

**REPUBLIC OF ARMENIA
MINISTRY OF TRANSPORT AND COMMUNICATION
TRANSPORT PIU STATE INSTITUTION**

**LIFELINE ROAD NETWORK IMPROVEMENT
PROJECT
(INCLUDING THE ADDITIONAL FINANCING)**



**RESETTLEMENT POLICY FRAMEWORK
for rehabilitation of selected sections
of Lifeline Road Network**

Final Draft

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LIST OF ACRONYMS

ADB	Asian Development Bank
BP	Bank Policy
EBRD	European Bank for Reconstruction and Development
EMP	Environmental Management Plan
GFP	Grievance Focal Point
IBRD	International Bank for Reconstruction and Development
LRNIP	Lifeline Road Network Improvement Project
LAR	Land Acquisition and Resettlement
MoTC	Ministry of Transport and Communication of the Republic of Armenia
MNP	Ministry of Nature Protection of the Republic of Armenia
NGO	Non Governmental Organization
OP	Operational Policy
PAP	Project Affected Person
RA	Republic of Armenia
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
SI	State Institution
Transport PIU	Transport Projects Implementation Unit State Institution of MoTC
US\$	United States Dollar
WB	The World Bank
LRNIP-AF	Lifeline Road Network Improvement Project (Additional Financing)

DEFINITIONS

Resettlement	Resettlement covers all direct economic and social losses resulting from land taking and restriction of access, together with the consequent compensatory and remedial measures. Resettlement is not restricted to its usual meaning – physical relocation. Resettlement can, depending on the case, include: (i) acquisition of land and physical structures on the land, including businesses; (ii) physical relocation; and (iii) economic rehabilitation of project affected persons, to improve (or at least restore) incomes and living standards.
Project affected persons	Project affected persons (PAPs) means persons who suffer from a direct economic or social adverse impact of the project, through: (i) loss or damage of assets; (ii) land expropriation, (iii) involuntary displacement, (iv) adverse effect on right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed (temporarily or permanently; (v) adverse effect on access to productive assets (temporarily or permanently); or (vi) adverse effect on business, occupation, work or place of residence or habitat.
Resettlement Policy Framework	Resettlement Policy Framework is a resettlement document to be prepared if the extent and location of resettlement cannot be known at appraisal because the project has multiple components or if the final design (as in this case) is determined at a later stage. The Resettlement Policy Framework establishes resettlement objectives and principles, organizational arrangements, and funding mechanisms for any resettlement operation that may be necessary during project implementation. The framework assesses the institutional capability to design, implement, and oversee resettlement operations. When during project implementation the extent of resettlement in any subproject becomes known, a Resettlement Action Plan (or an abbreviated Resettlement Action Plan, depending on the scale and severity of impacts) is prepared before the investment is approved for funding (OP 4.12, paragraphs 29–30).
Resettlement Action Plan	Resettlement Action Plan (RAP) is a resettlement planning document to be prepared when the exact locations of the subprojects requiring land acquisition leading to physical displacement of persons, and/or loss of shelter, and /or loss of livelihoods and/or loss, denial or restriction of access to economic resources are identified. RAP contains specific and legally binding requirements to be abided by to resettle and compensate the PAPs before implementation of the project activities causing adverse impacts. RAP contains a census of PAPs, including cadastral information and a detailed inventory of losses.
Compensation	Compensation means the payment in kind, cash or other assets given in exchange for the taking of land or loss of other assets, including fixed assets thereon, in part or whole.

Land acquisition	Land acquisition means alienation or expropriation of land, buildings or other assets thereon for purposes of the Project.
Replacement cost for agricultural land	Replacement cost for agricultural land means the pre-project or pre-displacement, whichever is higher, value of land of equal productive potential or use located in the vicinity of the affected land, plus the costs of: (i) preparing the land to levels similar to those of the affected land; (ii) any registration, transfer taxes and other associated fees.
Replacement cost for houses and other structures	Replacement cost for houses and other structures means the prevailing cost of replacing affected structures of the quality similar to or better than that the affected structures in the relevant area. Such costs shall include the market value of the asset, as well as: (i) building materials; (ii) transporting building materials to the construction site; (iii) any labour and contractors' fees; and (iv) any registration or transaction costs.
Cut-off date	Cut-off date is the date of the preparation of description protocol for the affected property/assets with PAPs.
Vulnerable groups	Vulnerable group refers to people who cannot properly cope with crisis or shock situations to maintain their livelihood. In this framework the following groups have been considered as vulnerable: PAPs below poverty line and households headed by women, elderly or disabled persons.

1. SUMMARY

The Republic of Armenia has requested an additional loan from the International Bank for Reconstruction and Development (IBRD) in the amount of US\$ 40 million to increase the scope of the Lifeline Road Network Improvement Project (Additional Financing / LRNIP-AF), so as to rehabilitate and repair local roads in different regions of Armenia in the period of 2016-2019.

The Project Development Objective (PDO) of the proposed Additional Financing will remain the same as the PDO of the LRNIP, i.e to improve access of rural communities to markets and services through upgrading of selected lifeline roads, and to strengthen the capacity of the Ministry of Transport and Communication to manage the lifeline road network.

The LRNIP-AF will provide an immediate economic stimulus to rural communities by providing employment as well as long term benefit of an improved lifeline infrastructure. In addition to the economic benefits (regional employment, access to markets for agricultural products, etc.), there are substantial social benefits to the rural populations in improving their access to education, medical and social opportunities.

This Resettlement Policy Framework (RPF) for LRNIP-AF is prepared in line with the World Bank's (WB) Operational Policy (OP) 4.12 and relevant laws and regulations of the Republic of Armenia (RA) (in any case of conflict, OP 4.12 prevails over national laws and regulations of the RA). The RPF details mechanisms, procedures and compensation entitlements to be applied to address any land acquisition and resettlement impacts identified based on the final design, or temporary impacts during construction, or emerging land acquisition and resettlement issues during implementation of the works on the road sections included in LRNIP-AF. It identifies likely impacts of the investment, describes anticipated groups of affected persons, clarifies land and resettlement principles, assesses the legal framework for land acquisition and resettlement in RA, describes procedures for redress of grievances, as well as outlines the monitoring of the land acquisition and resettlement impacts along the project road sections (if any occur).

It is expected that all rehabilitation works envisaged under the LRNIP-AF will be undertaken on existing alignments and will include reconstruction, pavement rehabilitation, improvement of drainage facilities and road safety features resulting in stable and safe roads. However, in some cases the design envisages realignment or expansion of some sections of the roads, the land acquisition, compensation and relocation will be considered.

The present RPF is prepared to guide the development of a subsequent Resettlement Action Plan and to support Ministry of Transport and Communication of RA (MoTC) with the task of planning and implementing land acquisition and resettlement provisions. For each road link specific RAP may be prepared, if deemed necessary during design stage. Were the contingent emergency response sub-component under the LRNIP-AF project to be triggered, the scope of the project and this RPF would extend to the rehabilitation and reconstruction of the entire Armenian road network.

2. INTRODUCTION

2.1 Project Description

The Republic of Armenia has requested an additional loan from the IBRD in the amount of US\$ 40 million to implement the LRNIP-AF, in order to rehabilitate and repair local roads in different regions of Armenia in the period of 2016-2019. In addition to IBRD funding the RA Government will provide its contribution in the amount of approximately US\$10 million.

It is expected that LRNIP-AF will provide an immediate economic stimulus to rural communities by providing employment as well long term benefit of an improved lifeline infrastructure. In addition to the economic benefits (regional employment, access to markets for agricultural products, etc.), there are substantial social benefits to the rural populations in improving their access to education, medical and social opportunities.

The MoTC has the overall responsibility for implementation of the LRNIP-AF and has delegated implementation functions to the Transport Projects Implementation Unit State Institution of MoTC (Transport PIU).

According to the WB rules, the LRNIP-AF triggers OP/BP 4.01. Therefore, the proposed LRNIP-AF is subject to environmental screening and review. The Environmental Management Framework document was developed for the LRNIP-AF and subproject specific EMPs in a checklist format will be developed for separate road sections based on the final designs. All rehabilitation works envisaged under the LRNIP-AF are expected to be undertaken on existing alignments and will include reconstruction, pavement rehabilitation, improvement of drainage facilities and road safety features resulting in stable and safe roads.

The proposed Project will be implemented by the existing Transport Projects Implementation Unit State Institution of MoTC (Transport PIU), which has experience in cooperating with the WB and other donors. The Transport PIU is adequately staffed and has the capacity to address all aspects of the Project implementation, including safeguard compliance. The civil works will be supervised by a consulting company (Supervisor) commissioned by Transport PIU. Along with other responsibilities, this firm will be assigned to track compliance of civil works Contractor(s) with the requirements of safeguard policies.

2.2 Possible Land Acquisition and Resettlement Impacts

Based on the preliminary information, no land acquisition and resettlement impacts are expected, since the road sections included in the LRNIP-AF will be rehabilitated. All works are expected to be carried out within the existing right of way. However, taking into account that the final designs are not available yet, a due diligence assessment is again needed once the final design is prepared but before the start of civil works to reconfirm that none of the land plots, structures and/or individuals operating along the road will be affected. Moreover, regular monitoring should be carried out during implementation of construction works to ensure that in case of any land acquisition and

resettlement impacts, these will be timely and duly addressed in accordance with WB OP 4.12 and RA legislation requirements.

In case the land acquisition and resettlement impacts are identified, those are expected to be related to loss of lands and/or structures, potentially affecting livelihoods, incomes and wellbeing of people who own or use the land and / or structures, irrespective of their legal title. During construction, there may also be a need for temporary land acquisition. Civil works contracts will require the Contractors to be responsible for the temporary acquisition and reinstatement of all land required outside of the right of way for construction camps, offices, borrow pits, materials storage sites, materials processing sites and access roads. Contractor(s) is (are) assumed to prefer to rent State land, rather than private property, but the choice is theirs. In either case, a written agreement between the Contractor(s) and the owner will be required, and lands used are to be returned to their original state after works are completed.

2.3 Rationale for Preparation of the Resettlement Policy Framework

At the present stage of the Project the formulation of a RAP is not possible, as the final designs for the road sections are not developed yet. In order to support the Consultant to prepare for RAP activities, the present RPF has been formulated. The purpose of the policy framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects to be prepared during Project implementation. The RPF contains information that will later serve as a basis for the RAP. The RAP or Abbreviated RAP (as appropriate) will then need to be complemented with a detailed census, including cadastral information, an inventory of losses and an enhanced involvement and participatory consultation of PAPs. There will also be a possibility to prepare section specific RAPs for the road sections.

2.4 Principles and Objectives Governing Resettlement Preparation and Implementation

The World Bank OP 4.12 on Involuntary Resettlement is triggered for the projects requiring physical relocation and land loss resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; (iii) loss of income sources or means of livelihood, whether or not the affected people must move to another location and irrespective of their legal title. OP 4.12 is critical for ensuring that potentially adverse social consequences are identified, minimized, and properly mitigated. This OP receives particular attention during the project preparation and approval process. The Borrower is responsible for any assessment required by the safeguard policies, with general advice provided by the WB staff.

WB OP 4.12 states that “involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs” (paragraph 2a). This fundamental policy objective reflects the recognition that resettlement can be severely harmful to people and their communities. It is crucial to follow this principle during the final design and rehabilitation of the road links.

WB OP 4.12 policy applies to all components of the project that result in involuntary resettlement, regardless of the source of financing. It also applies to other activities resulting in involuntary resettlement, that in the judgment of the Bank, are: (a) directly and significantly related to the Bank-assisted project; (b) necessary to achieve its objectives as set forth in the project documents; and (c) carried out, or planned to be carried out, contemporaneously with the project.

RAP will be prepared covering land use, land acquisition, compensation (e.g. damages to crops, livelihood impacts etc.) and relocation issues, and PAPs will be assisted in regaining or improving their standard of living at least to pre-project level, since no PAP should be worse off as a result of the project. Consultation with PAPs on compensation, disclosure of resettlement information to PAPs, and planned project activities will be ensured beyond pure legal notification of a Decree on exceptional prevailing public interest. The RAP will be disclosed in Armenian language. A public consultation shall be carried out during the early stages of RAP preparation. Public consultation will ensure participatory involvement of directly affected persons, as well as community representatives, and will include awareness raising about grievance redress mechanism, options for legalization of land titles and other legal assistance. Public consultation steps shall also comply with the requirements of UN/ECE Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (Aarhus Convention), in particular, article 6 (see EMP section on Stakeholder Consultation). People in rural areas, especially poorer groups, do often not possess legal land titles for their land and/or structures, as traditional use-rights have been sufficient for them or privatization process has passed beyond their consideration. WB OP 4.12 considers them equal to land owners with legal land titles. PAPs without land titles or other registration details (e.g. squatters or informal land users) will be fully compensated for non-land assets and losses. Vulnerable and severely affected PAPs will be provided special assistance.

A grievance mechanism will be available to allow PAPs to appeal any disagreeable decision, practice or activity arising from land use, social and environmental impacts. Grievance redress procedure for the LRNIP-AF aims to provide an effective and systematic mechanism in responding to queries, feedbacks and complaints from PAPs, other key stakeholders and the general public. Timely redress of grievances is critical to the completion of a project in a satisfactory manner. The efforts will be to first seek informal resolution of the grievances. In the meantime, it should be noted that the grievance mechanism does not prevent any person to lodge his / her complaint directly to a court of law for resolution at any stage of grievance process.

3. INSTITUTIONAL AND LEGAL FRAMEWORK

3.1 Institutional Framework

This section briefly presents the roles of entities that may have involvement in the LRNIP-AF, primarily but not exclusively from land acquisition and resettlement perspective.

Ministry of Transport and Communication

The RA MoTC is a republican body of executive authority, which elaborates and

implements the policies of the RA Government in the transport, communication, and information technologies sectors. The Department on Road Construction is the main structural subdivision of the MoTC involved in road sector, and mainly in developing state policy on improvement and perspective development of road network in the country.

The MOTC has overall responsibility for the Project. This includes preparation, implementation and financing of all LAR tasks and cross-agency coordination and linkages. The MOTC exercises its functions through the Transport PIU.

Transport Project Implementation Unit State Institution of the MoTC is an organization established by the RA Government to implement investment and development projects (in transport sphere) developed by the MoTC and regional administrative bodies and approved by the RA Government at the expenses of the state budget and funding provided to the RA by foreign states and international financing organizations.

The Transport PIU is responsible for planning and implementation of all LAR tasks: (i) preparation of RAPs; (ii) coordinating with Cadastral Office and local governments; (iii) assisting the Consultants in surveying and verification activities during the preparation of RAPs; (iv) organizing public consultation meetings assisted by Consultants and local community authorities; (v) sending the RAPs to WB for review; (vi) disclosing the RAPs and the information pamphlets; (vii) planning and managing RAPs implementation; (viii) initiating eventual expropriation cases and coordination with the courts as necessary; (ix) assisting in settlement of complaints; (x) ensuring proper internal monitoring; (xi) hiring External audit agency, (xiii) maintaining PAPs data base and (xiv) coordinating with the appropriate government agencies to provide all needed documentation and ensuring prompt allocation of RAP budget and distribution of compensations to PAPs and maintaining coordination of all LAR related activities; and any other issue that is related to resettlement and rehabilitation of PAPs.

The State Committee of the Real Estate Cadastre

The State Committee of the Real Estate Cadastre adjunct to the RA Government is a republican body of executive authority, which elaborates and implements the policies of the RA Government in the area of maintaining the unified national cadastre of real estate.

The State Committee of Real Estate Cadastre of the Government of the RA is responsible for providing information about the status of real estate ownership, and is in charge of the state registration of ownership.

Regional and Local Authorities

Regional administration bodies (Marzpetarans) are responsible for administration of public roads of local significance falling under the regional jurisdiction. Bodies of local self-government bodies (Community authorities) are responsible for administration of public roads of local significance registered as ownership of communities.

The local authorities will support impact and social surveys, consultations with APs and complaints resolution.

3.2 Legal Framework

The 31st Article of the RA Constitution (adopted in 1995 and amended in 2005) stipulates that “No one shall be deprived of property except for cases prescribed by law in conformity with the judicial procedure. The private property may be alienated for the needs of the society and the state only in exceptional cases of prevailing public interests, in the manner prescribed by the law and with prior equivalent compensation.”

Land acquisition and compensation issues are discussed in the Land Code Article 102, 104, the Civil Code (1998), Article 218 and in the RA Law on the Alienation of the Private Property for Public and State Needs adopted in 2006.

Under the existing of RA Law on the Alienation of the Private Property for Public and State Needs the RA Government will issue a Decree on recognition of the property as exceptional prevailing public interest. The RA Government Decree shall set out:

- (i) The exceptional prevailing public interest, for which alienation of property shall be executed;
- (ii) The party acquiring the alienated property;
- (iii) The units constituting the alienated property (addresses, location and/or other information, which makes the property different from other assets);
- (iv) Final deadline to launch the alienation process.

RA Law on the Alienation of the Private Property for Public and State Needs discusses procedural aspects of land acquisition and compensation rights of titled landowners and owners of real property in cases of alienation of their property for public purposes. Upon enactment of the government decree on recognition of property as exceptional prevailing public interest, the authorized body shall compile Protocol describing the alienated property according to the procedure and deadlines defined by the government. Acquiring party, owners and those holding property rights towards the alienated property may participate in compilation of such Protocol. One copy of the minutes describing the alienated property shall be, within no later than three days after its compilation, duly communicated to the owner and persons holding property rights towards the property, who are entitled to appeal it with the authorized body and/or court within ten days after the due receipt thereof.

Exceptional prevailing public interest may pursue maintenance of projects of community or intercommunity significance in the field of the development of communication infrastructure, transport, energy, land use, land study, urban construction, energy supply, water supply; protection of the environment.

The compensation for the land and / or structures being acquired is established by agreement between MoTC and PAPs taking into account the market value and damages, including consequential damages, and may include exchange of land and /or structures. Adequate compensation shall be paid to the owner against alienation of his/her property. The compensation consists of the market value of the alienated asset, plus additional 15 %of its market rate.

Valuation of the real estate or the real estate rights shall be made in accordance with the procedure defined in the RA Law on Valuation of Real Estate adopted in 2005. The law defines the fundamentals of real estate valuation process and regulates the relationships concerning real estate valuation. The article 6 defines the objects of real estate valuation. According to the article 8 the real estate valuation is obligatory for the following cases:

- a) Alienation of real estate that belongs to state or communities, with except of for privatization of state property and alienation of state or community lands;
- b) Alienation of property for public and state purposes;
- c) Investment of real estate in capital stock of a legal entity or fund;
- d) Alienation of real estate as a result of expropriation;
- e) Other as may be defined by the law of RA.

The activity of real estate valuation requires licensing (article 9); thus the activity must be exercised by legal entities and individuals after acquiring a license for real estate valuation as prescribed by RA Law on Licensing.

3.3 Comparison of Armenian Laws and the Policy for Involuntary Resettlement of the World Bank

There are a number of differences between the requirements of RA legislation and the WB OP 4.12. In particular, WB OP 4.12 does not consider the absence of land rights of affected persons as a bar to receive compensation for non-land assets, and entitles vulnerable groups to additional support. While WB policy specifically focuses to at least maintain the livelihood of vulnerable affected persons, such objective is not sought under national legislation. On the other hand, while WB policy requires compensation for privately owned land at market rate / replacement cost, the local legislation stipulates compensation in amount of assessed market rate plus 15%. The differences between the RA legislation related to land acquisition and resettlement, and the WB OP 4.12 on Involuntary Resettlement safeguards are summarized in the Table 1 below.

Table 1. Comparison of RA legislation related to land acquisition and resettlement and WB Resettlement Safeguards

Item	Armenian Laws and Regulations	World Bank OP 4.12	Application
Land tenants	Land compensation only for titled landowners	Lack of title is not a bar to compensation and/or rehabilitation. Non-titled landowners shall receive compensation for non-land assets	WB OP 4.12 applies
Land users	Crop losses compensation provided only to registered landowners	Entitled to compensation for crops. Land users may be entitled to replacement land and income must be	WB OP 4.12 applies

Item	Armenian Laws and Regulations	World Bank OP 4.12	Application
		restored to pre-project levels at least	
Houses & other structures	All affected houses/ structures are compensated for damages/demolition caused by a project, with the exception of unregistered structures	WB policy includes compensation for unregistered structures as well	WB OP 4.12 applies
Land valuation	Land valuation based on current market value plus 15% of the assessed value	Land valuation based on current market rate/replacement value	Provisions that are more beneficial to PAPs apply. Armenian legislation applies in case that it provides higher compensation than OP 4.12. OP 4.12 applies in case that it provides higher compensation.
Livelihood Restoration	No provision for income/livelihood rehabilitation, allowances for severely affected PAPs and vulnerable groups, or relocation expenses	WB policy requires rehabilitation for severe losses, and for expenses incurred by the PAPs during the relocation process, irrespective of PAPs' legal title	WB OP 4.12 applies
Resettlement Action Plan development	No requirement for RAP preparation and approval	Requires the preparation, approval and monitoring of RAP	WB OP 4.12 applies
Public consultation and disclosure	No requirement for consultation with affected persons	Requires disclosure and consultation with affected persons during RAP preparation, as well as disclosure of the final RAP version	WB OP 4.12 applies
Grievance redress	Presentation of applications, complaints, objections and suggestions to the acquirer and to the state authorized body in every stage of the alienation process, as well as appeal to the court according to the requirements of RA	Requires the establishment of a grievance redress mechanism to respond to PAPs' questions and concerns regarding the resettlement process	Both WB OP 4.12 and requirements of RA "Law on alienation of the property for public and state purposes" applies

Item	Armenian Laws and Regulations	World Bank OP 4.12	Application
	legislation.		

3.4 Gap Analysis

The main difference of the legal framework of the RA and WB OP 4.12 is related to the compulsory ownership status of affected land and structures in Armenian law, whereas WB OP 4.12 grants compensation and relocation support even if legal land titles are absent. For the planned Project, WB OP 4.12 must be applied. However, in cases where the provisions of the RA legislation are more favorable to PAPs than WB OP 4.12, the national legislation applies.

RA Constitution considers international treaties ratified by the Republic (such as loan agreements) as having priority over its laws and hence can be directly implemented. The ratification of the loan agreement will provide the legal basis and justification for undertaking measures to address the gaps between RA laws, and the compensation payments and rehabilitation assistance envisaged according to WB's policy requirements.

4. ELIGIBILITY AND ENTITLEMENT FRAMEWORK

4.1 Eligibility

PAPs eligible to compensation or at least rehabilitation provisions under the Project are:

- a) All persons losing either land covered by legal title/traditional land rights or without legal status;
- b) Tenants and sharecroppers whether registered or not;
- c) Owners of buildings, crops, plants, or other assets attached to the land; and affected persons losing business, income, and salaries regardless of tenure on the affected land; and
- d) Workers from affected businesses.

Compensation eligibility will be limited by a cut-off date, which is the date of preparation of description protocols for the affected properties/assets. The description protocols will be prepared based on the measurement, assets inventory as well as the census and will be presented to PAPs for signing. New settlement, improvement or start of activity in the affected areas after the cut-off date will not be eligible for compensation.

PAPs however will be given sufficient advance notice (notification letter will be sent to PAPs via post) and requested to vacate site. If they wish so, affected people will get the opportunity to dismantle affected structures prior to project implementation after getting the compensation for the structure; however they won't have to bear the cost of such demolition. Construction materials that PAPs chose to re-use after getting the full compensation for the structures will not be confiscated and they will not pay any fine or

suffer any sanction. Remaining structures and unused material will be dismantled by the contractor.

PAPs having to relocate will be able to choose between monetary compensation or a new land plot / structure that will be at least comparable to the alienated land / structure. PAPs will be involved in all decisions related to their relocation and be given options for choice. Livelihood restoration measures will be financed to improve PAPs livelihoods and living conditions or at least restore them to pre-project levels.

4.2 Compensation Entitlements

Entitlement provisions for PAPs losing land, houses and other structures, as well as employment and income, will include provisions for permanent or temporary land losses, house / structure losses, crops and trees losses, a relocation subsidy, business loss allowance, and rehabilitation allowance for vulnerable group. Taking into account that several infrastructure development related projects with land acquisition and resettlement impacts are currently implemented in Armenia with support from International Financial Institutions, the experiences from such projects (road infrastructure development project funded by ADB, transmission line reconstruction funded by the WB) were considered during the definition of possible impacts and losses for the Project. The development of the compensation entitlements were done based on the WB OP 4.12 policy requirements.

The entitlement and compensation matrix is provided in the Table 2 below:

Table 2. Entitlement and compensation matrix

Asset	Specifications	PAP	Compensation Entitlements
Permanent Loss			
Agricultural and non-agricultural land plots	All land losses irrespective of severity of impact	Owners	<ul style="list-style-type: none"> Cash compensation at market or cadastral value of the affected land (whichever the highest) plus 15 % (without deduction of taxes and any other transaction or registration costs) or, according to PAPs' choice, through replacement land equal in value/productivity to the plot lost and at locations acceptable to PAPs where feasible¹; Residual portions of the acquired land plot which are rendered unusable for their initial purpose of use will be included in the affected land according to the RA Law requirements.
		Leaseholders (legal or legalizable)	<ul style="list-style-type: none"> Cash compensation equal to the market or cadastral value of the affected land (whichever the highest) in proportion to the past years of land use: (i) < 1 year – 5% of land value; (ii) < 15 years – 14% of land value; (iii) < 25 years – 20% of land value; (iv) 25 years and more – 25% of land value; plus Cash compensation for activities related to land plot development, maintenance, protective measures, improvements on the land plot etc.; or Renewed lease in an alternative plot.

¹WB OP 4.12 paragraph 12 and footnote 17/18 state "Payment of cash compensation for lost assets may be appropriate where (a) livelihoods are land-based but the land taken for the project is a small fraction (as a general principle, this applies if the land taken constitutes less than 20% of the total productive area) of the affected asset and the residual is economically viable; (b) active markets for land, housing, and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing; or (c) livelihoods are not land-based. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.

Asset	Specifications	PAP	Compensation Entitlements
		Squatters (if any)	<ul style="list-style-type: none"> • Cash compensation for activities related to land plot development, maintenance, protective measures and improvements done on the land plot. • Leased plot on community land; • Self-relocation cash allowance option.
	Severe Impact - if people are physically displaced and more than 10 % of their agricultural productive assets are lost ²	Owners, leaseholders squatters of the agricultural productive lands	<ul style="list-style-type: none"> • Additional cash compensation equal to one year crop harvest and agricultural subsidies.
Residential Buildings and Structures		Owners and leaseholders of structures and PAPs constructed the illegal structure (if any)	<ul style="list-style-type: none"> • Compensation of full market value plus 15 % (without deduction of depreciation, taxes and other transaction costs) or, at the PAP's preference, house for house swap.
Non-residential buildings and structures		Owners or leaseholders of registered/legal structure; PAPs constructed the illegal structure (if any)	<ul style="list-style-type: none"> • Compensation of full market value plus 15 % (without deduction of depreciation, taxes and other transaction costs) or, at the PAP's preference, house for house swap. • The PAPs who constructed the illegal structure will be compensated the same as the owners only after the legalization (registration) of the structures.
Crops	Standing crops affected	All PAPs including squatters	<ul style="list-style-type: none"> • Cash compensation for actual crop loss at full market rate.
Trees	Trees affected	All PAPs including squatters	<ul style="list-style-type: none"> • Cash compensation reflecting income replacement. Fruit trees value based on age category and valued at gross market value of one year income times the number of years to grow a tree to similar productivity, plus purchase price of seedlings and starting materials. For wood/timber trees, compensation will be based on the price of dry wood volume.
Business and employment	Temporary or permanent business/employment loss	All PAP including squatters and workers of enterprises	<ul style="list-style-type: none"> • Businesses with tax declaration: <ul style="list-style-type: none"> ○ if permanent loss, cash compensation equal to one year income (lost profits) based on tax declaration; ○ if temporary, cash compensation equal to the monthly income based on tax declaration multiplied with the number of months of business stoppage, but less than 1 year; <p>In absence of tax declaration (mostly in the case of informal/small businesses) the PAPs will be compensated as above but based on the maximum non-taxable salary (minimum salary).</p> <ul style="list-style-type: none"> • Employees will be provided cash compensation for lost wages for the period of business interruption up to a maximum of 6 months, based on their registered monthly average wages/salaries
Relocation	Transport and transitional	All relocated PAPs	<ul style="list-style-type: none"> • Allowance sufficient to cover transport expenses and livelihood expenses for one month due to relocation.

²WB OP 4.12 in footnote 25/26 states "Impacts are considered "minor" if the affected people are not physically displaced and less than 10 percent of their productive assets are lost."

Asset	Specifications	PAP	Compensation Entitlements
	livelihood costs		
Vulnerable households		PAPs / households considered as vulnerable	<ul style="list-style-type: none"> • Rehabilitation allowance for 6 months in the monthly amount of AMD 30000 (the minimum salary); • Enrollment in government social assistance program if not yet enrolled; • Priority in local employment for able members of vulnerable household.
Community structures and public utilities			<ul style="list-style-type: none"> • Fully replacement or rehabilitation to maintain their pre-project functions.
Unforeseen impacts			MoTC will consider the unforeseen land acquisition and resettlement impacts during the project and will compensate them based on the above provisions
Temporary Loss			
Lands for construction sites and burrow pits		Owners and leaseholders	<ul style="list-style-type: none"> • Cash compensation at local commercial rental rates for duration of use; • Cash compensation for actual crop/harvest loss at full market rate for the temporary stoppage of usage. • Land restored to original status at the end of rental.
		Squatters	<ul style="list-style-type: none"> • Cash compensation for actual crop/harvest loss at full market rate for the temporary stoppage of usage. • Land restored to original status at the end of rental.

The entitlements provided in the matrix are further elaborated below:

- a. Land impacts.** The households with private ownership will be given cash compensation at market or cadastral value of the affected land (whichever the highest) plus 15% or, according to PAPs' choice, through replacement land equal in value/productivity to the plot lost and at location acceptable to PAPs, where feasible, and also cash compensation for crop losses at current market rates. Compensation will be free of transaction taxes/fees. Compensation will also include costs incurred by the owner related to land plot development, maintenance, protective measures and soil fertility improvement, taking into account the inflation, as well as the losses, that the owner incurred related to early termination of obligations to third parties.

Leaseholders (legal or legalizable) will be paid cash compensation equal to the market or cadastral value of the affected land (whichever the highest) in proportion to the past years of land use: (i) < 1 year – 5% of land value; (ii) < 15 years – 14% of land value; (iii) < 25 years – 20% of land value; (iv) 25 years and more – 25% of land value. To facilitate livelihood restoration of leaseholders, leaseholders may be granted an alternative plot to lease depending on the plot availability. They will also be given compensation for works related to land plot development, maintenance, protective measures and improvements done on the land plot.

Squatters may be granted an alternative plot to lease, depending on the plot availability, and a self-relocation allowance. They will also be given compensation for activities related to land plot development, maintenance, protective measures and improvements done on the land plot.

Residual land impacts. Residual portions of the acquired land plot, which are rendered unusable for their initial purpose of use, will be included in the affected land and compensated as indicated above. This procedure will be implemented in accordance with the RA Law requirements. According to the “RA Law on the Alienation of the Private Property for Public and State Needs” (Article 5), if a part of the property is expropriated, and the other non-expropriated part of it has become unusable or is small in comparison with the alienated part, then it may also be alienated by the demand of the owner. The owner may present such a demand, coupled with appropriate argumentation, within two months after the entrance into force of the governmental decision about the expropriation. The acquirer should discuss the demand and argumentation presented by the PAPs and notify of its decision within 15 days after receiving such demand by the PAP.

Severe impact losses. When >10% of a PAP agricultural productive land is affected, PAP (owners, leaseholders, sharecroppers, and squatters) will receive an additional allowance for severe impacts equal to one year’s harvest from the acquired part of the land. The amount of the harvest is determined based on the average yield in the past three years.

Agricultural sharecroppers and agricultural workers. Sharecroppers will receive cash compensation equivalent to their share of harvest at market rates, including costs incurred by the sharecropper in the improvement of the land. Costs incurred by the sharecropper on the plot allotted will be determined under the procedure stipulated by constituent documents of economic partnerships, producers' co-operatives or an agreement between the parties. On the other hand, agricultural workers, who will lose employment due to land acquisition for the Project, will be paid cash compensation equivalent to their average salary for the remaining part of the agricultural year.

If the permanent or temporary acquisition results in partial or complete damage to irrigation, drainage and erosion-preventive structures (systems), then the losses will be determined based on the costs of the work for construction of new facilities or rehabilitation of existing structures (systems), including the costs of design and survey works.

- b. Buildings and structures** will be compensated in cash at market value plus 15% (free of deductions for depreciation, salvaged materials, and transaction costs irrespective of the registration status of the affected item) or at the owner choice house for house swap. The residential buildings/structures will be compensated irrespective of their registration/legal status to all PAPs who have constructed the building, while the non-residential buildings/structures will be compensated only after legalization (registration). The cost of lost water and electricity connections will be included in the compensation.
- c. Crops.** Standing crops on the acquired lands will be compensated at market rates for their gross value of 1 year’s harvest losses. Crop compensation will be paid both to landowners, leaseholders and tenants. However, it is expected that for this project no standing crop is expected to be affected since there is sufficient time between the notification and commencement of civil works. The land user will be able to harvest

its crops way ahead of the site clearing.

- d. **Trees.** For trees planted on affected lands, PAPs will be paid cash compensation reflecting replacement of income derived from the trees. The economic value of fruit trees will be based on the age category and valued equivalent to one year income times the number of years to grow a tree to similar productivity. The cash compensation will also include the price of seedlings and starting materials. For wood/timber trees, cash compensation will be based on the price of dry wood volume. In case of squatters on private or community/state lands, the value of the trees will be compensated to the squatters if the reference or other document is provided to proof the fact of planting the trees by them, otherwise they will be compensated to the owner of the land.

Re-plantation of twice the amount of saplings in suitable location in case of state owned/community trees not planted by the PAPs.

- e. **Businesses.** Permanent losses for business activity will be compensated in cash equal to a 1-year net income based on tax declaration; temporary losses will be compensated in cash equal to the monthly income based on tax declaration multiplied with the number of months of business stoppage. In absence of tax declaration (mostly in the case of informal/small businesses) the PAPs will be compensated as above but based on the maximum non-taxable salary (minimum salary). This is adopted in the case of informal businesses that usually operate at profit levels below the minimum taxable salary, so that the livelihood restoration principles of the policy will be respected.
- f. **Employees.** Workers whose employment will be disrupted, will be provided with indemnity for lost wages for the period of business interruption up to a maximum of 6 months, based on their registered monthly average wages/salaries.
- g. **Self-relocation allowance.** PAPs forced to relocate (including renters) will receive a relocation subsidy sufficient to cover transport costs (to transport their structures, goods and personal items) and living expenses for 1 month equal to the monthly minimum salary.
- h. **Community structures and public utilities** will be fully replaced or rehabilitated to maintain their pre-project functions.
- i. **Vulnerable group.** The following groups of people are considered as vulnerable:
 - Poverty-stricken households, which are registered in the Family Benefit System of the Ministry of Labor and Social Affairs of RA and receive corresponding allowance according to the order, set forth under RA legislation; If during RAP preparation or implementation it is revealed that affected household is poor, yet has not been involved in the Family Benefit System (FBS), then the Transport PIU shall inform the Ministry of Labor and Social Affairs of RA and body providing social services for the particular region to consider the given household in the FBS, according to the order, established under the Law. Transport PIU will assist PAPs develop required documentation by the Law for involvement in FBS. These households shall receive

rehabilitation allowance only after the involvement in the FBS.

- Households, headed by women, where there is no other adult of working age, except for elderly persons (people of old pension age), persons doing compulsory military service in the Armed Forces of RA, persons having disability of 1st or 2nd groups, and students up to 23 years full-time studying at educational institutions;
- Households, headed by elderly persons (people of old pension age), where there is no other person of working age, except for persons doing compulsory military service in the Armed Forces of RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions.

Vulnerable people will be given a rehabilitation allowance equal to 6 months of minimum salary (minimum salary is AMD 50000)³, and priority in employment in project-related jobs.

- j. Temporary impacts.** In case of temporary land acquisition, compensation will be based at local commercial rental rates for the duration of use, taking into account the lost income from the land / structure. Cash compensation will be given to squatters for actual crop/harvest loss at full market rate for the temporary stoppage of usage. The project will ensure that the land / structure is restored to its original status at the end of the rental period.

If the temporary use of the land will damage existing structures on the land, the payment will include the cost for constructing a new facility or rehabilitation of existing structures (systems) including the cost of design and survey works. Moreover, losses (expenditures) related to inconveniences in the land use (disturbed transport connections, disconnection of territory etc.) shall include the cost of the design and survey works, as well as the construction of access roads and other structures. When defining expenses connected with the need to reclaim disturbed soils, the calculation may include the cost of soil, agrochemical and other specialized investigation and surveys as well as soil reclamation measures.

The responsibility of the contractor in handling temporary use of land during construction, including reporting, will be stipulated in the civil works contract. The contractor will also be responsible for compensating any damages to property or assets if these occur as a result of an accident or negligence on the part of the construction firm. Contractor's compliance with the RAP provisions will be monitored by the Supervisor and included in its monthly progress reports.

4.3 Assessment of Compensation Unit Rates

The activity of real estate valuation requires special qualification and can be carried out by individuals and legal entities certified for real estate valuation as prescribed by RA Law on Real Estate Valuation. For the valuation of unit rates for each affected asset the

³The Article 1 of the RA Law on Minimum salary (66-N adopted on 17.12.2003) defines the size of minimum salary. The minimum salary defined by this Article will be applied during the preparation of RAP (if any).

agreed methodology based on the requirements of WB policy and RA respective legal acts is applied.

The valuation of real estate is carried out in accordance with the RA Law on Real estate valuation and RA standard of Real estate valuation. The latter has to cover:

- a) Rights with regard to real estate, quantitative and qualitative description;
- b) Methods of real estate valuation;
- c) Requirements for formulation of the outcomes of real estate valuation;
- d) References to other legal acts;
- e) Requirements for the behavior of the person carrying out real estate valuation.

Valuation of the real estate and other affected assets will be done on the following procedures:

- a) **Agricultural Land** will be valued at market rates based on a survey of land sales in the year before the impact survey plus 15 % (if the cadastral rate is higher, then it will be considered for the valuation);
- b) **Buildings/Structures** will be valued at replacement rate based on construction type, materials cost, labor, transport/other construction costs. No deduction for depreciation/transaction costs or salvaged materials will be applied;
- c) **Annual Crops** will be valued at net market rates at the farm gate for the first year crop based on the average yield for previous three years. In the eventuality that more than one-year compensation is due to the PAPs the crops after the first will be compensated at gross market value;
- d) **Trees** will be valued depending on whether the tree lost is a wood tree or a productive tree.
 - Wood trees will be valued based on age category (i. seedling; ii. medium growth; and iii. full growth) and wood value and volume;
 - Fruit/productive trees will be valued based on planting age (i. seedling; ii. adult-not fruit bearing; and iii. fruit bearing). Stage (i) and (ii) trees will be compensated based on the value of the investment made; stage (iii) trees will be compensated at net market value of 1 year income multiplied by the number of years needed to grow a new fully productive tree.

The compensation unit rates will be assessed by independent certified valuator based on clear and transparent methodologies acceptable for the MOTC and WB. Following the property valuation, the valuator develops valuation report in accordance with the format and scope defined by the RA legislation.

The problems concerned with the data covered by the valuation report, as well as the trustworthiness of the property market price can be solved based on the written request to the authorized body or upon the initiative of the authorized body. In case of disputes, the issue can be solved in the court of law.

5. RAP PREPARATION, REVIEW AND APPROVAL

Once the final designs of the road sections with land acquisition and resettlement

impacts are ready, a socio-economic census of PAPs can be started, including a cadastral survey of affected property and their owners and users. Following this survey the RA Government enacts the decree declaring the project / subprojects as an exceptional prevailing public interest. After issuing the Decree on exceptional prevailing public interest, the Transport PIU will follow up with the Consultant on implementation of the detailed surveys in the field, including the census of PAPs and the detailed inventory of losses i.e. all land and non-land impacts.

An independent certified valuator will then carry out the valuation of all affected assets. This will enable the establishment of a budget for compensation payments, relocation and livelihood restoration. A socio-economic survey will be carried out for the affected households in order to understand the socio-economic aspects of PAPs livelihoods (i.e. sources of income, poverty status, ethnicity, education, health situation, land holding, housing type and value etc.) and to reveal PAPs that would require special livelihood restoration measures. On the basis of these survey data the RAP will be compiled. PAPs will be continuously informed about the course of the Project and establishment of grievance redress mechanism. The final RAP shall be approved by WB and RA government and disclosed.

An experienced implementation consultant (team) will be hired by the MoTC/Transport for the RAP implementation.

A consultant (NGO, research institution etc.) will be hired by MoTC/Transport PIU to carry out an external audit of compliance of RAP implementation with the approved RAP and RPF.

Legalization of land users without land-titles:

In principle all occupants of untitled-plots can be legalized as long as they do not occupy areas classified as "Red Zones" (areas that are officially reserved for specific public use such as military areas, hospital areas, school areas or areas that are not fit for settlement like river beds, radioactive terrains or other dangerous or ecological unfit lands) (See RA Land Code, article 60). To be legalized, the PAPs will have to initiate a legalization process in accordance to pertinent legal and administrative regulations. MoTC will assist PAPs seeking legalization and will facilitate their cases. This may require involvement of legal and technical experts to assist in the process, and, if necessary, the provision of financial assistance to pay the necessary fees. In practice, this will mean that MoTC will ensure that the Consultant responsible for RAP preparation will recruit the necessary expertise (e.g. lawyers, property surveyors, etc.) to assist PAPs in the legalization process. For some PAPs this will merely involve providing guidance on the relevant procedures to follow, while more vulnerable PAPs may need more intensive support and guidance through each step of the process. The legalization plan will be developed within RAP (if needed), which will define the legalization cases and describe the legal procedures for legalization.

Livelihood improvement measures:

In line with WB OP 4.01 and OP 4.12 it is good practice to implement additional livelihood improvement measures for the PAPs in order to improve livelihoods to reduce vulnerability or at least restore livelihoods at pre-project level. In particular, the following livelihood improvement measures can be considered:

- Savings & microcredit program for compensation management. This program should help people to cope with difficult periods and support development of investment opportunities to secure livelihood strategies instead of using money received as compensation for short-term needs;
- The improvement of social services and legal support especially for women headed households has to be especially considered. The improvement of access and control by women over additional financial resources i.e. through compensation payments should be a further central objective.

Coordination with existing projects by national organizations and international donors to use of synergy effects should be considered.

6. RAP IMPLEMENTATION PROCESS

6.1 RAP Implementation Process

The RAP implementation process will have to be completed before the start of the civil works. Overall, four major phases can be distinguished in the implementation process:

- 1. RAP preparation**

RAP preparation starts once the final design for the road sections with land acquisition and resettlement impacts are completed. This phase includes the census of PAPs and detailed inventory of losses as well as a socio-economic survey to determine how livelihoods can be restored to pre-project level and vulnerability avoided. It also includes valuation of property, calculation of allowances and development of RAP implementation budget.

- 2. RAP finalization and approval**

This phase will be carried out after the initial version of the RAP is ready. It includes the review of RAP by the Government of RA and WB, its approval and disclosure.

- 3. RAP implementation**

This phase will start when the final RAP is approved and disclosed. It includes submission of land acquisition notices to PAPs, compensation negotiations with PAPs, as well as payment of compensations and allowances, livelihood restoration measures and relocation procedures. It ends after compensations have been fully paid to all PAPs.

- 4. Start of Civil Works**

Civil works will only start after compensation payment process is completed and PAPs are relocated, and an audit of RAP implementation has been undertaken. Continuous RAP tasks, such as grievance redress and monitoring will continue during the phase of civil works in order to ensure timely response to PAPs requests and correct implementation of resettlement procedures.

The law allows the acquirer to apply to the Government of RA for carrying out a preliminary study of the property intended for alienation before requesting alienation of

property for public and state needs. If this option is taken the acquirer have to send a written request to the Government on its intention to carry out a preliminary study of the property. If the government finds the information provided in the request (according to the Law on Alienation of Property for Public and State Needs, article 8, part 2) satisfactory a Decree on Preliminary Study of Property Subject to Alienation is adopted. The decree must define:

- Exceptional prevailing public interest;
- Places /locations of the property intended for alienation;
- Authorized body;
- Acquirer of the property intended for alienation;
- The period of study that must not be longer than 2 months from the time the decree enters into legal force.

After conducting preliminary study (depending on outcomes) or without that the acquirer may send a written request to the Government for alienation of property for public and state needs and upon consideration of the information provided by the acquirer (Law on Alienation of Property for Public and State Needs, article 7, part 4) the government may adopt a Decree on exceptional prevailing public interest with regard to the property in question.

The Government decree includes statements on the following:

- Exceptional prevailing public interest;
- Acquirer of the property intended for alienation;
- Place/location of the property intended for alienation;
- Final term for starting alienation procedure, which must not take longer than 1 year in case of movable property and 5 years if the property intended for alienation of real estate;
- Authorized body;
- Procedure on making description protocol of alienated property.

Decree may contain other critical provisions, such as regulations and rules on rights, duties and obligations of the acquirer, owners and state authorized bodies. The regulations and rules may provide cases and targets of negotiations for reaching acceptable compensation prices and/or settlement scopes and other expenses occurring as a result of property alienation. The following provisions may be incorporated in the decree for maintenance of the procedures of alienation:

- Assignment of deadlines for:
 - (i) Development of description protocol of alienated property;
 - (ii) Provision of study and analysis of implementing projects;
 - (iii) Provision of study and analysis of alienated property, property owners and other property right holders as well as evaluation of social status of that persons;
 - (iv) Provision of appropriate information and organization of discussions via mass media;
 - (v) Commencing the construction works.

- Assignment of responsible state authorized entity for coordination and provision of alienation procedures, as well as for development of description protocol of alienated property;
- Assignment of responsibilities of governmental and local self-governing bodies for provisions of alienated property;
- Establishment of advising body that will include members of stakeholders;
- Reporting, grievance redress, monitoring mechanisms;
- Assignment of the principles and scope of alienation and compensation;
- Scope and steps of negotiation between owners and acquirer.

Table 3 shows the activities involved in the RAP preparation, finalization and implementation and the agencies/units involved.

Table 3. RAP preparation, finalization and implementation process

No.	Work Description	Responsible Agency
A. RAP Preparation		
A1	Final design is ready and land acquisition and resettlement impacts are identified	Design organization/Consultant
A2	Government Decree and notification of PAPs	RA Government /MoTC (with MoTC support)
A3	Detailed surveys (measurement, census, socio-economic survey and valuation)	Consultant, certified evaluator, MoTC / Transport PIU
A4	Public consultations	Consultant, MoTC / Transport PIU
A5	RAP development	Consultant (with MoTC / Transport PIU support)
A6	RAP review/approval/disclosure	Government / WB
A7	Mobilization of monitor	MoTC
A8	No objection to signing of civil works contract	WB
B. RAP Implementation		
B1	Allocation of land acquisition and resettlement funds	Government, Ministry of Finance, MoTC
B2	Detailed schedule for compensation action plan	Transport PIU/Implementation consultant (with MoTC support)
B3	Preparation of relocation plots/structures/houses	Transport PIU (with MoTC support)
B4	Registration of new plots/structures/houses	Cadastre, MoTC

No.	Work Description	Responsible Agency
B5	Processing of compensation payments to PAPs	MoTC / Transport PIU
B6	Expropriation proceedings	MoTC, Court(s)
B7	RAP Audit	External audit consultant
B8	Commencement of civil works	MoTC/ Transport PIU
B9	Monitoring (continuous task)	Supervisor, MoTC, WB

Actual acquisition and disbursement of compensations:

Upon the approval of RAP, all the arrangements for actual acquisition of the affected properties and defining the compensation and the disbursement have to be done. These include the signing of acquisition contracts, payment of all eligible assistance, relocation of PAPs, rehabilitation measures, site preparation for delivering the site to civil works contractor(s) and, finally, commencement of the civil works.

Compensations will be included under the project and will be paid by the entity authorized by the RA Government. The following process and procedure are suggested for actual acquisition of affected properties and delivery of compensation to the PAPs:

- (i) Signing of acquisition contracts with PAPs: Signing of acquisition contracts with PAPs will be done with notary ratification. All PAPs must bring their original passports and other required documents at the time of signing of acquisition contracts;
- (ii) Payment of Compensation: Payment to PAPs will be made in 15 days after signing of acquisition contracts. The special Bank accounts will be opened for PAPs for the compensation payment or they can act through their existing accounts;
- (iii) Vacation of Site: The time schedule for vacation of the site will be defined under the acquisition contracts. The PAPs should vacate the site within specified days after the transfer of compensation to their Bank accounts;
- (iv) Absent PAPs: No acquisition contract can be signed if the owner(s) absent from RA during the implementation and no one was authorized by the owner. For such cases the expropriation procedure will be initiated by MoTC. Absent PAPs may receive compensation from the court or notary deposit after presenting a genuine proof of their property rights, power of attorneys (if needed) to the court/notary.

Payment of compensation will be made no later than 15 days prior to the actual possession of the acquired lands or structures. No land will be possessed by the MoTC for commencement of construction works without full payment of due compensations to the PAPs.

However, in case of a dispute or other reasons (absent or death PAP etc.), the expropriation procedure will be initiated by MoTC according the requirements of the RA Law on the Alienation of the Private Property for Public and State Needs (Article 13), particularly: the assessed amount of compensation will be pledged in the names of the

concerned PAPs to the notary or court deposit, pending a decision by the court. In such cases, the Project may possess the land only after the court decision is entered into force and registered in the State Committee of the Real Estate Cadastre.

The RA Government through MoTC is responsible for financing the compensation, allowances, and administration of compensation and resettlement funds, and timely allocation of sufficient resources. The Consultant with the support from MoTC / Transport PIU will be in charge of preparing, disclosing the site-specific RAPs, and organizing the consultations.

6.2 Grievance Redress Mechanism

Grievance redress procedure for the LRNIP-AF aims to provide an effective and systematic mechanism in responding to queries, feedbacks and complaints from PAPs, other key stakeholders and the general public.

A grievance mechanism will be available to allow PAPs to appeal any disagreeable decision, practice or activity arising from land use, social and environmental impacts, or any project-related activity. The project will pursue a participatory approach in all stages of planning and implementation. This is expected to ensure that PAPs have nothing or little to complain about. However, some people may still remain dissatisfied for some reason or the other. Many grievances arise due to inadequate understanding of project policies and procedures, and can be promptly resolved by properly explaining the situation to the complainant.

Timely redress of grievances is critical to the completion of a project in a satisfactory manner. The efforts will be to first seek resolution of these grievances at the local level through the mediation by Grievance Coordinators appointed at authorities of the communities included in the Project and MoTC / Transport PIU, as well as by involving designated officials at local community and region levels. In addition, the NGOs may serve as informal mediators to facilitate grievance resolution process. In the meantime it should be noted that this grievance procedure does not prevent any person to lodge his or her complaint directly to a court of law for resolution.

The grievance redress procedure for the proposed project will follow the steps defined below:

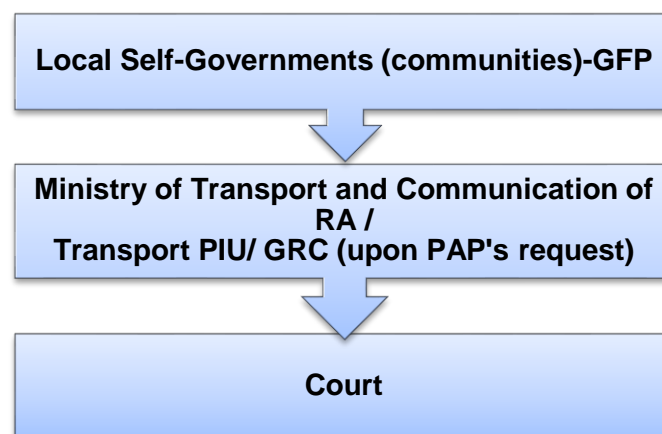
- (i) People with complaints or queries about the project can first approach the head of their respective local self-governments (community authorities). The authorities of communities included in the Project will be required to nominate a Grievance Focal Point (GFP) to receive complaints, provide explanation to PAPs regarding their particular case, record complaints in a special form and record-book and attempt to resolve them on the spot. The GFP shall inform aggrieved parties about the development of their grievance and decision made with respect to their case within 15 days in a written form. The GFP will regularly coordinate with the heads of the self-governments along the road, Contractor and Supervisor alignment to identify and address emerging issues. All complaints and responses provided to them should be properly documented, archived by the GFP and then forwarded to Transport PIU for further monitoring. The Transport

PIU will be responsible for the monitoring of above mentioned procedures.

- (ii) If the complaint remains unresolved within two weeks after being considered at the local self-government level, PAPs may take their complaints to the MoTC / Transport PIU (particularly for technical or contracts-related issues). The MoTC/ Transport PIU will review the complaint and provide its decision to the PAPs within 15 days after receiving the complaint. MoTC/Transport PIU may involve appropriate stakeholders during the revision of the complaint (Design Consultant, Contractor, Supervisor, different qualified experts etc.). If the complaint cannot be resolved by the MoTC / Transport PIU, grievance redress committee (GRC) may be convened upon request of PAPs within 20 days. The GRC includes representatives of MoTC/Transport PIU, local authorities professional organizations (Design Consultant, Contractor, Supervisor, etc.), independent mediators (e.g. qualified experts, NGOs), representatives of funding agency, as well as a representative of the complaining party.
- (iii) If there is no resolution within two weeks after being considered at the MoTC / Transport PIU and GRC level, PAP can apply to the court for resolution according to RA legislation, with the understanding that for all project related land use, social and environmental issues the specific agreements between the Government of RA and WB, and OP 4.12 as part of those, will supersede national law.

The following simplified scheme represents the grievance redress process (Figure 1):

Figure 1. Scheme of grievance redress mechanism



Grievance Focal Points will be designated at communities included in the Project and MoTC / Transport PIU to receive, help to resolve, record, report or forward complaints received from PAPs and the general public.

PAPs or other concerned individuals may visit, call or send a letter or fax to any of the Grievance Focal Points to register their comments or complaints related to land use, social and environmental aspects of the project (including but not limited to disturbance

created to the traffic, noise, intrusion to the territory, etc.).

GFPs will maintain a record-book to register complaints, keep track of their status. Complaint forms will be available at these entities to facilitate recording of complaints. The information of grievance resolution will be documented and archived in Transport PIU for internal monitoring and will be summarized in the regular progress reports to be submitted to the WB. The WB is not directly a part of the Grievance procedure, but will be able to monitor resolution of grievances through the reports containing information on complaints lodged and status of their resolution.

The information on grievance resolution process, and in particular details on how to contact the GFPs, shall be made available to PAPs at the MoTC, Transport PIU, as well as at the offices of designated officials at community level. Grievance redress mechanism will also be presented during the public consultations and informal meetings at Project area.

6.3 Institutional Capacity

MoTC/ Transport PIU has relatively limited experience to perform the implementation and monitoring of land acquisition and resettlement. As there is no special designated department to deal with land acquisition and resettlement, and prior experience related to such issues is relatively limited, it is highly recommended to provide training for MoTC and Transport PIU staff. Trainings should be focused on the application of WB OP 4.12 safeguards and the Guidelines on how to prepare a RAP. An outline for a RAP is given in Attachment I.

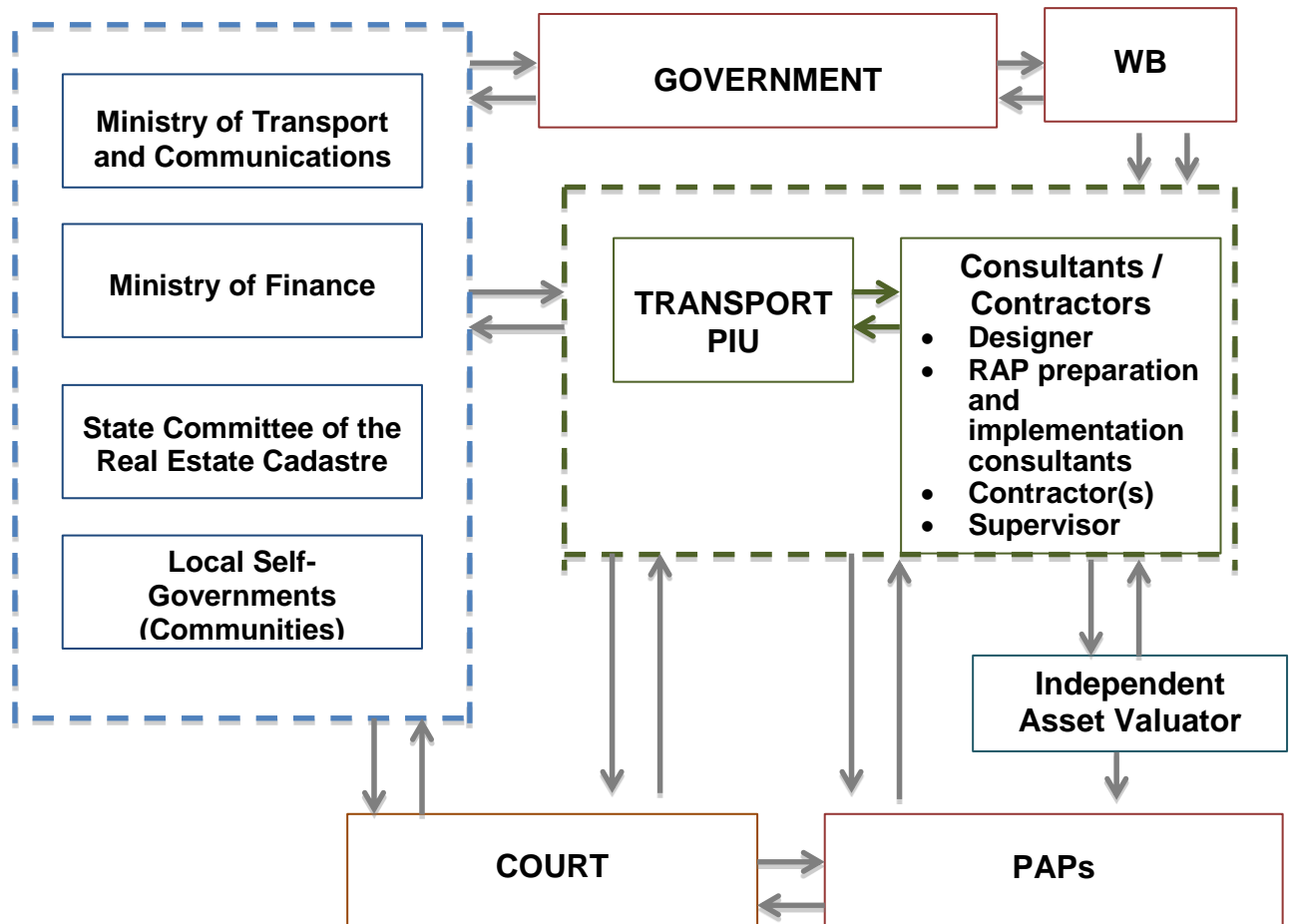
Thematic focus of trainings could be put on:

- Survey methodologies (including census and inventory of losses);
- Socio-economic survey,
- Livelihood analysis to assess PAPs perspectives and vulnerability context, Assistance for vulnerable PAPs;
- Institutional setup and process for land acquisition and compensation payments;
- Grievance redress mechanism;
- RAP implementation process;
- Legal issues related to RAP implementation;
- Livelihood restoration measures as a compensation and local development option;
- Monitoring.

However, for the RAP implementation, the Implementation Consultant (team) may be hired by MoTC/Transport PIU.

Figure 2 below shows the RAP implementation arrangements and relations among various stakeholder agencies involved in the RAP activities for this project.

Figure 2. RAP implementation arrangements and relations among stakeholders



6.4 Monitoring

The monitoring measures are designed to ensure the effective and timely implementation of compensation and resettlement activities.

LAR risks/impacts from the Project are expected to be limited, if any. Related to this, monitoring and reporting of the implementation of the RAP (if any) prepared based on detailed design and emerging / temporary LAR impacts during project implementation (if any) by MoTC is deemed sufficient. Moreover, the monitoring will ensure that operations and access of businesses along the road are not hampered. It is recommended to have compensation procedures and payments, as well as complaints and law suites by PAPs monitored by an independent monitor familiar with the local context.

The monitoring activities should review the Project progress in three steps:

1. After completion of final design but before the start of the land survey
 - Communication and division of tasks between institutions on ministerial, national and local levels involved in the compensation process;
 - Process of public information and consultation on the regional (Marz) and local (Community) levels;

- Process of alienation including land acquisition contracts and alienation records as well as valuation and negotiation mechanisms;
 - Criteria defining the need for resettlement.
2. After completion of land survey but before the start of the construction works (Performance monitoring)
- Information campaign and consultation with PAPs;
 - Establishment and functioning of the grievance mechanism;
 - Compensation for affected structures and other assets;
 - Payments for loss of income;
 - Timeliness of compensation payments to all PAPs;
 - Status of land acquisition and payments on land compensation;
 - Selection and distribution of replacement land areas / structures; and
 - Income and livelihood restoration activities.
3. After completion of the construction works (Impact monitoring)
- Effective implementation of land acquisition and resettlement activities, and relocation of PAPs;
 - Effective implementation and results of the grievance mechanism; monitoring of complaints received during implementation and status of their resolution;
 - Post-project livelihood situation;
 - Effective implementation of livelihood improvement measures;
 - Social survey in order to determine if PAPs have been able to restore their livelihoods.

In sections where land acquisition and resettlement issues were identified, no civil works will be allowed until PAPs have been compensated and assisted as per the provisions under the RPF and completion of expropriation procedures (if any).

After the completion of the construction works, an independent monitoring should be carried out in order to check out the adequacy of the compensation payments and the effectiveness of the land acquisition and resettlement activities. If the livelihood of resettled people has not been restored an additional program for livelihood restoration should be implemented. Since the project cannot be considered complete until the objectives of the RAP are achieved, if monitoring reveals that proposed mitigation for such things as livelihood restoration are not being achieved as envisioned, the mitigation measures may need to be adjusted to better achieve objectives. The results will be communicated to WB through the periodical progress reports.

7. PUBLIC CONSULTATION AND DISCLOSURE

According to OP 4.12. “the borrower informs PAPs at an early stage about the land acquisition and resettlement aspects of the Project and takes their views into account in project design.” The developed RPF will be disclosed to the stakeholders during the public consultations targeting the local communities, as well as resettlement and gender NGOs and advocates. According to Equator Principles, the RAP shall be prepared through a process of public consultation with all interested affected parties. As soon as the decision to undertake the land survey is taken, the process of public information and the involvement of PAPs are expected to start. Within the early steps of RAP preparation a public consultation plan has to be prepared for further implementation.

The administrations of the concerned regions and communities have to be informed about the LRNIP-AF. It is important to check the human resources available for the project related activities and if necessary to increase staff and/or provide trainings.

Overall, the following shall be ensured:

- PAPs opinions, concerns and suggestions for mitigation related to the project have to be taken into account;
- Community leaders have a crucial role in the Project. They have to be informed about all relevant steps of the Project, accompany the designer and should be members of the respective resettlement/ grievance redress committees;
- Final design will have to be discussed in every affected community during design process;
- The public awareness and information activities should be carried out together with the final design and followed by detailed census and inventory of affected property / inventory of losses;
- PAPs have to be informed about cut-off-date, in order to know that new constructions/improvements in the project impact corridor will not be eligible for compensation;
- PAPs have to receive a printed information leaflet of their rights for compensation and resettlement provisions, entitlements, options for cash or land/structure compensations and grievance procedure including appropriate contacts of responsible officials;
- Vulnerable PAPs are entitled to special assistance and support.

Copies of the RAP have to be translated in Armenian language and made available to PAPs and other stakeholders in appropriate, accessible locations, especially in the project area. The authorities of the concerned regions (Marzes) and communities are suggested as suitable locations.

The leaders of affected communities shall be consulted during design and implementation of the Project. Information includes available documents and maps, as well as information brochures. Documents shall be disclosed in advance to allow time for interested and affected parties to submit their comments and concerns about the RAP.

8. COSTS AND BUDGET

WB OP 4.12 states, that “the full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project. The costs of resettlement, like the costs of other project activities, are treated as a charge against the economic benefits of the project; and any net benefits to resettlers (as compared to the "without-project" circumstances) are added to the benefits stream of the project. Resettlement components or free-standing resettlement projects need not be economically viable on their own, but they should be cost-effective” (OP. 4.12).

All RAP implementation costs, including cost of compensation and administration will be included in the overall Project budget (loan with co-financing from the RA Government). RAP will include a budget section indicating (i) unit compensation rates for all affected items and allowances, (ii) methodology followed for the computation of unit compensation rates, and (iii) a cost table for all compensation expenses including administrative costs and contingencies. Costs for monitoring tasks and for the preparation of surveys and RAPs will be also allocated under the Project budget.

Attachment I: Outline of a Resettlement Action Plan

1. Introduction

This chapter includes brief description of the project, description of project components requiring land acquisition and resettlement, as well as overall estimates of land acquisition and resettlement.

2. Minimizing Resettlement

This chapter includes brief description of efforts made to minimize displacement and the results of these efforts.

3. Census and Socioeconomic Surveys

This chapter presents the results of the census, assets inventories, natural resource assessments, and socioeconomic surveys, identification of impacts and people affected, summary of consultations on the results of the various surveys with affected people.

4. Legal Framework

This chapter includes description of relevant local laws that apply to resettlement, identification of gaps between local laws and WB policies, and description of project-specific mechanisms to address conflicts. Chapter also defines entitlement and compensation principles and procedures.

5. Resettlement Sites

This chapter analyzes the need for relocation sites / lands / houses and PAPs consultation and involvement in identifying potential housing sites, assessing advantages and disadvantages, and selecting sites. The chapter also includes description of mechanisms for procuring, developing and allotting the resettlement sites, including the awarding of title or use rights to allotted lands.

6. Income Restoration

This chapter presents the additional economic rehabilitation measures and PAPs income restoration strategies as well as describes their institutional, financial, and technical aspects.

7. Institutional Arrangements

This chapter addresses institutional arrangements for RAP finalization, implementation and monitoring, including coordination and capacity building issues. This chapter also describes the mechanisms for ensuring independent monitoring, evaluation, and financial audit of the RAP, as well as timely implementation of corrective measures, if needed.

8. Implementation Schedule

This chapter provides chronological listing of RAP implementation steps, including identification of agencies responsible for each activity, preparation of a month-by-month implementation schedule describing the linkage between resettlement implementation and initiation of civil works.

9. Participation and Consultation

This chapter includes description of the consultation/participation process, including development of a plan for disseminating RAP information to PAPs and stakeholders, and involvement of PAPs and other stakeholders in implementation and monitoring.

10. Grievance Redress

This chapter describes the step-by-step process for registering and addressing grievances, information on entities and officials involved in grievance resolution

11. Monitoring and Evaluation

This chapter covers the internal and external monitoring process, including definition of key indicators, monitoring methodology, involved entities, monitoring timeline, reporting requirements.

12. Costs and Budgets

This chapter provides details on the funds for resettlement and describes the resettlement budget (by cost and by item, for all resettlement costs including planning and implementation, management and administration, monitoring and evaluation, and contingencies).

Annexes

RAP can also include a number of annexes, in particular:

- List of PAPs with respective affected impacts/losses
- Legalization plan for PAPs (if any)
- Copies of census and survey instruments, interview formats, and any other research tools
- Information on all public consultation including announcements and schedules of public meetings, meeting minutes, and lists of attendees.
- Examples of formats to be used in monitoring and reporting on RAP implementation.
- Terms of references for RAP implementation consultant (if any) and for External monitoring agency

Attachment II: References

- ADB, MoTC, Armenia: North-South Road Corridor Investment Program. Land Acquisition and Resettlement Framework, Armenia, 2010.
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- The International Bank for Reconstruction and Development / The World Bank: Involuntary Resettlement Sourcebook. Planning and Implementation in Development Projects, 2004.
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- RA Land Code, Yerevan, Armenia, 2001.
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