts – organisational measures

1. The design works are carried out in a way to minimise the area of land that must be acquired, that is within the boundaries of the plots that will be objects of the voluntary contract for transfer of real property, and of the properties already owned by the State Treasury.

2. The amount of compensation for the plants and structures owned by the persons illegally occupying the property will be set based on the appraisal reports prepared by licensed property appraisers. The valuation that constitutes the basis for the determination of the compensation amount will be reliable, objective and independent, so that the Project Affected Person receives monetary compensation in the amount of the replacement cost of the lost assets.

3. All costs of the measures mitigating and compensating for the adverse impacts will be included in the costs of the Project as eligible expenditure.

4. Each expropriated person will be entitled to the free use of the land in the same manner until the payment of the compensation or (if no agreement is reached as to its amount) an indisputable part thereof.

5. The Employer will notify the PAPs of the actual commencement of works in time to allow them to finish their activities on the real property, however no later than 30 days in advance.

6. During the construction works, the required distances to overhead power lines will be maintained. This will mitigate the social impacts caused by the influence on energy infrastructure (power supply interruptions). Power distribution systems on the construction site will be designed, built, maintained and used in such a way not to pose a fire or explosion hazard, and to sufficiently protect the personnel against electric shock.

7. All works carried out near the existing underground utilities will be performed manually to prevent damage. This will mitigate the social impacts caused by damage to utilities.

8. All the works that cross or are conducted on or near utility networks will be supervised by the owner of those networks. The network owners will be notified in advance of the start date of the works.

9. Proper arrangement of construction and erection works will be ensured: the construction works may be carried out only from 6:00 a.m. to 10:00 p.m.; limitation of transports without load; limiting the idle operation of vehicle combustion engines during construction; limiting the speed of vehicles near the investment project site; limiting the operation of equipment that generates the highest noise; the construction site will only be supplied during the day. This will mitigate the social impacts caused by the nuisance generated by the Investment Project.

10. The Investor will assist the PAPs in drafting applications for a dwelling unit (preparation, obtaining adequate appendices, representing the PAPs in the proceedings for acquiring the right to conclude the lease contract for the dwelling unit, etc. – as required). It is required to arrange and carry out renovation of the premises for which the PAP will conclude the lease contract.

11. Assistance and advice in searching for substitute properties or locations, in order to continue the fishing business.

12. Before commencing the works, the Employer will conduct a broad information campaign on the investment project, and will establish an information point for the Project Affected Persons, where they can file their requests and comments regarding the conducted construction works and planned acquisitions. An information brochure will be prepared and sent to all PAPs, which will inform them about the option to submit complaints (according to the LA&RAP) and contain relevant contact details.

A detailed description of the minimising measures provided for individual PAPs entitled to compensation is included in Attachment No. 3 hereto, which due to personal data is not subject to publication.

A broader description of the measures to mitigate/minimise adverse impacts, including those regarding environmental resources, is contained in the 'Environmental Management Plan'.

## 5. SOCIOECONOMIC STUDY

### 5.1. Sources and methodology

The socioeconomic study has been conducted by the real property team being part of the Consortium – Consultant responsible for preparing this LA&RAP.

The principal source of information about the development and use of the occupied properties is the analysis of GIS data, excerpts from the land and building register and entries in land and mortgage registers, and an on-the-spot verification on the Task site. The possession status of the acquired real properties has been determined based on the land and building register and land and mortgage registers, and by way of on-the-spot verification at the Task site. The existence of infrastructure was confirmed by analysing the GIS data, LBR excerpts and design documents, and by an on-the-spot verification at the Task site.

As regards social impacts, the basic source of information was the information acquired from available registries (such as the business register) as well as data and information obtained by visiting the site of the Task. We have also based on the statistics of the CSO and materials available on the Internet (the websites of the Municipal Office of Szczecin). The collected data made it possible to perform social profiling, that is to classify the PAP to a specific group of beneficiaries entitled in connection with the Task.

The end date of the socioeconomic study is the date of obtaining the final building permit.

Based on the analysed information sources, in particular the site visits, we have carried out thorough socioeconomic studies on the site of the Investment Project, using questionnaires dedicated to particular persons. We have found that the investment project site is occupied by four contractless users of the property. As the Municipality of Szczecin does not fully possess the property to be transferred to the State Treasury for the purposes of the Investment Project, and given the will to acquire the property free of any encumbrances, consultations were initiated with the contractless users of plot 7/16.

It has been found that the Investment Project may generate significant impacts and cause physical resettlements of the persons who illegally use plot No. 7/16.

As we have revealed four PAPs residing on plot No. 7/16, who upon the acquisition will lose their plants and expenditure incurred on the property (and in one case also the place of living), during the individual consultations we strived to reach a compromise regarding the PAPs' expectations and the amount of compensation or any other assistance expected by the PAPs due to the resettlement (additional compensating measures). With regard to the person from the vulnerable group, actions were taken to establish their source of income. That person has been enrolled in a local scheme aimed to acquire (by way of competition) a dwelling unit to which the person could be moved. In addition, we have notified the appropriate division of the Municipal Office of Szczecin, competent for homeless people, that the property is occupied by a PAP. In February 2019, we conducted a community interview at the PAP's place of residence (allotment), which was participated by a social worker. Thanks to these actions, the PAP has received social aid.

In November 2018, the PAPs were surveyed about whether they consider it reasonable to implement Task 1B.3/1 and how they see its impact on their quality of life and economic standing (impact on revenue). The target group covered by the survey included the persons who use plot 7/16 without a contract. The survey was also conducted among the former lessees of plot 7/16.

The questions asked in the survey were replied by all the persons to be relocated. None of the respondents have indicated that the Contract will adversely affect their economic standing or reduce their revenue. All respondents are satisfied of the construction of icebreaker base and the additional strengthening of flood protection in Szczecin; however, some of the respondents do not want the base to be built in the planned location – they consider the terrains located at Dąbie Lake to be more appropriate.

The occupied properties (plots 7/16, 1/12, 1/8 and 20) are situated at Karpia street, Dąbie precinct, Podjuchy neighbourhood. They are owned by the Municipality of Szczecin and the State Treasury represented by the PGW WP RZGW Szczecin. On plot No. 7/16, owned by the Municipality of Szczecin, we have found persons holding no title to the property (former lessees and contractless users), who keep using a part of the property – all those contractless users have taken a stance on the investment project by filling the questionnaires set out as Appendix 1. Plot No. 7/16 was also an object of lease contracts, which were terminated by the property owner; the list of former lessees is set out as Appendix 2 and will be published once the data are anonymised.

## 5.2. General socioeconomic information

Szczecin is a city with district rights, the capital and the largest city in Zachodniopomorskie province, situated by Odra river and Dąbie lake, on Szczecin Coastland. Szczecin's basic auxiliary unit is the neighbourhood – the city is divided into 40 administrative neighbourhoods. Additionally, Szczecin is composed of 4 districts: Północ, Prawobrzeże, Śródmieście and Zachód.

As at 31 December 2017, the city covers 300,6 km<sup>2</sup> and is inhabited by 403,900 residents. In 2016, 245,921 residents were at working age, of whom 129,313 were men and 116,608 were women. The average employment in business sector in 2017 was 49,900 people. On the province scale, the average employment in Szczecin was 26.0%.

Podjuchy is an administrative neighbourhood of Szczecin located in Prawobrzeże district, which is the city's auxiliary unit separated under the Resolution of Szczecin City Council dated 28 November 1990,

No. VIII/53/90, on establishing districts and neighbourhoods in the City of Szczecin. Podjuchy is situated in Prawobrzeże, between Regalica river, the neighbourhoods of Zdroje and Żydowce, and A6 motorway, near national road 31 and the railway line Szczecin – Gryfino – Kostrzyn nad Odrą – Rzepin – Zielona Góra – Wrocław. In Podjuchy, the railway track branches off in three directions: Szczecin Central, Szczecin Dąbie and Gryfino. Podjuchy is the last station within the city boundaries, located on the route to Gryfino (until recently, Szczecin Klucz station was also active).

In Podjuchy there is also a railway terminal and a hub station. The terminal is situated at Metalowa street (a section of national road 31).

Podjuchy covers a useful area of 5.1 km<sup>2</sup>. As of 22 January 2018, the district is inhabited by 8,508 residents, including 1,431 minors and 7,077 adults. The population of Podjuchy includes 4,045 men and 4,463 women.

The City of Szczecin is linked with Podjuchy neighbourhood by Floriana Krygiera and Batalionów Chłopskich streets.

Podjuchy is the location of Post Office No. 18. There are also the following educational institutions: Public Kindergarten No. 79, Primary School No. 12 named after K.I. Gałczyński, Catholic Primary School named after John Paul I and Public Junior High School No. 15. In addition, there is the Municipal Public Library, Branch No. 14.

Transport services from the neighbourhood to the city are provided by Szczecińskie Przedsiębiorstwo Autobusowe 'Dąbie' Spółka z o.o. In Podjuchy, there are stops of the following bus lines: 61, 64, 66 and 95.

The neighbourhood also has a family medical centre and is home to the Apostles Peter and Paul Roman Catholic church. The local monuments include the historic villa situated at ul. Metalowa 42.

### 5.3. Gender equality

Poland has introduced a legal prohibition of discrimination, which is expressed in the Constitution of the Republic of Poland of 2 April 1997. Article 32 stipulates that no one shall be discriminated against in political, social or economic life for any reason whatsoever. Discrimination against women means any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women, irrespective of their marital status, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other field (Article 1 of the Convention on the Elimination of All Forms of Discrimination against Women, adopted in 1979).

Willing to join the European Union, Poland had to adopt its legislation to the regulations applicable in the EU, including those governing gender equality. This has mainly brought amendments to the Labour Code, but also a change in the approach of politicians and public administration.

According to the Human Development Index (HDI) for 2012, applied by the United Nations Development Programme (UNDP), Poland is amongst the countries with a very high Human Development Index. It is ranked 39<sup>th</sup> among 187 countries, so above the average for the countries covered by EBRD activity and at a level similar to the average for Central Europe and the Baltic States. The Human Development Index consists of three components: health, education and standard of living. According to the UNDP's Gender Inequality Index (GII), Poland is classified even higher – on the 24<sup>th</sup> position in the world rank. The Gender Inequality Index is a measure representing the loss of development opportunities in a given country caused by unequal treatment, which covers three elements of evaluation: reproductive health, empowerment and labour market participation.

As regards women's participation in public life, the share of women in the elected public authorities is low. This also refers to the low percentage of female Members of Parliament. Similar negative trends are presented by other elected authorities: commune councils, district councils or province assemblies (women represent around 1/4 of all councillors). We should also highlight the noticeably low share of women among heads of communes and town mayors. What is interesting is the increase in the number of women acting as village administrators – this position is one of important functions in terms of civic participation and social capital building. Experience also shows that women are equal participants in public consultation procedures, and often even leaders due to their engagement and local activity. To conclude, we should indicate that in order to promote women and increase their representation in decision-making committees and business management, there are many citizens' initiatives and declarations by political parties, the examples set by other countries are popularised, the European Commission takes their own initiatives *ex officio*, etc., which should improve the equality of men and women in terms of participation in labour market and decision-making committees. The results for the last 10 years show a gradual progress in this field.

#### 5.4. Particulars of the real property

The investment project is located on a unit area specified in the Resolution of the City Council of 6 September 2016, No. XXII/522/16, on local development plan for 'Podjuchy – Szlamowa' in Szczecin, ref.: D.P.1001.IKW.U.KSP, (IKW,U,KSP – waterway service area, waterway service infrastructure, fuel station for vessels) and D.P.1006.KD.D i D.P.1007.KD.D. (KD.D – public road area – access street).

Therefore, the undertaking situated on the said unit areas functionally suits their intended purpose. Within the boundaries of the waterway on Regalica river, the investment project area is not covered by a local development plan.



*The area remaining after former allotments, Karpia street in Szczecin – present condition*

The project will be carried out in the area located in the southern part of Szczecin, within Podjuchy neighbourhood, at Karpia street. It will be conducted directly at the bank of Regalica (a branch of Odra river).

The project site directly adjoins the existing Water Supervision Base of the Regional Water Management Authority in Szczecin.



The investment project will be located on plots number 7/16, 1/12, 1/8 and 20, precinct: Dąbie, administrative neighbourhood: Podjuchy. Plots No. 7/16 and 1/12 are owned by the Municipality of Szczecin. Plots No. 1/8 and 20 are property of the State Treasury, managed by the PGW WP RZGW Szczecin. Plots No. 7/16 and 1/12 will be transferred to the State Treasury by a voluntary exchange agreement to be made with the Municipality of Szczecin.



*The part of the property for the Investment Project which is under contractless use by PAPs – present condition*

The site of the planned icebreaker mooring base covers wasteland, areas remaining after former allotments and isolated cubic structures (gazebos and garages). The water plot which is to be the site of drawing works partially covers the waterway. The site of the investment project is heavily transformed by human.

The investment project area includes cubic structures that are currently used as gazebos remaining after former allotments by four (4) persons holding no title to the property (contractless users identified in the socioeconomic study). Additionally, a section of plot 20 includes a docking basin, on three sides reinforced by quays. The existing development remaining after former allotments, along with the bank infrastructure (retaining walls, wallheads and a wooden footbridge) and the eastern quay of the docking basin are to be demolished.

## 5.5. Conclusions

According to the opinion issued by the District Sanitary Inspectorate in Szczecin on 18 July 2017, ref. PS.NZ.401.0136.2017, the investment project titled 'Construction of mooring facilities for icebreakers in Szczecin, carried out as part of the Odra-Vistula Flood Management Project' does not require an environmental impact assessment. This is based on the fact that, according to the documentation, the project will not have any adverse impact on human life or health.

The Regional Director for Environmental Protection in Szczecin, by his letter dated 25/10/2017, ref. WONS-OŚ.4240.141.2017.AW, expressed an opinion that the environmental impact assessment is not necessary.

Having read the opinions by the Regional Director for Environmental Protection in Szczecin and the District Sanitary Inspector in Szczecin, the Mayor of Szczecin has waived the obligation to carry out the environmental impact assessment. The environmental permit issued by

the Mayor of Szczecin on 29/12/2017, ref. WGKiOŚ-II.6220.1.22.2017.MP, states that the investment project titled 'Construction of mooring facilities for icebreakers in Szczecin, carried out as part of the Odra-Vistula Flood Management Project' does not require an environmental impact assessment.



On the site or in the immediate vicinity of the investment project, there are no areas of historical or cultural importance. The site is not entered into the register of monuments, and it is located outside preservation zones.

On the north-eastern side, the site adjoins Regalica river, and on the west there is an existing base of the Water Supervision Office of RZGW Szczecin. On the south-eastern side, along the plot boundary, there is a railway track. On the north-eastern side, the site borders a private plot being a seat of a sports club. There is also a power line running along the south-eastern boundary of plot 7/16.

Presently the site of the future base mostly covers land which is heavily degraded, neglected, littered and having an adverse impact on local landscape. The investment project will enable the area to be cleaned and given positive aesthetic features.



*Developments remaining after former allotments – present condition*



*The plot occupied without a contract – present condition*

The contractless users identified on the property will receive due monetary compensation, and the person belonging to the vulnerable group will additionally receive all necessary assistance for the purpose of resettlement and adaptation to the new place of residence.

The compensation entitlement will also apply to the former lessees of the property located at Karpia street, who had their lease contracts terminated by the Municipality of Szczecin due to the Investor's intention to build the mooring base.

## 6. APPLICABLE LEGAL PROVISIONS AND VALUATION METHODOLOGIES

This LA&RAP for the specified Task included in Sub-Component 1B (Flood protection on Middle and Lower Odra) is based on Polish laws and, as it is funded by the World Bank, on Operational Policy OP 4.12. Involuntary Resettlement.

The Loan Agreement between Poland and the World Bank is an international law act, and by concluding it Poland has committed to apply the World Bank's policies.

In the event of discrepancy between Polish legal provisions and the WB policies, it is required to apply the provisions being more favourable to the community affected by the Project.

### 6.1 Obligations arising from Operational Policy OP 4.12<sup>9</sup>

The obligations arising from OP 4.12 apply if the Project implementation requires:

- a) the involuntary taking of land resulting in:
  - (a) relocation or loss of shelter,
  - (b) loss of assets or access to assets,
  - (c) loss of income sources or livelihood,
- b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the Project Affected Persons.

To reduce the impacts of these activities, the borrower is obliged to prepare a LA&RPF and a LA&RAP, depending on whether specific interventions and related impacts have been identified or not.

OP 4.12 also states that:

- Involuntary resettlement should be avoided where feasible exploring all viable alternative project design, and if it is not feasible to avoid resettlement, its range and impact should be minimized;
- Resettlement process should be planned and implemented as a development activity, by providing adequate means and assets allowing PAPs to participate in benefits resulting from Project implementation. The assistance should be offered to social groups affected by resettlement, in order to improve their economic status, income and livelihood, or at least to restore their previous status.
- The resettled should receive compensation at replacement value, assistance in relocation and support in the transition period;
- The lack of title to the land should not bar compensation.
- Particular attention should be paid to vulnerable groups and individuals (e.g. single mothers, the disabled, the poor).
- The communities should be given opportunity to participate in planning, implementation and monitoring of the resettlement process.
- The resettled should be assisted in integration with the host community.
- The resettlement process should be closely linked to the schedule of the main Task, so that the resettled receive compensation before starting the construction or other activities covered by the Project.
- Monitoring of resettlement is required as well as evaluation of its efficiency;
- For rural or farming land, even when it is possible to apply financial compensation, land-for-land compensation is recommended, if economically feasible. Farm that lost their fixed assets

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<sup>9</sup>The section is consistent with the LA&RPF.

entirely and became entirely unprofitable should receive compensation in the amount equal to the value of the entire farm;

- For losses that are difficult to compensate for financially, such as access to public services, access to clients or suppliers, fishery areas, access to pastures and forest areas, efforts should be made to grant access to equivalent and culturally relevant resources and income opportunities.

## 6.2 Polish legal requirements

The most important normative acts governing the acquisition of rights in real property necessary to implement the Tasks are as follows:

- The Constitution of the Republic of Poland of 2 April 1997 (Polish Journal of Laws 1997, item 483, as amended),
- The Civil Code of 23 April 1964 (Polish Journal of Laws 2018, item 1025, as amended) – hereinafter: CC,
- The Real Property Management Law of 21 August 1997 (Polish Journal of Laws 2018, item 2204, as amended) – hereinafter: RPM Law,
- Regulation of the Council of Ministers of 21 September 2004 on the appraisal of properties and preparing appraisal reports (Polish Journal of Laws 2004, No. 207, item 2109, as amended),
- The Construction Law of 7 July 1994 (consolidated text: Polish Journal of Laws 2018, item 1202, as amended) – hereinafter: CL,
- The Water Law of 20 July 2017 (Polish Journal of Laws 2018, item 2268, as amended) – hereinafter: WL,
- The State Property Management Act of 16 December 2016 (Polish Journal of Laws 2018, item 1182, as amended) – hereinafter: SPMA.

The Civil Code governs the legal relations between natural persons and legal persons, including the conclusion of real property transfer agreements. The principle of freedom of contract applies, which also covers the freedom to decide whether and with whom the contract should be made. The agreement is concluded by unanimous declarations of the parties. The Civil Code provides for a special form of concluding contracts concerning a real property. They should be made in the form of a notarial deed, otherwise being null and void. In addition to the general regulations for trading in real property, the CC introduces the rules of settlement between property possessors and owners. These regulations are semi-imperative, so the parties to the contract may settle them otherwise.

The mechanisms of involuntary acquisition of rights to real properties are included in the Special Purpose Flooding Act and the PMA. It should be noted that the implementation of Task 1B.3/1 'Construction of mooring base for icebreakers' will not be carried out under the Act of 8 July 2010 on special rules of preparing projects involving flood prevention structures. The Act lays down detailed rules and conditions for preparing flood prevention structures and weather radar stations. However, the investment in question does not fall within the term of a flood-control structure pursuant to the contents of the Act. Therefore, real property for the investment project will be acquired by way of voluntary agreement, upon obtaining all necessary consents.

A possible alternative is also to acquire the property on a voluntary basis, by an exchange agreement. As of the date of this RAP, the parties' intent is to enter into reciprocal contracts transferring the ownership of the property – under such a transaction the State Treasury – PGW WP RZGW Szczecin

will acquire the property necessary to implement the Investment Project, while the Municipality of Szczecin will acquire a property attractive in terms of tourism, situated at Żaglowa street in Szczecin. As an alternative, the property may be acquired by direct purchase by the PGW WP, which has legal personality.

Given the contractless users possessing the property in bad faith, and the absence of available compensation procedures under the Act of 8 July 2010 on special rules of preparing projects involving flood prevention structures, any compensation claim by these possessors due to their outlays incurred on the property will be based on general provisions set out in the Civil Code and the Code of Civil Proceedings. Polish legislator makes it possible for a possessor to file claims against a property owner. In accordance with Polish law, a *mala fide* possessor may demand that only the necessary outlays be reimbursed and only insofar as the owner would have become unjustly enriched at his expense. On the other hand, a *bona fide* possessor may demand that the necessary outlays be reimbursed insofar as they are not covered by the benefits which he gained from the thing; he may demand that the other outlays be reimbursed insofar as they increase the value of the thing at the time it is handed over to the owner.

We must emphasize that there is a negotiation process carried out with all the contractless users of the property, regarding the amount of compensation equal to the replacement value of the lost goods. If the Investor and the expropriated person reach an agreement on the amount of compensation, a written contract will be signed, specifying that amount as well as the deadline and method of payment. In addition, the terminated contracts with former lessees have been analysed for whether they entitle them to receive compensation for the lost right of lease and for the outlays incurred on the property under those lease contracts. As the former lessees are deemed to be project affected persons and are entitled to compensation, actions have been taken to reach an appropriate consensus regarding the compensation amounts. Specific grounds of eligibility of the former lessees who have voluntarily released the property are provided in chapter 7.4. 'Former lessees of plot No. 7/16'. The list of PAPs entitled to compensation, including the impacts and the types of compensation, is set out as Appendix 3 hereto.

### 6.3 Adopted mechanisms for acquiring rights to real properties<sup>10</sup>

The LA&RPF identifies a number of inconsistencies between OP 4.12 and Polish law:

OP 4.12	Polish law	Corrective instruments
The lack of title to the land should not bar compensation. Persons not holding a title receive compensation.	The Polish legal system does not provide for the right to compensation of land owners/possessors who do not have a title to it (except for persons whose certificate of title to the property has been lost or who have acquired the right to the property by acquisitive prescription, that is by uninterrupted possession of the property for the period defined in the CC).	For persons not holding a title to the property affected by the Task, each such case should be, however, analysed on an individual basis for whether it is allowed to use the general mechanisms provided for in the Civil Code to reach the objectives of OP 4.12.  According to OP 4.12, the project affected persons who do not hold a title to the property

<sup>10</sup> The contents of this section are in line with the LA&RPF.

		are not entitled to receive monetary compensation for that property. However, they have the right to receive compensation for any structures, plantings and improvements made on the property prior to the cut-off date, and to benefit from appropriate solutions if they must be physically or economically displaced. In such cases, adequate mitigating measures will also be used.
The WB policy requires compensation for income <sup>11</sup> (e.g. from business activity or agriculture) lost due to the acquisition of property.	Polish legal provisions do not provide for compensation for income lost due to the implementation of investment project.	Persons who have lost their income or employment will receive support (health insurance, vocational training, etc.) from employment offices. In case of entrepreneurs or agricultural activities, it is possible to apply general mechanisms from the Civil Code (covering loss suffered (damnum emergens) and the expected profits which are lost (lucrum cessans)).
Particular attention should be paid to the needs of vulnerable groups, especially the poor, the elderly, single mothers, children and ethnic minorities.	Polish law does not require planning of particular measures to provide additional support to vulnerable groups (the elderly, the disabled, the poor and others who may have special needs).	The persons to be expropriated will be given all assistance in obtaining the support provided to citizens by authorities and institutions. Additional actions will also be taken to ensure attainment of the objectives defined in OP 4.12.
The WB policy requires additional compensation for expenses incurred by the PAPs due to their physical relocation (e.g. transport of materials) as well as assistance in the resettlement.	There is no assistance provided for citizens and enterprises to cover their removal expenses and other similar costs of involuntary relocation to a new place.	In order to cover the removal expenses and other similar costs, it is possible to apply the general mechanisms set forth in the Civil Code to attain the objectives defined in OP 4.12.
The compensation should be paid before the actual taking of the land for the purposes of the investment project.	The Flood Act allows for a seizure of land and commencement of works before compensation is paid.  Other cases are governed by provisions the CC and CL, which do not impose such a condition.	In any case, works may be started only upon confirmation that the PAP has been notified in advance of the commencement of works, that the remuneration has been paid and that the consent for entering the land has been granted.  An exception is where appeal proceedings have been instituted as a result of unsuccessful negotiation, absence of owners or impossibility to identify them.  To minimise the risk of commencing the works before compensating for losses, the

<sup>11</sup> Defined as revenue in the Polish economic environment

		seizures of properties should be planned and carried out in advance, before the works begin.
Compensation for the loss of assets is based on their market value plus any transaction costs (e.g. taxes and registration fees) and the objective is for the compensation to be enough to effectively replace the affected asset (replacement value).	Standard valuation methods may cause the property value to be understated relative to the prices for similar properties existing on local market.	<p>The valuation will be commissioned to an independent and experienced appraiser. The opinion by the licensed property appraiser should be verified by the PIU. The expropriated party should be given an appropriate time limit to read the extract from the appraisal report prepared by the appraiser.</p> <p>In the event of doubt as to whether the due compensation amount is sufficient, the property may be valued by an independent property appraiser at the request of the expropriated person. In any case, the appraisal must specify the replacement value.</p>
It is required to prepare a socioeconomic study, prepare a LA&RAP, monitor the compensating measures, resettlements and measures aimed to reinstate the quality of life, and measure the effectiveness of all the said measures.	Polish legal regulations do not impose the obligation to prepare the socioeconomic study or to prepare the LA&RAP as such. It is also not mandatory to monitor and evaluate the implementation of those measures.	Socioeconomic studies and LA&RAPs are prepared according to the LA&RPF, OP 4.12 and good practices.

## 6.4 Valuation principles<sup>12</sup>

A current owner or perpetual usufructuary of land or a part of land necessary to carry out the Contract is entitled to compensation for the transfer of ownership of the property to the State Treasury or a local government entity.

In all cases, the compensation must be equal to the **replacement value**, which means the amount necessary to replace the assets, excluding their depreciation due to age, condition or any other factor. This is usually based on the market value of the property and related goods (such as plantings or other elements) plus any transaction costs required to replace it, such as taxes or fees. Compensation is determined on the basis of a valuation by a licensed property appraiser or a team of property appraisers (e.g. including an agricultural property appraiser), as required.

According to OP 4.12, with regard to real property and structures, 'replacement value' is defined as follows:

a) for agricultural land, it is the pre-Project or pre-displacement (whichever is higher) market value of land of equal productive potential or use, located in the vicinity of the land affected by the Task, plus the cost of preparing the land for the functions similar to those of the taken land, plus transaction costs;

<sup>12</sup>The contents of this section are in line with the LA&RPF

b) for land in urban areas, it is the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the taken land, plus transaction costs;

c) for houses and structures, it is the market value of the materials to be installed in new houses or structures replacing the affected houses and structures, at a quantity and quality similar to or better than those installed in the houses and structures expropriated or partially affected, plus the cost of transport of materials to the construction site, remuneration for construction workers, transaction costs, and taxes and fees related to the construction of new structures.

In determining the replacement value or the depreciation of assets and values of survived materials are not taken into account, nor is the value of benefits to be derived from the Project, deducted from the valuation of assets affected by the Project. Where Polish laws do not impose the obligation to pay compensation amounting to the replacement value, the compensation provided according to Polish laws is supplemented by additional measures so as to meet the replacement value standard, such as support in the transition period after resettlement, being a reasonable time necessary to reinstate the standards of living (including livelihood), etc. Compensation is paid in the amount agreed between PGW WP RZGW and the current owner, perpetual usufructuary, person holding a limited proprietary right in the property or person using a property given by the State Treasury. In any case, the compensation should be equal to at least the replacement value of the property or lost goods.

The amount of compensation is based on a valuation made by a professional property appraiser.

NOTE: The valuation methods are defined by a regulation, that is the Regulation of the Council of Ministers of 21 September 2004 on the appraisal of properties and preparing appraisal reports, which contains details on such matters as the methods and techniques of estimating the compensation value.

#### 6.4.1 Real property valuation <sup>13</sup>

The amount of compensation is determined on the basis of the market value of the real property. In determining the market value of the property, the following factors in particular are taken into consideration: its type, location, use and zoning, existing technical infrastructure, overall condition and current market prices. The market value is based on the current use of the property, unless its zoning according to the purpose of the investment project increases its value. If the data from the local or regional real property market allow the appraiser to ascertain the market value of the

property, the appraiser should determine the value using one of the market approaches: sales comparison approach, income approach or combined approach. Should the zoning according to the purpose of expropriation increase the property value, then its value for compensation purposes is ascertained according to the alternative use resulting from the new zoning. If the data from the local or regional real property market are insufficient to ascertain the market value of the property, the appraiser should determine its replacement value using the cost approach.

As the property is acquired by way of a voluntary civil-law contract, for the task in question the property appraisal will not be prepared to ascertain the due amount of compensation. The appraisal will be carried out only for transaction purposes and to obtain consents by competent authorities.

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<sup>13</sup> The contents of this section are in line with the LA&RPF.



For the implementation hereof, no compensation payment to the current owner of the real property is provided for.

#### 6.4.2 Valuation of movable assets<sup>14</sup>

Movable assets will be compensated for in cases where:

- a) they are unsuitable for use in the new location; and/or
- b) the project affected persons will no longer use them as a result of the resettlement (e.g. moving from a rural to an urban dwelling).

The appraiser values movable assets (such as machines or appliances) on the basis of the following data: brand, model, type, year of manufacture, manufacturer, place and date of manufacture, as well as other data

necessary to identify the movable asset. The book value of such movable assets may increase or decrease during the valuation. The causes of the decrease may be in particular technical (wear and tear), functional (modifications in material or design) or economic (lack of particular material or workforce, changes in legal provisions, decreased demand). When valuing the property, the appraiser uses the cost or sales comparison approach.

To determine the value of civil structures being property separated from the land, it is possible to apply the cost approach, replacement value approach and index method technique. The cost approach consists in determining the value of property assuming that it is equal to the cost of its replacement (substitution).

The value of land components is assumed as the amount equal to the cost of their replacement or substitution.

The essence of the cost approach is an assumption that the purchaser will not be ready to pay for the property more than the cost of its erection using the same technology, for the same purpose and in the same location. In consequence of this approach, we may distinguish two types of cost:

- replacement cost,
- substitution cost.

To apply the replacement cost method, we need to have technical information on the civil structures to be valued and on the prices of materials and construction works. Replacement cost is defined as the cost of building a structure identical to the structure to be valued (exact copy). In determining the value, the property appraiser takes into account the same design, equipment and quality of construction works, and the costing should include all defects, deficiencies, unnecessary items of equipment or structure or materials that are falling out of use. The replacement cost also includes the cost of building associated facilities closely related with the valued structure, the cost of preparing and clearing the site, the cost of preparing design documentation and the cost of construction supervision. Therefore, when determining the replacement cost, it is necessary to specify the cost of building its replica as at the date of valuation. The prices of materials most similar to those used should be applied only if the materials used to build the structure are no longer available on the market.

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<sup>14</sup> The contents of this section are in line with the LA&RPF.