TEPE AKFEN VENTURE

RESETTLEMENT ACTION PLAN

INTERNATIONAL AIRPORT OF ZINE EL ABIDINE BEN ALI

(ENFIDHA)

MAY 2008
1 INTRODUCTION

1.1 PRESENTATION OF TAV AIRPORTS HOLDING A.S- TAV TUNISIE SA

TAV Airports Holding Co. ("TAV") is one of the leading airport construction and operation companies in the Eastern Europe, North Africa, Middle-East and Caucasus region.

TAV was organized to take advantage of a specific gap in the aviation sector by providing integrated airport services including construction, operation and financing of airport projects. Eleven companies including five (5) airport operation companies (TAV Istanbul, TAV Esenboga, TAV Izmir, TAV Georgia and TAV Tunisie SA) and Six service companies (ATU (duty-free), BTA (F&B), HAVAS (ground handling), TAV IT, TAV Security and TAV O&M) are all bundled under the roof of TAV Airports Holding.

TAV is the first Turkish company to both construct and operate international airports and the TAV brand image in the region is further enhanced by its increasing business volume through international projects.

On 2006, the Ministry of Transport of the Republic of Tunisia launched a bid process for the selection of a private operator for the construction and operation of the New Airport in the East Center of Tunisia (Enfidha) on a “BTO” basis and the operation of Monastir Airport for 40 years as from June 2007.

In 2007 TAV Holding has been awarded the Concession Agreement and TAV Tunisie S.A. has been incorporated on 7th of May 2007. TAV Construction has been established on June 26th, 2007 and has been appointed as TAV Tunisie subcontractor for the completion of the Airport works.
1.2 PROJECT DESCRIPTION - ENFIDHA AIRPORT

On 1st July 2007 TAV Tunisie SA signed a Pre-EPC Contract with TAV Construction to carry out the Engineering, Procurement and Construction works of the International Airport of Zine El Abidin Ben Ali (Enfidha). The conceptual design of the Airport has been done early 2000 by ADPi, but has been improved by TAV Construction.

The key building of the Airport is the passenger terminal with its 87 000 m² gross area which is planned to serve 7 million passengers per year. The contact apron is served by 18 passenger boarding bridges while the remote aprons are composed of 14 spots. The most significant building of this project is the Air Traffic Control Tower with its 85m height. The total area to be constructed is around 130 000 m² including all the ancillary buildings. With its runway of 3 300m long and 60m wide, the airport enables wide body aircraft to land (A380).

After of the signing of the EPC contract, TAV Construction started its mobilization works. As of today, all the mobilization related to the staff has been completed, while the one related to the workers is still being developed. The current number of personnel on site goes beyond a thousand (1000). TAV Construction assumes to have around 2 100 employees at the peak point of the project. Once the mobilization is finished, temporary building will have a surface of 11 400 m² consisting of offices, dining halls, dormitories, warehouses, recreation halls and other facilities.
For the purpose of the project, TAV Construction has appointed 10 subcontractors, having good reputations on their fields, to develop the design and produce shop drawings. These subcontractors are conducted by the TAV’s Design Office placed on site consisting of more than 20 architects.

1.3. PROJECT LAND SELECTION AND IMPACT MINIMIZATION:

The Enfidha Airport will primarily operate charter traffic, serving a large number of tourists that stretch along the coast, extending to Hammamet in the north, and down towards Sousse and Monastir, Mahdia in the south. The Airport is located on the Mediterranean coast, approximately 40km south of Hammamet and 40 km in the North of Sousse.
The Project Land selection was based not only on the **public ownership** of most of the latter, but also on its **characteristics and locality** for the implementation of the Airport.

1.3.1. **PROJECT LAND ALLOCATION: PUBLIC-PRIVATE OWNERSHIP:**

Pursuant to article 4 of the Concession Agreement related to the construction and operation of Enfidha Airport, the Conceding Authority shall make available to the Concessionaire (TAV Tunisie S.A), during the whole Concession Period, the land which is owned or which will be owned by the State (the “**Project Land**”), and which is necessary for the construction and operation of Enfidha Airport, as described in appendix 8 of the Terms and Specifications, free of charges and encumbrances of any kind whatsoever.

As stated in appendix 8 mentioned above, the Project Land is composed as follows:

<table>
<thead>
<tr>
<th>STATE OWNED LANDS</th>
<th>4 875H 11A 10 Ca</th>
</tr>
</thead>
<tbody>
<tr>
<td>LANDS TO BE EXPROPRIATED</td>
<td>884H 47A 71 Ca</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5 759H 58A 81 Ca</td>
</tr>
</tbody>
</table>

As it appears from the table above, as of the execution date of Enfidha Concession Agreement, **most part of the Project Land (approximately 85%) was already the ownership of the State** (Cf: table below), while only 15% was still to be acquired or expropriated.
<table>
<thead>
<tr>
<th>Numéro d'ordre</th>
<th>Titre Foncier</th>
<th>Numéro parcelle</th>
<th>Superficie</th>
<th>Usage</th>
<th>Nom du ou des propriétaires d'origine</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>262</td>
<td>6648</td>
<td>A594</td>
<td>457 49 66</td>
<td>Terrain nu</td>
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<td>268</td>
<td>DP SAHLINE DE ASSA DJERBA</td>
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<td>1178 54 05</td>
<td>Terrain nu</td>
<td>LETAT</td>
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<td>269</td>
<td>DP SAHLINE DE ASSA DJERBA</td>
<td>2</td>
<td>23 62 47</td>
<td>Terrain nu</td>
<td>LETAT</td>
<td></td>
</tr>
<tr>
<td>270</td>
<td>DP SAHLINE DE ASSA DJERBA</td>
<td>3</td>
<td>11 20 04</td>
<td>Terrain nu</td>
<td>LETAT</td>
<td></td>
</tr>
<tr>
<td>271</td>
<td>DP SAHLINE DE HALK EL MENZEL</td>
<td>1</td>
<td>1121 41 02</td>
<td>Terrain nu</td>
<td>LETAT</td>
<td></td>
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<tr>
<td>272</td>
<td>6648</td>
<td>Partie594</td>
<td>07 24 66</td>
<td>Terrain nu</td>
<td>LETAT</td>
<td></td>
</tr>
<tr>
<td>273</td>
<td>Non immatriculée</td>
<td>1/2/3456/5 110 94 95</td>
<td>Terrain nu</td>
<td>LETAT</td>
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<tr>
<td>274</td>
<td>Réquisition cadastrale N° 277</td>
<td>2</td>
<td>85 77 72</td>
<td>Terrain nu</td>
<td>Taieb ben mohamed ben haj belgacem ben haj ahmed ben abdessalam</td>
<td></td>
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<tr>
<td>275</td>
<td>19578</td>
<td>3</td>
<td>06 31 00</td>
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<td>276</td>
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<td>277</td>
<td>19578</td>
<td>A1</td>
<td>00 12 80</td>
<td>Terrain nu</td>
<td>LETAT</td>
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<tr>
<td>278</td>
<td>6648</td>
<td>A 378</td>
<td>00 26 47</td>
<td>Terrain nu</td>
<td>LETAT</td>
<td></td>
</tr>
<tr>
<td>259</td>
<td>4282 sousse</td>
<td>CS1</td>
<td>03 22 30</td>
<td>Terrain nu</td>
<td>Rejeb, ammar, zeineb, fatme, jamila et salma enfants de khelifa ben salah bousseta et salha bent ali ben belgacem</td>
<td></td>
</tr>
<tr>
<td>260</td>
<td>2556 sousse</td>
<td>C47</td>
<td>08 59 30</td>
<td>Terrain nu</td>
<td>Mahbouba bent elarbri elarif et latifa bent mohamed moudad et aziza bent frej elarbri et ouierfelli, youssef, salem, bchira, zolara, jamila, latifa, sahraouia et habiba enfants ce ammar ben ameur elhandi</td>
<td></td>
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<tr>
<td>261</td>
<td>4511 sousse</td>
<td>C60 (1)</td>
<td>06 02 40</td>
<td>Terrain nu</td>
<td>Elhadhili ben kacem ben khelifa mohri</td>
<td>(1) Surface globale de la parcelle : 15 H014A 00 Ca</td>
</tr>
</tbody>
</table>

Parcels au nom de l'état
PROJECT LAND LOCALITY AND CHARACTERISTICS:

The Project Land is slightly above sea level, varying between approximately 4m above the sea level at the west down to 1m above at the east. This topography ensures the best condition for safe air navigation. Indeed, the site is flat and shows no obstacles.

For the Tunisian State, the site was the ideal area to build an airport. Actually, the latter is mainly composed by Sebkhas (lagoons) and forests which are part of the public domain of the State.

The site is mainly composed of Sebkhas (lagoons)

Moreover, the Land Project is **not adequate for agricultural activities.** Actually, because of the flooded character of the latter, as well as the salinity of the soils and the water table which limits the vegetation to flora resistant to salty soils (ex: Halocnemum, Arthrocnemum, salicornia), only little farming has been developed therein.

In addition, only twenty four (24) families used to live on 57km² (concession area) which means that the **occupation ratio** is lower than 2 habitants/km².
Being noted that, as per the Environmental Impact Assessment, TAV Tunisie, is still allowing shepherds to carry on their grazing activity on the Project Land which is not concerned by the Airport construction. Such activity will also be allowed during the Airport operation in the areas which will not be needed for the first phase.

With this respect, it is important to point out that initially no landowners were renting their lands for such grazing activities. Besides, when shepherds used lands owned by the State for carrying out such activities, the latter never charged nor requested them any fees for such use.

Shepherds in the Airport construction site

1.4. OBJECTIVES OF THE RESETTLEMENT ACTION PLAN:

With respect to private lands and real estates located in the Project Land, this Resettlement Action Plan aims to minimize the impact of expropriation and involuntary displacement of the concerned population, particularly by checking and ensuring that displaced and/or expropriated persons:
- have been adequately informed about the Project and the acquisition/expropriation process and have been appropriately consulted prior to any resettlement/expropriation;
- have been duly and fairly compensated for the acquisition/expropriation of their lands or real estates;
- are satisfied with their new life conditions further to their resettlement and compensation;

Failure to which, the purpose of this Plan is also to contemplate actions to be taken in order to improve, or at least restore, the livelihood of the resettled or expropriated persons and to mitigate adverse social and economic impacts on such persons. Such actions could be taken either directly by TAV Tunisie team or by the public authorities (Tunisian government, governorates, communes, public establishments, public funds…) in coordination and under the follow-up of TAV Tunisie.

Being noted that this Resettlement Action Plan is a living document that may be updated in step with the progress of the situation.

2. PUBLIC DISCLOSURE AND CONSULTATION

2.1. Public disclosures at a national level:

Various disclosures took place during the past years:

- The creation of Enfidha Airport has been reported in the 10th and 11th Development Plan (Plan de Developpement”) (which is an official document is issued by the Government in order to lay out the strategy planned for each five years);

- The bid process and the signing of the Enfidha Concession Agreement have been wildly broadcasted by all means of media;
- On July 12th, 2008, TAV Tunisie also held a press conference in order to make a presentation on TAV Group, TAV Tunisie Company, as newly incorporated in Tunisia, and the Enfidha Airport Project. A summary of this conference was broadcasted on the National TV evening news;

- The ground breaking ceremony was broadcasted (24/07/08) on the National TV evening news;

- At least 9 newspapers wrote about the project.

It is also important mentioning that prior to any acquisition/ expropriation process, the concerned population has to be informed and consulted by an Inspection and Conciliation Commission created especially to this effect (Please refer to section 3.2 below).

2.2 Public consultations:

On March 30th, 2008, an open door event was held at Enfidha Town Hall under the theme “Enfidha Changes And Prospects” in order to explain to the local population the components and effects of the Project on the development of the region. This consultation provided people the opportunity to state their opinions. Attendees did not express any objection related to the construction works of the Airport and its operation in Enfidha.
They were even keen to see the project fully implemented and their region benefiting from it. Questions and concerns of the attendees are summarized as follows:

- Employment prospects during the construction and operations phases;
- Employment procedure;
- Required skills/qualifications/ experiences to be employed in an airport;
- Refurbishment of the road that leads to the shore.

On May 3rd, 2008, a similar action has been taken in Hergla district where the concerned population has also been informed that a list of employment opportunities will be made available to Hergla Delegate; and that they may consult it and send their application directly to TAV Tunisie Human Resource manager.

TAV Tunisie is committed to carry on communicating with the region autochthons and all population concerned by the implementation of the Enfidha Airport Project. Such actions shall give the opportunity to these population members to express their opinions and to involve people concerned by the Projects in the planning and implementation of effective measures to reduce the negative impacts on their livelihoods, if any.

TAV Tunisie is also committed to publish extracts of this Resettlement Action Plan in Arabic in its offices in Tunis, Enfidha construction site and Monastir as well as in Hergla and Enfidha districts and Sousse governorate. Being noted that such disclosure shall not impede or create any interference with the process of pending legal proceedings.
3. LAND ACQUISITION/ EXPROPRIATION

3.1 LEGAL FRAMEWORK

Under Tunisian legal regime, private ownership is highly protected by the “Constitution” which article 34 provides that fundamental principles related to ownership are governed by law. Thus, expropriation of private real estates is governed under the provisions of law n°76-85 dated August 11th, 1976 (as amended and completed by law n° 2003-26 dated April 14th, 2003) (hereinafter the “Law”). According to the latter, expropriation can only be made for a public purpose (“expropriation pour cause d’utilité publique”) and shall remain an exceptional means for the State or public entities to acquire private real estates.

In addition, in order to ensure that all population concerned by the real acquisition process is satisfactorily informed and fairly compensated, the Law provides with different stages have to be observed: the expropriator shall obligatory follow an “Inspection and Conciliation Procedure” (I), prior to any “expropriation procedure” (II).

I. INSPECTION AND CONCILIAITION PROCEDURE (“ICP”):

By virtue of article 10 of the Law, a permanent Inspection and Conciliation Commission (the “IC Commission”) is created within each governorate (gouvernorat) in order to conduct the ICP. The IC Commission members and attributions as well as its governing rules are fixed by the decree n° 2003-1551 dated on July 2nd, 2003.

1. IC Commission governing rules:

Pursuant to the decree mentioned above, the IC Commission is presided by a magistrate and is composed by a representative of the governor, the regional director of public domain, the regional director of the mapping and topography office (Office National de la Topographie et de la Cartographie) or their representatives, a representative of the public
entity which will benefit from the expropriation, a public domain expert, a representative of the mortgage and land registry (conservation de la propriété foncière) and a representative of the municipality of the jurisdiction of the real estate to be acquired.

The missions of the IC Commission are mainly the following:

- Assessing real estates concerned by the expropriation measures based on a file prepared by the expropriator including (i) all documents and studies related to the public interest of the project to be implemented and (ii) all investigations with respect to the real estates to be acquired, the rightful owners (ayant-droits) and all rights holders (titulaires de droits) existing on the said real estates; and

<table>
<thead>
<tr>
<th>Eligibility for compensation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Being noted that in light of article 14 of the Law, are eligible to be compensated: landowners (including heirs), tenants, farmers, or any real right holder on the concerned estate. Actually, pursuant to this article, landowners have the obligation to provide the authorities with a declaration stating all users of their lands or any related real rights holders; failure of which, such users and rights holders may raise legal proceedings against landowners which would be responsible for compensations due to such persons.</td>
</tr>
</tbody>
</table>

- Helping parties to fix the value of the estates to be acquired by mutual agreement, on an amicable basis, within a maximum period of three (3) months.

For the purpose of performing its mission, the IC Commission may:

- Instruct complementary investigations with respect to the concerned population;
- Convene all parties concerned by the acquisition process, including the resettled population; and
- Request relevant authorities to prepare the related parcelling plan;
In practice, and particularly with respect to the real estates located within the selected site for the implementation of Enfidha Airport, we have been informed that the Commission’s role was also to inform the concerned population about (i) the purpose and interest of the project, (ii) the possibility to conclude mutual agreements, (iii) their right to designate experts in case they would request the initial valuation of the real estates to be revised and (iv) all rights of review (voies de recours) they are entitled to exert against such valuation.

2. IC Commission valuation of the real estates:

Under the ICP, the real estate valuation by the IC Commission has to be made based on the report prepared by the public domain expert (“expert du domaine de l’Etat”) and the report prepared by a judicial expert (“expert judiciaire”) as designated by the private parties, if any. It is however noted that in case these persons do not designate judicial experts for the revising of the compensation amount; the IC Commission has to rely on the public domain expert valuation.

Further to such valuation, the concerned population still have the right:

- either to accept the compensation amount as fixed by the IC Commission; in this case a mutual agreement is concluded with the expropriator;

- or to raise objections to the IC Commission in order to contest the value fixed for the acquisition of the real estate. In this case, the IC Commission have to study the contestations and to convene all concerned parties whose opinions, comments and observations are registered in the minutes prepared by the Commission. Afterwards, the said Commission requests the expropriator to prepare the definitive parcelling plan of the real estates to be expropriated.

II. EXPROPRIATION PROCEDURE:

As a preliminary remark, expropriation decisions are in all cases enacted by way of decree which shall indicate the public interest of the project to be implemented.
With respect to the expropriation of the private real estates required for Enfidha Airport, decree n° 2007-1686, dated on July 5th, 2007 clearly mentions that expropriation is being made for the purpose of the construction of the Airport.

Pursuant to article 2 of the Law, the ownership of the expropriated real estates is transferred to the expropriator as from the publishing date of the expropriation decree. This means that as from that date, the expropriated population may no more contest the public ownership of the real estate but only issues related to the valuation of the allowed compensation (amount of the compensation, the valuation procedure, criteria used for the valuation,…).  

After the publishing of the expropriation decree, the expropriator shall send a copy thereof, together with the parcelling plan, to the relevant governor who shall display it in the governorate head office as well as in the municipalities where the concerned real estates are located, in order to enable the expropriated persons to be aware of the compensation amount as determined according to the ICP. Same documents are also sent personally to each expropriated person by registered letter with acknowledgement of receipt.

- In case the compensation amounts are accepted by the expropriated population after the publishing of the expropriation decree, mutual agreements are concluded between parties.

- However, in case such compensations are still contested, the expropriated persons may raise the case before the relevant judicial courts, which shall instruct a counter-valuation to be made by judicial experts.
1. **Judicial Procedure:**

Under the judicial procedure, cases are settled as follows:

- Firstly, the actions have to be brought before the **First Instance Court** which shall fix the compensation within a maximum period of three (3) months as from the date of its first hearing;

- The first instance decision may however still be contested before the **Court of Appeal** which shall as well give its decision within a maximum period of three (3) months. It is however important to point out that pursuant to article 30 bis of the Law, the claim before the Court of appeal **shall not suspend** the execution of the first instance decision and the **payment by the expropriator of the compensation** within the limits of the valuation made under the ICP;

- Finally, the court of appeal decision can be raised before the **Cour de Cassation** (“Supreme Court of Appeal”) which has also to settle the dispute within maximum three (3) months. Being noted that such a Court is not a third instance; it only rules on legal issues **stricto sensus** (law violation, error in the interpretation or application of the law, procedural defects…) and is **not competent to make any valuation of the compensation amount**. If the **Cour de Cassation** confirms the Court of Appeal decision, the latter becomes definitively enforceable. In case it disapproves this decision, the case may be reverted back to the Court of Appeal.

**TRIAL FEE:**

Regarding the fees related to the judicial process (trial fees, experts fess, lawyer fees…), it is important mentioning that, legally; the latter are first paid by the plaintiff but, at the end of the legal proceeding, they are borne by the party who looses the trial.
Being noted however that, pursuant to law n° 59-91 dated on August 5<sup>th</sup>, 1959, amending and completing decrees dated on February 13<sup>th</sup>, 1922 and December 12<sup>th</sup>, 1956, legal aid (assistance judiciaire) is provided to any physical person or corporation which makes the evidence that it is unable to defend its rights with courts because of its poverty. This right is granted to any person regardless whether it is plaintiff or defendant. To this effect, such persons have to make an application to the relevant judicial authorities, which designate lawyers and experts to assist them, free of charge. Thus, Tunisian legal regime offers equal treatment to all persons who are part of legal proceedings.
2. **Judicial valuation of the real estates:**

Under the judicial valuation procedure, courts shall resort to three (3) judicial experts, unless parties agree on designating only one (1) expert.

With respect to the valuation of the expropriated real estates located within the site selected for the implementation of Enfidha Airport, we have been informed and confirm that the First Instance Court had recourse to three (3) experts.

The said experts have to submit their report within a maximum period of one (1) month, failure to which they are automatically replaced.

Pursuant to article 4 of the Law, the compensation amount is determined according to the value of the real estate estimated based on the following:

(i) Its **consistency** and the **use** to which it is allocated at the publishing date of expropriation decree, and

(ii) **Prices used** at that date for similar real estates located in the same area. Such prices are hence referring to the **market value** determined bases on purchase contracts related to similar real estates concluded at the publishing date of the expropriation decree.

**Such compensation shall hence allow expropriated persons to acquire similar real estates in the same area or in similar surrounding areas.**

It is being noted however that in case the concerned real estate has been acquired within **the three years prior to the publishing date of the expropriation decree**, such value shall not exceed its purchase price as it is mentioned in the related contract or in the related tax declaration, increased by:
1. **fees duly justified** related to the acquisitions of the real estate within the limits of 25% of its value; such fees correspond mainly to the following:
   - 5%: *registration* with the tax authorities fees:
   - 1%: payable to the *mortgage and land registry* (*conservation de la propriété foncière*); and
   - *legal* fees.

2. An annual *increase in value* (*plus value*) equal to the discount rate of the Central Bank of Tunisia;

3. The value of the *buildings, plantations* and other *expenses incurred* (such as fees for renovation and refurbishment of the real estate), if any, after the said last transfer, if any.

In all cases, it is being noted that the valuation of the compensation shall:

(i) **not** take into account the speculative increase that *may be due to the implementation of the project or to the change of the real estate destination*; even though such increase is evidenced by means of previous purchase agreements;

(ii) **not** take into account any modifications made on the real estate for speculative purposes after the publishing date of the expropriation decree.

However, it is worth mentioning that, pursuant to article 6 of the Law, in all cases, the compensation amount **should never go below the value as fixed according to the ICP**, which means that such value corresponds to the **minimum guaranteed** to which the expropriated person is entitled.

**The following chart is summarizing the compensation process as described above:**
A. INSPECTION AND CONCILIATION PROCEDURE (ICP)

**Inspection and Conciliation Procedure (ICP)-**
Valuation of the real estates within the IC Commission by the public domain expert

**Mutual Agreement-**

**Compensation**

**Negotiation- judicial expert counter-valuation**

**Successful**

**Unsuccessful**

**Acceptance of the public domain expert valuation**

**Mutual Agreement - Compensation**

**B. EXPROPRIATION PROCEDURE:**
Publishing of the expropriation decree- transfer of the ownership to the expropriator

**Mutual Agreement on the public domain expert valuation- Compensation**

**Successful**

**Unsuccessful**

**First Instance Court- 3 judicial experts counter-valuation**

**Compensation**

**Successful**

**Unsuccessful**

**Court of Appeal – 3 judicial experts’ counter-valuation**

**Compensation**

**Successful**

**Unsuccessful**

**Cour de Cassation**

**Compensation**

*Payment of the Compensation* up to the minimum guaranteed fixed under the ICP.
3.2 ACQUISITION OF PRIVATE REAL ESTATES FOR ENFIDHA AIRPORT PROJECT:

I. IC Commission works:

In accordance with the Law, the IC Commission of Sousse has been created on June 2003, date on which it started its assessment works regarding the private lands, buildings and plantations located on the Enfidha Project Land.

With this respect, the works of the IC Commission consisted on the following:

1. Assessing all the population eligible to receive compensations for the acquisition/ expropriation process (owners, heirs, tenants, …);

2. Inventorying all assets, including:
   (i) real estates and related real estate titles;
   (ii) parcels and plots;
   (iii) their surface;
   (iv) constructions;
   (v) plantations (olive trees and fruit-trees…);

3. Meeting with the concerned population, including the physical displaced families, in order to help them fixing and negotiating the value of the real estates to be acquired on an amicable basis by mutual agreements; with this respect, we have been informed that the IC Commission held approximately sixty (60) meetings for that purpose, apart from the ten (10) general meetings it held in total;

4. Fixing the compensations for each category of asset following to the report of the public domain expert (who is part of the IC Commission);

5. Convening all concerned persons (in both Enfidha and Hergla districts and in Sousse governorate) in order to inform them about the interest of the
Project, the compensation process and valuation as fixed by the public domain expert; and

6. Collecting and registering comments and observations made by all attendees.

On 2005, the IC Commission displayed the parcelling plan below, the list of persons concerned by the acquisition process, the related real estate titles as well as the numbers of the related parcels/plots in (i) the regional department of public domain, (ii) the municipalities and districts of Enfidha and Hergla and (iii) in Sousse governorate.
II. IC Commission population assessment- assets inventory:

Further to several meetings we held with the relevant authorities (including OACA, Sousse governorate and public domain’s representatives), we have been informed that the IC Commission works results were the following:

1. real estate titles concerned by the acquisition process was 193, measuring 884H 47A 71C;

2. the number of the concerned population is much more important (approximately 1050 persons) (i) because of the considerable number of heirs and (ii) since most owned lands are inherited and consequently, still undivided (collectively owned); thus each title has multiple holders. Besides, as stated above, not only landowners are entitled to receive compensations, but also tenants, farmers and all other land users as declared by the landowners¹;

3. with respect to housings that will be physically displaced, the Commission identified:
   - twelve (12) houses located in the North Western part of the Land Project (the Nafat area) and which have to be resettled; and
   - twelve (12) houses located in the South Western part of the Land Project (the Souaih area) and which also needs to be resettled.

¹ As stated above, if these land users are not declared by the landowners, they may raise legal proceedings against the latter which would be responsible for compensating them.
III. Valuation under the ICP:

We have been informed that the IC Commission valuation of the assets was as follows:

- For Lands: between 4.000 (for lands of category 2) and 6.000 (for lands of category 1) TND/Hectar, pending on the locality of the land, the use to which it is allocated (agricultural use or not); whether it has multiple title holders or not; its proximity to the highway, its proximity to the *sebkha* (lagoon); the effective use and occupancy of the land;
- For olive trees: 100 TND/olive tree;
- For fruit trees: 50 TND/tree;
- For prickly pears: between 500 and 1000 TND/plantation;

TAV experts’ opinion:

For the purpose of this report, 2 judicial experts have been recently consulted by TAV Tunisie:

- **Mr. Nabil Hammada**: judicial expert in agriculture and in valuation and division of agricultural real estates and products; and

- **Mr. Mondher Mouldi**: judicial expert in Construction and real estate.

Further to the visit they made on site and to the unofficial “counter-valuation” they have been requested to make, it seems that this valuation corresponds globally to the market value of such assets, comparing to the prices practically used for similar assets in the close neighbourhood.
- In some cases, and especially for lands located in sebkha (lagoon), Mr. Nabil Hammada believes that such valuation is exceeding the market value, considering the (i) characteristics of the soil, (ii) the fact that lands are not proper to agricultural activities, (iii) the number of title holders in the case of some lands (iv) the lack of effective occupation and use of the lands, and (v) comparing to prices that are used in practice for similar lands located in close regions and even in more developed regions. Actually, our expert indicated that compensations for lands located in the sebkha is in some cases nearly the same as the value of an agricultural land located in the north of the country (well known as agricultural region).

It is being noted that after having requested more details about the “counter valuation” procedure/ criteria of our experts, the latter indicated that the region has been abandoned for a long time and that, based on their knowledge and experience, they confirm that there has been no transactions (purchase or sale contracts) related to lands therein since several years ago. In the absence of referential contracts, experts usually base their estimation on valuations made on “equivalent” assets located either in the neighbourhood or in distant regions (taking into account the use to which the land is allocated (agricultural or not), the quality of the soil (its fertility level), the locality of the land, its connection to public utilities...)

With respect to the expropriated lands located in the Airport Project Land, our experts believe that among the criteria mentioned above, the proximity to the highway may have been determinant in some cases for the public domain expert, which explains the difference between compensations for category 1 (located in the vicinity thereof) and category 2 (which are far away).

Regarding the plantations, our agricultural expert confirmed that:

- 100 TND and 50 TND respectively correspond to the market value of an olive tree and a fruit tree;
- The difference valuation for prickly pears (between 500 and 1000 TND/plantation) may be explained by the use to which the prickly pears plantation is
allocated: if the plantation is used only as an enclosure (*cloture*), its value is usually less important than prickly pears plantations used for agricultural means. It is valuated in practice based on the price needed for its replacement by an other kind of enclosure (wall enclosure or wire fence).

- Regarding constructions located in **Souaih area**, we have no information about the valuation that has been made. However, we have been informed that such area was occupied by the Dridi families (12 families) which are not landowners. Lands were initially belonging to Ben Hamida and Boussetta families who were employing the Dridis as tenant farmers with a remuneration equal to the 1/5th of the land products as well as plantations (“*Khamassa*”= holders of 1/5th). Even thought they are not owners, the IC Commission recognized the Dridis’ right to build houses thereon, as tenants at will.

We also have been informed that **in addition to the compensation** that Dridi’s families are to be granted for their houses and olive trees, the State intends also to award **registered lands** of approximately 800 square meters for each of such families, at one (1) km far from their current houses, connected to all utilities networks (water, electricity; sewage, public routes…).

![Construction in Souaih](image-url)
With respect to Nafat area, it is worth mentioning that lands located in this area are owned by the State. Because of their grazing activity, Nafat Families occupied them progressively and built their houses thereon. IC Commission has nevertheless recognized their rights as tenants at will. As far as valuation of such construction is concerned, we have been informed that valuation made by the public domain expert gave raise to an average compensation of 24,000 TND. Actually, the most important compensation was around 67,000 TND and the lowest compensation was of 4,000 TND. Mostly, compensations were varying between 20,000 and 30,000 TND.

Such valuation has been made based on the market value, taking into account the consistency of the houses (the condition of the construction; the materials used for their construction; the surface of the lands as well as the covered areas) and the prices usually used for same houses located in similar areas.

In addition to such compensation, it is important to point out that each Nafat Family has also been awarded a registered land measuring approximately 1,500 square meters and connected to all utilities networks (water, electricity; sewage, public routes …) in an area called Kemlah located at 4km far from Enfidha.

The pictures below are showing a new house constructed in Kemlah compared to an old house in Nafat.
TAV experts’ opinion:

Since most of Nafat families’ houses have already been resettled; it is difficult to make a counter-valuation. However, both experts believe that, based on the pictures available, the valuation made under the ICP is globally fair and seems to reflect the market value of such houses.

The Matrix below is summarizing the entitlements related to each category of resettled persons:

<table>
<thead>
<tr>
<th>Category of affected persons</th>
<th>Type of loss</th>
<th>Entitlements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expropriated landowners</td>
<td>Loss of land</td>
<td>Compensation for loss of land</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 6,000 TND/Hectar for lands of cat. 1;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 4,000 TND/Hectar for lands of cat. 2.</td>
</tr>
<tr>
<td></td>
<td>Loss of plantations</td>
<td>- 100 TND/ olive tree;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 50 TND/ fruit tree;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Between 500 and 1,000 TND/ prickly pears plantation.</td>
</tr>
<tr>
<td>Expropriated householders-Land squatters</td>
<td>Loss of houses</td>
<td>No loss of lands</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Between 20,000 TND and 30,000 TND per house.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Lowest compensation: 4,000 TND;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Highest compensation: 67,000 TND.</td>
</tr>
<tr>
<td></td>
<td>Registered lands</td>
<td>Registered lands measuring between 800 and 1,500 sqm at 1 to 4 km far from their initial houses.</td>
</tr>
</tbody>
</table>
IV. ICP Results- Expropriation Status:

As stated above in this report, and pending on the fact that the concerned population accepted or not the valuation made by the public domain expert, it is possible to distinguish between three (3) situations:

1. Acceptance of the valuation and the conclusion of a mutual agreements;
2. Non acceptance of the valuation and starting of the expropriation procedure (after the publishing of the expropriation decree);

Further to the valuation as made under the ICP, we have been informed that:

1. Seventeen (17) persons (owning a total area of approximately 17 Hectars) have accepted to settle the valuation amicably, signed mutual agreements with the authorities and received their compensations on due time. As a result, their lands had been transferred to the State and incorporated to the public domain. Being noted that during the ICP, some of the said persons have designated judicial experts who increased the public domain valuation up to 7000/ Hectar (for lands of category 1). This counter-valuation has been accepted by the IC Commission and compensations have been paid based on it. The total amount thereof was approximately 118.000 TND;

2. Nafat Families also accepted the public domain expert valuation and have already been compensated accordingly. The total compensation amount was approximately 290.000 TND;

3. Regarding the other persons, we may distinguish two cases:

- those who, after the publishing of the expropriation decree, finally accepted the valuation made under the ICP. With this respect, we learned from OACA that the
number of these persons is 555 and that, as of today, 361 of them have already been totally paid. The total compensation paid amount was approximately 1.202.000TND.

<table>
<thead>
<tr>
<th>OACA opinion:</th>
</tr>
</thead>
</table>

According to OACA, 301/361 persons received an amount which is lower than 4,500 TND (69 of whom received less than 100 TND (56 €), and 107 persons received less than 500 TND (278 €)). This can explain why such persons finally accepted the valuation initially made under the ICP. Actually, this decision would have been taken in order to save time and trial fees.

For some other persons, this was a good opportunity to take them out from an uncomfortable situation and receive their quote part, in a shortest time, on lands initially owned collectively, under the undivision regime (indivision).

- those who still didn’t accept the valuation made under the ICP and whose cases are still pending before the First Instance Court, in accordance with the procedure stated above in this report. As already indicated above, with respect to the latter, it is worth reminding that:

  - as from the publishing date of the expropriation decree, their real estate assets located on the Land Project are the **ownership of the expropriator**;
  - consequently, the Court is only competent to revise the valuation thereof;
  - the valuation made under the ICP corresponds to the **minimum** to which they are entitled;
  - Besides, the counter-valuation to be made by the experts designated by the court is **not binding** for the latter which, while taking its decision, still can use its discretionary power within the limits of the Law;
  - Finally, the First Instance Court decision can still be contested by the parties who can refer to the Court of Appeal and to the Supreme Court of Appeal (**Cour de Cassation**).

The following chart summarizes the progress of the compensation process as of today:
**A. INSPECTION AND CONCILIATION PROCEDURE (ICP)**

**Inspection and Conciliation Procedure (ICP)**
Valuation of the real estates within the IC Commission by the public domain expert

**Negotiation - judicial expert counter-valuation**

**Acceptance of the public domain expert valuation**

Unsuccessful

Successful

**B. EXPROPRIATION PROCEDURE:**

Publishing of the expropriation decree - transfer of the ownership to the expropriator

**Compensation:**
555 persons accepted. 361 of them have already been paid: (aprx: 1,202,000 tnd).

Mutual Agreement on the public domain expert valuation -
**Compensation:**
555 persons accepted. 361 of them have already been paid: (aprx: 1,202,000 tnd).

First Instance Court - 3 judicial experts’ counter-valuation: pending with aprox: 470 persons.

Mutual Agreement - Compensation:
- Lands and plantations: 17 persons (aprx: 118,000 tnd);
- Nafat Housings: 12 families (aprx: 290,000 tnd + lands).

Neither agreement nor compensation has been made.

Compensation

Court of Appeal – 3 judicial experts’ counter-valuation

Successful

Unsuccessful

Compensation

*Payment of the Compensation up to the minimum guaranteed fixed under the ICP.*
TAV Compensations’ follow-up:

TAV is currently following the compensation process through the monthly meetings of the follow-up commission of Enfidha Airport in which the Ministry of Public Domain is a member. This commission has been created by order of the Ministry of Transport.

Currently, we have no clear information about the valuation made by the judicial experts apart from the fact that the latter shall use the criteria set forth in article 4 of the Law:

- the consistency of the expropriated assets;
- the use to which they are allocated; and
- their marked value at the publishing date of the expropriation decree (please refer to section 3.1. par. II.2 above).

In this case, we can only rely on TAV experts who consider that the ICP valuation is globally compliant to the market value. Nevertheless, in case, at the end of the legal proceedings, it appears that there is a considerable gap between the valuation of the assets under the ICP and the courts’ valuation, TAV Tunisie is considering to take livelihood restoration measures in order to minimize the effects of such gap on the population which has already been resettled/compensated.
4. LIVELIHOOD RESTORATION MEASURES:
In case of any gap between the valuation of compensations under the ICP and the judicial procedure, TAV Tunisie may advise affected population about the governmental mechanisms to redress such gap and consider the actions set forth in its action plan bellow redressing.

4.1. Governmental Redressing Mechanisms:

TAV Tunisie may advise:

- The displaced persons, who already accepted the valuation made under the ICP for their constructions, to apply for the 26-26 fund which might provide them with public subsidies.

The 26-26 fund is a fund known throughout Tunisia by its post account number "26-26", the fund aims to help poor areas reaching a viable economic growth and improve life conditions.

Fonds de Solidarité Nationale (26-26)
85 Avenue de la Liberté
1002 – Tunis
Tel. (+216) 71 792 322

Address in Washington:
FSN
P.O. Box 34781
Washington, D.C., 20043.
E-mail: info@26-26.org

- Young generations to have recourse to the assistance of the National Fund of Employment (Fonds National de l’Emploi) (FNE) which aims to facilitate insertion of young people to professional life.

Fonds National de l’Emploi (21-21)
Address : 85 Avenue de la Liberté
1002 Tunis – Tunisie
Tel : (+216) 71 780-552 / (+216) 71 792-322.
- Affected population may also resort to the National Fund for Promoting Handicraft and Small Trades (Fonds National de Promotion de l'Artisanat et des Petits Métiers (FO.N.A.PR.A.M)) which aims to promote investments for implementing small projects (between and 10.000 and 50.000 TND) in poor regions.

- Young graduated of Hergla and Enfidha affected population on the procedure to apply for credits with the “Banque Tunisienne de Solidarité” (BTS) created for encouraging implementation of small and medium size enterprises. Being noted that credits of BTS may reach 50.000 TND and are granted at a maximum rate of 5%/year.

Banque Tunisienne de Solidarité (BTS)
56, Avenue Mohamed V - 1002 Tunis
Tel : (+216) - 71 844 040
Fax : (+216) -71 799 285
E-mail : bts@Email.ati.tn

- the affected population may also apply for credits with the Banque de Financement des Petites et Moyennes Entreprises (BFPME), which especially assists financing projects in all sectors, excluding real estate and touristic projects.

Banque de Financement des PME (BFPME)
Adresse : Avenue Mohamed V - 1073 Tunis Montplaisir
Tel : (216) - 71 785 985
Fax : (216) - 71 795 424
E-mail : bfpme@bfpme.com.tn

With respect to these mechanisms, TAV Tunisie may also:

- prepare booklets in local language in order to explain them to affected population, including the displaced persons of Nafat and Souaih,

- guide the concerned persons with procedures required in order to benefit from such mechanisms;

- help them preparing their files and applications to this effect, if any.
4.2.  TAV Livelihood Redressing Plan:

As preliminary remarks, for the purpose of establishing any plan for the redressing of eventual gaps between the valuation of compensations under the ICP and under the judicial procedure, TAV Tunisie has first to assess the population which may be affected by losses due to such gaps.

Actually, the redressing plan has to take into account different kinds of people, pending on their gender, age, family situation, physical and mental health, social and economic situations, etc.…

To this effect, and since TAV Tunisie is not directly involved in the acquisition/expropriation process, it would be useful to constitute a database regarding the affected population. Such database may be prepared based on the information currently available with the related public authorities. It may also be completed based on questionnaires to be filled in by each concerned party.

In addition, TAV Tunisie should not consider only punctual actions, but also actions with a permanent effect which may help the affected population having and keeping adequate standard of living.

TAV Tunisie should also consider specific actions to be taken particularly for vulnerable affected persons and physically displaced population.

I.  Actions related to all affected population:

1.  Punctual actions:

Such actions may concern all categories of persons, including vulnerable persons and physically displaced families, and can be mainly the following:

- Distributing food products, if need be, and especially during Ramadan, or any other religious festivity;
- Distributing clothes and covers (especially during the winter);
- Helping families with the different fees related to the scholarship of their children by offering them school items (books, copy books, bags, etc….);
- Organizing different educational events (such as excursions; trips; sporting events; etc…) for young people;
- Offering presents/scholarship to best students and pupils in order to motivate them to carry on their studies;

2. **Actions with a permanent effect - improvement of the affected population livelihood (including physically displaced persons):**

These actions consist mainly on the following:

- providing employments to unemployed persons among the affected population (On process: Enfidha concerned population have been informed about job opportunities during the **open day event** organized on March 30\(^{th}\), 2008; and the same process has been followed for Hergla population during the event of May 3\(^{rd}\), 2008.);
- helping young generations to pursue their studies in order to ensure a **better livelihood** for themselves and their families;
- giving the opportunity to students to work as seasonal workers in Enfidha or Monastir Airports during their school holidays, which may not only allow them to acquire experience but also help them to finance their studies;
- with this respect, TAV Tunisie already considered to sponsor students of different fields which show interest on working in airports: priority would be given to students coming from the affected families;

**II. Actions related to vulnerable persons:**

May be considered as vulnerable persons:
- handicapped persons;
- aged persons;
- women and children.
1. With respect to **handicapped persons**: TAV actions would consist on:
   - assisting them by taking in charge their medical costs (medicine, surgery fees, if any; buying medical equipments; as wheelchairs; etc…);
   - employing them in compliance with laws and regulations requirements: actually, under Tunisian law, while hiring their staff, all companies have to reserve 1% of employments to handicapped persons: priority would be given by TAV to handicapped persons among the affected population;

2. Regarding **Aged persons**: TAV actions would consist mainly on:
   - organizing and financing courses for illiterate persons;
   - providing employments for their family support;
   - offering plane tickets to travel for pilgrimage; and
   - in general, informing them about their rights and especially pursuant to law n°94-114 dated on October 31\(^{st}\), 1994, related to protection of aged persons.

3. **Women and children**

   Under Tunisian law, women and men are considered equally. Both of them have equal chances to access to employments. However, in specific family situations (**divorce, widowhood or disabled husband**); women especially are considered as a vulnerable persons. As well, children may be considered as vulnerable persons in case they are orphans.

   In these cases, TAV actions would be mainly to:
   - inform them about their rights and help them protect their rights under Tunisian law ; and
   - provide them with social assistance.
III. Actions for improvement or restoration of displaced persons’ livelihood:

The case of resettled persons consisting of the twenty four (24) displaced families from Nafat and Souaih areas has to be considered separately. Actually, as stated above, some of these families (especially Nafat) have already accepted the compensation offered to them and have raised no judicial proceedings. Moreover, their physical displacement is directly impacting their life conditions. Therefore, TAV actions have particularly to focus on improving or, at least, restoring their livelihood.

In addition to the actions set forth in section 4.1 and 4.2. Paragraphs I and II2 above, it is important mentioning that:

- TAV Tunisie would also help displaced persons achieving the construction of their new houses by providing them with construction materials;

- Collaborate with the local authorities in order to ensure that, at their new site, displaced persons benefit from all public utilities (connection to water, sewage, electricity, hospitals, educational institutions, access to transport, security);

- TAV Tunisie is already giving, for equal qualifications, employment priority to displaced population of Nafat and Souaih areas and is requesting its subcontractors on the Construction site of Enfidha Airport to adopt the same policy.

With this respect, TAV Tunisie informed notables from Nafat and Souaih areas about the available job opportunities on the construction site.

At the construction stage, TAV will provide jobs to most of displaced persons which will constitute an immediate mitigation measure. These jobs would be a new source of incomes and savings which will enable such persons to create their own sources of incomes (enterprises, services,…).

2 Being noted that physically displaced families may include vulnerable persons.
At the operation phase of the Airport, TAV will also give, for equal qualifications, employment priority to resettled persons and will request its subcontractors to follow the same hiring process.

5. **TAV’s RESETTLEMENT ACTION PLAN MONITORING:**

For the purpose of implementation and monitoring of its resettlement action plan, TAV Tunisie will designate an appropriate team which will be in charge of:

- following the **compensation process** (as stated above, the follow up of such process is already made during the monthly meetings held with the Follow-up Commission of Enfidha Airport; in which the Ministry of Public Domain is represented);
- following the pending **legal proceedings** related to valuation of the compensation due for expropriation;
- following up the **progress of resettlement** (by visiting the displaced families, holding meetings with all concerned population and checking their new standard of living);
- collecting information regarding the affected population, including the displaced persons, and preparing questionnaires to be filled in by the latter in order to get a database taking into account the different categories of persons;
- identify difficulties regarding each category of person;
- preparing reports and hold meetings with the management of TAV in order to inform them about the situation progress and to request actions, if need be (these meetings will enable the management of TAV to take necessary measures and report to the relevant authorities, if any);
- prepare quarterly or semi annual reports stating particularly:
  - actions taken by TAV in order to help the concerned population improving their livelihood;
  - the progress of the compensation process and the legal proceedings;
  - actions which shall be taken for the following quarter or six months.