

Resettlement Plan

October 2014

ARM: Sustainable Urban Development Investment Program –Tranche 2

Prepared by Yerevan Municipality for the Asian Development Bank.

This resettlement plan is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature. Your attention is directed to the "terms of use" section of this website.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.



A large, ornate building with a clock tower and a large fountain in the foreground. The building is made of brick and has many windows. The fountain has several jets of water spraying upwards. The sky is blue and clear.



1	0	1	7	L	A	0	0	0	0	0	R	0	0	0	1	0	3c
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	----



ԵՐԵՎԱՆԻ ԲԱՆԱԹՎԱԿԱՆ ԳԻՏՈՒԹՅԱՆ ԿԵՆՏՐՈՆ

Document Quality information

- General information

Date	26 June 2014
Reference	Task_03_Report_17LA_R01_V03c_LARP_Affected_part_only.docx

- History of modifications

Version	Date	Written by	Approved & signed by:
01 : First issue to PIU	26/06/2014	Dragica Veselinovic	Pierre Meurisse
02 : Revised following PIU comments	10/07/2014		
03 : Revised following new law for LA	02/09/2014	Dragica Veselinovic	Pierre Meurisse
03b : Revised following ADB comments	02/10/2014	Dragica Veselinovic	Pierre Meurisse
03c : Revised following 13/10/2014	13/10/2014	Dragica Veselinovic	Pierre Meurisse

ABBREVIATIONS

ADB	Asian Development Bank
AF	Affected Family
AP	Affected Person
AH	Affected Household
AMD	Armenian Dram
DESC	Detailed Engineering and Construction Supervision Consultant
DMS	Detailed Measurement Survey
EA	Executing Agency
GoA	Government of Armenia
IA	Implementing Agency
IPSA	Initial Poverty and Social Assessment
IMA	Independent Monitoring Agency
LAR	Land Acquisition and Resettlement
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
MFF	Multi Tranche Financial Facility
YM	Municipality of Yerevan
OM	Operations Manual
PGC	Project Governing Council
PIU	Project Implementation Unit
PPTA	Project Preparatory Technical Assistance
RA	Republic of Armenia
SES	Socioeconomic Survey
SPS	Safeguard Policy Statement
SRS	Social and Resettlement Specialist
SPRSS	Summary Poverty Reduction and Social Strategy
ToR	Terms of Reference
USD	American Dollar

GLOSSARY

Affected Person/People (AP or APs)-Means all the people affected by the Project through land acquisition, relocation, or loss of incomes and includes any person, household (sometimes referred to as Project affected family), firm, or public or private institution. APs therefore include; i) persons affected directly by the road corridor, right-of-way, tower or pole foundations or construction work area; (ii) persons whose agricultural land or other productive assets such as trees or crops are affected by construction works; (iii) persons whose businesses are affected and who might experience loss of income due to the Project impact; (iv) persons who lose work/employment as a result of Project impact; and (v) people who lose access to community resources/property as a result of the Project. Although this definition of affected person is at variance with that in the SPS, this is how it is understood and officially used in Armenia, and practically it is not different from 'displaced person' defined in the SPS.

Affected Family, household (AH)-All members of a household residing under one roof and operating as a single economic unit, It may consist of a single main family or an extended family group. This unit is the most important compensation/rehabilitation recipient.

Compensation – Payment in cash for an asset to be acquired or affected by a Project at replacement cost at current market value.

Cut-off Date – The date when Census, inventory of affected assets and socioeconomic survey for the entire Project starts. The improvements made after the cut of date will not be eligible for compensation.

Entitlement - Range of measures comprising cash compensation, income rehabilitation, relocation assistance, income replacement and integrity of the measures involving resettlement, which shall be provided to affected people, depending on nature of their losses and aimed at restoration of their social and economic base.

Host population - Community residing near the area where the Project beneficiaries propose to voluntarily resettle as part of the Project.

Improvements - Structures constructed (dwelling unit, fence, waiting sheds, animal pens, utilities, community facilities, stores, warehouses, paved surfaces, etc.) and crops/plants planted by the person, household, institution, or organization.

Land Acquisition - Range of measures provided in RA legislation aimed at implementation of acquisition process of property, which is subject to eminent domain, and provision of adequate compensation for alienated property.

Leasing - Civil-legal institution specified by the Civil Code of the Republic of Armenia. According to the leasing contract signed within the scope of the mentioned institution the renter/lessor is obliged to give an asset to the leaseholder for his/her temporary management and/or usage in return for payment.

Leaseholder- is the AP, who has been given the asset for temporary management and/or usage in compliance with RA Legislation

Obtaining a legal status - A building that is not cadastral unit, according to procedure established by the RA legislation, but is liable to receive a legal status. In order to receive the legal status APs should undergo the procedure prescribed in the RA legislation in collaboration with Yerevan Municipality and RA State Committee of Real Estate Cadaster.

Marz - Armenia is divided into 10 provinces (marz). The province chief executive is the governor (marzpet) appointed by the Government. Each province is divided in communities (hamaynk) which are self-governing units and consists of one or more settlements (bnakavayr). Settlements are classified as towns (kaghak) or villages (gyugh). As of 2011, (RA 2011 Population census, <http://armstat.am/>) Armenia includes 914 communities (48 urban and 866 rural). Previously having Marz status, Yerevan, now has the status of a community (with 12 administrative districts) and it has an elected mayor.

Non-legalizable - Areas classified as "Red Zones" (areas that are officially reserved for specific public use such military areas, hospital areas, school areas or areas that are not fit for settlement (river beds, radioactive terrains or other dangerous or ecological unfit lands)¹. and corresponds to Armenian legislation other conditions.

Rehabilitation - Compensatory measures provided under the Policy Framework on involuntary resettlement other than payment of the replacement cost of acquired assets (i.e. rehabilitation of livelihoods).

Relocation - the physical relocation of an AP/AF from her/his pre-Project place of residence/business location.

Replacement Cost - The value determined to be fair compensation for land based on its productive potential, the replacement cost of houses and structures (current market price of building materials and labor without depreciation or deductions for salvaged building material), and the market value of residential land, crops, trees, and other commodities.

Resettlement - All measures taken to mitigate any and all adverse impacts of the Project on AP's property and/or livelihood, including compensation, relocation (where relevant), and rehabilitation of the damaged/removed infrastructure and installations.

Significant impact - Means 200 people or more will experience major impacts, which are defined as; (i) being physically relocated or (ii) losing ten per cent or more of their productive assets (income generating).

Socially vulnerable households - are: (i) Registered in the evaluation system of vulnerability of families (ESVF) and receive a family allowance, (ii) headed by a breadwinning women and not including other adult, working-age person with stable employment providing at least minimum monthly salary except for persons doing compulsory military service or full-time students under twenty-three years of age, (iii) households headed by persons entitled to old age pension and not including other adult, working-age person with stable employment providing at least minimum monthly salary except for persons doing compulsory military service or full-time students under twenty-three years of age.

¹ See Land Code of the Republic of Armenia (2nd of May,2001) article 60

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	9
1 INTRODUCTION	16
1.1 Background	16
1.2 Scope and Status of the Preliminary Land Acquisition and Resettlement Plan.....	16
1.2.1 Objectives of the Preliminary Land Acquisition and Resettlement Report	16
1.3 Project Location	17
1.4 Project Description	18
1.4.1 Sections Location and Description	20
2 IMPACT ASSESSMENT	22
2.1 Background	22
2.2 Survey Methodology	22
2.2.1 Assessment of affected land	23
2.3 Assessment of affected buildings.....	24
2.3.1 Assessment of affected trees	24
2.3.2 Assessment of affected crops	24
2.3.3 Assessment of affected businesses	24
2.4 Projected Impact on Land	25
2.4.1 Land Classification by the Armenian Land Code	25
2.4.2 Land Losses	25
2.5 Projected Impact on Crops.....	26
2.6 Projected Impact on Trees	26
2.7 Projected Impact on Buildings and Structures	27
2.8 Projected Impact on Businesses	27
2.9 Summary of Projected Impact	28
3 DESCRIPTION OF THE SOCIOECONOMIC CONTEXT OF THE PROJECT AREA	31
3.1 Background	31
4 PUBLIC CONSULTATIONS, PARTICIPATION AND DOCUMENTS DISCLOSURE	33
4.1 Background	33
4.1.2 Public Consultation	33
4.1.3 Information Disclosure	33
5 GRIEVANCE REDRESS MECHANISM	35
5.1 Background	35
5.1.1 Grievance Procedure	35
6 RA LEGAL AND ADB POLICY FRAMEWORK AND ENTITLEMENTS	37
6.1 RA Legal and ADB Policy Background	37
6.1.1 Armenia's Laws and Regulations on Land Acquisition and Resettlement	37
6.1.2 Asian Development Bank Involuntary Resettlement Policy under the Safeguard Policy Statement	38
6.1.3 Comparison of RA Legislation on Land Acquisition and Resettlement and Asian Development Bank Resettlement Policy	38
6.1.4 Land Acquisition and Resettlement Framework Principles and Entitlements Proposed for this Multi Tranche Financial Facility	39
6.2 Compensation Eligibility.....	40
6.3 Compensation Entitlements	40
6.4 Assessment of Compensation Unit Values.....	43
6.5 Conditions for Expropriation.....	43
6.6 Conditions and Mechanisms for Legalization	43
7 RESETTLEMENT BUDGET	45
7.1 Background	45
7.2 Compensation for Land	45
7.2.1 Valuation Approach	45

7.2.2	Compensation for Land	46
7.3	Compensation for Crops and Trees	48
7.3.1	Crops	48
7.3.2	Fruit and Decorative/Wood Trees	48
7.4	Compensation for Buildings and Structures	48
7.4.1	Valuation Approach	48
7.5	Compensation for Business Losses	51
7.6	Estimated Budget (Cost) Summary	52
8	INSTITUTIONAL ARRANGEMENTS	54
8.1	Background	54
8.2	Core Agencies and Organizations	54
8.2.1	Asian Development Bank	54
8.2.2	The RA Ministry of Economy	54
8.2.3	The Municipality of Yerevan and Project Implementation Unit	54
8.2.4	Consultants	55
8.3	Other agencies and Institutions	55
9	DESCRIPTION OF THE LAND ACQUISITION AND RESETTLEMENT IMPLEMENTATION PROCESS	57
9.1	Background	57
9.2	Land Acquisition and Resettlement Implementation Milestones	58
10	MONITORING AND EVALUATION	60
10.1	Background	60
10.1.1	Internal monitoring and Reporting	60
10.2	External Monitoring and Reporting	60
10.2.1	Short term Monitoring and Evaluation of Land Acquisition and Resettlement Plan Implementation	60
10.2.2	Long-term Evaluation of the Rehabilitation Effects of the Land Acquisition and Resettlement Plan	61

LIST OF TABLES

Table E-1	Summary of Affected Households/ Persons by Category of Impact	11
Table E-2	Project Specific Entitlement Matrix	12
Table E-3	Budget Summary	14
Table 2-1	Projected Land Impacts by Category/ Occupation Status	26
Table 2-2	Projected Impact on Crops	26
Table 2-3	Projected Impact on Trees	26
Table 2-4	Projected Impact on Buildings and Structures	27
Table 2-5	Type of Affected Businesses	28
Table 2-6	Projected Impact on Businesses	28
Table 2-7 a	Summary by Mayor Impacts	28
Table 2-7b	Sections 8.1 and 8.2 Summary of Impact by Category	29
Table 2-7	Summary of Affected Households/ Persons by Category of Impact	30
Table 3-1	Socioeconomic Description of the Project Area	31
Table 6-1	Comparison of RA legislation on Land Acquisition and Resettlement and Asian Development Bank Resettlement Policy	38
Table 6-2	Entitlement Matrix	40
Table 7-1	Compensation/ Rehabilitation Allowances for Agricultural and Non-agricultural Land	45
Table 7-2	Compensation for Private and Community Land	47
Table 7-3	Compensation for Crops	48
Table 7-4	Compensation for Trees	48
Table 7-5	Compensation Entitlements for Residential and Non-Residential Structures	49
Table 7-6	Compensation for Buildings and Structure	50

Table 7-7 Compensation for Business Losses.....	51
Table 7-8 Budget Summary.....	52
Table 7-8 a Sections 8.1 and 8.2 Estimated Budget (Cost) Summary	52
Table 9-1 Outline of LARP Related Activities.....	57

LIST OF FIGURES

Figure 1-1 Location of Republic of Armenia and Yerevan	17
Figure 1-2 Project Location Map	19
Figure 8-1 Land Acquisition and Resettlement Organogram and Actions	55

EXECUTIVE SUMMARY

I. Project Background

1. Tranche 2 projects of the Investment Program are focused on three road missing links to complete the Yerevan Western Ring Road. These three links are divided into five sections:

- (i) Argavand-Shirak road link(Section 5); the construction of a link between Argavand Highway and Shirak Street West of length approximately 1.3km. The alignment passes through the archaeological site known locally as Karmir Blur. The section is covered by LARP prepared under Tranche 1 projects.
- (ii) Babajanyan-Ashtarak highway -6.5 km long divided into three sections: Sections 6 of 1.9 km, Section 7 of 2.0km and Section 8 of around 2.6 km); and
- (iii) Davitashen - Ashtarak highway; (Section 9) of 3.1 km. The section is covered by the draft LARP prepared in 2011.

2. Each section will provide dual two or dual three lane carriageways. This preliminary LARP document covers the whole length of 10.9 km covered by five road sections

II. Preliminary Land Acquisition and Resettlement Plan Objective and Scope

3. The main objective of the Preliminary LARP is to identify extent of the potential land acquisition and resettlement impact on project communities for the purpose of PFR (Periodic Finance Request) and to estimate the compensations cost for persons affected by the project. Preliminary LARP complies with Armenian law and the ADB Safeguard Policy Statement (SPS).

4. The scope of the Preliminary LARP includes: (i) the description of the affected area, (ii) assessment of impact on people and assets based on cadaster maps (iii) proposed information disclosure and public consultations with APs, (iv) applicable policy and framework for compensation payments and rehabilitation, (v) outline of the complaints and grievance redress mechanism, (vi) cost estimate and resettlement budget, (vii) outline of the institutional framework (viii) outline of LARP implementation monitoring procedure.

III. Impact Summary

5. The data analysis done for this Preliminary LARP identified the following impact:

6. 352 households with 1,420 people will be affected by the project. 60 affected households losing 83 main residential buildings will be physically displaced and 292 households will be economically displaced. There will be 348 AHs who will lose 356 land. All AHs which lose agricultural lands are illegal users of land and no titleholders were found affected at this stage of LARP preparation. Out of these, there will be:

- 3 agricultural
- 60 residential

- 74 commercial
- 6 industrial
- 211 community/other land (including illegal) used by 208 HH
- 2 land plots are owned by the Republic of Armenia (RA)

7. In total, 145 households will have 167 affected buildings and structures (13,790.55 m²). Out of this, 113 are residential (83 main and 30 supporting), 51 are commercial (42 main and 9 supporting) and 3 industrial (1 main and 2 supporting) buildings.

8. 3.628 m² of crops, 4, 402 fruit trees as well as 1,914 wood/decorative trees will be affected. 38 households will have 43 businesses affected, out of which 39 are commercial and 4 industrial businesses.

Table E-1 Summary of Affected Households/ Persons by Category of Impact

Impact Category	Section 5					Section 6					Section 7					Section 8					Section 9					Grand total AHs(without double counting)
	No of units	No of AHs	No of AHs (without double counting)	No of APs	Remarks	No of units	No of AHs	No of AHs (without double counting)	No of* APs	Remarks	No of units	No of AHs	No of AHs (without double counting)	No of* APs	Remarks	No of units	No of AHs	No of AHs (without double counting)	No of* APs	Remarks	No of units	No of AHs	No of AHs (without double counting)	No of* APs	Remarks	
A. Impact on Land																										
A1. Agriculture	3	3	3	13		0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		3
A2. Residential	0	0	0	0		19	19	19	76		8	8	8	32		11	11	11	44		22	22	22	88		60
A3. Commercial	20	17	17	74	2 AHs have 5 commercial lands	19	19	19	76		1	1	1	4		19	19	19	76		15	15	15	60		71
A4. Industrial	0	0	0	0		2	2	2	8		0	0	0			1	1	1	4		3	3	3	12		6
A5. Other land	6	4	3	15	2 land plots are community lands. 1 AHs has both commercial and other land.	114	114	114	456		39	39	39	156		37	37	37	148		15	15	15	60		208
A6. Special land (river, channel, other Government land)	2	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B. Impact on Buildings																										
B1. Residential buildings/ structures	0	0	0	0		82	78	0	0	All AHs are included in A2	8	8	0	0	All AHs are included in A2.	1	1	0	0	All AHs are included in A2.	22	13	0	0	All AHs are included in A2.	0
B2. Commercial	17	10	0	0	All AHs (45 APs) are included in A3	12	12	0	0	All AHs are included in A3	1	1	0	0	1 AH is included in A3.	10	10	0	0	All AHs are included in A3.	11	9	0	0	All AHs are included in A3.	0
B3. Industrial	0	0	0	0		1	1	0	0	1 AH is included in A4	0	0	0	0		0	0	0	0		2	2	0	0	All AHs are included in A4.	0
C. Impact on Trees and Crops																										
C1. Fruit Trees	36	3	0	0	1 AHs is included in A1 (7 APs) and 2 AHs are included in A3 (11 APs)	0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		0
C2. Wood/ decorative trees	56	2	0	0	All AHs are included in A1 (6 APs)	0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		0
C3. Crops	25	1	0	0	AH is included in A3 (6 APs)	0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		0
D. Impact on Business																										
D1. Loss of business	6	6	1	3	4 AHs (19 APs) are included in A3, 1 AH (APs) is included in B4	13	13	0	0	12 AHs are included A3, 1 AH is included in A4	1	1	0	0	AH is included in A3	10	10	0	0	All AHs are included in A3	13	13	0	0	11 AHs are included in A3, 2 AHs are included in A4.	1
D2. Loss of employment	3	3	3	15		0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		3
Total	-	0	27	120		0	0	154	616		-	0	48	192		-	0	68	272		-	0	55	220		252
* No of APs is determined by multiplying No of AH by 4 which is an average number of family members in Yerevan.																										
No of AHs (without double counting) 352 No of* APs 1,1420																										

IV. Compensation Policies and Rehabilitation Measures

9. According to the adopted Land Acquisition and Resettlement Framework (LARF), which is based on Armenian laws and ADB SPS (2009), APs eligible for compensation and/or at least rehabilitation are: (i) all APs losing land either covered by legal title/land rights or without legal status; (ii) tenants and sharecroppers whether registered or not; (iii) owners of buildings, crops, plants, or other objects attached to the land; (iv) APs losing business, income, and salaries. Entitlement Matrix, relevant to impact of this Subproject is provided below. Compensation eligibility will be limited by a cut-off date which will be set as the date of assets description protocols signing by APs during PPTA stage.

Table E-2 Project Specific Entitlement Matrix

Type of loss	Application	Definition of APs	Compensation entitlements
1. Agricultural land loss	AH losing agricultural land regardless of impact severity	Illegal users ^{*2}	These APs will receive a rehabilitation allowance equal to 25% of the affected land market or cadastral value (whichever the highest)
2. Non-agricultural land loss	AH losing their commercial/residential land	Owner	Compensation at replacement value +15% either in cash at market rates or cadastral values (whichever the highest).
		Leaseholder (community/state)	AH will receive compensation equal to "the market or cadastral value of affected land (whichever the highest) + 15%" in the following proportions according to the remaining length of the lease: 1) < 1 year 5%; 2) < 15 years 14% ; 3) < 25 years 20%;4)>25 years -25%.
		Illegal users	These APs will receive a rehabilitation allowance equal to 25% of the affected land market or cadastral value (whichever the highest)
3. Non-residential buildings/assets	AHs losing non-residential structures	AHs with valid registration	Cash compensation + 15% for loss of building at full replacement cost (not less than the market value) free of depreciation/transaction costs and salvaged materials. Partial impacts will entail the compensation of the affected portion of the building plus repairs (with agreement of APs).
		AHs with non-legal buildings/structures built on the legal land	Cash compensation for loss of building at full replacement cost (to be not less than the market value) free of depreciation/transaction costs and salvaged materials.
		AHs with non-legal buildings/structures built on the non- legal land	Rehabilitation allowance equal to replacement cost (free of depreciation/transaction costs and salvaged materials) minus the legalization cost, up to a maximum up to 20% of market value.
4. Crop Losses	Standing crops affected	All AH regardless of legal status (including owners subject to obtaining legal status and residents having no residency status)	One year crop compensation in cash at market rate by default at gross crop value of expected harvest.
5. Tree Losses	Trees affected	All AH regardless of legal status. (including owners subject to obtaining legal status and residents having no residency status)	Cash compensation at market rate based on type, age and productive value of the trees.

² All AHs which lose agricultural lands are illegal users of land and no titleholders were found affected.

Type of loss	Application	Definition of APs	Compensation entitlements
6. Business loss	Business	All AH regardless of legal status (including owners subject to obtaining legal status and residents having no residency status).	Owners: (i). (permanent impact) cash indemnity of 1 year net income; (ii) (temporary impact) cash indemnity of net income for months of business stoppage up to 1 year. Assessment to be based on tax declaration. In absence of tax declaration the AH will receive a rehabilitation allowance based on the maximum non-taxable salary for the number of months of business stoppage up to 1 year. The maximum non-taxable salary is equal to minimum salary.
7. Employment losses	Temporary employment loss	Employees that were registered in the affected business 2 months prior cut-off date	Indemnity equal to: temporary loss minimum monthly salary for the number of months of job loss up to 6 months.
8. Allowances for severe impacts	AH with >10% agricultural income loss	All severely affected AHs	1 additional crop compensation covering 1 year yield for APs affected by severe agricultural income losses
9. Relocation allowances	Transport costs	All AH	Provision of funds to cover transport costs
10. Vulnerable people allowances		AHs below poverty line or headed by Women or elderly people	Allowance equivalent to 6 months of minimum salary and employment priority in Project-related jobs

V. Institutional Setup for the Project

10. RA, the Ministry of Economy (MOE) is the Executing Agency. The Municipality of Yerevan (YM), is the Implementing Agency and has the overall responsibility for implementation of the Project, including LARP preparation and implementation. The IA operates through the Project Implementing Unit (PIU) which has a social safeguard and resettlement specialist.

11. A Project Governing Council (PGC) made up of representatives from the YM, concerned ministries and chaired by RA Prime Minister. The main objective of the Council's activity is to manage the allocated funds received by the Republic of Armenia through respective agreements with Asian Development Bank and other financial institutions, and to make decisions in compliance with regulations specified in Decree N892-A dated October 26, 2009 and approved by Prime Minister of the RA. According to RA Government N273 Decree dated March 7, 2012, Project Governing Council is entitled to examine/review the grievances addressed by AP's and to resolve those under its jurisdiction as another link for APs before they apply to the RA judicial bodies.

12. The Detailed Engineering and Supervision Consultant (DESC) has prepared the Preliminary LARP for the project and will prepare Draft and Implementation-Ready LARPs and will assist PIU during implementation through participation in public consultations and verification of compensation budgets.

13. PIU will disclose information pamphlets and conduct the consultations with affected families and persons.

14. ADB will periodically supervise the Project, review all LARPs and provide clearance to contract awards, and initiation of civil works.

VI. Land Acquisition and Resettlement Plan Implementation

15. The Implementing Agency will begin preparation of Draft LARP immediately after approval of finances by the ADB and GoA and the Implementation-Ready LARP after the completion and approval of the final design. Based on established regulations it will provide notice to the APs on the

commencement of Land Acquisition and Resettlement Project. PIU will sign property alienation³ contracts in line with RA legislation for the real estate owned, possessed and used with ownership right, with notary verification or without. In addition, they will sign compensation agreements without keeping in line with RA legislation for the real estate owned, possessed and used without ownership right and for the allowances. The APs will not be required to relocate before 30 days have passed from the delivery of full compensation.

VII. Public Consultation and Information Disclosure

16. During preparation of the land acquisition plan for Sections approved for financing, consultations with project communities and APs will be conducted. Consultations will be conducted for population residing along each road section. The main stages of the resettlement processes would be presented in the meetings including the entitlements matrix, redress mechanisms, valuation methodology brochure, measurement survey as well as various example cases. In addition, a map with marked land plots, buildings and structures with names of APs for each land plot and its assets, would be shown to all present APs. During the Census and SES, a printed Entitlement Matrix in the Armenian language will be distributed to all APs.

VIII. Budget Summary

17. The total implementation cost of LARP, including compensation, rehabilitation allowances as well as administrative costs for LARP implementation and contingency is estimated at 13,502,678,382.59 AMD, which is equivalent to US\$ 32,694,136.52, which amounts to 29% of the total project cost (US\$ 111,132,680). After approval of the implementation –ready LARP by the Government of the Republic of Armenia (GoA), YM and the RA Ministry of Finance will ensure timely allocation of funds stipulated in LARP budget from the means envisaged for the Project within Yerevan community and RA State budget.

Table E-3 Budget Summary

Item	Section 5	Section 6	Section 7	Section 8	Section 9	Grand Total (AMD)
Compensation for land (Including 15% surcharge)	127,610,058.61	917,400,600.00	630,543,000.00	1,501,688,200.00	1,475,695,711.25	4,652,937,569.86
Compensation for buildings and structures (Including 15% surcharge)	110,695,879.47	2,293,956,520.00	216,281,250.00	363,422,040.00	2,667,529,740.00	5,651,885,429.47
Compensation for trees	3,650,460.00	149,952,000.00	40,778,000.00	84,798,000.00	24,919,000.00	304,097,460.00
Compensation for crops	25,000.00	1,666,423.00	1,104,284.00	-	-	2,795,707.00
Compensation for business losses	3,480,360.00	29,783,000.00	2,291,000.00	22,910,000.00	29,783,000.00	88,247,360.00
Compensation for other losses (vulnerable, relocation costs, etc.)	16,447,888.42	-	-	-	-	16,447,888.42
Sub-Total	261,909,646.50	3,392,758,543.00	890,997,534.00	1,972,818,240.00	4,197,927,451.25	10,716,411,414.75
II. Administrative Costs						

Direct administration costs [5% of Sub-Total)	13,095,482.33	169,637,927.15	44,549,876.70	98,640,912.00	209,896,372.56	535,820,570.74
Total	275,005,128.83	3,562,396,470.15	935,547,410.70	2,071,459,152.00	4,407,823,823.81	11,252,231,985.49
Contingency 20%	55,001,025.77	712,479,294.03	187,109,482.14	414,291,830.40	881,564,764.76	2,250,446,397.10
Total LAR Budget (AMD)	330,006,155	4,274,875,764	1,122,656,893	2,485,750,982	5,289,388,588.58	13,502,678,382.59
Total LAR Budget (USD)	799,046.38	10,350,788.78	2,718,297.56	6,018,767.51	12,807,236.29	32,694,136.52
<i>*1USD=413 AMD Exchange rate on May, 2014, Central bank of the Republic of Armenia (https://www.cba.am/)</i>						

IX. Grievance Redress Mechanism

18. Several parties will be involved in grievance redress mechanism: (i) PIU, (ii) YM, and (iii) PGC. To make the process accessible to the APs, the PIU will establish a field office for meetings with the APs during the Final LARP preparation and grievances during the LARP implementation. Regardless of the set grievance mechanism and procedures, the APs will have the right to submit their cases to the court of law at any point in time during the grievance process.

X. Monitoring and Evaluation

19. The implementation of LARP will be subjected to both internal and external monitoring. Internal monitoring will be conducted by the PIU. External monitoring will be assigned to an External Monitoring Agency which will be hired by PIU and approved by ADB. IMA will monitor LARP implementation and prepare Compliance reports, which should be approved by ADB as a condition to commence the contract's construction works.

1 INTRODUCTION

1.1 Background

20. The Government of Armenia has received a loan from the Asian Development Bank (ADB) to finance the Sustainable Urban Development Investment Program – Project 1. This Project derives from a request from the Yerevan Municipality (YM) to the ADB to define a strategic plan to improve urban transport in Yerevan aligned with the urban master plan of Yerevan City. This plan aims at promoting a sustainable, integrated, socially affordable and cost efficient urban transport system.

21. Part of the loan finances the construction of two missing links of the western urban ring located within Yerevan city (part of Arshakuniats avenue, Argavand-Shirak street road link, Artashat highway – New Shirak Street road link). The preliminary design of the modernization of these road section was prepared by Mott MacDonald (U.K).

22. In order to obtain additional finances from ADB to proceed with the Tranche 2 project, Yerevan Municipality requested Egis International to prepare a proposal to Task 3 that will include the best options for the following road sections:

- (i) Argavand–Shirak road link (Section 5)
- (ii) Babajanyan-Ashtarak highway (Sections 6, 7 and 8)
- (iii) Davitashen-Ashtarak highway; (Section 9)

23. Section 5 and Section 9 were defined during the preparation of Tranche 1. Sections 6, 7 and 8 included a couple of options. Land acquisition and resettlement impact for each option is roughly estimated and options with larger impact were eliminated. The remaining options were examined in more details and proposed corridors shifted where possible to avoid demolition of large industrial or residential complexes. The project includes three major parts which are divided into sections for easier analysis of preferable options:

24. This preliminary estimate of land acquisition and potential resettlement is prepared by the Detailed Engineering and Supervision Consultant (DESC) for Project Implementation Unit (PIU of the Municipality of Yerevan (YM). The document addresses land acquisition and resettlement impact of the road sections proposed for widening.

1.2 Scope and Status of the Preliminary Land Acquisition and Resettlement Plan

1.2.1 Objectives of the Preliminary Land Acquisition and Resettlement Report

25. The main objective the Preliminary LARP is to describe possible land acquisition and resettlement issues and potential impact of the proposed road alignments for three road links divided into 5 Sections (including proposed Alternatives 1 and 2 for Section 8) on project communities, their land, homes and businesses. For the achievement of this objective, the Preliminary LARP provides the following assessment that will be used for the preparation of the Land Acquisition and

Resettlement Plan (LARP) after the selection of the final alignments for all Sections and during the detailed design stage of the proposed Project:

- (i) General socioeconomic description of the project area;
- (ii) Description of the potential impact of the main road alignment Alternatives considered under the Preliminary LARP;
- (iii) Outline of the policy and framework for compensation payments and rehabilitation;
- (iv) Description of the complaints and grievance redress mechanism;
- (v) Outline of information disclosure, consultation and participation requirements;
- (vi) An estimate of the land acquisition and resettlement costs for each Section and main Alternative considered under the study
- (vii) An overview of the necessary LARP implementation arrangements
- (viii) Outline of the LARP implementation monitoring and evaluation.

1.3 Project Location

26. The Republic of Armenia (RA) is a landlocked country, located between the Black Sea and the Caspian Sea. On the north, it is bordered by Georgia, to the east by Azerbaijan, in the south by Iran, and to the west by Turkey, as shown in Figure 1-1. Yerevan is the capital city of RA. Yerevan covers an area of 260 km², extending 18 km in the north-south direction and 16 km in the east-west.

The Project area is located in the South-West and West area of Yerevan in the administrative District of Shengavit, Malatia-Sebastia, Ajapnyak and Davtashen. The Project plan is shown in Figure 1-2. It outlines all Project Sections.

Figure 1-1 Location of Republic of Armenia and Yerevan



Source: <https://www.google>

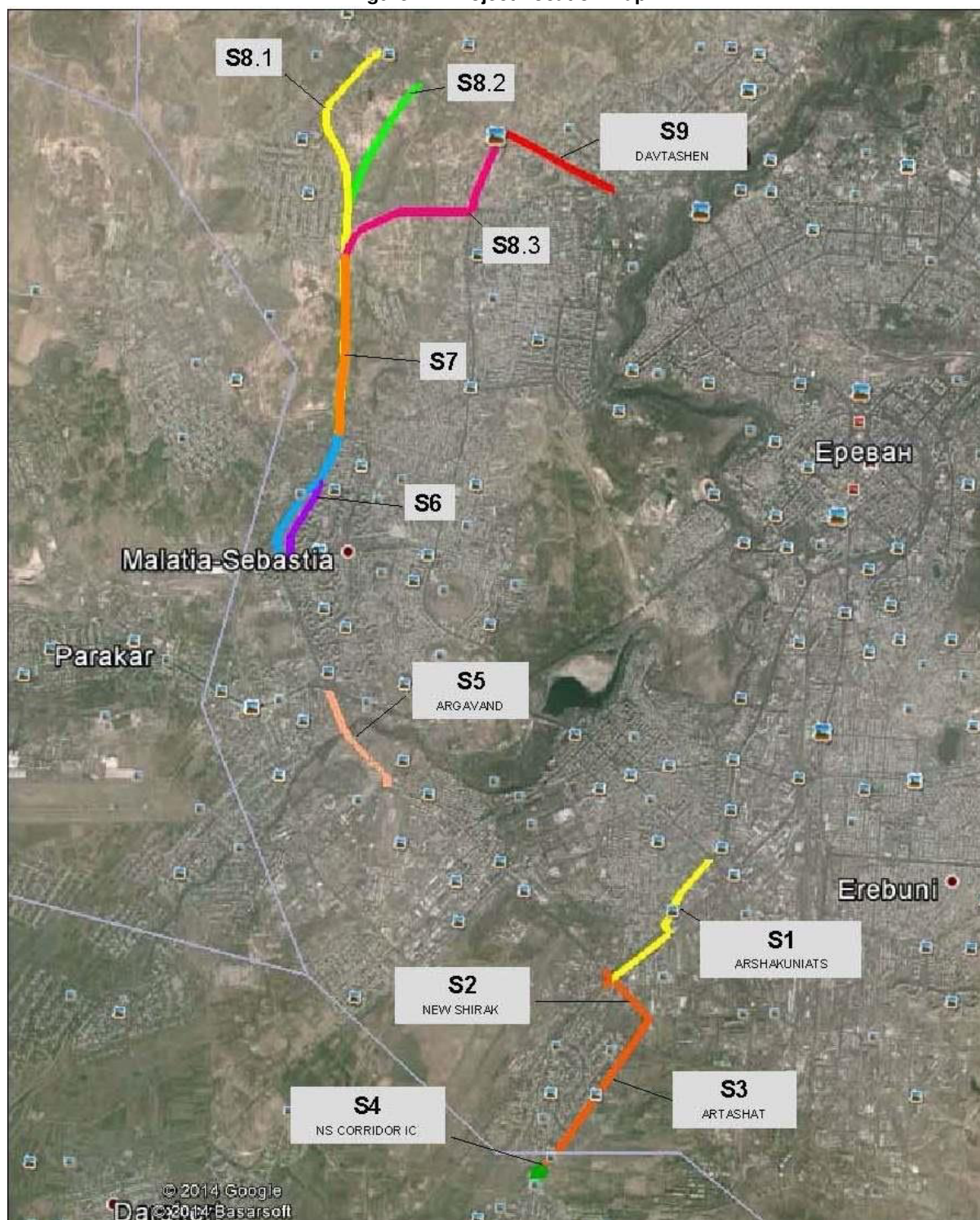
1.4 Project Description

27. Tranche 2 projects of the Investment Program are focused on three road missing links to complete the Yerevan Western Ring Road. It includes sections 5 and 9 for which finances under Tranche 1 were not secured earlier. These three links are divided into five sections:

- (i) Argavand - Shirak road link (Section 5); the construction of a link between Argavand Highway and Shirak Street West of length approximately 1.3km. The alignment passes through the archaeological site known locally as Karmir Blur. The section is covered by LARP prepared under Tranche 1 projects.
- (ii) Babajanyan-Ashtarak highway, 6.5 km long divided into three sections: Sections 6 of 1.9 km, Section 7 of 2.0km and Section 8 of around 2.6 km); and
- (iii) Davitashen - Ashtarak highway; (Section 9) of 3.1 km. The section is covered by the draft LARP prepared in 2011, under the Tranche 1 projects..

28. Each section will provide dual two or dual three lane carriageways. This preliminary LARP document covers the whole length of 10.9 km covered by five road sections.

Figure 1-2 Project Location Map



1.4.1 Sections Location and Description

29. Project starts in Argavand and Getapnya rural communities of Ararat Marz; then, it stretches from Yerevan's Malatia-Sebastia district at south-west and districts of Davtashen and Ajapniak located at north-east from the Centre of Yerevan. (Approximately 6km south-west of the City center of Armenia's capital).

Section 5: Argavand Highway to Shirak Street Urban Road Link

30. It is a new dual 3x3 lanes road connecting Argavand Highway to Shirak Street. This section will provide a link between the Admiral Isakov street intersection and Shirak Street which will form part of the Yerevan western bypass.

31. The section 5 comprises the following main components: (i) the construction of a new 6-lane divided road, (ii) the construction of a new dual three lane carriageway bridge over the River Hrazdan of 280m length, (iii) the connection to an existing interchange at Argavand Highway (Admiral Isakov Street) by the creation of additional slip roads; and (iv) the construction of a round-about at Shirak Street.

32. From the Argavand interchange the section alignment goes to the south toward the Hrazdan river valley which is crossed by a bridge over Hrazdan River. It then continues in a South Easterly direction passing at the southern edge of the Karmir Blur Archeological site. Connection to Shirak Street is via at grade roundabout.

Section 6: Babajanyan Street to Tichina Street

33. Section 6 is located in the administrative District of Malatia-Sebastia which is borders with Ajapnyak, Center and Shengavit districts and Ararat, Armavir regions. This section will start from Babajanyan Street and reach Tichina Street. There are 2 options that are considered: Section 6.1 and Section 6.2:

34. Section 6.1 is a widening of the existing road in order to have a 2x2 lanes divided road.

35. Section 6.2 starts by a round-about that links Arno Babajanyan Street, Raffi Street and new alignment of Yerevan Western Bypass. The section alignment continues to the north along the railway with a new road (2x2 lane divided road with central reservation of 1.6 m, total width of 22.1 m) with overpasses over one local road and Ohanov Street. The section ends at an overpass over Tichna Street. Total length of this section is almost 2 km.

Section 7: Tichina Street to Silikyan old Highway

36. Section 7 is located in the administrative District of Ajapnyak. It is in the north-western part of Yerevan. This section will start from Tichina Street and reach Silikyan old Highway. Section 7 is a new 2x2-lane divided road with central reservation of 1.6 m (total width 22.1m) of 2 km long that starts at Tichna Street and ends at Silikyan Old Highway. An overpass will be constructed over the Old Silikyan Highway.

Section 8: Silikyan Highway to Ashtarak Highway

37. Section 8 has to provide a link between Section 7 and Ashtarak Highway that leads to the northern part of North South Corridor. There were 3 options considered during this study: Section 8.1, Section 8.2 and Section 8.3.

38. The Section 8.1 comprises the following components: new alignment from the end of Section 7 until the residential area of Vahagni district and widening of access road to the residential area of Vahagni. The total length of this section is 2.7 km.

39. The Section 8.2 is a new alignment of 2.5 km that provides a direct access from Section 7 to Ashtarak Highway.

40. The Section 8.3 is composed of widening of existing road: Silikyan New highway from grade-separated junction of Section 7 and M1 until the beginning of Section 9, and a construction of a round-about at the intersection of Silikyan New Highway and M1. The total length of this section is about 2 km. A cross-section will be the same as Section 7.

41. Due to a high resettlement impact and high compensation costs of land and buildings which would be impacted, Section 8.1 and 8.2 are eliminated and not considered for the construction. Impact and budget data for these options are presented in corresponding chapters. Consequently, the most feasible option (Section 8.3) is considered for construction and for the sake of clarity, the preferred Section 8.3 will be referred to as Section 8 in this document.

Section 9 - Davitashen - Ashtarak highway

42. Section 9 is located in the administrative Districts of Davidashen and Achapnyak. The proposed 3.1 km road section would extend the Eghvard highway to intersection of Halabyan St. in the area of Republican Hospital and Davidashen Village. From Davidashen Village it would pass parallel to Melkumov Street before reaching the intersection of Melkumov St and Chaushi St. The project design plans the construction of a two-level transport interchange which will complete the projected carriage structure of the Davidashen Development Area.

43. The Section envisages a construction of a new 2x (3+4)-lane divided road with a central reservation of 5.0 m. Left carriageway is planned at 2x3.75m+4m+0.50m with a footpath of 3.00m. The right carriageway will be 2x3.75m+2x4m+0.50m with a footpath of 3.00m. The total width of this section is 39 m. It also includes a 2 grade separated interchange.

2 IMPACT ASSESSMENT

2.1 Background

44. The Tranche 2 projects (further the project) are comprised of two road sections (5 and 9) for which an implementation-ready LARP, was prepared during the Tranche 1, and three entirely new road sections (6, 7 and 8) for which an assessment of impact and compensation are based on the data obtained from the cadastral maps, satellite images and targeted field visits.

45. All impact and compensation payments related to Section 5 are based on a detailed understanding of the impacts of the Project on the affected people. The data was updated between December 2012 and March 2013 and are based on a detailed measurement survey (DMS) and an inventory of losses. Impact, compensation and the budget is entirely used for this preliminary LARP. No additional data on Section 5 was needed for this document.

46. All impact and compensation payments related to Section 9 are based on a detailed understanding of impacts of the Project on affected people prepared for the implementation-ready LARP in July 2010. However, due to the design changes, the data were updated in May 2014 for this section due to time lapse and some changes in the design.

2.2 Survey Methodology

47. The DMS and assets valuation methodology for Sections 5 and 9 are described in details in the related Tranche 1 LARPs (please see approved LARP documents for these two Section) and for this document, only a brief outline is included.

48. The data obtained for these Sections include the following:

- (i) A census of APs and an inventory of losses;
- (ii) Detailed measurements, description and valuation of the affected land, buildings, structures and other assets;
- (iii) A socioeconomic survey conducted in April and March 2010 covered 100% of the project AHs;
- (iv) Completion of the consultations with APs;

49. The following paragraphs outline the methodology related to the assessment of land acquisition and resettlement impact on three new project sections (Sections 6, 7 and 8) and for the design changed parts of Section 9. In view of the scope and purpose of the study, the methodology aims to describe and assess the magnitude of the LAR impact to the extent sufficient to assist the assessment of the studied alignment Alternatives and to plan in advance the appropriate mitigation measures. In order to assess the extent of the Project's impacts the following steps were undertaken:

- (i) **Cadastral maps analysis** – to describe and assess the affected area of the land, the number of buildings and affected trees and crops.

- (ii) **Inventory of losses based on data from cadastral maps, satellite images, targeted field visit and photographs from the high-rise buildings** - to identify and evaluate the characteristics of the land, buildings and assets to be acquired.
- (iii) **Valuation of the affected assets** - to estimate the cost of possible compensation for lost assets and other livelihood sources for development of the budget.
- (iv) **Collection and review of general socio-economic data (deskwork)**: to describe the current socioeconomic condition of the Project area and potentially affected households and businesses

50. A licensed measurement and valuation company was engaged as a subcontractor, to estimate and value assets to be acquired. The main source for data was Cadastral maps. Experience from previous Tranches indicates that the maps were unreliable and data differ from the real on-the-ground situation. Due to this fact, quantities of all potentially affected assets are increased by 20%. The scope of the estimation and valuation of assets to be acquired, included identification, classification, description and cost estimating of the following assets:

- (i) Land
- (ii) Buildings/structures
- (iii) Crops
- (iv) Trees
- (v) Affected businesses
- (vi) Affected community/ public assets

2.2.1 Assessment of affected land

51. Determination and description of affected land is based on the project impact corridors provided by the design engineers. The corridor maps were superimposed on the cadastral maps to identify affected land and assets. Based on the relevant cadastral maps, the valuator calculated surface area, quantities (cadastral code quantities) of the affected land plots by their category and targeted usage.

52. The number of affected households (AHs) corresponds to the number of affected land plots regardless of their legal status (privately owned or illegally used). The community and state owned land plots are also included in the number of AHs.

53. Illegally used land plots which belong to the Yerevan Community are included only by affected area. For such land use, 25% of market value are calculated for compensation to the APs (as done for SUDIP cases).

54. Valuation of each land plot was determined by a comparative method:

- (i) similar real estate markets were analyzed
- (ii) at least three comparison units were used (records of sales from the Centre for Information Technologies SNCO and the SCREC)
- (iii) necessary comparisons were distinguished (sales conditions, market state, targeted and operational usage of land, location and position, proximity to transport, total surface area, slope, existing improvements, etc.)
- (iv) the cost of comparison units was adjusted according to the comparison methodology used in the real estate industry
- (v) obtained market cost was compared with the cadastral cost

(vi) the plot price was defined.

2.3 Assessment of affected buildings

55. Surfaces and number of the buildings were calculated/ counted based on the cadastral code of the land plots and targeted field visits. In addition to cadastral maps, the valuator also used satellite images. This enabled identification of structures which are not registered in the cadaster maps, but which were visible on satellite images. Those structures, for the purpose of this study, are considered as illegal structures. The valuation for all structures, regardless of their legal status, was based on a replacement cost + 15%. The approach is based on the methodology/parameters recommended by the Information and Calculation Center for Pricing (CJSC) at the RA Ministry of Urban Development. The data presented in relevant specialized normative bulletins (INCC) and other reliable source, as well as data on costs stated in construction contracts for similar structures at current market conditions were considered.

2.3.1 Assessment of affected trees

56. The basic type of trees typical for this area is based on information from previously researched areas of Argavand and Davtashen, specialized agronomist field visit and photographs taken from the high-rise apartment in the area. The information on typical type of fruit trees grown in the project area shows that the most common are apricot, walnut, peach, pomegranate, fig, persimmon, quince, hazelnut, almond and mulberry. Determination of number and type of affected trees and crops are done by targeted field visits, satellite images and using a high quality photographs and videos taken from the roof of multistory buildings located along the project. The cost estimate for affected fruit trees is based on the net market value of tree's annual income multiplied by the number of years need for cultivation of a new tree to its mature age. The cost estimate of affected wood trees is based on type of tree, tree diameter and average length of tree trunk. The timber market price is based on average prices at Armenian timber market.

2.3.2 Assessment of affected crops

57. The Project is entirely located in an urban setting. Almost all of the affected plots are categorized as settlements/residential land by SCREC. However, where affected crop is found, it was evaluated by the affected area, type of crops and the net market annual value of crops determined as the market income from the harvest gained in one year.

2.3.3 Assessment of affected businesses

58. There are a number of affected industrial and commercial buildings in the project area. Compensation amount for businesses is based on an average business value determined for the North-South Project.

2.4 Projected Impact on Land

2.4.1 Land Classification by the Armenian Land Code

59. The Land Code of the RA (May 2001) classifies land into the following nine categories: (1) Agricultural, (2) Settlements/residential, (3) Industrial, Mining and Production (4) Power, Transport, Communication, Utility infrastructure facilities (5) Protected land for special purposes, (6) Special significance, (7) Forested, (8) Water and (9) State Reserve lands. Each target significance land, based on its type of usage, is classified by category or functional significance.

60. This Project is entirely located in an urban setting. Almost all of the affected plots are categorized as settlements/residential land by SCREC. For the sake of clarity and based on the actual usage, the affected land categories are grouped into following categories: agricultural, other, commercial, for water.

- (i) **Agricultural Land**, which is used to grow some fruit or wood/ decorative trees and bushes.
- (ii) **Residential land** – used for residential houses, residential supporting buildings and gardening.
- (iii) **Commercial Land**, which is used for businesses such as shops, car repair stations, petrol stations.
- (iv) **Industrial land** - factories, factory offices and industrial storages and warehouses, technological equipment storage, etc.
- (v) **Other Land** - community land, empty unused land.
- (vi) **Land for water/river**, belongs to Government and includes areas under rivers, natural and artificial reservoirs and lakes, as well as the land necessary for use and protection of water objects.

2.4.2 Land Losses

61. Affected lands are spread across the road sections. In total, there are 356 land plots covering a total surface area of 293,048.75m². There are only three agriculture land-plots at Section 5 with an area of 1084.16 m². Section 6 has the highest number of affected land-plots (154). The most affected category is 'Other land' which is community land or illegally used land. There are 211 such plots covering an area of 227,380 m². Overall, 348 households will have some land impact (2 water lands are excluded as there is no affected households attached to loss of these land-plots).

62. In this Preliminary LARP, the affected land plots are grouped into the following three types, based on their legal status:

- (i) **Private-titled land** - a total of 145 plots belongs to persons having a legal title over the affected land parcels;
- (ii) **Community land** – this is the land that belongs to communities. The survey found that 211 plots (used by 208 AHs) of such land are either formally leased or used by informal tenants without any legal title.
- (iii) **Water land**- 2 land plots reserved for water belong to RA.

63. All categories of affected land (except community directly used land owned by the YM) will be compensated. The land impacts data are summarized in the following table.

Table 2-1 Projected Land Impacts by Category/ Occupation Status

Land category	Section 5		Section 6		Section 7		Section 8		Section 9		Grand total land plots	Grand total area
	Land plots	Affected area	Land plots	Affected area	Land plots	Affected area	Land plots	Affected area	Land plots	Affected area		
	No	m ²	No	m ²	No	m ²	No	m ²	No	m ²		
Agriculture	3	1,084.16	-	-	-	-	-	-	-	-	3	1,084.16
Residential	-	-	19	2,544.78	8	10,090.0	11	11,896.0	22	10,507.18	60	35,037.96
Commercial	20	4,066.99	19	4,288.90	1	4.50	19	6,849.20	15	4,677.74	74	19,887
Industrial	-	-	2	4,293.0	-	-	1	369.0	3	3,780.50	6	8,443
Other land*	6	5,024.23	114	32,211.60	39	53,530.0	37	52,914.0	15	83,700.27	211	227,380
For water (river, channel)	2	1,216.70	-	-	-	-	-	-	-	-	2	1,217
Total	31	11,392.08	154	43,338.28	48	63,624.50	68	72,028.20	55	102,665.69	356	293,048.75

* leaseholder of community lands and illegal users

2.5 Projected Impact on Crops

64. There are 3,628 m² of crops affected along Sections 5, 6 and 7. No crops are going to be affected in Sections 8 and 9. The most common grown crop in this project area are corns, turnips, sweet potatoes, tomatoes, cucumbers, beans, pumpkin and other vegetables used to support home economy.

Table 2-2 Projected Impact on Crops

Impact on crops	Section 5	Section 6	Section 7	Section 8	Section 9	Grand total
Affected area m ²	25	2,167.0	1436	-	-	3,628
Unit average cost (AMD)	1000	769	769	-	-	-
Total average cost (AMD)	25,000	1,666,423	1,104,284	-	-	2,795,707

2.6 Projected Impact on Trees

65. Under this project, 4,402 fruit trees and 1,914 decorative and wood trees. Most of the affected fruit trees are apricots, cherries, pear, apple, plums, pomegranate, quinces, mulberries, hazelnut, almond and figs. The most common affected wood and decorative trees are ash tree, poplar, ulmus, sofora, acacia, platanus, oak and maple. Section 6 has the largest number of affected trees. The owners will receive full compensation for the affected trees as per the social safeguard guidelines, or the affected trees will be replanted for the APs where possible. A summary of information on the affected fruit and other trees is presented in the following table.

Table 2-3 Projected Impact on Trees

Type of tree	Section 5	Section 6	Section 7	Section 8	Section 9	Grand total
	No of trees affected	No of trees affected	No of trees affected	No of trees affected	No of trees affected	
Fruit trees	36	2,022	706	937	701	4,402
Wood/ decorative trees	56	867	303	656	32	1,914
Total	92	2,889	1,009	1,593	733	6,316

66. The owners of affected trees will be compensated without deductions for the value of the wood/timber that can be obtained from the affected trees.

2.7 Projected Impact on Buildings and Structures

67. Based on the LARF updated in July 2012, all buildings partially or completely affected, will be entirely compensated, regardless of whether the AH, who lives or works in the building, relocates or not. However, if a partly-affected AH wishes to stay on the remaining plot and renovate the building to avoid relocation that is the APs' choice. Relocation strategy adopted for the Project is based on the compensation at replacement cost (market value of building materials, labor, materials transportation cost and other relevant expenses). In case of legal structures, owners will receive replacement cost plus 15%. In case of illegal structures on the illegally used land plots, APs will receive full replacement cost (free of depreciation/transaction costs and salvaged materials) minus the legalization cost, which could be up to 20% of the market value of the affected asset.

68. In total, the project will affect 167 buildings and structures. The area of affected buildings amounts to 13,790.55 m². Out of this, there are 83 main and 30 secondary/supporting residential structures affected. **(Table 2-4)** Based on the number of affected main residential buildings, it can be expected that there will be 83 residential relocations. The project will affect 51 commercial buildings out of which 42 main and 9 secondary/supporting buildings. Also, there will be 1 main and 2 supporting industrial buildings affected by the project. Section 6 will have the highest number of affected buildings (95 buildings with an area of 6,671.46 m²). The least building-affected area is Section 7 with just 9 affected buildings (693.95 m²) as the area traversed by this Section is not populated area. **(Tables 2.4 and 2.5)**

Table 2-4 Projected Impact on Buildings and Structures

Type of affected structures	Section 5		Section 6		Section 7		Section 8		Section 9		Grand total	Grand total area
	Total buildi ngs	Affect ed area	Total buildi ngs	Affected area	Total buildi ngs	Affected area	Total buildi ngs	Affected area	Total buildi ngs	Affected area		
	No	m ²	No	m ²	No	m ²	No	m ²	No	m ²	No	m ²
Residential main	-	-	62	3,408.22	8	658.35	1	397.80	12	2,106.20	83	6,570.57
Residential secondary	-	-	20	495.04	-	-	-	-	10	669.45	30	1,164.49
Commercial main	17	398.80	10	2,572.35	-	-	10	487.88	5	518.16	42	3,977.19
Commercial secondary	-	-	2	176.60	1	35.60	-	-	6	787.35	9	999.55
Industrial main	-	-	-	-	-	-	-	-	1	217.50	1	217.50
Industrial secondary	-	-	1	19.25	-	-	-	-	1	842.00	2	861.25
Total	17	398.80	95	6,671.46	9	693.95	11	885.68	35	5,140.66	167	13,790.55

2.8 Projected Impact on Businesses

69. The project will affect 43 businesses. The mostly affected are car services and shops. Among other affected type of businesses, there are 2 petrol/gas stations, a non-operating central heating complex. The most affected are car services (15). **(Table 2.5)** It is expected that losses will be permanent due to demolition of the building or structure where businesses operate.

Table 2-5 Type of Affected Businesses

Type	Sub-type	Section 5	Section 6	Section 7	Section 8	Section 9	Total by sub-types
Commercial	Petrol stations		0	0	0	1	1
	Gas station		0	1	0	0	1
	Shop/grocery	2	3	0	3	0	8
	Car service	4	3	0	3	5	15
	Café		0	0	0	1	1
	Snack-bar		0	0	0	1	1
	Unidentified		6	0	4	2	12
Industrial	Central heating facilities		1	0	0	0	1
	Workshop		0	0	0	1	1
	Unidentified		0	0	0	2	2
Total		6	13	1	10	13	43

Table 2-6 Projected Impact on Businesses

Type of affected business	Section 5	Section 6	Section 7	Section 8	Section 9	Grand Total
	Affected business	Affected business	Affected business	Affected business	Affected business	
	No	No	No	No	No	
Commercial	6	12	1	10	10	39
Industrial	0	1	0	0	3	4
Total	6	13	1	10	13	43

2.9 Summary of Projected Impact

70. It is estimated that -352 households with 1420 members will be affected along the project Sections. There will be 348 - households with impact on land including agriculture, residential, commercial, industrial or other land -. The most affected land category is 'other land' which is leased or illegally used community land. It is followed by privately owned commercial land (71 AHs) and residential land (60 AHs).. (Table 2-7)

71. A following impact-simplified table indicates that there will be 348 households which will have impact on land. Out of these households, in addition to impact on land, 145 will have impact on buildings and structures too.

Table 2-7 a Summary by Major Impacts

Type of affected assets	Section 5	Section 6	Section 7	Section 8	Section 9	Grand Total	AHs Grand Total (without double counting)	Remarks
	AHs	AHs	AHs	AHs	AHs			
	No	No	No	No	No			
A. Land	23	154	48	68	55	348	348	-
B. Buildings	10	91	9	11	24	145	0	All AHs are included in A
C. Business	6	13	1	10	13	43	1	1 AH is not a land owner. This is just an individual

								entrepreneur.
D. Employees	3	0	0	0	0	3	3	-
Grand Total (without double counting)							352	-

72. It is expected that 60 households owning 83 affected residential buildings (**Table 2-4**), will be relocated. 42 household will lose 51 commercial buildings and 3 households will lose 3 industrial buildings. There will be 38 households whose businesses will be affected by the project. Loss of employment has not been assessed as such data were not available during the preparation of this Preliminary LARP. The compensation for categories for which the assessment of losses were not possible, such as loss of employment, fences, improvements on land and vulnerability, will be compensated from the contingency. In total, the Project will impact the land plots of 348 AHs, buildings and structures of 145 AHs and businesses of 43 AHs.

73. In comparison with preferred Section 8, the proposed options Section 8.1 and Section 8.2, would impact 50 and 46 expensive buildings, respectively. The number of affected land plots would be lower than in the preferred Section 8, but the total affected land area is much larger than for Section 8 (Section 8 would affect 128,171.04 m² while Section 8.1 affects 233,205.60 m² and Section 8.2, 205,134.00 m² including a golf course belonging to the Vahagni community). (Table 2.7 b)

Table 2-7b Sections 8.1 and 8.2 Summary of Impact by Category

Summary of Impact				
Type of Impact	Section 8.1		Section 8.2	
	No	Total area m ²	No	Total area m ²
Land	60	233,205.60	13	205,134.0
Building	50	21,207.60	46	15,398.4
Business	5	-	4	-
Fruit tree	1,632	-	1,436	-
Wood tree	700	-	615	-
Crops	-	-	-	-

Table 2-7 Summary of Affected Households/ Persons by Category of Impact

Impact Category	Section 5					Section 6					Section 7					Section 8					Section 9					Grand total AHs (without double counting)
	No of units	No of AHs	No of AHs (without double counting)	No of APs	Remarks	No of units	No of AHs	No of AHs (without double counting)	No of* APs	Remarks	No of units	No of AHs	No of AHs (without double counting)	No of* APs	Remarks	No of units	No of AHs	No of AHs (without double counting)	No of* APs	Remarks	No of units	No of AHs	No of AHs (without double counting)	No of* APs	Remarks	
A. Impact on Land																										
A1. Agriculture	3	3	3	13		0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		3
A2. Residential	0	0	0	0		19	19	19	76		8	8	8	32		11	11	11	44		22	22	22	88		60
A3. Commercial	20	17	17	74	2 AHs have 5 commercial lands	19	19	19	76		1	1	1	4		19	19	19	76		15	15	15	60		71
A4. Industrial	0	0	0	0		2	2	2	8		0	0	0			1	1	1	4		3	3	3	12		6
A5. Other land	6	4	3	15	2 land plots are community lands. 1 AHs has both commercial and other land.	114	114	114	456		39	39	39	156		37	37	37	148		15	15	15	60		208
A6. Special land (river, channel, other Government land)	2	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
B. Impact on Buildings																										
B1. Residential buildings/ structures	0	0	0	0		82	78	0	0	All AHs are included in A2	8	8	0	0	All AHs are included in A2.	1	1	0	0	All AHs are included in A2.	22	13	0	0	All AHs are included in A2.	0
B2. Commercial	17	10	0	0	All AHs (45 APs) are included in A3	12	12	0	0	All AHs are included in A3	1	1	0	0	1 AH is included in A3.	10	10	0	0	All AHs are included in A3.	11	9	0	0	All AHs are included in A3.	0
B3. Industrial	0	0	0	0		1	1	0	0	1 AH is included in A4	0	0	0	0		0	0	0	0		2	2	0	0	All AHs are included in A4.	0
C. Impact on Trees and Crops																										
C1. Fruit Trees	36	3	0	0	1 AHs is included in A1 (7 APs) and 2 AHs are included in A3 (11 APs)	0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		0
C2. Wood/ decorative trees	56	2	0	0	All AHs are included in A1 (6 APs)	0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		0
C3. Crops	25	1	0	0	AH is included in A3 (6 APs)	0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		0
D. Impact on Business																										
D1. Loss of business	6	6	1	3	4 AHs (19 APs) are included in A3, 1 AH (APs) is included in B4	13	13	0	0	12 AHs are included A3, 1 AH is included in A4	1	1	0	0	AH is included in A3	10	10	0	0	All AHs are included in A3	13	13	0	0	11 AHs are included in A3, 2 AHs are included in A4.	1
D2. Loss of employment	3	3	3	15		0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0		3
Total	-	0	27	120		0	0	154	616		-	0	48	192		-	0	68	272		-	0	55	220		
* No of APs is determined by multiplying No of AH by 4 which is an average number of family members in Yerevan.																										
No of AHs (without double counting) 352 No of* APs 1420																										

3 DESCRIPTION OF THE SOCIOECONOMIC CONTEXT OF THE PROJECT AREA

3.1 Background

74. The main objective of the socioeconomic profile of the project communities is to understand the existing socio-economic environment and vulnerability of affected people and families in the Project area. The following paragraphs present only a brief outline of the socioeconomic profile of the area traversed by the project sections. The data used in the following table are secondary data extracted from the government official websites and are generally related to the entire project area. Full socioeconomic profiles of affected people are available for Sections 5 and 9 as the data were collected through the socio-economic surveys and census undertaken in Project affected communities during the studies for Tranche 2. The detailed socioeconomic data related to the new road sections (Sections 6, 7 and 8) will be available for the implementation-ready LARPs.

Table 3-1 Socioeconomic Description of the Project Area

Districts	Road section	Area (ha)	Population		Total	Main economy	Remarks
			Male	Female			
Argavand (rural community)	S 5	110	915	976	1,891	Agriculture	50 hectares of agriculture land 20 hectares are arable Mostly orchards and vineyards
Getapnya (rural community)	S 5	1,100	757	760	1,517	Agriculture	54 hectares of agriculture land, 44 hectares are arable Mostly orchards and vineyards
Shengavit	S 5	4,099	62,403	73,823	136,226	Trade and services	Many manufacturing enterprises such as "Grand Tobacco", "Araks Gold", Armenian-Canadian company, "Grand Candy" Armenian-Russian joint enterprises, "Hay-elektramekena", "Nairit", "Elektron", "Armen-Carpet" and other companies.
Malatia-Sebastia	S 6	2,752	60,376	69,487	129,863	Trade and services	Large enterprises such as "Metaks", "Tosp", "Anush", "Agat" are based in this district.
Ajapnyak	S 7, 8	2,606	49,545	58,461	108,006	Trade and services	Home to 1,700 industrial and non-industrial private companies and private enterprises.

Districts	Road section	Area (ha)	Population		Total	Main economy	Remarks
			Male	Female			
Davtashan	S 9	686	19,645	22,234	41,879	Trade and services	150 small and medium-sized businesses: 9 petrol and gas stations, 16 industrial buildings, 16 transport services, 66 service companies, 3 centres of communications, 1 swimming pool, 3 construction companies.
Total		11,353	193,641	225,741	419,382		

<http://www.officespace.am/yerevan/>

75. The proposed road Sections traverse four Yerevan districts and two rural communities.. Overall, these districts cover an area of 11,353 hectares. Malatia-Sebastia district has the largest area covering 2,752 hectares. It is also the most populated area with 129,863 inhabitants (130,148 males and 11,158 females). The smallest area is Argavand districts with 1,891 inhabitants living on 110 hectares. Argavand and Getapnya areas are rural areas. These communities have around 50 and 54 hectares of agriculture land out of which 20 and 44 hectares are arable. Orchards and vineyards are mostly grown in the area. The main economy in other three districts is trades and services including construction companies, petrol and gas stations and other small to medium size businesses.

76. Although road passes through the urban area with a small agriculture land holdings mainly in the Argavand community, the most common crops are vegetables grown for personal use such as greens, corn, turnip, beetroot, sweet potatoes, potatoes, garlic, tomatoes, pepper, pumpkin, cucumbers, beans and okra. The most common fruit trees in this area are apricot, pears, cherries, quinces, apples, mulberries, plums, pomegranates, hazelnut, almond, figs and walnuts. The most common wood and decorative trees are ash tree, ulmus, sofara, acacia, maple, poplar, oak, ailanthus and platanus.

4 PUBLIC CONSULTATIONS, PARTICIPATION AND DOCUMENTS DISCLOSURE

4.1 Background

77. According to the SPS (2009) and the LARF, the APs must be fully consulted and provided with opportunities to participate in the planning and implementation of LAR. Under the same principles, the APs will be informed in an appropriate and timely manner of the outcomes of the planning process, as well as the schedules and procedures for the implementation of the LARP. A public information and consultation campaign will be conducted by the IA during all stages of the LAR process. The IA will disclose the Resettlement Plan and inform all APs about the payment procedures for compensation and relocation. This chapter briefly describes the mechanisms for the public consultation process with the APs which will be followed for projects under this Tranche.

4.1.2 Public Consultation

78. During preparation of the land acquisition plan for Sections approved for financing, consultations with project communities and APs will be conducted. Consultations will be conducted for population residing along each road section. The main stages of the resettlement processes would be presented in the meetings including the entitlements matrix, redress mechanisms, valuation methodology, measurement survey as well as various example cases. In addition, a map with marked land plots, buildings and structures with names of APs for each land plot and its assets, would be shown to all present APs. A comprehensive data on consultations, including information such as the number of consultations, dates, places, gender-segregated data, main issues discussed and measures suggested, will be reported on and included in the main document.

4.1.3 Information Disclosure

79. During the Census and SES exercise, a printed Entitlement Matrix in Armenian will be distributed to all APs. During the public consultations, the PIU will distribute the following brochures in the Armenian language:

- (i) Valuation Methodology Brochure
- (ii) Project Information Brochure with the Entitlement Matrix in which the Project description, grievance redress mechanism, entitlements and compensations as well as answers to frequently asked questions were presented.

80. During the Project planning, implementation, and monitoring, the following information disclosure actions are planned:

- (i) Establishing and publishing a dedicated email address aimed at fostering effective communication with the AP;
- (ii) Publishing the PIU address for face-to face meetings with APs and PIU contact telephone numbers;
- (iii) Uploading of the English version of LARP on the ADB resettlement website;
- (iv) Distribution of copies of the LARP in Armenian in Local Community Authorities offices;

- (v) A final Project Information Pamphlet providing a summary of the impacts, implementation arrangements and of the LARP compensation policy will be sent to all APs immediately after the final approval of the LARP

5 GRIEVANCE REDDRESS MECHANISM

5.1 Background

81. This Preliminary Land Acquisition and Resettlement Report is prepared for the Periodic Financing Request for the ADB and thus, does not contain in details all components required by the Land Acquisition Resettlement Plan which would be prepared at the later stages of the project. For the purpose of this Preliminary LARP, only an outline of the grievance mechanism is described. However, as the results of preliminary analysis will be shared with wider stakeholders, an appropriate grievance redress mechanism will be established as soon as the project starts. This will enable stakeholders and the APs to file complaints and/or queries on any aspect of the project. Under the adopted grievance mechanism, APs would be able to appeal any decision, practice or activity connected with the measurement, assessment or valuation of land or other assets, its acquisition and compensation. The PIU will ensure that grievances and complaints on any aspect of the land acquisition, compensation and resettlement, are timely and effectively addressed.

5.1.1 Grievance Procedure

82. In order to ensure that grievances and complaints at any stage of the project are addressed in a timely, transparent and satisfactory manner, and that all possible avenues are available to APs to voice their grievances, the following grievance redress mechanisms will be set up. Several parties and avenues will be involved in this formal grievance redress mechanism such as PIU Resettlement Specialist, YM and the Project Governing Council (PGC). Attempts will be made to resolve complaints at the local level. However, complaints and grievances received during the resettlement phase will be addressed through the following steps and actions:

83. To become more accessible for APs, field offices will be established by the PIU during the LARP preparation stage. PIU will have 3 field offices: Malatia-Sebastia, Ajapnyak and Davitashen districts. PIU Resettlement specialist will work in the field offices at established schedule. APs will be informed about the field offices operation during the public consultations. The PIU Resettlement Specialist (RS) will accept the complaints at first instance. The complaint will be registered, classified and it will contain the following information: (i) the nature of the complaint, (ii) the location and (iii) the complainant's complete address and contact details. The PIU will issue a formal response no later than 30 days after receiving the complaint. This response will either be an offer for compensation to the complainant, an invitation to discuss the issue further at a private meeting or an explanation for the dismissal of the complaint.

84. If the RS cannot resolve the matter or the APs is not satisfied with the settlement offer, the case will be forwarded to the PIU other specialists for revision and possible resolution.

85. If the complaint cannot be resolved at this level, or the AP is not satisfied with the resolution, the complaint should be lodged to the YM. The AP must lodge the complaint within one month after receiving response from the PIU. The documents in support of the claim must be submitted at this stage. YM must respond to the complaint within 15 days. If no Alternative has been reached, the YM must transfer the case to PGC for their decision. The PGC must discuss the complaint in a session. Its decision must be in compliance with the applicable LARF provisions.

86. If the complainant is not satisfied with the decision of the PGC and the person is willing to continue with the process, he/she can register/file their case in a court of law, whose decision will be

final. Regardless of the set grievance mechanism and procedures, APs will have the right to submit their cases to a court of law at any point in time of the grievance redress process.

87. All complaints and resolution will be properly documented by the PIU RS and made available for review, monitoring and evaluation purposes. The details will be elaborated when the project begins. If APs at community consultations suggest other, more effective ways of voicing their views and concerns, their proposals will be incorporated into the grievance mechanism and the public informed accordingly.

6 RA LEGAL AND ADB POLICY FRAMEWORK AND ENTITLEMENTS

6.1 RA Legal and ADB Policy Background

6.1.1 Armenia's Laws and Regulations on Land Acquisition and Resettlement

88. Armenia's Constitution (1995) guarantees protection of ownership rights. According to the latter, alienation of the property for public and state needs can be applied only in exclusive cases of Eminent Domain based on an established legislation and with prior equivalent compensation. Land acquisition and compensation cases are envisaged in Land Code Articles 102, 104, the RA Civil Code (1998), Articles 218 to 221 of RA Law *"On the Alienation of the Private Property for Public and State Needs"* adopted on 27 November 2006.

89. Under the existing law of RA *"On the Alienation of the Private Property for Public and State Needs"* the RA Government will issue a Decree determining the case of exclusive public and state priority needs based on the request from relevant state agencies. The government decree on the recognition of an item as prevailing and exclusive public interest shall set out:

- (i) exclusive and 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) and
- (iv) a final deadline to launch the alienation process.

90. The law of RA *"On the Alienation of the Private Property for Public and State Needs"* specifies the land acquisition procedures and compensation rights of titled landowners and owners of immovable property in cases of alienation of their property for public purposes. Upon enactment of the government decree on recognition of property as prevailing exclusive public interest, the authorized body shall compile description protocol 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 the compilation of such minutes if the latter had not been compiled during the preliminary survey of the property. One copy of the description protocol the alienated property shall be, within no later than three days after its compilation, be duly communicated to the owner and persons holding property rights towards such property, who are entitled to protest it with the authorized body and/or court within ten days after receiving the information.

91. The consideration for the land/property being acquired will be established by an agreement between YM and APs, taking into account the market value of the property and damages, including consequential damages, and may include exchange of land/property. Adequate compensation shall be paid to the owner against alienation of his/her property. Adequate compensation shall be the amount 15 percent over and above the market price for the alienated property.

92. Assessment of the real estate or the real estate rights shall be made in accordance with the procedure defined under the Act of the Republic of Armenia on Assessment of Real Estate in Armenia adopted in October 4, 2005.

6.1.2 Asian Development Bank Involuntary Resettlement Policy under the Safeguard Policy Statement

93. The ADB Policy on Involuntary Resettlement is based on the following principles:
- (i) Involuntary resettlement is to be avoided or at least minimized;
 - (ii) Compensation/rehabilitation provisions will ensure the maintenance of the APs' pre-Project standards of living;
 - (iii) APs should be fully informed and consulted on LAR compensation Alternatives;
 - (iv) APs' socio-cultural institutions should be supported/used as much as possible;
 - (v) Compensation will be carried out with equal consideration of women and men;
 - (vi) Lack of legal title should not be a bar to compensation and/or rehabilitation;
 - (vii) Particular attention should be paid to households headed by women and other vulnerable groups, such as Indigenous Peoples, and appropriate assistance should be provided to help them improve their status;
 - (viii) LAR should be conceived and executed as a part of the Project, and the full costs of compensation should be included in Project costs and benefits; and
 - (ix) Compensation and resettlement subsidies will be fully provided prior to clearance of right of way/ground leveling and demolition.

6.1.3 Comparison of RA Legislation on Land Acquisition and Resettlement and Asian Development Bank Resettlement Policy

94. RA Legislation and ADB policies are outlined and compared in the following table:

Table 6-1 Comparison of RA legislation on Land Acquisition and Resettlement and Asian Development Bank Resettlement Policy

Armenian Laws and Regulations	ADB SPS
Public information and consultation campaign must be carried out by the LARU during all stages of the land acquisition and resettlement process as envisaged by LARF.	The ADB SPS requires meaningful consultations and participation starting from the project preparation stage and carried out throughout the project cycle.
The same is outlined by the LARF	ADB requires that the client establish and maintain a grievance redress mechanism which should promptly address affected people's concerns and complains.
Land compensation only for titled landowners	Lack of title is not a bar to compensation and/or rehabilitation. Non-titled landowners receive rehabilitation.
All affected houses/buildings are compensated for buildings damages/demolition caused by a Project, with the exception of unregistered commercial structures	ADB Policy includes compensation for unregistered commercial structures as well
Crop losses compensation provided only to registered landowners	Crop losses compensation provided to all APs
Land valuation based on current market value plus 15% of the assessed value.	Land valuation based on current market rate/replacement cost
Information on impacts quantification/costing, entitlements, and amounts of compensation and financial assistance are to be disclosed to the AHs/APs prior to appraisal	The same

Armenian Laws and Regulations	ADB SPS
No provision for income/livelihood rehabilitation measure, allowances for severely affected APs and vulnerable groups, or resettlement expenses	The ADB policy requires rehabilitation for income/livelihood, for severe losses, and for expenses incurred by the APs during the relocation process

95. In general, there are no basic differences between the Armenian legislation and ADB policies regarding land acquisition and resettlement. However, Armenian laws and regulations are not very clear on how the rehabilitation of APs is to be achieved. Another issue is that ADB recognizes as eligible for compensation, or at least rehabilitation, titled and non-titled owners or registered and unregistered tenants. To reconcile these gaps between the Armenian legislation and ADB policy, for this Project, YM will draft the Project LARF, based on the LARF prepared for the previous Tranches and that was approved by ADB and the Armenian Government. This document will ensure compensation at full replacement cost of all items and at least rehabilitation of informal/non-titled settlers and unregistered businesses. The LARF will also provide rehabilitation packages for vulnerable or severely affected APs that will be relocated.

96. Attempts will first be made to acquire private land on the basis of negotiation with individual affected entities. Should the negotiation fail, the power of Eminent Domain will be sought and the expropriation process will start. In the event of a negotiated sale, ADB requires that appropriate due-diligence is applied to ensure that APs are offered a fair price, informed, and allowed sufficient bargaining space and their case is monitored by an independent external party. These conditions will be fully guaranteed by the use of an external monitoring agency and by the Armenian Government practice of engaging independent land assessors to determine asset compensation rates.

6.1.4 Land Acquisition and Resettlement Framework Principles and Entitlements Proposed for this Multi Tranche Financial Facility

97. Based on Armenian laws and ADB's Safeguard Policy Statement (SPS), 2009, the following core involuntary resettlement principles will be incorporated in this MFF:

- (i) Land acquisition, and other involuntary resettlement impacts will be avoided or minimized exploring all viable alternative Project designs;
- (ii) Where unavoidable, a time-bound LARP will be prepared and APs will be assisted in improving or at least regaining their pre-program standard of living;
- (iii) Consultation with APs on compensation, disclosure of resettlement information to APs, and participation of APs in planning/implementing sub-Projects, such as providing their views on design alternatives and participating in monitoring activities, will be ensured;
- (iv) Vulnerable and severely affected APs will be provided with special assistance;
- (v) Non-titled APs (e.g. informal dwellers or squatters, APs without registration details) will receive a livelihood allowance in lieu of land compensation and will be fully compensated for losses other than land;
- (vi) Legalizable APs will be legalized and fully compensated for land losses;
- (vii) Provision of income restoration and rehabilitation;
- (viii) The LARP will be disclosed to the APs in the local language
- (ix) Payment of compensation, resettlement assistance and rehabilitation measures will be fully provided prior to the contractor taking physical possession of the land and to the commencement of any construction activities on a particular package; and
- (x) Appropriate redress mechanisms to resolve APs' grievances are established.

6.2 Compensation Eligibility

98. APs entitled for compensation or at least rehabilitation provisions under the Project are:

- (i) All APs losing land either covered by legal title/land rights or without legal status;
- (ii) Tenants and sharecroppers whether registered or not;
- (iii) Owners of buildings, crops, plants, or other objects attached to the land; and
- (iv) APs losing business, income, and salaries.

99. Compensation eligibility will be limited by **the cut-off date** to be set for each subproject on the day of the beginning of the AP Census and DMS (preparation of the description protocols). APs who settle in the affected areas after the cut-off date will not be eligible for compensation. However, they will be given sufficient advance notice, requested to vacate premises and dismantle affected structures prior to Project implementation. Their dismantled structures and materials will not be confiscated and they will not pay any fine or suffer any sanction.

6.3 Compensation Entitlements

100. LAR tasks under the Project will be implemented according to a compensation eligibility and entitlements framework in line with both Armenian laws and regulations and ADB policies. The basis to determine the amount of compensation is the market value of the property and the transaction cost and in cases where the cadastral value exceeds the market value of the property, the cadastral value will be taken as basis. A summary entitlements matrix is included in the following Table.

Table 6-2 Entitlement Matrix

Type of Loss	Application	Definition of APs	Compensation Entitlements
1. Agricultural Land Loss	AH losing agricultural land regardless of impact severity	Owners	Compensation at replacement cost+15% either in cash at market rates or cadastral values (whichever is higher). When there are no active land markets cash compensation will be based on the value of the yearly product of the land for a sufficient number of years to ensure the affected parties rehabilitation for the loss of their land.
		Legalizable Owner	Legalizable APs will be legalized and paid the same compensation as above.
		Leaseholder (community/state)	Leaseholder will be legalized and compensated as full owners at market rates or cadastral values (whichever is higher) or will be given a new lease. If this is not possible they will receive compensation equal to "the market or cadastral value of affected land (whichever the highest) + 15%" in the following proportions according to the remaining length of the lease: 1) < 1 year 5%; 2) < 15 years 14%; 3) < 25 years 20%; 4) > 25 years -25%.
		Non-legalizable AHs	These APs will receive a rehabilitation allowance equal to 25% of the affected land market or cadastral value (whichever the highest)
2. Non-Agricultural Land Loss	AH losing their commercial/residential land	Owner	Compensation at replacement cost+15% either in cash at market rates or cadastral values (whichever the highest).
		Legalizable Owner	Same compensation as above.
		Leaseholder (community/state)	These AH will be legalized and compensated as full owners at market rates or cadastral values (whichever the highest) or will be given a new lease. If this is not possible they will receive compensation equal to "the market or cadastral value of affected land (whichever the highest) + 15%" in the following proportions according to the remaining length of the lease: 1) < 1 year 5%; 2) < 15 years 14%; 3) < 25 years 20%; 4) > 25 years -25%.
		Non-legalizable AHs	These APs will receive a rehabilitation allowance equal to 25% of affected land market or cadastral value whichever the highest..
3. Residential Buildings		All AH regardless of legal status.	Cash compensation + 15% for loss of building at full replacement cost (not less than market value) free of depreciation/transaction costs and salvaged materials. Partial impacts will entail the compensation of the affected portion of the building plus repairs (with agreement of APs).
		Relocated Renters	Relocation and severe impact allowance as entitlement 9 and 10 below

Type of Loss	Application	Definition of APs	Compensation Entitlements
4. Non-residential Buildings/Assets		AHs with valid registration	Cash compensation + 15% for loss of building at full replacement cost (not less than the market value) free of depreciation/transaction costs and salvaged materials. Partial impacts will entail the compensation of the affected portion of the building plus repairs (with agreement of APs).
		AHs with non-legal buildings/structures built on the legal land	Cash compensation for loss of building at full replacement cost (to be not less than the market value) free of depreciation/transaction costs and salvaged materials.
		AHs with non-legal buildings/structures built on the non-legal land	Rehabilitation allowance equal to replacement cost (free of depreciation/transaction costs and salvaged materials) minus the legalization cost, up to a maximum up to 20% of market value.
		Relocated Renters	Relocation and severe impact allowance as entitlement 9 and 10 below
5. Common Property Loss	Community/Public Assets	Community/State	Reconstruction of lost structure in consultation with community/state authorized agency and restoration of their functions
6. Crop Losses	Standing crops affected	All AH regardless of legal status (including owners subject to obtaining legal status and residents having no residency status)	One year crop compensation in cash at market rate by default at gross crop value of expected harvest.
7. Tree Losses	Trees affected	All AH regardless of legal status. (including owners subject to obtaining legal status and residents having no residency status)	Cash compensation at market rate based on type, age and productive value of the trees.
8. Business or Employment Losses	Business employment loss	All AH regardless of legal status (including owners subject to obtaining legal status and residents having no residency status).	Owner: (i). (permanent impact) cash indemnity of 1 year net income; (ii) (temporary impact) cash indemnity of net income for months of business stoppage up to 1 year. Assessment to be based on tax declaration. In absence of tax declaration the AH will receive a rehabilitation allowance based on the maximum non-taxable salary for the number of months of business stoppage up to 1 year. The maximum non-taxable salary is equal to minimum salary. Permanent Worker/Employees: Indemnity equal to: (i) Permanent job loss 6 months of average salary; (ii) Temporary loss average monthly salary for the number of months of job loss up to 6 months..
9. Allowances for Severe Impacts	AH with >10% agricultural income loss or to be relocated	All severely affected AHs including informal settlers and relocated renters	i) 1 additional crop compensation covering 1 year yield for APs affected by severe agricultural income losses ii) a rehabilitation allowance of 6 months at minimum salary for relocated AHs..
10. Relocation Allowances	Transport/transition costs	All relocated AH including relocated renters	Provision of funds to cover transport costs and livelihood expenses for 1 month.
11 Vulnerable People Allowances		AHs below poverty line or headed by Women or elderly people	Allowance equivalent to 6 months of minimum salary and employment priority in Project-related jobs
12. Temporary Impacts		All AHs	Due rent and rehabilitation for temporarily affected assets will be provided.
13. Unforeseen LAR Impacts, if any			YM will consider the unforeseen resettlement impacts during Project implementation and will compensate/ rehabilitate based on the above provisions.

101. Entitlement provisions for APs losing land, houses, and income and rehabilitation subsidies include provisions for permanent or temporary land losses, buildings losses, crops and trees losses, a relocation subsidy, and a business losses allowance based on tax declarations and/or lump sums. These entitlements are detailed below:

- (i) **Agricultural and non-agricultural land impacts** are to be compensated in cash at current market rates or cadastral value (whichever the highest) plus a 15% allowance. When >10% of an AP agricultural income is affected, AP (owners, leaseholders and sharecroppers) will get an additional allowance for severe impacts equal to the market value of a year's gross yield of the land lost.
- (ii) **For actually possessed and used lands, which are non-legalizable**, APs will be compensated with one time self-relocation allowances in cash equal to 25% of the market or cadastral value of the affected land (whichever is highest).

- (iii) **For actually possessed and used lands, which are legalizable**, APs (if any) will be legalized and paid as titled owners.
- (iv) **Leaseholders** are to be compensated based on the market or cadastral value (whichever is higher) of the affected land + a 15% allowance in proportion to the **remaining years** of lease as follows: i.) <up to 1 year - 5% of land value; 2) < up to 15 years - 14% of land value; 3) < up to 25 years - 20% of land value; 4) 25 years and more- 25% of land value.
- (v) **Residential buildings/structures** are to be compensated to all APs irrespective of the house registration status in cash at replacement cost (not less than the market value) plus a 15% allowance. Compensation is free of deductions for depreciation, transaction costs and salvageable materials. In case of partial impacts and unwillingness of the owner to relocate, building impacts cover only the affected portion of a building and its full rehabilitation to previous use. Relocated renters will be given all relocation and severe impacts allowances (see below).
- (vi) **Non-residential buildings/structures** are to be compensated in the following ways:
 - a. **AHs with valid registration** - Cash compensation + 15% for loss of building at full replacement cost (to be not less than the market value) free of depreciation/transaction costs and salvaged materials;
 - b. **AHs with non-legal buildings/structures built on the legal land** – As above, but without 15% allowance;
 - c. **AHs with non-legal buildings/structures built on the non- legal land** – Rehabilitation allowance equal to replacement cost (free of depreciation/transaction costs and salvaged materials) minus the legalization cost, up to a maximum of 20% of market value. Relocated renters will be given all relocation and severe impacts allowances (see below).
- (vii) **Crops:** Cash compensation at current market rates for the gross value of 1 year's harvest by default. Crop compensation is to be paid both to landowners and tenants based on their specific sharecropping agreements.
- (viii) **Trees:** Cash compensation at market rate based on type, age and productivity of trees.
- (ix) **Businesses:** Permanent losses (1 year or more) will be compensated in cash equal to 1-year of net income based on tax declaration; temporary losses will be compensated in cash equal to the monthly income based on tax declaration with the number of months of business stoppage. In the absence of a tax declaration these AP will be compensated as above but based on the maximum non-taxable salary (minimum salary).
- (x) **Permanent business workers and employees:** receive indemnity in this amount of their average salary for lost wages for 6 months. Temporary employment losses: Indemnity for lost wages for the period of business interruption up to a maximum of 6 months.
- (xi) **Relocation subsidy:** APs forced to relocate (including renters) will receive a relocation subsidy sufficient to cover transport costs and living expenses for 1 month amounting to the minimum salary.
- (xii) **Community structures:** are to be fully replaced or rehabilitated so as to satisfy their pre-Project functions.
- (xiii) **Severe impacts allowances:** These are to be given to AH losing >10% of agricultural income (see above) or to AH relocated from residential structures (including renters).
- (xiv) **Vulnerable people livelihood:** Vulnerable people (APs below poverty line and women or elder headed households) will be given a rehabilitation allowance equal to 6 months at minimum salary and employment priority in Project-related jobs.

6.4 Assessment of Compensation Unit Values

102. Assessment of the real estate or the real estate rights was made in accordance with the procedure defined under the Act on Assessment of Real Estate in Armenia. ADB methodology for assessing unit compensation values of different items is as follows:

- (i) **Agricultural Land** will be valued at market rates based on a survey of land sales in the year before the impact survey.
- (ii) **Houses/Buildings** are to be valued at replacement rate based on construction type, materials cost, labor, transport/other construction costs. No deduction for depreciation/transaction costs. If an AP does not wish to relocate, partial impacts may be paid only for the affected portion of the building or repairs.
- (iii) **Annual Crops** are to be valued at net market rates at the farm gate for the first year crop. In the event that more than one-year compensation is due to the APs the crops after the first year are to be compensated at gross market value.
- (iv) **Trees** are to be valued according to different methodologies depending on whether the tree lost was a wood tree or a productive tree.
 - a) Wood trees are valued based on age category (a. seedling; b. medium growth and c. full growth) and wood value and volume;
 - b) Fruit/productive trees are to be valued based on the age (a. seedling; b. adult-not yet fruit bearing; and c. fruit bearing). Stage (a) and (b) trees are compensated based on the value of the investment made; stage (c) trees are compensated at net market value of 1 year income x number of years needed to grow a new fully productive tree.

103. The compensation unit rates will be assessed by a certified independent evaluator based on clear and transparent methodologies acceptable to the ADB. The assessed compensation rates then will be verified and certified by the PIU.

6.5 Conditions for Expropriation

104. Acquisition of land through expropriation proceedings entails lengthy procedures and often may be resisted. Such approach will thus be pursued under the Program only in extreme cases when negotiations between APs and YM fail and no alternative land is available to implement the project. In these cases, however, YM will not occupy the needed plots until: (i) the proper judicial process as defined by the law is initiated; (ii) a court injunction has been obtained and properly communicated to the APs; and (iii) the compensation/rehabilitation amounts are deposited in an escrow account.

6.6 Conditions and Mechanisms for Legalization

105. In principle all occupants of untitled-plots can be legalized as long as they do not occupy areas classified as "Red Zones", the areas officially reserved for a specific public use, such as military areas, hospital areas, school areas or areas that are not ecologically fit for settlement (river beds, radioactive terrains or other dangerous or unfit lands).⁴ The Law of the Republic of Armenia has set detailed procedure for legalization of legalizable assets.

⁴ See Land Code of the Republic of Armenia (2nd of May,2001) article 60

106. However, the approach adopted for this Project envisaged an easier procedure for legalization of legalizable assets, which is followed by fair and equal compensation as titled assets. In case of non-titled residential buildings, the APs have to initiate the legalization process in accordance with pertinent administrative regulations. The approach of YM to the legalization issue is the following:

- (v) In the case of affected illegal residential construction, APs will not go through the legalization procedure but will be given compensation as rightful owners (115% of the replacement cost);
- (vi) In case of affected non-residential constructions, APs will not need to go through the legalization procedure. The compensation amount will be paid at replacement cost less the legalization cost;
- (vii) In case of legalizable affected non-titled land, APs will be legalized and paid as titled owners;
- (viii) In case of non-legalizable affected land, APs will be compensated with one time self-relocation allowances in cash equal to 25% of the market or cadastral value of the affected land (whichever the highest).

107. In case of leaseholders, they will be legalized and compensated as full owners or will be given a new lease. If this is not possible they will receive compensation based on the market or cadastral value (whichever the higher) of the affected land + a 15% allowance in proportion to the remaining years of lease as follows: i.) < up to 1 year - 5% of land value; 2) < up to 15 years - 14% of land value; 3) < up to 25 years - 20% of land value; 4) 25 years and more- 25% of land value.

7 RESETTLEMENT BUDGET

7.1 Background

108. This chapter describes the methodology adopted for the determination of unit rates, preliminary cost assessment of LAR and compensation that will be paid to APs for resettlement impacts caused by the project. The compensation entitlements of different categories of APs presented in this chapter have been defined according to the principles adopted in the LARF used for Tranche 1. The compensation rates were determined by a certified independent evaluator using transparent methodology that was accepted by the ADB, the PIU/YM and GoA during the Tranche 1 projects.

7.2 Compensation for Land

7.2.1 Valuation Approach

109. According to LARF, land owners, leaseholders, land users subject to legalization will receive compensation for the affected land. YM decided to provide Illegal users with livelihood restoration/rehabilitation allowances for the affected land. The compensation details are presented in the following table.

Table 7-1 Compensation/ Rehabilitation Allowances for Agricultural and Non-agricultural Land

Owner	Land user subject to legalization	Illegal land user
Replacement cost+15%	Replacement cost+15% (after legalization)	25% of the replacement cost
Leaseholders for the remaining years of lease		
Up to 1 year - (replacement cost +15%) * 0.05		
Up to 15 years - (replacement cost +15%) * 0.14		
Up to 25 years - (replacement cost +15%) * 0.20		
25 years - (replacement cost +15%) * 0.25		

110. The basis for the compensation and rehabilitation allowance calculation is the market price of the land in this area. The market value of the land was assessed by using a comparative evaluation method. The comparative method 5 is based on the comparison of reliable, market information on the sale of similar plots (at least three sales examples). Based on this method, the adjusted average sale price of recently sold lands (within the same location and the same/similar application purpose/features) is determined.

5 RA Law on Real Property Assessment, Article 11

7.2.2 Compensation for Land

111. The compensation to be paid to legal land owners was calculated at replacement cost, which includes (as per the ADB requirements) fair market value, interest accrued (if any), transaction and restoration cost (if any), any other applicable payments, plus addition of 15% which is in accordance with the RA Law on Eminent Domain. Compensation to be paid for illegally used land was calculated at 25% of the used land value. The total cost for the compensation of land is 4,652,937,569.86 AMD. Out of the total sum, the rehabilitation allowance for illegally used land is estimated at 1,576,395,465 AMD for 229,893.59 m² (sum of values for “Other land” category which is mainly illegally used community land).

Table 7-2 Compensation for Private and Community Land

Land category	Section 5			Section 6			Section 7			Section 8			Section 9		
	Unit rate	Affected area	Cost	Unit rate **	Affected area	Cost	Unit rate **	Affected area	Cost	Unit rate **	Affected area	Cost****	Unit rate **	Affected area	Cost
	AMD /m2	m²	AMD	AMD/ m2	m²	AMD	AMD/ m2	m²	AMD	AMD/ m2	m²	AMD	AMD/ m2	m²	AMD
Agriculture	5,331	1,084	5,780,112	-	-	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	35,000	2,544.78	89,067,300	33,000	10,090.0	332,970,000	46,000	11,896.0	547,216,000	41,000	10,507.18	430,794,380
Commercial	19,743	4,067	80,294,373	87,000	4,288.90	373,134,300	107,000	4.50	481,500	66,000	6,849.20	452,047,200	106,000	4,677.74	495,840,440
Industrial	-	-	-	31,000	4,293.0	133,083,000	-	-	-	71,000	369.0	26,199,000	29,000	3,780.50	109,634,500
Other land*	5,510	7537.73	41,535,574	10,000	32,211.60	322,116,000	5,550	53,530.0	297,091,500	9,000	52,914.0	476,226,000	5,250	83,700.27	439,426,391
Total	-	12,688.88	127,610,059	-	43,338.28	917,400,600	-	63,624.50	630,543,000	-	72,028.20	1,501,688,20	-	102,665.69	1,475,695,711
GRAND TOTAL COST (AMD):													4,652,937,569.86		

7.3 Compensation for Crops and Trees

7.3.1 Crops

112. There is no crops affected in Sections 8 and 9 and only crop affected dissection 5 is the plot of flowers. The total affected crop area amounts 3,628 m². Crop compensation will be paid in cash at market rate at the gross crop value of the expected annual harvest. The unit rates were determined based on the yield and prices of major crops in the project area. Total crop compensation is 2,795,707 AMD.

Table 7-3 Compensation for Crops

Impact on crops	Section 5	Section 6	Section 7	Section 8	Section 9	Grand total
Affected area m ²	25	2,167.0	1436	-	-	3,628
Unit average cost (AMD)	1000	769	769	-	-	-
Total average cost (AMD)	25,000	1,666,423	1,104,284	-	-	2,795,707

7.3.2 Fruit and Decorative/Wood Trees

113. In total, there are 6,316 affected trees (**Table 2-2**). Out of this, 4,402 are fruit trees for which compensation will amount to 155,240,570 AMD. There are 1,914 decorative and wood trees affected and compensation for these trees is estimated to 25,341,890 AMD. In total, compensation for affected trees would amount to 180,582,460 AMD. (See the following table)

Table 7-4 Compensation for Trees

Type of tree	Section 5		Section 6		Section 7		Section 8		Section 9		Grand Total (AMD)
	Unit average cost (AMD)	Total average cost (AMD)	Unit average cost (AMD)	Total average cost (AMD)	Unit average cost (AMD)	Total average cost (AMD)	Unit average cost (AMD)	Total average cost (AMD)	Unit average cost (AMD)	Total average cost (AMD)	
Fruit trees	67,516	2,430,570	35,000	70,770,000	35,000	24,710,000	35,000	32,795,000	35,000	24,535,000	155,240,570
Wood/ decorative trees	21,784	1,219,890	13,000	11,271,000	13,000	3,939,000	13,000	8,528,000	12,000	384,000	25,341,890
Total	-	3,650,460	-	82,041,000	-	28,649,000	-	41,323,000	-	24,919,000	180,582,460

7.4 Compensation for Buildings and Structures

7.4.1 Valuation Approach

114. The compensation for alienated structures was calculated regardless of its legal status; the owners of legal structures and the users of illegal ones. Based on the LARF applicable for this Tranche, all buildings partially or completely affected, will be entirely compensated, regardless of whether the AH, who lives or works in the building, relocates or not. The replacement costs for buildings and structures was determined by calculating the construction cost of similar new buildings/structures, for the same use and materials, or a substitute that meets modern requirements, based on market prices as of the assessment date. For each group, LARF defines a special approach for the calculation of compensation. The general approach is presented in the following table.

Table 7-5 Compensation Entitlements for Residential and Non-Residential Structures

Legal and non-legal residential structures	Legal non-residential structures	Non-legal non-residential structures on legal land	Non-legal non-residential structures on non-legal land
Replacement cost +15%	Replacement cost +15%	Replacement cost	Replacement cost minus 20% for legalization expenses

115. In total, 5,651,885,429.47 AMD for 167 (126 main and 41 supporting/secondary) (**Table 2-4**) affected buildings and structures with an area of 13,790.55 m², will be paid to owners and non-legal users of buildings and structures as a result of land acquisition. (Table 7.6)

Table 7-6 Compensation for Buildings and Structure

Type of affected structures	Section 5			Section 6			Section 7			Section 8			Section 9		
	Unit rate	Affected area	Total cost	Unit rate *	Affected area	Total cost**	Unit rate *	Affected area	Total cost	Unit rate *	Affected area	Total cost**	Unit rate *	Affected area	Total cost
	AMD/m2	m²	AMD	AMD/m2	m²	AMD	AMD/m2	m²	AMD	AMD/m2	m²	AMD	AMD/m2	m²	AMD
Residential main	-	-	-	311,000	3,408.22	1,059,956,420	311,000	658.35	204,746,850	358,000	397.80	142,412,400	311,000	2,106.20	879,321,400
Residential secondary	-	-	-	170,000	495.04	84,156,800	-	-	-	-	-	-	170,000	669.45	161,831,500
Commercial main	277,572.42	398.8	110,695,879.47	429,000	2,572.35	1,103,538,150	-	-	-	453,000	487.88	221,009,640	453,000	518.16	422,769,840
Commercial secondary	-	-	-	244,000	176.60	43,090,400	324,000	35.60	11,534,400	-	-	-	244,000	787.35	192,113,400
Industrial main	-	-	-	-	-	-	-	-	-	-	-	-	215,000	217.50	664,027,500
Industrial secondary	-	-	-	167,000	19.25	3,214,750	-	-	-	-	-	-	151,000	842.00	347,466,100
Total	-	398.8	110,695,879.47	-	6,671.46	2,293,956,520	-	693.95	216,281,250	-	885.68	363,422,040	-	5,140.66	2,667,529,740
GRAND TOTAL AREA (m²):			13,790.55			GRAND TOTAL COST (AMD):						5,651,885,429.47			

7.5 Compensation for Business Losses

116. The project will affect 43 businesses. The mostly affected are car services and shops. Among other affected type of businesses, there are 2 petrol/gas stations, non-operating central heating system. Compensation amount for businesses is based on an average business value determined for the North-South Project. It is expected that losses will be permanent due to demolition of the building or structure where businesses operate. The compensation for businesses amounts to 88,247,360 AMD.

Table 7-7 Compensation for Business Losses

Type of affected business	Section 5			Section 6			Section 7			Section 8			Section 9			Grand Total
	Average unit rate	Affected business	Cost	Average unit rate	Affected business	Cost*	Average unit rate	Affected business	Cost	Average unit rate	Affected business	Cost**	Average unit rate	Affected business	Cost	
	AMD/business	No	AMD	AMD/business	No	AMD	AMD/business	No	AMD	AMD/business	No	AMD	AMD/business	No	AMD	
Commercial	580,060.00	6	3,480,360	2,291,000	12	27,492,000	2,291,000	1	2,291,000	2,291,000	10	22,910,000	2,291,000	11	25,201,000	81,374,360
Industrial	-	-	-	2,291,000	1	2,291,000	-	-	-	-	-	-	2,291,000	2	4,582,000	6,873,000
Total	-	6	3,480,360		13	29,783,000		1	2,291,000		10	22,910,000		13	29,783,000	88,247,360

7.6 Estimated Budget (Cost) Summary

117. The estimated total implementation cost of the Preliminary LARP amounts to 13,502,678,382.59 AMD which is equivalent to USD 32,694,136.52 as shown in the following table. The budget also includes miscellaneous expenses for administrative costs that will be incurred during the implementation of LARP and 20% contingency for unforeseen expenses during the implementation of LARP.

Table 7-8 Budget Summary

Item	Section 5	Section 6	Section 7	Section 8	Section 9	Grand Total (AMD)
Compensation for land (Including 15% surcharge)	127,610,058.61	917,400,600.00	630,543,000.00	1,501,688,200.00	1,475,695,711.25	4,652,937,569.86
Compensation for buildings and structures (Including 15% surcharge)	110,695,879.47	2,293,956,520.00	216,281,250.00	363,422,040.00	2,667,529,740.00	5,651,885,429.47
Compensation for trees	3,650,460.00	149,952,000.00	40,778,000.00	84,798,000.00	24,919,000.00	304,097,460.00
Compensation for crops	25,000.00	1,666,423.00	1,104,284.00	-	-	2,795,707.00
Compensation for business losses	3,480,360.00	29,783,000.00	2,291,000.00	22,910,000.00	29,783,000.00	88,247,360.00
Compensation for other losses (vulnerables, relocation costs, etc.)	16,447,888.42	-	-	-	-	16,447,888.42
Sub-Total	261,909,646.50	3,392,758,543.00	890,997,534.00	1,972,818,240.00	4,197,927,451.25	10,716,411,414.75
II. Administrative Costs						
Direct administration costs (5% of Sub-Total)	13,095,482.33	169,637,927.15	44,549,876.70	98,640,912.00	209,896,372.56	535,820,570.74
Total	275,005,128.83	3,562,396,470.15	935,547,410.70	2,071,459,152.00	4,407,823,823.81	11,252,231,985.49
Contingency 20%	55,001,025.77	712,479,294.03	187,109,482.14	414,291,830.40	881,564,764.76	2,250,446,397.10
Total LAR Budget (AMD)	330,006,155	4,274,875,764	1,122,656,893	2,485,750,982	5,289,388,588.58	13,502,678,382.59
Total LAR Budget (USD)	799,046.38	10,350,788.78	2,718,297.56	6,018,767.51	12,807,236.29	32,694,136.52
*1USD=413 AMD Exchange rate on May, 2014, Central bank of the Republic of Armenia (https://www.cba.am/)						

Table 7-8 a Sections 8.1 and 8.2 Estimated Budget (Cost) Summary

Item	Section 8.1	Section 8.2
I. Compensation Cost		
Compensation for land (Including 15% surcharge)	8,045,593,200	5,897,602,500
Compensation for buildings and structures (Including 15% surcharge)	6,097,185,000	4,427,040,000
Compensation for trees	66,220,000.00	58,255,000.00
Compensation for crops	-	-

Item	Section 8.1	Section 8.2
Compensation for business losses	11,455,000.00	9,164,000
Compensation for other losses (vulnerables, relocation costs, etc.)	-	-
Sub-Total	14,220,453,200.00	10,392,061,500
II. Administrative Costs		
Direct administration costs [5% of Sub-Total)	711,022,660.00	519,603,075.00
Total	14,931,475,860.00	10,911,664,575.00
Contingency 20%	2,986,295,172.00	2,182,332,915.00
Total LAR Budget (AMD) (USD)	(AMD 17,917,771,032.00) (USD 43,384,433.49)	(AMD 13,093,997,4490.00) (USD 31,704,594.41)
<i>Exchange rate on May, 2014, Central bank of the Republic of Armenia (https://www.cba.am/)</i>		
*1USD=413 AMD		

118. The estimated total implementation cost of alternative sections amounts to USD 43,384,433.49 for Section 8.1 and USD 31,704,594.41 for Section 8.2 as shown in the Table 7. 8 a. Compensation for each of the alternative Section is higher than the cost for Section 8 which amounts to USD 19,762,664.49 The budget also includes miscellaneous expenses for administrative costs that will be incurred during the implementation of LARP and 20% contingency for unforeseen expenses during the implementation of LARP.

8 INSTITUTIONAL ARRANGEMENTS

8.1 Background

119. Planning and implementation of the LAR activities involve distinct processes and dynamics of different actors. There are already set systems and institutional arrangements for Tranche 1 projects. The same institutional arrangement is planned for the Tranche 2 projects. This chapter will present the details on all the parties and their roles during the LAR activities.

8.2 Core Agencies and Organizations

8.2.1 Asian Development Bank

120. The Asian Development Bank (ADB) will be the funding agency of the Project. In addition to funding, ADB will periodically review and monitor the Project and LARP implementation as well as provide clearance to contract awards and signing/initiation of civil works on the Project.

8.2.2 The RA Ministry of Economy

121. The RA Ministry of Economy will be the executing agency (EA) for the project. It will implement general functions for the Program including cross-agency coordination.

8.2.3 The Municipality of Yerevan and Project Implementation Unit

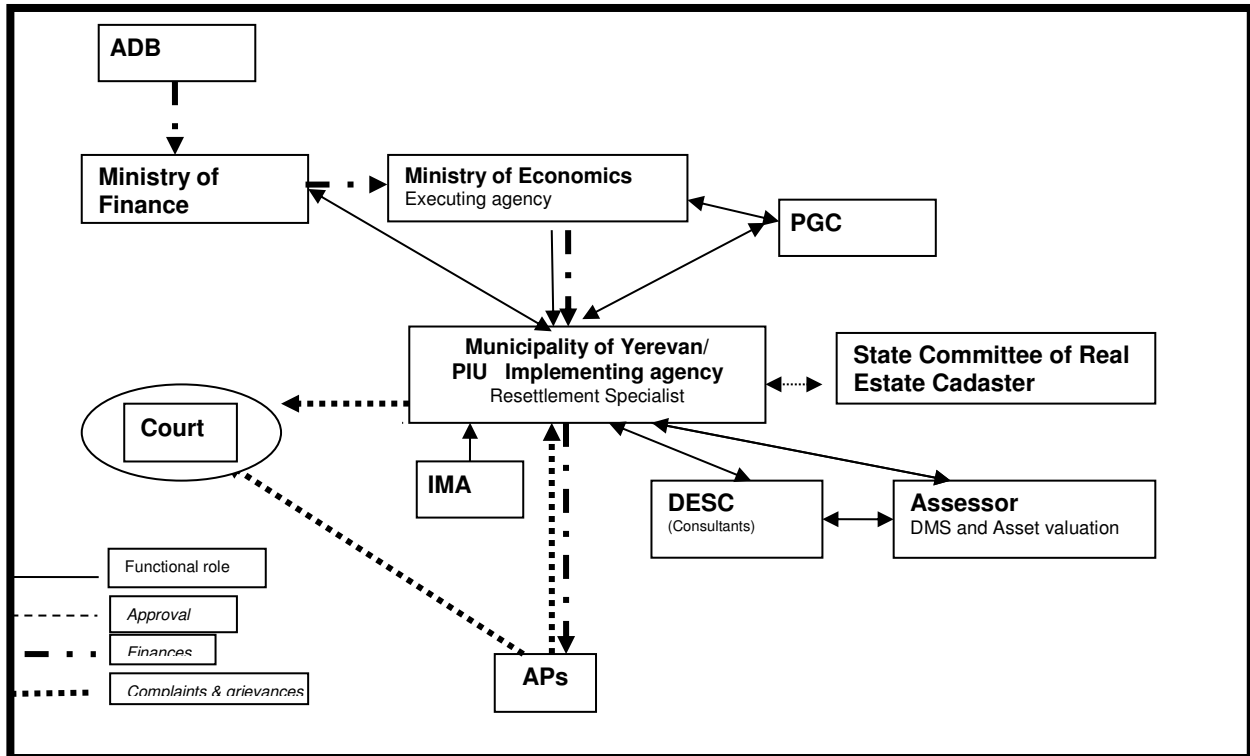
122. The Municipality of Yerevan (YM) has the overall responsibility for the Project. This includes preparation, implementation and financing of all LAR tasks and cross-agency coordination. YM exercises its functions with respect to the Project through the Project Implementation Unit. The PIU Resettlement Specialists (RS) is responsible directly to the PIU head for the general management of the planning and implementation of all LAR tasks.

123. The RS will be responsible for: (i) cooperation with cadastral services; (ii) assisting the consultants in mapping, surveying and title verification activities; (iii) issuing the LARP to ADB for review, (iv) disclosing the LARP; (v) planning and management of LARP implementation and the distribution of compensation; (vi) assisting in case of complaints; (vii) ensuring proper internal monitoring. The SRS will also provide all needed documentation to ensure the prompt allocation of LAR budgets to the APs and will maintain the coordination of all LAR related activities. In addition, the PIU RS will serve as a liaison between the resettlement specialist of DESC, YM, PGC, EA, the State Cadaster, ADB and will develop and maintain direct relationships with government authorities with respect to LAR tasks.

124. A Project Governing Council (PGC) is made up of representatives from the YM, concerned ministries and chaired by the RA Prime Minister. It has been established to oversee the Project and in accordance with regulations approved by RA Prime Minister's Decree No 892-A as of October 26,

2009 to make decisions based on its vested right, including resolving high profile AP grievances or serving as a final decision making body for AP grievances, short of their being referred to the Courts.

Figure 8-1 Land Acquisition and Resettlement Organogram and Actions



8.2.4 Consultants

125. Different consultants will be involved in the preparation and implementation of LARPs:

- (i) **Detailed Engineering and Construction Supervision Consultant (DESC)** - includes international and local LAR capacity and survey teams which carried out activities necessary for preparation of Draft LARPs and the Implementations-ready LARPs. DESC will assist in the overall supervision of the LAR activities.
- (ii) **External Monitoring Agency (EMA):** This EMA will conduct the external monitoring and evaluation of the implementation of the LARP. In the absence of a supervision consultant, the EMA is required to continue external monitoring and evaluation for all Tranches.
- (iii) **Independent Detailed Measurement and Asset Valuers:** This is an accredited private firm hired by DESC for measurement and assets inventory as well as evaluation of the affected assets during the preparation of the Preliminary, Draft and Implementation-ready LARPs.

8.3 Other agencies and Institutions

126. Several other Government agencies play instrumental roles in the LAR processes. These are:

- (i) **The RA Ministry of Finance:** The budget funds for the implementation of the LARPs (apart from the budget for land compensation and land acquisition related taxes, duties,

fees and transaction costs) will be provided to YM by the RA Ministry of Finance after the official approval of the final LARP by RA Government;

- (ii) **State Committee of Real Estate Cadastre of the GoA:** is responsible for providing information about the status of real estate ownership, and is in charge of the state registration of ownership;
- (iii) **Local Courts: In case of expropriation issues,** YM will have to rely on the Yerevan City Court which, based on due legal process, will have to review the expropriation cases, carry out a hearing and decide whether the land can be expropriated and if so, what would be fair price.

9 DESCRIPTION OF THE LAND ACQUISITION AND RESETTLEMENT IMPLEMENTATION PROCESS

9.1 Background

127. A detailed LARP implementation schedule will be prepared after the finalization of the road alignment and detailed design by a Design Consultant. The schedule will include the following steps/activities necessary for the preparation and implementation of the LARP.

Table 9-1 Outline of LARP Related Activities

ID	Step/Activity	Responsibility	Indicative Timeframe
1	LARP PREPARATION		
1.1	Hiring the Consultant	YM/PIU	M1
1.2	Finalization of road alignment	Consultant, YM/PIU	M6
1.3	Detailed design	Consultant	M9
1.4	Social and DMS surveys	Consultant	M9
1.5	Valuation of land and other assets	Consultant	M10
1.6	Public consultations and disclosure	Consultant, YM/PIU	M9 and as needed
1.7	Grievance redress	YM/PIU	Ongoing
1.8	Collection of required information from different ministries	YM/PIU	M10
1.9	Notification to the APs on impacts and compensation entitlements	YM/PIU	M11
1.1	Assisting in legalization processes (if any)	YM/PIU	M11
1.11	LARP preparation and documentation	Consultant	M11
1.12	Submission of Draft LARP to the Bank for comments	YM/PIU	M11
1.13	The Bank reviews and comments	The Bank	M11
1.14	Finalizing LARP according to THE BANK comments	Consultant	M12
1.15	Submission of finalized LARP to THE BANK for approval	YM/PIU	M12
1.16	The Bank approves LARP	The Bank	M12

1.17	Submission of LARP to RoA Government for approval	YM/PIU	M12
1.18	RA Government Approves LARP	RA Government	M12
1.19	RA Government Approves LAR Budget	RA Government	M13
1.20	Posting of the approved LARP document on THE BANK and PIU websites	RA Government	M13
1.21	Preparation of the disclosure information pamphlet	Egis/PIU	M13
1.22	Distribution of the disclosure information pamphlet	PIU	M13
2	LARP IMPLEMENTATION		
2.1	Allocation of LAR budget to YM/PIU	Ministry of Finance	M13
2.2	Draft Contracts sent to APs	YM/PIU	M14
2.3	Signing contracts	YM/PIU	M16
2.4	Disbursement of compensation	YM/PIU	M17
2.5	Public consultations and disclosure	Consultant, YM/PIU	As needed
2.6	Grievance redress	YM/PIU	As needed
2.7	Preparation of LARP Compliance Report for THE BANK	IMA	M18
2.8	The Bank reviews the LARP Compliance Report	The Bank	M19
2.9	The Bank approves the LARP Compliance Report	The Bank	M19
2.10	Handing over of the Site to the Contractor	YM/PIU	M19
2.11	Commencement of civil works	Contractor	M19

9.2 Land Acquisition and Resettlement Implementation Milestones

128. IA will provide adequate advance notice to the APs and pay their due compensation based on the eligibility criteria defined in this Preliminary LARP (to be expanded in details in the Implementation-ready LARP) for resettlement including relocation and income restoration/assistance prior to the start of construction work.

129. The following process of compensation disbursement to the APs in accordance to Project LARF and Armenian Laws and Regulations is described below:

- (i) **Sending of Draft Contracts:** As soon as LARP is approved by ADB and RA Government, IA will send the draft contracts to legal APs, including renters. APs should

incorporate their bank account numbers in the draft contracts. IA should sign a final contract with AP within 3 months after dissemination of the draft contract.

- (ii) **Signing of the contracts and agreements:** PIU will sign contracts with APs for disbursement of compensation for legal properties and will sign agreements without notary verification for disbursement of allowances.
- (iii) **Expropriation procedure:** If in the event of compensation dispute the final contract was not signed with AP within 3 months after dissemination of the draft contract, the amount of compensation will be pledged in the names of the APs on the court deposit account. AP has a right to take the amount from deposit account within 7 days. In this case, contract will be considered as signed. Otherwise, IA will initiate expropriation procedure and will transfer the case to the court. In such cases, no construction works on the particular plot will start until court decision is obtained and enters into force.
- (iv) **Payment of Compensation/Allowances:** The compensation amount will be paid within 15 days after contract signing and the 15% will be paid after the AP hands over the property according to a handing act. The compensation will be transferred to the AP's bank account.
- (v) **Vacation of Site:** The APs will have 30 days to relocate from the date of delivery of full compensation/allowances. Within this time they should manage to dismantle and remove all salvageable material for rebuilding of houses and re-establishment of businesses. IA reserves the right to demolish such structures if the AP has not done this by the agreed deadline.
- (vi) **Absent APs:** If owner is not in Armenia, then the deal can be carried out by official representative of the AP based on a power of attorney. If no representative is appointed, then the property will be legally expropriated through a Court process and the compensation will be transferred to the court deposit account. The Court will pay this compensation to any person who establishes his/her legal entitlement to receive it.

130. Any grievances or objections will be redressed as per the grievance redress procedure adopted in this LARP. All activities related to LAR will be completed prior to commencement of civil works.

10 MONITORING AND EVALUATION

10.1 Background

131. The implementation of the final Implementation-ready LARP will be subjected to both internal and external monitoring. Internal monitoring will be conducted by the PIU.

10.1.1 Internal Monitoring and Reporting

132. Internal monitoring will be carried out routinely by PIU. The results will be communicated to ADB through the semi-annual Project implementation reports which will include both, **internal and external monitoring reports**. Indicators for the internal monitoring will be those related to processes, immediate outputs and results which allow for the assessment of the progress and results of LARP implementation, and the adjustment of the work program, if necessary. Specific monitoring benchmarks will be:

- (i) The information campaign and consultation with APs;
- (ii) Status of land acquisition and payments on land compensation;
- (iii) Compensation for affected structures and other assets;
- (iv) Relocation of APs;
- (v) Payments for loss of income;
- (vi) Selection and distribution of replacement land areas; and
- (vii) Income restoration activities.

133. The above information will be generated by the PIU from its documentations which is responsible for monitoring the day-to-day resettlement activities of the Project through the following instruments:

- (i) Review of census information for all APs;
- (ii) Consultation and informal interviews with APs;
- (iii) In-depth case studies;
- (iv) Sample survey of APs;
- (v) Key informant interviews;
- (vi) Community consultation meetings; and
- (vii) Records of payments made, relocation facilitated and income rehabilitation.

10.2 External Monitoring and Reporting

134. External monitoring is required of a project that entails significant involuntary resettlement impacts, to be carried out by qualified and experienced external experts or qualified NGOs. The purpose is to verify the EA's monitoring information and advise on safeguard compliance issues. External monitoring will be carried out by a consulting company, an Independent Monitoring Agency (IMA) selected by YM. External Monitoring entails two types of activity: a) short term-monitoring and

evaluation of LARP implementation and compensation delivery and b) a long-term evaluation of the rehabilitation effects of the LARP program. As per the ADB safeguard requirements, the cost of internal and external resettlement monitoring will be included in the project budget.

10.2.1 Short term Monitoring and Evaluation of Land Acquisition and Resettlement Plan Implementation

135. This task will be carried out in parallel with the implementation of each LARP activity and will entail extensive field visits and communication with AP and EA. This task will result in a final Compliance Report indicating whether the compensation program has been carried out based on the provisions of the LARF and ADB policy, and with the satisfaction of the APs. The Compliance report will be communicated to PMU/YM and ADB. Approval of Compliance report by ADB will be a condition to start civil works. **The Compliance Report** will include the following:

- (i) A verification of AH and AP numbers;
- (ii) A verification that the impacts measurements in the protocols fit actual impacts;
- (iii) A verification that the unit compensation rates used in the protocols fit LARP provisions;
- (iv) A verification that compensation was delivered to all AHs and in the amounts defined in the LARP;
- (v) An assessment of the way the compensation process was conducted/timed in relation to LARP provisions and effectiveness parameters;
- (vi) A review of grievance cases including an assessment of whether grievance resolution was carried out in accordance with LARP provisions and with AP satisfaction;
- (vii) An assessment of AP's satisfaction based on a survey based on a 25% sample of the AH;
- (viii) An assessment of the conducting and completion of expropriation cases;
- (ix) An assessment of the conducting of public consultation and IA-AP communication;
- (x) An assessment of the delivery of allowances to severely affected, vulnerable and resettled APs; and
- (xi) A final assessment of the appropriateness or not of LARP implementation. If LARP implementation is not satisfactory the final assessment will detail the necessary corrective measures.

10.2.2 Long-term Evaluation of the Rehabilitation Effects of the Land Acquisition and Resettlement Plan

136. This task will be carried out 1 year after the end of LARP implementation to find out if the LARP rehabilitation objectives have been attained or not. The SES data which will be collected for the final, Implementation-ready LARP will provide the benchmarks to compare pre and post project conditions. The study will detail:

- (i) Socio-economic conditions of the APs in the post-resettlement period;
- (ii) Communications and reactions from APs on entitlements, compensation, options, alternative developments and relocation timetables etc.;
- (iii) Changes in housing and income levels;
- (iv) Valuation of property;
- (v) Grievance procedures;

- (vi) Disbursement of compensation;
- (vii) Level of satisfaction of APs in the post resettlement period;
- (viii) Level of restoration of the economic and social base of the affected people;
- (ix) Changes in living standards and livelihoods of the APs;
- (x) The long-term effectiveness, impact and sustainability of entitlements, and
- (xi) Need for further mitigation measures and lessons learned

xxxx Please see the previous chapter.