



Republic of Armenia

SOCIAL INVESTMENT AND LOCAL DEVELOPMENT PROJECT

and

**SOCIAL INVESTMENT AND LOCAL DEVELOPMENT
TRUST FUND**

**RESETTLEMENT POLICY
FRAMEWORK**

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GLOSSARY

AMD	Armenian Dram
ASIF (TDF)	Armenian Social Investments Fund (Territorial Development Fund)
DP	Displaced person
EIA	Environmental Impact Assessment
GoA	Government of Armenia
IBRD	International Bank for Reconstruction and Development
IT	Information technology
MTA	Ministry of Territorial Administration
NGO	Non-Governmental Organization
OP	Operational Policy of the World Bank
PAP	Project Affected Person
RAP	Resettlement Action Plan
RAPIU	Resettlement Action Plan Implementation Unit created under the SILD and SILD TF
RoA	Republic of Armenia
RPF	Resettlement Policy Framework
SILD	Social Investment and Local Development Project
SILD TF	Social Investment and Local Development Trust Fund
SNCO	State Non-Commercial Organization
USD	United States of America Dollars
WB	World Bank

DEFINITIONS

The terms used in this document are defined as follows:

- "Resettlement Policy Framework" refers to the present document which is the overall Policy Framework for Resettlement of Project Affected Persons for the Social Investment and Local Development Project (SILD) and Social Investment and Local Development Trust Fund (SILD TF) Project. The Resettlement Policy Framework describes the process and methods for carrying out resettlement under the Projects, including compensation, relocation and rehabilitation of persons affected by the Projects;
- Project Affected Person (PAP) includes any person or persons who, on account of the execution of the Projects, or any of its components or parts thereof, will have their right, title, or interest in any house, land (including residential, agricultural and grazing land) or any other fixed or moveable asset acquired or possessed, in full or in part, permanently or temporarily, adversely affected; or business, occupation, work, place of residence or habitat adversely affected; or standard of living adversely affected;
- The cut-off date for eligibility is publicly announced by the relevant Authorities of the Republic of Armenia (RoA) and the census of PAPs will be undertaken immediately after this announcement;
- For purposes of this policy, involuntary means actions that may be taken without the displaced person's informed consent or power of choice;
- "Resettlement" is the general term related to land acquisition and compensation for loss of assets, whether it involves actual relocation, loss of land, shelter, assets or other means of livelihood and includes all the measures taken to mitigate any and all adverse impacts of the Projects on PAPs' property and/or livelihood, including compensation, relocation (where relevant), and rehabilitation;
- Resettlement effect includes the loss of crops and incomes, in addition to physical relocation. A resettlement effect is significant when more than 200 people are physically displaced and/or 10% or more of their productive assets are lost. A resettlement effect is considered "minor" if fewer than 200 people are displaced and less than 10% of their productive assets are lost;
- "Relocation" means the physical relocation of PAPs from their pre-project place of residence on either a temporary or permanent basis;
- "Replacement Value" is the method of valuation of assets that helps determine the amount sufficient to replace lost assets and cover transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account;
- "Compensation" means payment in cash or in kind of the replacement value of the acquired property;
- "Rehabilitation" means the compensatory measures provided under this RPF other than payment of the replacement value of acquired property;
- "Land" includes anything growing on or permanently affixed to land, such as crops and buildings;
- "Land Acquisition" means the process whereby a person is compelled by a public agency to alienate all or part of the land s/he owns or possesses to the ownership and possession of that

agency, for public purpose, in return for a compensation;

- "Right-of-Way Easement" means the process whereby the owner or possessor of land is compelled to permit the continued use of a part of his land as a means of transit of persons or services, in return for a compensation, but where the ownership of the land remains unchanged;
- "Servitude" according to Armenian definitions, is the right of the Government to acquire land for the use of public projects that benefit the community. In accordance with the Land Code (Articles 50, 100), the landowner has a right to ask for compensation and a right to claim in Court compensation adjustments or the right to stop the Servitude;
- "Grievance Redress Committee" means the committee established at Project level to hear the complaints and grievances of PAPs regarding resettlement, including acquisition of land, houses and other assets, and loss of livelihoods caused by the Projects.

SUMMARY

The purpose of the Resettlement Policy Framework is to provide general guidelines for the Social Investment and Local Development Project (SILD) and Social Investment and Local Development Trust Fund (SILD TF) Project financed correspondingly through the World Bank by SDC for timely, adequate and efficient action to address, minimize and/or mitigate adverse resettlement impacts and to solve resettlement issues, if and when these occur. In accordance with the World Bank resettlement policy, a Resettlement Policy Framework needs to be prepared if the extent and location of resettlement cannot be known at appraisal, which is the case with the SILD and SILD TF. The RPF is prepared in the framework of World Bank's policy on Involuntary Resettlement (OP4.12) and Republic of Armenia (RoA) legal requirements.

1. INTRODUCTION

1.1. Project Description

The proposed Social Investment and Local Development (SILD) project would be the fourth World Bank-financed project implemented by Armenian Social Investment Fund (ASIF), an implementing agency with strong administrative capacity and technical expertise. ASIF was created in 1996 and has successfully completed two IDA financed projects (ASIF I and II). It is currently implementing the ASIF III project, including three additional financings. ASIF generated a sound implementation record through 18 years of project implementation. Since its inception, ASIF has implemented over US\$90 million of investments into local social and economic infrastructure through over 900 local infrastructure micro-projects. It has a solid foundation in local social infrastructure project management and has overseen some of the most cost-effective, efficient and high quality local social infrastructure projects in Armenia.

The proposed project will further the developments achieved under the Armenian Social Investment Project, which was signed between the RoA Government and International Development Association (IDA) on November 1, 2006, based on Loan Agreement P094225 and Agreement on Additional Financing, which was signed by the Government of the RoA and International Development Association (IDA) on February 24, 2012.

The project is strongly aligned with the World Bank twin goals and will support selected elements of the ADS that focuses on eliminating extreme poverty, mitigating poverty of the poorest 40 percent of the population, boosting their prosperity, reducing territorial development disparities, and implementing a targeted territorial development policy. ASIF will support these objectives by using a local development approach to basic infrastructure services delivery and focusing on the bottom 40

percent through specifically targeted interventions as it is specialized to do. This includes the rehabilitation and creation of social infrastructure aimed at improving social welfare in poor and vulnerable communities, mitigating regional disparities through implementing projects in these vulnerable communities and areas, and strengthening efficiency in community governance. ASIF will establish a minimum percentage of resources under component 1 that must go to the most vulnerable communities. The ultimate development goal of SILD is to improve the quality of, and access to, community infrastructure and to enhance the Armenia Social Investment Fund's capacity to design and deliver inter-community social and economic development initiatives.

The SILD TF Project is complementary to the Armenia Social Investment and Local Development (SILD) Project. In particular, it provides additional resources to complement Component 2 of the SILD Project by piloting new innovative intercommunity activities in Syunik and Vayots Dzor regions. The SILD TF is part of a larger engagement of the Swiss Development Cooperation in Armenia to strengthen accountability, effectiveness and efficiency of the local self-government system and thus has specific objectives specifically aligned to SDC's parent program. This Project will follow the operational procedures developed for the World Bank-financed SILD Project. The principles and procedures described in this RPF¹ will apply to all activities under the SILD TF as well.

Implementation of the project is planned to be carried out within the following 3 components:

1. Support to Vulnerable Communities and Areas (US\$16.0 million);
2. Support to Inter-Community Social and Economic Development Initiatives (US\$10.0 million);
3. Project Management and Institutional Support (US\$4.0 million).

The proposed project will build on ASIF's current high capacity in implementing social infrastructure projects, while working to evolve existing delivery model to meet the current needs and strategies of Armenia in line with the objectives of the Armenian Development Strategy 2012-2025 on reducing regional socio-economic disparities and promoting harmonic regional development.

The Government of the ROA passed a formal decision on "Approval of the ASIF's Development Strategy and the Creation of a Territorial Development Fund on the Basis of the Restructuring of ASIF" which entails the transformation of ASIF into a Territorial Development Fund as of January 2015. In the short-term, ASIF will maintain its focus on short-term local social infrastructure micro-projects, while it develops the blueprint and criteria for longer-term, larger and sustainable development projects and the diversification of its funding. The main goals of the ASIF (TDF) will be aimed at supporting the Government's initiatives in: (a) raising the living standards of the poor and vulnerable groups of population, (b) institutional strengthening at the municipal and community level.

Component 1: Support to Socio-Economic Development and Capacity Building at the Local Level (US\$16.0 million)

Since its creation, ASIF has been implementing small-sized, one-time investment projects in the most vulnerable communities to satisfy their urgent basic needs. The selected community investments micro-projects are chosen using a well-developed two-stage poverty targeting strategy, with the first level defining broad allocations for the regions and the second level identifying needy communities. Needy communities are identified using a community profiling and mapping exercise based on criteria relating to social, demographic, economic, financial, geographic, and infrastructure conditions. Under the ASIF's community-driven development approach, communities are responsible for (a) identifying their priorities using participatory methods; (b) contributing to the financing of the selected micro-projects (at a 5-10% community contribution rate), and maintaining these projects after completion. This successfully implemented operational model will continue being the primary mode of ASIF's

¹ This RPF as referring to the SILD project was originally disclosed in November 2014. It was amended and re-disclosed in March 2016 to also include activities under SILD TF.

operations under the proposed project, especially in the early years.

This component will fund approximately 120 micro-projects and continue the main original work of ASIF to: a) rehabilitate and develop community infrastructures and services (public, social, economic, environmental), (b) build institutional and financial capacity at the community level to develop and implement these projects and services, and (c) provide consultancy and technical assistance to the local partners. The first years of this project will focus primarily on the continuing delivery of these core ASIF projects and services, while gradually increasing the proportion of new projects under component 2 over the life of the project. The micro-project selection methodology for projects under this component will continue to be based (a) on the vulnerability ranking of the community and (b) on the technical quality of submitted application/project.

Component 2: Support to Inter-Community Social and Economic Development Initiatives

(US\$10.0 million)

A particular focus of the mission was to discuss and further agree with ASIF and the Government on the scope of activities to be implemented under Component 2 (Support to Inter-Community Social and Economic Development Initiatives). The Government's vision is that this component will support the territorial development reform of agglomeration/enlargement of communities. Nevertheless, given the uncertain timeframe for completion of this reform, it has been agreed that work under this component will proceed in parallel with the Government's work to define the parameters and timeline of the territorial reform, while supporting the main principles of the territorial development reform, including inter-community collaboration. The component will support piloting of a methodology to finance socioeconomic initiatives with the potential for longer-term development impacts for clusters bringing together multiple communities. It is expected that support to this new type of collaborative development projects will provide additional incentives for communities to explore development synergies and opportunities in line with the concept of the territorial development reform. 28 projects to be supported under this Component will have the ultimate aims of promoting livelihoods in a group of communities, strengthening the environment for further economic investment and building community capacity for collaboration and for development planning. An economic analysis and feasibility study for this component is currently underway (with funding from an SDC preparation grant) to help inform the specific types of projects to be supported under this component – which would be expected to include projects which promote inter-community commerce (e.g. markets), value chains (e.g. agro-processing, cold storage), and improve conditions for production and/or manufacturing (e.g. waste management, improvement of water systems), etc. The successful implementation of this component will also require further investigation of institutional and legal modalities available within Armenian legislation to support multi-community investments.

Component 3: ASIF (ATDF) Institutional Strengthening and Project Management (US\$4.0 million)

This component would provide institutional support to ASIF (and the future Territorial Development Fund) to effectively implement its program through co-financing its operating costs including salaries, utilities, office equipment, training, financial audits and MIS upgrade/maintenance for the duration of the project. ASIF will be in charge of technical aspects of the project and ensure overall monitoring and supervision of project activities. This component will also include fiduciary and safeguard compliance.

1.2. Rationale for Preparation of a Resettlement Policy Framework

World Bank and SDC funding for activities under SILD and SILD TF will be provided upon condition that each component of the Project will conform (among others) to the World Bank (WB)

Operational Policy (OP) on Involuntary Resettlement 4.12. WB OP 4.12 indicates that a Resettlement Policy Framework (RPF) needs to be prepared if the extent and location of resettlement cannot be known prior to Project Appraisal.

For a multi-component Project of this type, it would not be expedient or realistic to assess each sub-project individually within the given time framework. Instead thorough review and analysis of written documentation on the SILD components / sub-components was made to identify the most likely range of potential resettlement impacts and formulate the most appropriate and reasonable set of mitigation measures. However, unforeseen impacts may arise from certain individual sub-projects. Some of the impacts may also require other and more adapted mitigation measures than the ones described in this report. Therefore, it will be important to adapt/adjust the findings and recommendations of this RPF as needed during Project implementation.

1.3. Objective and Principles of the Resettlement Policy Framework

The resettlement policy framework aims to prevent and mitigate the potential negative social impacts of implementation of project activities associated with land use or land acquisition. The objective of this RPF is to guide the preparation of Resettlement Action Plans (RAP) that will ensure that, in the event of any future resettlement issues, all persons affected by it will be compensated replacement cost at market value for their losses, and provided with rehabilitation measures, so that they are at least as well off as they would have been in the absence of the Projects.

The principle is that involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternatives in project design². If unavoidable, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced or adversely affected by the project to share the benefits of the project. Furthermore, displaced persons should be meaningfully consulted and should be involved in planning and implementing resettlement programs; and be assisted in their efforts to improve their livelihoods and standards of living; or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of Project implementation, whichever is higher. These principles – and resettlement measures stemming from them – apply to SILD and all its components, as well as SILD TF, whether or not the scale, magnitude and complexity of resettlement issues requires preparation of resettlement plans.

1.4. Extent and Scope of Potential Resettlement within SILD and SILD TF

In the early stages of SILD and SILD TF preparation it is difficult to have clear information on possible resettlement impacts that might be associated with the proposed activities. However, experience of the previous project suggests that resettlement risks of the overall project and its separate components are low. Physical construction works envisaged within the framework of SILD and SILD TF can potentially have some negative implications on the community/PAPs and may require temporary loss of land, crops or trees or, of access to these same; temporary restriction of the access to the private and public properties during construction period. However, it is unlikely that substantial adverse social impacts will be induced. The project is not expected to require land acquisition, PAPs physical displacement or any severe impact on PAPs livelihood and income.

Some civil works are anticipated under Component 1 and Component 2 and SILD TF, as detailed below. Component 3 is not expected to include activities that would require RPF preparation and implementation.

Extent and Scope of the Resettlement within Component 1

² World Bank Operational Policy on Involuntary Resettlement (WB OP 4.12); January 2002, p.1

This component will fund approximately 120 micro-projects. Through the micro-project process, SILD will: (a) rehabilitate and develop community infrastructure and services (public, social, economic, environmental), (b) build institutional and financial capacity at the community level to develop and implement these projects and services, and (c) provide consultancy and technical assistance to local partners.

The menu of micro-projects to be financed under this component includes: renovation and rehabilitation of key social infrastructure covering education (i.e., kindergarten, primary, secondary and special schools) and health (i.e., primary healthcare clinics); multipurpose community centers; social service centers for vulnerable groups; water supply systems; sanitation systems; minor irrigation works; rural electrification; school heating systems; and rehabilitation of gymnasiums and playgrounds. Depending on the priority needs identified by selected communities, new small-scale construction projects may be financed. However, as was the case under the ASIF3 Project, under Component 1 of SILD, no micro-projects that involve land acquisition (permanent or temporary) or resettlement will be approved. As such, no resettlement impacts are expected under Component 1.

The fund amounts are expected to average about US\$ 160,000 and will not exceed US\$ 370,000 per community. Investments will be provided in a phased way over four years. Beneficiaries will contribute a percentage of the costs.

Extent and Scope of the Resettlement within Component 2 and SILD TF

This component and SILD TF supports regional economic development and is aligned with the Government of Armenia's planned territorial development reform. All sub-projects will be for inter- or multi- community projects, with a particular focus on vulnerable/lagging regions, and will support shared capacity-building and planning. Second, sub-projects will expand beyond the traditional ASIF model of infrastructure-focused micro-projects to longer-term sustainable territorial development projects able to promote livelihood and employment opportunities. Projects should also strengthen the environment for further economic investment and provide incentives for communities to explore potential development synergies.

This component will fund the design, selection and implementation of approximately 34 of these new types of projects (approximately 28 under SILD and 5-6 under SILD TF). The exact number of projects to be supported will depend on the size and innovative nature of the proposals received. Given that this is a new activity for ASIF, a piloting process is envisaged for this component, focusing on generating experience and models that can be more widely applied throughout the country. This will involve a staged approach to implementation starting with modest inter- community socioeconomic development projects, and evolving into more complex support for growth centers over time.

While the specific types of sub-projects to be supported will only be known following the results of this background work, they would be expected to promote inter-community commerce (e.g. markets), value chains (e.g. agro-processing, cold storage), and improved conditions for production and/or manufacturing (e.g. waste management, improvement of water systems), etc.

Resettlement impacts are likely to be related to temporary or permanent land use or acquisition for construction or operation of such investments. However, the project will prioritize the avoidance of private land use/acquisition as feasible. All sub-projects will be required to detail all potential resettlement impacts within their proposals, and potential resettlement impacts will be taken into consideration in determining the eligibility of each potential sub-project. All relevant procedures for sub-project screening will be detailed in the Project Operations Manual.

ASIF will transition to a TDF with the objective of supporting regional development policies to reduce territorial disparities and support balanced and sustainable development of all Armenian regions. As ASIF has been the primary channel of capital investment funding to communities, it is expected that

the TDF will become the primary channel of capital investment funding for agglomeration and territorial development. While ASIF will continue supporting community-driven social infrastructure micro-projects under SILD, it will also develop capacity to deliver longer-term and larger development projects serving multiple communities in line with the regional development policy.

Extent and Scope of the Resettlement within Component 3

This component will finance project management and operating costs, including salaries, utilities, office equipment, field supervision, training, financial audits, fiduciary and safeguards oversight, monitoring and evaluation and management information systems. This component will also support ASIF's transition to a Territorial Development Fund, able to support regional development policies to reduce territorial disparities and support balanced and sustainable development of all Armenian regions. This will include a range of capacity-building activities, including on new tools and approaches, institutional improvements, outreach and communications and fundraising. No civil works are planned under Component 3, therefore no resettlement impacts are expected within this component.

Conclusion

The works to be implemented under SILD and SILD RETF will be carried out exclusively in areas owned by state or community, which do not pose significant resettlement risks. Still even those minor risks necessitate compliance with the WB policy principles on preparation and submission of RAPs.

2. INSTITUTIONAL AND LEGAL FRAMEWORK

2.1. Institutional Framework

Several institutions, each with different roles and responsibilities, will be responsible for overseeing and implementing the principles and objectives of the RPF while developing and implementing subsequent RAP(s)². Most, if not all, institutions that play a role in resettlement and resettlement issues associated with the implementation of the SILD and SILD RETF are listed below. A diagram showing the key actors, including their roles and interrelationships, is also included below in this section.

Overview

ASIF (TDF) bears overall responsibility for oversight and monitoring of all activities under this RPF. ASIF (TDF) will guide, supervise and report on progress in the components, and will handle resettlement issues requiring action and coordination at the central government level.

The responsibility for the assessment of social risks associated with the resettlement, provision of the respective conclusions and preparation of any RAPs required will reside with the ASIF RAP Implementation Unit (RAPIU) created within ASIF (TDF). RAPIU will include project and institutional development specialists, legal and environmental specialists, appraisers and the communities representatives. Day-to-day responsibility will reside with the social expert working within the ASIF RAPIU, who will receive baseline information with the help of civil engineers of the Project, carry out visual inspection of the site and prepare the above-mentioned documents. During implementation of any RAP, the social expert must directly coordinate these activities (performance of these functions will be specified in the TOR for the respective consultant) and ensure overall compliance with the RAP by all relevant project partners. ASIF (TDF) will be responsible for coordination of relations with the World Bank and financial management of RAP as necessary.

Final responsibility for initiation and implementation of all activities relating to resettlement policy will be borne by the ASIF (TDF).

ASIF (TDF)

- As the main supervisory body, ASIF (TDF) will oversight all aspects of RPF implementation. ASIF (TDF) will be the initiating agency for the implementation of the RAP aimed at mitigation of possible risks associated with implementation of SILD and SILD RETF projects;
- ASIF (TDF) will approve evaluation of possible risks of resettlement and damages inflicted to population of the specific communities, which are subject to liquidation (compensation);
- It will also approve recommendations on liquidation (compensation) of damages and compensation means.

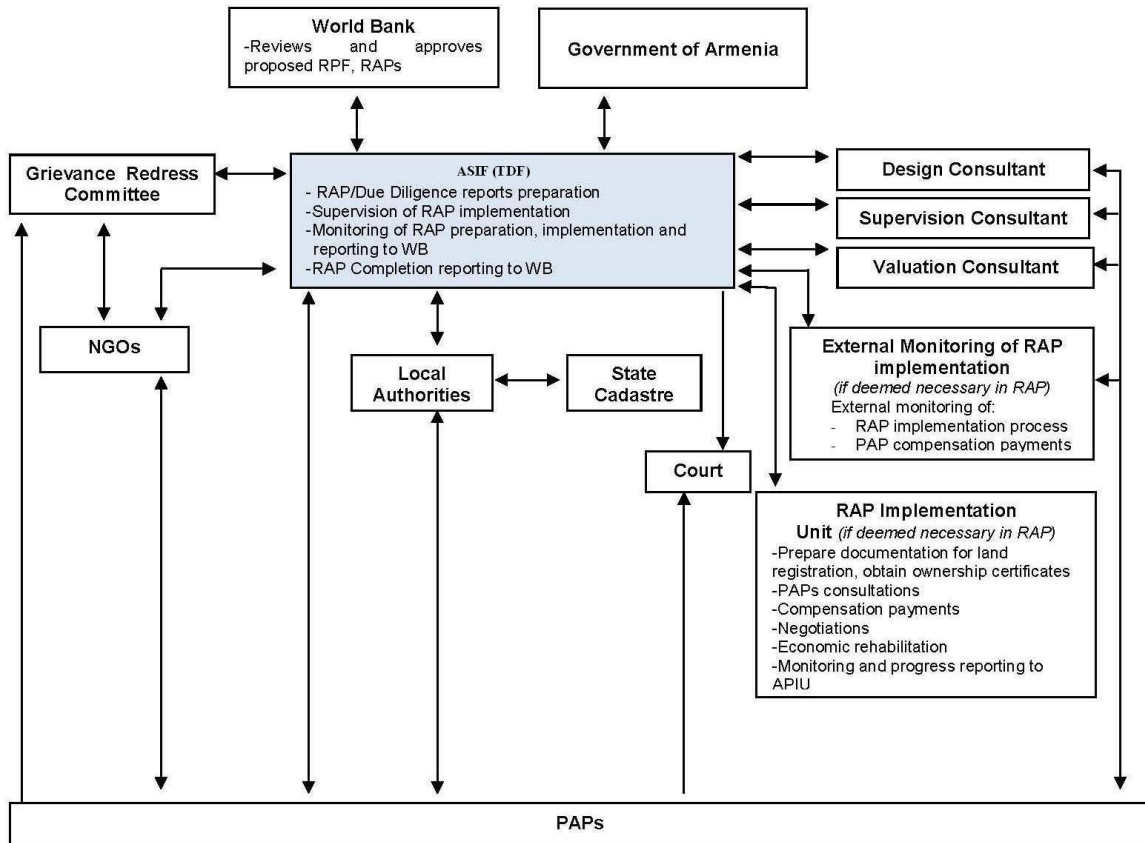
ASIF (TDF) can be supported by different consultants in the resettlement-related tasks and activities, particularly:

- a. **Design Consultant** (DC) will prepare designs for the Project. DC will be responsible for the determination of the project alignment and location in accordance with RPF principles to avoid or minimize the Project impact. DC will be responsible for the collection of the data on the

affected land plots, assets as well as PAPs and their families/households for Census and Socio-economic survey as needed, dissemination of Project and component related information during design stage.

- b. **Supervision Consultant** will be appointed to supervise the construction works and ensure its compliance with the design as well as all social and environmental requirements of the Project. Supervision consultant will provide social safeguards monitoring data to ASIF (TDF). **Licensed valuator** will be temporary contracted to carry out assessment of the affected assets and calculation of the compensation in accordance with RA Valuation law and standards, WB OP 4.12 and this RPF as needed.

Figure 1. Overview of key actors in resettlement and resettlement issue



Other bodies will associate and coordinate within the context of resettlement issues include, but may not be limited to those listed below³. Main relevant functions of the selected agencies that may pertain to resettlement-related issues are presented below.

Funds for the resettlement plan will be provided from the RoA budget and the entity authorized by GoA will monitor and supervise the implementation of land acquisition and resettlement activities in the components / sub-components falling within their jurisdiction.

Based on the advice of ASIF (TDF), the entity authorized by the GoA will carry out the resettlement activities within the areas of its responsibility. ASIF (TDF) will be in charge of preparing the RAP, including PAP identification, census and socio-economic surveys, dissemination

³ The list of relevant agencies is presented in accordance with the GoA decision No 26 from January 14, 2002 on defining of state authorized bodies of land resources in accordance to Article 2 of the Land Code of Armenia, and updated from the official web-site of the Government of Armenia: www.gov.am

of Project and component / sub-component related information to PAPs, *etc.* In order to assist in implementation of these works, a temporary consultant will be also contracted who will carry out financial assessment of compensation. If and when necessary ASIF (TDF) will provide oversight and advisory services to the entity authorized by GoA in implementation of the RAP.

National level

1. *The MTA has the following roles and responsibilities, among others, that may pertain to resettlement-related issues:*
 - Development and enforcement of policy provisions for territorial administration, laws, programs and plans for social-economic development of territorial administrations and local self- governments through the bodies of territorial administration and local self-governments;
 - Development and coordination of implementation of the policy on state regulation of migration processes;
 - Formation and management of the state mobilization reserves, etc.

2. *Ministry of Nature Protection of RoA (MoNP)*

The MoNP is responsible, among others, for protection and conservation of all natural resources through:

 - Development, management and implementation of the state policy on effective management use, and protection of atmospheric air, water, land and mineral resources, mitigation and prevention of adverse negative impacts on flora and fauna, especially protected areas;
 - Development and enforcement of environmental legislation, including, but not limited to environmental norms and standards, permits and associated fees and charges, etc.

The MoNP might be consulted in the process of preparation of the RAP.

3. *State Committee of the Real Estate Cadastre under the GoA*

The State Committee of the Real Estate Cadaster under the GoA has the following roles and responsibilities, among others, that may pertain to resettlement related issues:

 - Development and implementation of the state policy on the unified national cadaster of the real property (including land);
 - Within its jurisdiction, development of the principles of land resources management and use policy, implementation of the state supervision of the land use to support the establishment of land rights institution and land market;
 - Development of cadastral maps, including for lands;
 - Creation and maintenance of the real property information system and provision of cadastral data;
 - State registration of the real property rights;
 - Development of the land balance of the RoA Land fund and lands classification by types;
 - Cadastral valuation of the real estate, including lands;
 - Setting of the base tax for the real property, including land tax;
 - Setting of the initial price for private land; etc.

The State Committee of the Real Estate Cadaster under the GoA has its regional subdivisions and closely works with bodies of local self-governance. The Cadaster will be consulted in the process of development of the RAP, specifically in relation to identification and validation of the PAPs assets and property rights, assessment of losses.

Ministries presented below may be consulted in the process of RAP preparation and implementation, depending on the type of project:

- *Ministry of Energy and Natural Resources of RoA* is, among others, responsible for protection, sustainable use, and regeneration of natural resources, and implements its relevant functions through the Agency of Mineral Resources and Subsoil Concession Agency.
- *Ministry of Health of RoA* is, among others, responsible for development and enforcement of policy principles of sanitary protection zones of land use for different purposes.
- *Ministry of Culture of RoA*, among others develops the principles, parameters, norms for inventory, protection, use of historical and cultural monuments, as well as approve the designs and protection regime of protection zones of cultural and historical monuments.
- *Ministry of Emergency Situations of the RoA* elaborates and implements the policies of the GoA in the area of civil defense and protection of population in emergency situations. Armenian State Hydro-meteorological and Monitoring Service SNCO is among the structural entities acting within the Ministry of Emergency Situations.
- *Ministry of Urban Development of RoA*, among other functions, develops the policy provisions on establishment of urban development limitations and norms for use and development of certain types of land defined in accordance with the Land Code requirements.

Regional and Marz level

A summary of the role of local self-governing bodies in regulation of land relations is as follows:

- Development of basic settlement plans and implementing land zoning and use mechanisms within the administrative territory of the community, according to defined procedures;
- According to basic settlement plans, within the administrative territory of the community and according to defined procedures, provide and allocate land belonging to the community and the State in accordance with the Law on Property;
- Dispose of the land belonging to the community due to the Law on Property, according to defined procedures;
- Implement:
 - Contiguous registration of the land;
 - Charges of land taxes and rent for the use of community land;
 - Control over use of the land and maintenance of the restrictions on use;
 - Other authorities defined by the law;
- Support:
 - State registration of the land;
 - Provision of protection of the land allocated to administrative territories of the communities;
 - Performance of nature protection and historical-cultural norms and implementation of measures directed to that;
 - Implementation of Republican and regional plans of the mechanisms for the utilization of forestland.

State authorities in Marzes (Marzpetarans) implement the GoA's regional policies in the following areas: finance, urban development, housing and utilities, transport and road construction,

agriculture and land use, education, healthcare, social security, culture and sports, nature and environmental protection, commerce, public catering, and services. The regional policies in the aforementioned sectors are implemented by means of Marzpetarans, as well as organizations subordinate to the respective Marzes.

Representatives of the Marzpetarans may be involved in the Grievance Redress Committee and consulted in the process of preparation and implementation of the RAP as the regional state authorities for regulation of land relations.

Community level

One of the peculiarities of RAP implementation is that Heads of Municipalities and Community Councils shall be consulted and actively involved in the preparation and execution of resettlement processes in their area of jurisdiction. They might be consulted and involved as mediators in the processes of redressing the complaints/grievances, before those are deposited with the Grievance Redress Committee.

Grievance Redress Committee

A Grievance Redress Committee (GRC) at Project level will be established to address complaints and grievances pertaining to resettlement and to pre-empt all disagreements being referred to the court (Details are provided below).

Non-Governmental Organizations

Non-governmental organizations (NGOs) functioning in Armenia and particularly in the project related regions are closely involved in community life. Particularly, NGOs help to resolve community issues, promote interests of vulnerable groups, protect the environment, provide basic social services, organize awareness campaigns etc. In any SILD or SILD RETF resettlement related activities, NGOs will be involved, including in the process of the preparation and implementation of any RAPs. Particularly, NGOs will be invited to participate in all public consultations to be organized in the affected communities to present their views and recommendations on the process, and to assist PAPs during the process at their convenience.

World Bank

WB will be the funding agency of the project. Besides supervising periodically the Project, WB will review and approve Project RPFs, RAPs, Due Diligence Reports, Compliance reports.

2.2. Legal Framework

Legislation of the Republic of Armenia

In the Republic of Armenia the legal framework for land takings and resettlement issues mainly consist of the following legal acts:

1. The Constitution of the Republic of Armenia (*adopted in 1995 amended in 2005*),
2. The Civil Code of the Republic of Armenia (*adopted on 05.05.1998, entered into force from 01.01.1999, published in Official Bulletin No 1998/17 on 10.08.1998*),
3. The Law on Alienation of Property for the Needs of Society and State (*adopted on 27.11.2006, entered into force from 30.12.2006, published in Official Bulletin No 2006/64 on 20.12.2006*),
4. The Land Code of the Republic of Armenia (*adopted on 02.05.2001, entered into force from 15.06.2001, published in Official Bulletin No 2001/17 on 15.06.2001*),
5. The Law on Real Estate Valuation Activity (*adopted on 04.10.2005, entered into force from 26.11.2005, published in Official Bulletin No 2005/71 on 16.11.2005*),

6. The Code of Civil Procedure (*adopted on 17.06.1998, entered into force from 01.01.1999, published in Official Bulletin No 1998/20 on 09.09.1998*),
7. The Code of Administrative Procedure (*adopted on 28.11.2007, entered into force from 01.01.2008, published in Official Bulletin No 2007/64 on 19.12.2007*),

The Constitution

Article 8 of the Constitution of the Republic of Armenia (hereinafter referred to as the Constitution) generally acknowledges that the right to property (ownership right) is recognized and protected in the RoA. Article 31 of the Constitution states that the property can be alienated for social and state needs only in case of exceptional priority public interest, in accordance with the procedure set by the law and on the basis of appropriate compensation. In this context special attention shall be paid to Article 1 of Protocol 1 of the European Convention of Human Rights, stating that —Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided by law and by general principles of international law|| .

The Civil and Land Codes

Though the process of land/property takings are mainly governed by the law mentioned above there is a separate group of issues that may arise during the implementation of the project related to the right of limited use of the other's property. These issues are addressed in the Civil and Land Codes of the Republic of Armenia.

Article 210 of the Civil Code (as well as Article 50 of the Land Code) states that the owners/users of a land plot can demand from the owner of the land plot neighboring with theirs and/or from the owners of other land plots to grant the right of limited use of their land plots (*servitude*). A servitude may be established to provide for walking and riding through the neighboring land parcel, installation and exploitation of lines of electric transmission, communication and pipelines, provision of water supply and melioration. The servitude can be voluntary or compulsory, if the agreement on servitude is not reached between the parties. Article 212 (3) of the Civil Code stipulates that for preservation and maintenance of pipelines, engineering infrastructures established to serve the public needs, a compulsory permanent free of charge servitude shall be established.

The Law on Alienation of Property for the Needs of Society and State

The most important legal act dealing with the issues of land/property takings and resettlement issues is the Law on Alienation of Property for the Needs of Society and State (the Law). The Law stipulates the cases when the alienation of the property needs to be executed and the procedure how the alienation should be conducted.

Article 3 of the Law stipulates the exceptional public interest as the constitutional basis for the alienation and sets the following requirements for execution of the alienation in question: (a) alienation in accordance with the procedure set by the law, and (b) prior payment of appropriate compensation against the property to be alienated.

Article 4 of the Law sets the principals/conditions in accordance to which the exceptional priority public interest should be determined. Thus, the Law stipulates that (a) the public interest must be superior over the interests of the owner of the property, (b) the effective implementation of the public interest cannot be achieved without the alienation of the property, (c) the alienation of the property must not do unjustified harm to the owner of the property, (d) the public interest must be acknowledged as superior through the Government decision, (e) the fact of existence of the exceptional public interest may be argued through litigation in the court .

The same article states that exceptional public interest shall serve the following purposes: (a) protection of public and state security, (b) implementation of the obligations assumed by the Republic of Armenia under international treaties, (c) preservation of historical and cultural values or monuments of international and national importance, and creation and preservation of special protected nature areas, (d) protection of the environment, (e) development of education, healthcare, sport as well as science and culture, (f) implementation of projects of community and intercommunity importance in the fields of communication, transport, energy, land use, city construction, energy and water supply, (g) protection of the property, health and private life of citizens, (h) prevention and/or mitigation/reduction of the possible effects of emergencies.

The Law also regulates the issues related to the determination of the scope of the property under alienation. In particular, Article 5 of the Law stipulates that, in case of alienation of a land parcel, all the items of real estate (buildings and other property) as well as all the improvements on the land parcel are also subject to alienation. In case of alienation of a building, the land plot necessary for the usage of the property is also subject to alienation. If a part of a property is alienated, then the non-alienated part(s) of the property should also be alienated at the demand of the owner. Such a demand should be presented within two months after the decision of the Government on acknowledgement of the exceptional public interest enters into force.

The Law furthermore stipulates that the state, a community and/or an organization can act as the acquirers of the property being alienated for public and state needs.

Article 7 of the Law states that the restrictions arising from the resolution of the Government on acknowledging the exceptional superior public interest shall be registered in accordance with the procedure set by the law within 15 days upon entering into force of the resolution of the Government. The resolution is sent to the owners of the property and other persons having registered property rights in that property within 7 days after the subject Government resolution enters into force. The Government resolution shall be published in the Official Bulletin of the Republic of Armenia and in mass media being published in not less than 3000 copies and can be appealed in the court within one month from the day it enters into force.

The same article also stipulates that, after the Government resolution enters into force, the protocol (census) on the description of the property should be prepared by the authorized governmental authority whereas the owner and the persons having property rights over the property subject to alienation are entitled to take part in the preparation. The copy of the census is sent to the owner and to the parties having property rights over the property within 3 days after it is completed. The census can be challenged / appealed before the government authorized body or the court within 10 days after they receive the copy.

The Law recognizes also the option to conduct preliminary study of the property subject to alienation (which includes also the preparation of census) before the adoption by the Government of the resolution mentioned above at the request of the potential acquirer. The preliminary study is conducted based on the resolution of the Government.

Article 10 of the Law states that the acquirer/purchaser of the property shall, before the final date of starting the alienation of property for public and state needs set by the Government, send to the owners and other persons having property rights over the property the draft of the agreement of alienation of the property. The owners of the property are obliged to inform the acquirer/purchaser within two weeks from the date of receipt of the agreement on the persons having property rights over the property who have not registered their rights or are not subject to registration. If the owner does not inform the acquirer about the mentioned persons then he/she bears the liability for the losses of those persons arising out of the alienation without their participation.

Article 11 of the Law stipulates that equal compensation shall be paid to the owner against the property to be alienated whereas the price exceeding the market price by 15 per cent shall be deemed to be equal compensation for the purposes of the Law. The market price of the real property and/or property rights over the property shall be determined in accordance with the procedure set by the Law of the Republic of Armenia on Activity of Real Estate Valuation. In this context, it should be mentioned that the Real Estate Valuation Law (Article 8) states that the valuation of the real estate is mandatory in the cases of alienation of the property for social/public and state needs, whereas the valuation is to be conducted by licensed valutors/appraisers based on the agreement. The results of valuation are reflected in the valuation statement, which shall, *inter alia*, include (a) the names of real estate valuation subjects, their addresses, (b) the date when the real estate was visited and valued, (c) the reference of application of three classical methods of valuation to valuation standard, (d) the rights and restrictions over the property valued, (e) the data about valued real estate, the source of their authenticity, (f) the result of on-site examination of the property and the description of the property valued, (g) the calculations of market prices received as a result of application of three classical valuation methods and their reconciliation, (h) the terms of commercial secrecy of the results of real estate valuation, (i) the analysis of the most efficient use of the property, if the customer requests so, (j) the list of documents used in the process of valuation, (k) the liability of the valuator before the customer and third parties, (l) the full name and signature of valuator and his/her license number.

The Law also stipulates that the persons having property rights over the property under alienation are compensated from the amount of the compensation paid against the property being alienated. As per articles 12 of the Law, if no agreement on alienation of the property is signed between the acquirer and the owners/persons having property rights over the property within three months after sending the draft alienation agreement to them, the acquirer must deposit the compensation amount with the notary public or the court, whereas the amount of compensation shall be calculated as of not more than one week prior of the date when the deposit is made. If the amount of deposit is received by the owners and/or persons having property rights before the court's decision on alienation of the property, the agreement of alienation is deemed to be made.

Article 13 of the Law provides that if no agreement on alienation is signed within 7 days after the acquirer deposits the amount of compensation, then, for the alienation of the property, the acquirer must resort to the court within one month. In this case only the issue on the size of the compensation amount can be the matter for discussion. The court's decision on the amount of compensation shall be the basis for alienation of the property.

The law also provides for the grounds when the resolution of the Government on acknowledging the superior public interest will become void. In particular, Article 16 states that if the acquirer does not send the draft alienation agreement to the owner and/or persons having property rights, or does not deposit the amount of compensation with the notary public or court within the time set by the Law, or does not resort to the court within the time period set by the Law then it will be construed as waiver from the right to acquire the property and all the documents on recognizing the superior public interest related to that item of property shall be deemed void. The mentioned resolution may be recognized as void by the court if the acquirer, *inter alia*, have not started the activity serving as a basis for property alienation for two years from the enactment of the resolution.

Another group of issues which are relevant to the resettlement project is connected with the procedure of application to the court should PAPs decide to choose the court for settlement of disputes arising out in the process of resettlement. In this respect it should be noted that the Law contains also several provisions setting —limitation of actions|| i.e. time periods for being entitled to challenge/appeal some issues before or in the courts. Thus, the Law stipulates that the resolution of the Government on acknowledging the superior public interest can be challenged before the court

within one month and the resolution of the Government on conducting preliminary study within two months after their enactment.

These resolutions shall be challenged / argued in the Administrative Court of the Republic of Armenia in accordance with the requirements of *the Code of Administrative Procedure*. As per Article 3 an individual or a legal entity shall be entitled to resort to the Administrative Court, if the actions and/or inactions and administrative acts of state or municipal bodies or their officials have violated or will violate his rights and freedoms guaranteed by the Constitution of the Republic of Armenia, international treaties, laws and other legal acts. In the meantime, it should be noted that the Code does not set a time frame for the proceedings in the Administrative Court. Article 81 states that the court proceedings shall as a rule be completed in one session, without delays. The preparation to court proceedings and the proceeding itself shall be completed within a reasonable period of time. Along with the above-mentioned, the Code of Administrative Procedure provides for simplified/accelerated proceedings in several cases, among which the most applicable in our case are the following: (a) when the presented claim is evidently well-substantiated or (b) when the presented claim is evidently groundless. The decision of the Administrative Court enters into force from the moment it is publicized.

The case is a bit different when the case goes to court in the cases provided by article 13 of the Law (the signing of alienation agreement by resort to court). These cases are heard by the court of General jurisdiction if the amount of compensation in dispute is less than AMD 5 mln and by the civil court if it is equal to or exceeds AMD 5 mln. The proceedings in court are conducted as per the requirements of the Code of Civil Procedure of the Republic of Armenia. As in the previous case, the Code of Civil Procedure also does not stipulate any strict time limits for case hearings and set that the case should be heard in the court within a reasonable time period (Article 111). Here also the court may use accelerated hearings. Article 125 of the Civil Procedure Code stipulates that the court is entitled to use accelerated hearings if (a) the nature of the case requires immediate hearing; (b) the claim is evidently substantiated; (c) the claim is evidently groundless.

The decisions of the courts of general jurisdiction and the civil court enter into force after one month and can be appealed to the appeal court for civil cases. In its turn, the appeal court also is not bound by strict time-frames and shall hear the case within reasonable period taking into consideration the time period when the case was heard by the general jurisdiction / civil court. The decision of the appeal court enters into force from the moments it is publicized.

2.3. World Bank Policies

The primary objective of the WB OP 4.12 is to explore all alternatives to avoid, or at least minimize, involuntary resettlement. Where resettlement is unavoidable, the living standards of displaced persons should be restored or improved relative to those conditions that prevailed prior to the Project. The policy applies to the taking of land and other assets when land acquisition results in the permanent or temporary loss of shelter, the loss of all or part of productive assets, or access to them, and the loss of income sources or other means of livelihood. This policy also applies to other activities resulting in involuntary resettlement, that in the judgment of the Bank are (a) directly and significantly related to the Bank-assisted project, (b) necessary to achieve its objectives as set forth in the project documents; and (c) carried out, or planned to be carried out, contemporaneously with the project.

2.4. Comparison of Armenian Laws and the World Bank's Involuntary Resettlement Policy

Table 2: Comparison of Armenian Laws and the World Bank's Involuntary Resettlement Policy

Legislation of the Republic of Armenia	WB Involuntary Resettlement Policy	Conclusion on gaps	Actions to address the gaps
<i>1. Eligibility</i>			
<p>a) Persons having documented ownership over the property (land, buildings, crops, etc.) are eligible to receive compensation for the land being alienated, damages/ demolition and lost crops caused by a project (the Law on Property Alienation for Social/Public and State Needs), or in the cases their lands are not alienated but partially used for public projects (servitude) (the Civil Code (Articles 210- 218), Land Code (Articles 50-and 100),</p> <p>b) Persons enjoying other property rights over the property (right to lease, right to free use, etc.) are eligible for compensation, whereas the amount of compensation for these persons is included and paid from the compensation paid to titled owners, (the Law on Property Alienation for Social/Public and State Needs (Article 11)). Persons having constructed buildings on their own lands but not registered them as of the cut-off date may receive compensation. (Article 188 of the Civil Code).</p> <p>c) Persons having built a construction or planted trees in areas belonging to others cannot receive compensation for loss of assets. (above mentioned RoA laws)</p>	<p>a) Persons who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country) are provided compensation for the land they lose land but have a claim to such land or assets – provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan – are provided compensation for the land they lose;</p> <p>b) Persons who have no recognizable legal right or claim to the land they are occupying are provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance as necessary, if they occupy the project area prior to the cut-off date.</p>	<p>In general the provisions of the Armenian legislation and WB’s OP are the same, except of provision on persons lacking the formal legal right over the property.</p>	<p>To address this gap it is recommended:</p> <p>1) WB OP 4.12 is followed,</p> <p>2) The GoA allows the application of WB OP 4.12 for the SILD and SILD RETF.</p>

2. Entitlements			
As per Armenian legislation the compensation is paid only to the owners and persons having the property rights over the assets if the ownership/property rights has been acquired before the project cut-off date, whereas all the improvements done after the cut-off date in excess of the scope set by the law and all the encumbrances generated over the property after the cut-off date are not subject to compensation.	PAPs are provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance, as necessary, to achieve the objectives set out in this policy, if they occupy the project area prior to a cut-off date	Provisions of the Armenian legislation and WB's OP are the same.	
The adequate compensation should be paid to the owner in case of alienation, whereas the amount of compensation exceeding the market value by 15% will be considered as adequate (The Law on Alienation of the Property for Social/Public and State Needs Article 11)	Compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.	Both Armenian legislation and WB OP 4.12 provide for compensation of lost land and assets. National legislation may be more beneficial for the PAPs.	
Legislation of the Republic of Armenia	WB Involuntary Resettlement Policy	Conclusion on gaps	Actions to address the gaps
No provision for income/livelihood rehabilitation measures and/or allowances for severely affected PAPs and vulnerable groups, and/or resettlement expenses (Cf above mentioned RoA laws)	The WB policy requires rehabilitation for income/livelihood, for severe losses, and for expenses incurred by any and all PAPs during the relocation process	Armenian legislation provides very limited provisions for income/livelihood compensation and/or expenses incurred by the PAPs during the relocation process.	To address this gap it is recommended: 1) WB OP 4.12 is followed, 2) The GoA allows the application of WB OP 4.12 for the SILD and SILD TF.

<i>3. Information Requirements</i>			
<p>The resolution of the Government on acknowledgment of exceptional superior public interest is to be properly communicated to the owners and persons having property rights over the assets within seven days after it enters into force. The owner and -the persons having property rights over the property to be alienated are entitled to participate in completing the description of the property to be alienated. The copy of the protocol on description is to be sent to the owner and the persons having property rights over the property. (The Law on Alienation of the Property for Social/Public and State Needs Article 7)</p> <p>Local municipalities are required to acknowledge the communities through mass media and public discussions on expected changes in their living environment (Government Resolution No 660 dated 28 October 1998).</p>	<p>Information related to quantification and costing of land, structures and other assets, entitlements, and amounts of compensation and financial assistance are to be disclosed in full to the affected persons.</p>	<p>Requirements of the Armenian legislation and the WB OP 4.12 are almost the same.</p>	

2.5. Conclusions: Bridging the Gaps

In principle, Armenian laws and regulations relevant to land acquisition and resettlement and WB OP 4.12 adhere not only to the objective of compensation for affected families or persons, but also to the objective of rehabilitation. However, Armenian laws are unclear on how rehabilitation is to be achieved and in practice the provision of rehabilitation is left to ad hoc arrangements taken by the local governments and the specific project proponents. Another and rather major difference between the RoA laws and the WB policies is that the WB OP 4.12 recognizes titled and non-titled owners as well as registered and unregistered tenants, i.e. lack of legal title is no bar to compensation and rehabilitation. To clarify these issues and reconcile eventual gaps between the Armenian laws and regulations and WB OP 4.12, this RPF mandates⁴ compensation at full replacement cost of all items, including the rehabilitation of informal/non-titled settlers, and rehabilitation packages (as appropriate, to be determined in the RAP) for PAPs that may need to be relocated, suffer business losses, or may be severely affected⁵.

Furthermore, public disclosure and consultation are not well articulated in the RoA laws and the project will ensure due inclusion of (potential) PAPs and, in particular, of vulnerable groups affected by the project, in the public consultation and participation process prior to and during project implementation. In addition, an accessible grievance redress mechanism will be instituted (see also section 5.2 below) and physical project implementation works will not commence until all

⁴ It should be noted that the measures proposed require approval both by the GoA and WB.

⁵ For a global overview of entitlements see section 3 below and Annex 1 attached.

compensation and rehabilitation measures of a project or sub component are completed.

In line with the Paragraph 4 of WB OP 4.12, these measures apply to all components of the project that result in involuntary resettlement, regardless of the source of financing.

3. ELIGIBILITY AND ENTITLEMENTS

Resettlement tasks under the Project will be implemented according to a compensation eligibility and entitlements framework developed in line with both RA legislation and WB OP 4.12. The basic principle of the RPF is that PAPs should be assisted in their efforts to improve their living standards, income earning capacity, and production levels, or at least to restore them to pre-project level whereby lack of legal title does not exclude individuals from the eligibility to receive compensation or rehabilitation assistance.

During identification of the impacts associated with particular Project component, the entitlement matrix and description of compensation entitlements shall be revised and updated accordingly.

3.1. Eligibility

DPs eligible for compensation and or rehabilitation assistance include the following three groups:

- a. those who have formal legal rights to land that are properly registered as per RA law;
- b. those who do not have formal legal rights to land at the time the census begins but have a claim to such land provided that such claims are recognized under the RA laws;
- c. those who have no recognizable legal right or claim to the land they are occupying.

All PAPs living in the project area before the cut-off date may be considered for compensation for their losses and/or rehabilitation assistance. Lacks of legal rights or titles do not make them ineligible for entitlements;

WB OP4.12 covers the following direct economic and social impacts of the project to be compensated/rehabilitated that are caused by the involuntary taking of land resulting in:

- a. relocation or loss of shelter;
- b. permanently or temporarily affected land;
- c. loss of assets or of access to assets including: houses or other structures, crops, trees, or other assets; Businesses and or factors of production; and/or,
- d. loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or
- e. the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.

Cut-off Date

Compensation eligibility will be limited by a cut-off date. The OP 4.12 recognizes that PAPs who occupy project-affected areas after the cut-off date are not eligible for compensation. The fact that the Project will identify a cut-off date for compensation eligibility will be communicated to affected communities during preliminary public consultations. The precise cut-off date will be publicly announced by ASIF (TDF) and LAs in advance and the census survey of PAPs and assets inventory will commence immediately following this announcement. The cut-off date will be the date of commencement of the census survey of PAPs. Affected assets description protocols will be prepared during the assets inventory. Information on the affected assets will be registered in the presence of PAP and/or LAs. Then, the protocol will be signed by the PAP and/or LA if PAP is unavailable. Every effort will be made to arrange signing at a convenient time for the PAP and to postpone signing until the PAP is available. If the PAP remains unavailable, the reasons of the PAPs' absence should be documented and attached to the protocol. All people, organizations moving into the project area and/or

people conducting construction works, planting trees, etc. after the cut-off date are non-eligible PAPs and thus will not receive any compensation. They, however, will be given sufficient advance notice, requesting them to vacate their premises and dismantle affected structures prior to project implementation. The materials of their dismantled structures will not be confiscated and they will not pay any fine or suffer any sanction. To facilitate this, the Project will put at their disposal the necessary transportation means for their relocation.

3.2. Entitlements

The compensation entitlements are based on the premise that resettlement, rehabilitation and compensation programs should improve or, at a minimum, restore the PAPs' pre-project living standards and ensure their participation in Project benefits. All the PAPs that are eligible for compensation and/or rehabilitation will be compensated prior to construction works. PAPs will be provided compensation for the land they lose, and other assistance in accordance with RAP. PAPs will also be provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance, in accordance with RAP. All PAPs will be eligible for compensation for loss of assets other than land.

Persons who encroach on the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance.

General Principles of Compensation

DPs will be compensated at full replacement and substitution costs without depreciation, and relocated after due consultation with them. Compensation will not be deducted for salvageable materials, registration costs, taxes and other applicable payments. The preliminary compensation rates for the replacement will be proposed to the PAPs to give them an opportunity to compare those with the prevailing market rate.

All fees and taxes on land and/or house transfers will be waived or otherwise fees and taxes will be included in a compensation package for land and/or house. The competent government authorities will give preferential treatment to PAPs reconstructing their houses on their own, and support them in obtaining the necessary property titles and official certificates. In case if community infrastructure and services such as schools, factories, water sources, roads, sewage systems, electrical supply is affected, or other community resources such as a woodlot or pasture is lost, this will be replaced at no cost to the community. They will be re-built and/or improved, so that their pre-project function will be restored and the PAPs will have access to these services. As the project will have temporary land impact on the small fraction on the lands, the compensation will be given in cash at the replacement cost. DPs will be provided full assistance for transportation of personal belongings, inventory and/or movable assets/structures if any.

Resettlement strategies

Preference will be given to land-based resettlement strategies for PAPs whose livelihoods are land-based. These strategies may include resettlement on public land or on private land acquired or purchased for resettlement. Whenever replacement land is offered, resettlers are provided with land for which a combination of productive potential, location advantages and other factors is at least equivalent to the advantages of the land taken.

If land is not the preferred option of the PAPs, or the provision of land would adversely affect the sustainability of a park or protected area, or sufficient land is not available at a reasonable price⁶, non-land-based options built around opportunities for employment or self-employment should be provided in addition to cash compensation for land and other assets lost.

⁶ The lack of adequate land shall be demonstrated and documented to the satisfaction of the WB.

Cash compensation

Payment of cash compensation for lost assets may be appropriate where (a) livelihoods are land-based but the land taken for the project is a small fraction⁷ of the affected asset and the residual is economically viable; (b) active markets for land, housing, and labor exist, PAPs use such markets, and there is sufficient supply of land and housing; or (c) livelihoods are not land-based. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets, calculated as of the cut-off date.

Compensation in cash for all residential, commercial or other structures will be paid at replacement cost of these structures, without any depreciation of the structure and without deduction for salvageable materials.

Consultation and Planning

Resettlement plans will be developed and implemented in consultation with the PAPs. In the relocation area, community infrastructure and services will be built and improved, so that the PAPs will have access to these services. All consultations will be gender-sensitive and inclusive of vulnerable groups.

Effective and timely design, planning and implementation of resettlement and rehabilitation measures will be conducted to avoid unnecessary delays and consequent inconveniences to the PAPs.

Relocation

PAPs will be provided full assistance for transportation of personal belongings, household inventory and salvaged material, and will be given a relocation allowance in addition to the compensation at replacement cost of their houses, lands and other properties.

In cases where community infrastructure such as schools, factories, water sources, roads, sewage systems, electrical supply, or other community resources such as a woodlot or pasture is lost, this will be replaced at no cost to the community.

Timing

Resettlement, compensation and rehabilitation Programs for PAPs will be timed so as to guarantee the availability of new land and residences, prior to commencement of project or sub-component related construction activities; clearance will not be started before the PAPs have received compensation and rehabilitation assistance.

Monitoring

Institutional arrangements will be made for internal monitoring of resettlement activities by ASIF. A RAP completion report will be prepared and submitted to the WB prior to the launch of construction activities. An external monitoring entity will also be involved to ensure independent audit of RAP preparation and implementation activities at the completion of RAP implementation.⁸

3.3. Valuing Affected Assets

During RAP preparation, the ASIF(TDF) will engage the services of a competent and acknowledged independent valuator, responsible for determining replacement cost of the affected assets. During the valuation process, PAPs, LAs and relevant government offices (such as the SCREC under the GoA) can be consulted. Valuation will be done in the framework of the RA Valuation Law and RA

⁷ As a general principle, this applies if the land taken constitutes less than 20% of the total productive area; see also WB OP 4.12, point 12, footnote 17.

⁸ For further details see section 5.3 below

Valuation Standard. Where domestic law does not meet the standard of compensation at full replacement cost, WB policies, guidelines and technical specifications for compensation at replacement cost will be applied. Subsequently, compensation and rehabilitation measures will be developed by ASIF (TDF) based on the valuation reports. Guiding principles for the valuation of the predictable types of losses are listed below.

Valuation of Land and Structures

With regard to land, the replacement value is defined as follows:

For agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes done based on the comparative method as per the RA Valuation Standard (details are provided in the ANNEX 7).

For land in urban areas, it is the pre-displacement market value of land of equal size and use, with similar public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes done based on the comparative method as per the RA Valuation Standard (details are provided in the ANNEX 7);

Structures will be valued at replacement cost based on construction type, materials cost, labor, transport/other construction costs. No deduction for depreciation, transaction costs will be applied. If PAP does not wish to relocate, partial impacts may be paid only for the affected portion of the building or repairs.

In determining the replacement cost to be compensated to the PAP, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, WB policies, guidelines and technical specifications for compensation at replacement cost will be applied. Compensation for land, structures, business, fixed improvements and other temporary assets will be based on market valuation, productivity valuation, negotiated settlements, material and labor valuation, disposition of salvage materials and other fees paid. It should be noted that lack of title, license or permit is not a bar to compensation.

Rehabilitation cost

In addition to compensation for lost assets, PAPs will be entitled to transitional assistance which includes moving expenses, temporary residence (if necessary), employment training and income support while awaiting employment. PAPs should have an option for full compensation as regulated by RoA legislation, and WB procedures, which were described in detail in previous paragraphs, if the duration of impact is to exceed two years. These losses will be estimated for each individual case and may vary from (temporary or permanent) loss of business opportunities to loss of crops, orchards, trees, and other items.

In relation to losses that cannot easily be valued or compensated for in monetary terms (e.g., access to public services, customers, and suppliers; or to fishing, grazing, or forest areas), attempts will be made to establish access to equivalent and culturally acceptable resources and earning opportunities.

Valuation of Crops

Standing annual crops will be valued at net annual market value for the one year crop.

Valuation of Trees

Trees will be valued according to different methodologies depending on whether the tree lost is a wood tree or a productive tree.

Wood trees will be valued based on the category (a. seedling; b. medium growth and c. full growth) and wood value and volume. Decorative trees will be valued based on market value of the tree. Fruit/productive trees will be valued based on the category (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.

In relation to losses that cannot easily be valued or compensated for in monetary terms (e.g., access to public services, customers, and suppliers; or to fishing, grazing, or forest areas), attempts will be made to establish access to equivalent and culturally acceptable resources and earning opportunities.

4. RAP PREPARATION AND IMPLEMENTATION PROCESS

Summary of Tasks for Preparation of Resettlement Action Plan (RAP):

Step	Action	Responsibility
A)	Preparation of Resettlement Action Plan (RAP)	
1	Review of ESMF / RPF	ASIF
2	Finalization of Detailed Design	ASIF
3	Prepare survey forms for Census and Detailed Inventory of Losses, PCDP and Timeline for RAP	RAPIU
4	Acquire Cadastral Information and Land Parcel Maps	ASIF with Communities/Village leaders support
5	Coordination with local Government	RAPIU
6	Drafting of the Government Decree including Cut-off Date	ASIF/RAPIU
7	Conduct Socio-Economic Census	RAPIU
8	Public Consultation with PAPs	RAPIU
9	Verify land ownership and identify non-entitled land users to get support by independent legal experts for legalization of land titles	ASIF with Communities/Village leaders support
10	Valuation of Assets	RAPIU/Valuation Consultant
11	Integrate data from Census in Resettlement Plan	RAPUI
B)	Finalization of RAP	
1	Review of impacts and lists of PAPs based on detailed design	RAPIU
2	Socio Economic Survey of vulnerability situations	RAPIU
3	Legalization of land where applicable	Communities/Village leaders
4	RAP approval and submission to WB of draft	ASIF
5	WB Review and Approval	WB
6	Public disclosure and consultation on draft RAP	ASIF
C)	RAP implementation	
1	Consultation with PAPs	RAPIU

Step	Action	Responsibility
2	Preparation of RAP Compliance report	External body upon MTA request
3	Contract signing	MTA
4	COMMENCE CIVIL WORKS	ASIF
D)	Continuous tasks	
1	Monitoring of RAP implementation	ASIF
2	Grievance Redress	Grievance Redress Committee
3	External Audit	Independent agency

4.1. Census and Inventory of Project Affected Persons

Soon after the completion of feasibility studies, a cutoff date will be set and publicly announced and, where applicable, a census of families and persons adversely affected by the Project's component/sub-component will be conducted by the Project. The census will include a complete inventory of all losses to be incurred by each PAP. This information will include as a minimum: (a) number of persons, main occupation and level of income; (b) number, type, and dimension of the houses; (c) number, quality, and area of all the residential plots; (d) number, category, type, and area of agricultural land held and to be lost by each PAP; (e) tenure status of agricultural land and amount of rent paid by tenant/lessee, where applicable; (e) quantity, category, and dimension of all rent of other fixed assets adversely affected; (g) productive assets lost as a percentage of total productive assets; (h) temporary damage to productive assets; (i) quantity, category, and quality of non-agricultural livelihood adversely affected; (j) quantity, type, and quality of community resources to be acquired⁹.

4.2. Identification of Losses

If the S I L D component/sub-component involves physical relocation of PAPs, or provision of replacement land, data will be collected on the location (ASIF will be responsible for these and will carry out through the RAPIU and/or official surveys initial research and provide recommendations in cooperation with all institutions, agencies and organizations involved in the process), area, type, and category of the replacement land available for residential and/or agricultural purposes. Care will be taken to ensure that the relocation site or replacement land is in the vicinity of the PAPs' previous location to avoid social dislocation and unrealistic division of the PAPs' economic livelihood¹⁰.

4.3. Baseline Survey

In addition to the census and inventory of affected land and assets, components / sub-components requiring physical relocation of PAPs may include a baseline survey of the affected population as part of the RAP¹¹. The baseline survey will provide data on the existing social structure, tenure arrangements and resource use, access to common property resources, social services and infrastructure facilities by different social groups in the project area, and for the host population at the proposed resettlement site (if relevant), clearly identifying all special interest groups, particularly those who are poor and vulnerable (e.g. tenants, landless laborers, and female-headed

⁹ See also (i) Annex 2: Checklist for Census Information; and (ii) Annex 3: List of Data for Census Survey

¹⁰ See also Annex 4: List of Data for Inventory of Losses

¹¹ If a full RAP is required, a baseline survey is mandatory. For an abbreviated RAP a baseline survey is undertaken if physical relocation of PAPs is unavoidable and/or if some of the PAPs lose more than 10% of their productive assets; cf. footnote 6, OP 4.12, Annex A

households), and describing their special characteristics in relation to the project¹².

5. IMPLEMENTATION ARRANGEMENTS

5.1 RAP Development and Approval Process

RAPs, as needed, will be developed by the ASIF (TDF) RAPIU with the help of the resettlement expert, social expert, civil engineer consultants and valuation consultant engaged by ASIF (TDF). ASIF (TDF) will be overall responsible for RAP preparation and oversight. RAP preparation will commence immediately after a cut-off date has been declared and main activities to be undertaken include – but may not be limited to – the following:

- Identification of and consultation with PAPs;
- Census survey and inventory of losses of PAPs;
- Valuation of lost land and assets;
- Development of compensation matrix;
- Preparation of indicative budget and schedule for implementation.

The draft and final version of RAP(s) will be submitted by the RAPIU to ASIF (TDF) and to the WB for approval and disclosure.

5.2. Process for the Preparation and Approval of Resettlement Action Plans

Overview

This RPF guides the preparation of Resettlement Action Plan (RAP). Component specific RAPs, consistent with this RPF, will be submitted to the ASIF (TDF) and WB for approval after specific planning information becomes available.

RAPIU will as needed revise and submit final version of the RAPs to ASIF (TDF) and WB for approval. During implementation of these works, ASIF is responsible for monitoring RAP implementation and compliance of works with the terms of the RPF and RAP.

The component specific RAPs under this RPF will include baseline census and socio-economic survey information; specific compensation rates and standards; policy entitlements related to any additional impacts identified through the census or survey; description of resettlement sites; programs for improvement or restoration of livelihoods and standards of living; implementation schedule for resettlement activities; and detailed cost estimates¹³. While carrying out these tasks, specific attention will be paid to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the disabled, the elderly, women and children, indigenous peoples, ethnic minorities, or other displaced persons who may not be protected through national land/property compensation legislation.

RoA legislation requires the same level of protection for all groups of the society, including those mentioned as vulnerable groups. This principle is reflected in the RoA Constitution. In particular, Article 14.1 of the Constitution states: All the people shall be equal before the law. Discrimination based on sex, race, ethnicity, political or other views, belonging to ethnic minorities, property status, birth, disability, age or other personal or social circumstances is prohibited.

Article 6 of the Constitution states that the Constitution has superior legal force and its norms shall be applied directly. All the laws and other legal acts shall be in conformity with the Constitution.

¹² See also Annex 6: Data for Baseline Survey

¹³ See also later sections of this RPF

Resettlement Action Plans

According to WB OP 4.12, all projects that entail resettlement require a RAP. The scope and level of detail of the resettlement plan will vary with the magnitude and complexity of resettlement, i.e. a full RAP is required whenever land acquisition in a project affects more than 200 people, takes more than 10 percent of any holding, and involves physical relocation of population. An abbreviated RAP is acceptable if fewer than 200 people are displaced. Even if more than 200 people are affected, if all land acquisition is minor (10 percent or less of all holdings is taken) and no physical relocation is involved, an abbreviated RAP is acceptable. If fewer than 200 people are displaced but some physical relocation is involved, the abbreviated RAP is expanded to include a rehabilitation program. An overview is provided in Table 1 below:

Table 1: Subcomponent Categorization and Resettlement Planning Requirements

Category	No. of Affected People	Resettlement Impact	Planning Requirement
A	200 or more people experience major impacts, defined as <ul style="list-style-type: none"> · Physical displacement and/or · Loss of 10 % or more of their productive assets 	Significant	Full RAP
B	Less than 200 people experience major impacts	Minor	Abbreviated RAP
C	No loss of assets and incomes or displacement	None	No RAP

Full or abbreviated RAPs for components will be developed – as needed –and supervised by ASIF (TDF). Direct responsibility for these works will bear the social expert working within ASIF (TDF), who will prepare RAP the help of civil engineers of the Project and valuation expert engaged for that purpose and present it for the review and official endorsement. RAPs will document in detail the implementation arrangements for resettlement, including asset acquisition, compensation, relocation and rehabilitation. A census and inventory of assets, livelihoods and losses of all PAPs will be prepared immediately after the relevant GoA authorities have publicly announced the cut-off date for PAP identification purposes.

Each completed RAP will be submitted by RAPIU to AS IF (TDF) and WB to obtain approval. After approval has been obtained, compensation, resettlement and rehabilitation activities will be initiated, and will be completed before awarding contracts of civil works under each component / sub-component of SILD and SILD TF.

Resettlement Screening Process

In the early stage of projects preparation it is difficult to have clear information on possible resettlement impacts that might be associated with the proposed activities. However, experience of previous ASIF projects suggests that resettlement risks of the overall projects and its separate components are low. Therefore, design of RAP at this stage is impossible, given that location/ownership and associated problems of the territories where works are planned are still not known. At the same time, in order to identify possible resettlement and ensuing effects under each component/subcomponent, process of preliminary inspection should be initiated within the framework of the projects, including the following steps:

1. The engineer Consultant(s) for ASIF (TDF) components / sub-components provides an initial and documented description of the existing baseline situation, in particular related – but not limited – to resettlement, land required for the component / sub component (either permanent or temporary), and identification and mapping of landownership in the affected area;
2. Once completed, the feasibility studies / designs are reviewed by ASIF (TDF) and WB as needed. Potential impacts are identified and followed up by engineer Consultant(s) and, when necessary, by ASIF (TDF) through visits to those sites where impacts are expected;
3. Site visits include (a) initial discussions with local authorities; (b) verifying information provided by the engineer Consultant(s); and if required or warranted, (c) obtaining additional information on the scale and magnitude of the potential impacts;
4. Each sub component thus confirmed to include potential resettlement or resettlement effects is subsequently scheduled for an intensive sensitization and consultation process to involve the potentially impacted communities;
5. The consultation process is properly documented by engineer Consultant(s) and the outcome presented to ASIF (TDF) for further processing and eventual approval to proceed (or otherwise) with the specific component / sub component;
6. If approval to go ahead is obtained and a cut-off date for eligibility declared, PAPs and the local authorities are informed about the impending compensation and resettlement;
7. Subsequently, a PAP census survey – as an integral part of RAP preparation – is undertaken and combined with preparing the inventory of losses to limit the inconvenience for the PAPs and speed up the process of RAP preparation. If required, a baseline survey is simultaneously undertaken¹⁴.
8. Once the results of the survey instruments are compiled and completed, a decision is made whether a RAP (abbreviated or full, as applicable) for that component / sub-component needs to be drafted by Design Consultant, or if Due Diligence is sufficient.
9. If RAP(s) is(are) required, the outlines shown in Annex 5 will be used. Sufficient detail should be provided and the RAPs should be in conformity with (the principles of) this RPF.

5.3 RAP Implementation Process

ASIF (TDF) will establish/ appoint an entity to act as the RAP Implementation Unit (RAPIU) and to implement approved RAP(s) for the Project. RAPIU will work under the supervision of ASIF (TDF) and WB. All activities indicated in the RAP shall be covered from loan funds, and be completed prior to commencing related construction activities. In case of the small scale of the impact, ASIF (TDF) can decide to delegate these functions to one ASIF (TDF) units. In that case, as needed ASIF (TDF) capacity will be strengthened with the short-term services of some specialists (for example licensed measurement specialist) as needed. Major responsibilities and activities of the RAPIU include, but may not be limited to, the following:

- a. Closely consult with PAPs and Local Authorities. Provide the public with necessary information, and ensure transparent and timely awareness-raising and communications around resettlement issues with all affected communities (not only PAPs);
- b. Verify the RAP census and asset inventory data;
- c. Undertake cadastral and topographic surveys and ensure correction of data of measuring and inventory if required by possible design changes;
- d. Prepare contracts and/or agreements to be signed by PAPs. Negotiate and agree them with PAPs;
- e. Prepare documentation for registration of new land plots or cadastral registration of servitude writes for the land as needed;
- f. Deliver compensation. Cash compensations will be paid by bank transfer. If PAP will not have bank account, the last will be opened for him/ her by the Project free of charge.

¹⁴ See also Annexes 2, 3, 4, and 6; a baseline survey is required if physical relocation of PAPs is unavoidable and/or if some of the PAPs lose more than 10% of their productive assets; footnote 6, WB OP 4.12, Annex A.

- g. Observe grievance procedures;
- h. Court processing of cases where no agreement is reached;
- i. Construction of infrastructure (in case the resettlement is necessary) and arrangement of relocation of PAPs;
- j. Prepare RAP Completion Report.

It should be emphasized that satisfactory completion of the RAP is a condition for physical construction works on the component to start.

The following steps will be followed in case of temporary land impact will be identified for contract negotiation and signing.

- a. Information-sharing with possible PAPs to ensure they understand their rights to decline the participation in the process as well as compensation for the affected crops/trees;
- b. Undertaking of Land Use Agreement between the concerned PAPs, ASIF (TDF) and Local Authorities of the respective community;
- c. Compensation Agreement, if any;
- d. Payment of the compensation for the affected crops/trees and other losses if any;
- e. Registration of the use write (Servitude) in the Cadaster if needed.

Complaints and Grievances

In order to receive and facilitate the resolution of PAPs and beneficiary community members' concerns, complaints, and grievances concerning the projects performance a grievance redress mechanism will be established to be used for addressing any complaints that arise during the design, RAP preparation and construction phases.

The grievance redress mechanism will address affected people's concerns and complaints proactively and promptly, using an understandable, communicated, and transparent process that is gender responsive, culturally appropriate, and accessible to all segments of the PAPs and beneficiary community at no costs. The mechanism will not impede access to the Country's judicial or administrative remedies. The SILD Project Operations Manual will also provide detail on the Grievance Redress Mechanism, including the Grievance Redress Committee.

Local Authorities

ASIF (TDF) in order to provide a direct channel to the affected PAPs and community members for approaching ASIF (TDF) and have their grievance recorded and redressed in an appropriate time frame will establish a first step of grievance redress mechanism in cooperation with Local Authorities. Prior to RAP preparation as well as Construction works, ASIF (TDF) will inform the beneficiary community about the grievance redress mechanism and provide contact details of persons responsible for grievance collection and response in the community.

Figure 2. Grievance Redress Mechanism



Grievance Redress Committee: Tasks and composition

A Grievance Redress Committee (GRC) at Project level will be established to address complaints and grievances pertaining to resettlement and to pre-empt all disagreements being referred to the court. GRC will include ASIF (TDF), RA MTA staff, and representatives of the relevant state authorities and/or Marzpetaran in the project area, and/or representatives of local NGOs and communities affected by the particular component of the SILD and SILD TF. A GRC will be convened by ASIF (TDF) on a case by case basis, to address complaints and grievances pertaining to resettlement.

Within one week after establishment, the GRC will submit to ASIF (TDF) the procedure and mechanisms of work. The procedure will explicitly define mechanisms and rules of sending complaints and addressing them, including grievance reporting mechanisms, as well as addresses and names of responsible officials at central and local levels. This procedure must ensure maximum access, transparency, disclosure and participation and will be aimed at maximum protection of interests of affected population. In order to achieve these goals, the Committee must use mass media facilities, websites, hot-lines and IT systems of the ASIF/RA MTA and other stakeholders, capacities municipalities and local governments, in active cooperation with NGOs. After approval of the procedure, it must be published in mass media outlets and be available on the ASIF (TDF) website throughout effective period of the program.

Procedure

ASIF (TDF) will make every effort to achieve an amicable settlement of all identified resettlement issues under the RAP at the community and then Project level. If this attempt fails, the PAP may at his/her discretion, deposit a complaint either with the court or GRC. The proposed redress procedure and mechanisms will be presented to and discussed with the PAPs at the early stages of the RAP preparation process. In order to effectively collect all grievances from the potential PAPs, a specific site(s) may be designated for timely depositing and collection of all complaints. The PAPs can deposit complains orally (these shall be properly documented at the moment of depositing complain at the designated site) or in writing. The response will be provided within a period of two weeks after receiving the complaint. If the case is not resolved at the level of the Local Authorities, then ASIF (TDF) and then GRC, it may be submitted by either party to the Court. Any fees required for this purpose will be paid by Projects after verifying that the PAP is a recipient of allowances under the Family Assistance Program of the GoA¹⁵. All other PAPs will be responsible for their own costs.

Expropriation Proceedings

If the ASIF (TDF) and the PAP fail to reach an agreement on the acquisition of private properties, the GoA will pursue the expropriation proceedings in accordance with the RA —Law on property alienation for social/public and state needs (No: HO-185-N of 27 November 2006)".

Court

The Court of Armenia shall be the last resort for issues and concerns regarding the implementation of the RAP. In case of failure in the negotiation between the ASIF (TDF) and the PAP concerning the acquisition of private properties, the GoA with the mandate for expropriation based on existing legislations will submit to the Court a request for expropriation. Upon its approval and following prescribed procedures, the GoA will take over the concerned property after having been given the right of Expropriator by the Court.

In cases where complaints and grievances regarding the RAP implementation and compensation are not amicably settled and mediation by the Grievance Redress Committee remains also unsuccessful, the PAP will also have the right to appeal the case to the Court as a last resort. The Courts' decision shall be final and be executed.

As per the Law on Alienation of property for social/public and state needs (Article 13) the acquirer shall be obliged to resort to the Court if the alienation agreement is not signed voluntarily by the

¹⁵ Based on a number of (wealth and income) indicators, this Program assists to varying degrees families that are not in a position to fully or partially cater for their daily necessities.

owner and/or persons enjoying property rights over the property subject to alienation, whereas only the issues connected to the amount of compensation can be discussed in the court. Hence, PAPs cannot argue the amount of compensation in the courts on their own initiative. If they do not agree with the amount suggested, they do not sign the alienation agreement, in which case the acquirer should go to court, if he still wants the property to be alienated.

5.4 Supervision and Monitoring

Institutional arrangements will be made for internal monitoring of resettlement activities. If deemed necessary in the RAP, an external monitoring entity will be involved to ensure independent monitoring of RAP preparation and implementation activities.

Resettlement activities in all components will be regularly supervised and monitored by personnel of ASIF (TDF). Reporting on internal monitoring will be carried out by the ASIF (TDF) and included in Project Progress Reports. At the end of each RAP completion, a RAP Completion Report will be submitted to WB. Internal monitoring and supervision will:

- verify that the census of all PAPs has been carried out;
- that the RAP and baseline survey (as appropriate) has been prepared where it is required;
- that property valuation and resettlement has been carried out in accordance with the provisions of this RPF and the respective RAP;
- oversee that all resettlement measures are implemented as approved;
- ensure that all affected PAPs and local communities are receiving adequate information, communication and opportunities for consultation related to the RAP;
- Ensure that all grievances related to RAP preparation or implementation (including valuation of assets) are addressed in a sensitive, clear and timely fashion;
- ensure that funds for implementing resettlement activities are provided in a timely manner, are sufficient for their purposes, and are spent in accordance with the provisions of this RPF and the respective RAP.

An external monitoring entity will be engaged to carry out an independent monitoring of RAP implementation at the close of the RAP implementation and relevant civil works. In addition to verifying the reports generated by internal monitoring, external monitoring will:

- evaluate the social and economic impact of resettlement on the PAPs;
- verify if the objective of enhancement or at least restoration of income levels and standards of living of the PAPs has been met; and
- as needed, provide suggestions for improvement of resettlement implementation to ensure achievement of the principles and objectives set forth in this RPF and respective RAP(s).

6. PUBLIC PARTICIPATION

According to WB OP4.12. PAPs must be fully consulted and provided with opportunities to participate in all stages of the planning and implementation of the RAP. ASIF shall outline the conditions and the process for ensuring participation of PAPs and NGO sector representatives in the development and implementation of activities relating to resettlement and land acquisition. Under the same principles, the PAPs have to 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 RAP. A public information and consultation campaign must be carried out by the ASIF (TDF) during all stages of the RAP implementation process. The affected parties will be provided with an opportunity of presenting

their ideas and suggestions as inputs into the planning and implementation of the resettlement activities. The RAPIU will invite PAPs and NGO sector representatives to participate in public consultations organized by SILD and SILD TF at the initial stage of the process, as well as in public consultations organized by SILD and SILD TF during preparation and implementation of RAPs. Different interested NGOs will be actively involved by the ASIF (TDF) in all the process of Public Consultations. All consultations will be gender-sensitive and inclusive for vulnerable groups.

ASIF (TDF) will consult with PAPs and invite them, their local officials and relevant civil society organizations, to participate in public consultations at the initial stage of the process, as well as in public consultations during preparation and implementation of RAP as described in previous sections.

The RAPs will be available in the LAs office with reliable information on the projects, its impacts and the proposed mitigation strategies and economic rehabilitation activities.

Public Information Leaflets with cut-off date, eligibility criteria and entitlements, modalities of compensation, complaints and grievance redress procedures will be provided to each affected household. This information will be made easily accessible to the public at no cost to the PAPs, and the location of disclosure will also be announced during Public Consultations.

All consultation discussions will be documented and kept by the ASIF (TDF).

After completion of each RAP, a brief survey will be undertaken by the RAPIU among PAPs to assess their satisfaction with the process and results of the RAP. The findings from this survey will be included in the RAP compliance report and provided to external monitors as an input to their audit. Lessons learned from these surveys will be incorporated in subsequent RAP(s).

7. COSTS AND BUDGETS

ASIF (TDF) will submit to RoA Government and the WB detailed cost of resettlement based on the finalized RAPs, and including a breakdown by agricultural land, residential land, houses, other assets, and livelihood to be affected. The cost estimates will make adequate provision for monitoring and supervision as well as for contingencies. All costs for resettlement will be funded through government funds. The Projects cannot be considered completed until all the objectives of the RAPs have been achieved.

ANNEXES

ANNEX 1: PROVISIONAL ENTITLEMENT AND COMPENSATION MATRIX

Type of loss	Specification	Affected people ¹⁶	Entitlements
1. Permanent loss of agricultural land, including cultivable land and uncultivable wasteland (such as pastures, woodlots, etc.)	All land losses, irrespective of severity of impact	Farmer/title holder	<ul style="list-style-type: none"> * Land for land compensation with plots of equal value and productivity to the plots lost; or; * Cash compensation for affected land at replacement cost free of taxes, registration, and transfer. * Residual portions of plots affected by the required ROW which are reduced to less than 400m² or rendered unusable by alterations in access, irrigation, or workability will be included in the affected land and compensated as indicated above.
		Leaseholder (registered or not)	* Renewal of lease in other plots of equal value/productivity of plots lost, or cash equivalent to market value of gross yield of affected land for the remaining lease years (up to a maximum of 10 years).
		Share- croppers (registered or not)	* Cash compensation equal to the market value of the lost harvest share and rehabilitation assistance as appropriate (to be determined in the specific RAP)
		Agricultural workers losing their contract	* Cash indemnity corresponding to their salary in cash and kind for the remaining part of the agricultural year and rehabilitation assistance as appropriate (to be determined in the specific RAP)
		Non-titled land users	* One rehabilitation allowance equal to market value of one net harvest (in addition to crop compensation) for land use loss; additional rehabilitation assistance as appropriate (to be determined in the specific RAP)

¹⁶ Identified at cut-off date

	Additional provisions for severe impacts (> 10% of land loss)	Farmer / titleholder & Leaseholder (registered or not)	* One severe impact allowance equal to market value of one net harvest of the affected land for one year (inclusive of winter and summer crop and additional to standard crop compensation and rehabilitation assistance, as appropriate)
		Share- croppers (registered or not)	* One severe impact allowance equal to market value of share of harvest lost (additional to standard crop compensation and rehabilitation assistance, as appropriate)
		Non-titled land users	* One severe impact allowance equal to market value of net harvest of the affected land for one year (additional to standard crop compensation and rehabilitation assistance, as appropriate)
2. Temporary loss of land		All PAPs regardless of legal status	<ul style="list-style-type: none"> * Affected land & communal infrastructure will be restored to pre-project conditions. * Rent shall be agreed between landowner and Contractor equal to the revenue lost based on market value (example: compensation for harvests lost at average yield/hectare) * Cash compensation for assets lost (example: structures, trees)
3. Residential/ commercial land		Titleholder	<ul style="list-style-type: none"> * Land for land compensation through provision of a plot comparable in value/location to plot lost; or: * Cash compensation for affected land at full replacement cost free of taxes, registration, and transfer costs
		Tenant/ Leaseholder	* Maximum of three months allowance to find replacement
		Non-titled land users	* Provision of a free or leased plot in a Government resettlement area or a self-relocation allowance.

4. Houses, building and structures		All relevant PAPs (with or without house or building registration)	* Cash compensation at replacement rates for affected structure and other fixed assets free of salvageable materials, depreciation and transaction costs. In case of partial impacts full cash assistance to restore remaining structure. The cost of lost water and electricity connections will be included in the compensation.
5. Crops	Crops affected/lost	All PAPs regardless of legal status	* Crop compensation in cash at full market rate for one year gross harvest by default to be paid both to landowners and tenants based on their specific sharecropping agreements; additional rehabilitation assistance as appropriate (to be determined in the specific RAP)
6. Trees	Trees affected/lost	All PAPs regardless of legal status	* Cash compensation shall reflect income replacement. Fruit trees will be valued at gross market value of one year income x number of years needed to grow trees of the same productivity.
7. Business/ Employment	Temporary loss of business or employment	All PAPs regardless of legal status	* Business owner: Cash compensation for the period of business interruption, based on tax declaration or official minimum salary * Worker/employee: Indemnity for lost wages for the full period of business interruption
	Permanent loss of business or employment	All PAPs regardless of legal status	* Business owner: Cash compensation equal to one year income (based on tax declaration or official minimum salary) and rehabilitation assistance as appropriate (to be determined in the specific RAP) * Worker/employee: 3 months indemnity for lost wages and rehabilitation and employment search assistance as appropriate (to be determined in the specific RAP)
8. Livelihoods	Loss of social support systems	All PAPs regardless of legal status	* Restoration of livelihoods must be to levels at least equivalent to those maintained at the time of dispossession, displacement, or restricted access. * If replacements to losses are unavailable, strategies can include skill development, wage employment or self-employment, including access to credit.

9. Relocation	Transport and transitional livelihood costs	All PAPs affected by Relocation	* Provision of cash compensation to cover transport expenses and livelihood expenses due to relocation; time period to be determined in the RAP
10. House tenants		Tenants who have leased a house	* Provision of a cash grant of three months' rent at the prevailing market rate in the area and will be assisted in identifying alternative accommodation
11. Community assets			* Rehabilitation/substitution of the affected structures/utilities (i.e. places of worship, footbridges, roads, schools, health centers, pastures, woodlots, etc.) to pre-project functions
12. Vulnerable people's livelihood		PAPs below poverty line	* Priority for employment in project-related jobs, training opportunities, self-employment and wage-employment assistance; * Rehabilitation assistance package to be determined based on a cases by case analysis

ANNEX 2: CHECKLIST FOR CENSUS INFORMATION

Persons:

- * Aggregate number of individuals and households in each affected category; Age, gender, occupation of every individual.
- * Any particular forms of vulnerability (e.g. disabled, receiving social assistance, etc.)

Property:

Personal property including details of ownership of

- * Structures: houses, farm buildings, shops, industrial structures, grain drying area, latrines, etc.;
- * Land and type: irrigated or non-irrigated, woodlots, grassland, wasteland, etc.;
- * Description and estimate of the value of standing crops on land;
- * Other: livestock, wells, trees, natural resources etc.

Public and common property:

- * Land: village common lands, gathering and foraging areas, fishing areas, etc.;
- * Structures and facilities: schools, health facilities, burial grounds, temples, community centers, public transport, banks, co-ops etc.;
- * Infrastructure: drinking and other water systems, access and internal roads, electricity and other power sources;

PAP incomes from other sources, including:

- * Farm-based income;
- * Off-farm labor;
- * Informal sector activities.

ANNEX 3: LIST OF DATA FOR CENSUS SURVEY

1. Background Information

- (a) Questionnaire code and date of survey
- (b) Name of interviewer
- (c) Name of province, district and village/hamlet

2. Household Census

- (a) Name of household head and all household members
- (b) Relationship of household members to the household head
- (c) Age and sex of each household member
- (d) Information on ethnicity
- (e) Education level of each member
- (f) Primary occupation and monthly income of each member
- (g) Incomes from secondary sources for each member
- (h) Location of job or businesses as the case may be
- (i) Length of stay on present location

3. Tenure Status

- (a) Category of land
- (b) Type of land ownership and the name of the owner/HH member
- (c) Type of document possessed to certify ownership type
- (d) If not owned, name and address of owner
- (e) If informal use right, type of agreement
- (f) Number of years used
- (g) Rent per month paid by tenant
- (h) Deposits made by lessee

Note: In case census and inventory are conducted as separate exercises, some information on land use, affected structures and other fixed assets, and affected businesses should also be collected as part of census surveys.

ANNEX 4: LIST OF DATA FOR INVENTORY OF LOSSES

1. Land Use

- a. Existing use of land
- b. Areas under different land usages, where applicable
- c. Total and affected area of land with breakdown by usages, if applicable
- d. Estimate whether the remaining area is viable for continued use
- e. Total area of land by type for compensation purposes

2. Structures

- a. Type of structure
- b. Number of floors
- c. Area by floor
- d. Name of owner of structure
- e. Year of construction
- f. Whether permit obtained for structure
- g. Use of structure and areas by usages, if applicable
- h. Description of building material used for roof, walls and floors by surface areas
- i. Type of foundation
- j. Description of any special features of structure
- k. Utility connections (electric meter, water supply, etc.)
- l. Charges paid for utility connections
- m. Affected area of structure
- n. Estimate whether the remaining structure is viable for continued use
- o. Total area of building for compensation purposes

3. Other Structures

- a. Types of structures (wells, boundary wall, fence, warehouse, etc.)
- b. Area of fish pond affected
- c. Average household income from fish pond
- d. Description of areas and construction material of affected structures
- e. Use of other structures

4. Agricultural Products

- a. Type of crops affected
- b. Owner of affected crops
- c. Total yearly production of crop on affected land
- d. Average yield of crop
- e. Any products that are sold at the market
- f. Number of employees/labor used for crop production
- g. Average value of crop
- h. Average yearly household income from agriculture

5. Trees

- a. Number and types of affected trees
- b. Age of trees
- c. Name of owner of trees
- d. Average yield of fruit bearing trees
- e. Average yearly income from fruit trees

6. Business

- a. Type of business affected
- b. Name of owner of business
- c. Registration/permit number of business (check document)
- d. Total yearly household income from business
- e. Average operating expenditure of business
- f. Number of employees in business
- g. Number of permanent and temporary employees
- h. Average income and profit as reported for income tax (check document)
- i. Whether the business needs to be relocated

7. Affected Public Utilities and Facilities

- a. Description of affected community infrastructure
- b. Description of affected facilities by area & building material used
- c. Estimated number of population adversely affected by the facilities/infrastructure

8. Preference for Relocation

- a. Whether there is a need for relocation or reorganization
- b. Preferred mode of compensation (cash or kind) for land
- c. Preferred mode of compensation for structure
- d. Preferred type of assistance for income rehabilitation

ANNEX 5: FORMATS FOR RAP AND ABBREVIATED RAP

Full RAP	Abbreviated RAP
<p>Includes a statement of objectives, policies and principles, and typically covers the following:</p> <ol style="list-style-type: none"> 1. Description of the project; 2. Project resettlement potential impacts; 3. Objectives; 4. Socio-economic studies, expected consequences; 5. Legal framework; 6. Eligibility; 7. Valuation of and compensation for losses; 8. Site selection, site preparation and relocation; 9. Housing, infrastructure and social services; 10. Organizational responsibilities; 11. Public participation, consultation and grievance mechanism; 12. Implementation schedule; 13. Cost estimate and budget; 	<p>Covers the following minimum elements¹⁷:</p> <ol style="list-style-type: none"> 1. A census survey of displaced persons and valuation of assets; 2. Description of compensation and other resettlement assistance to be provided; 3. Consultations with displaced people about acceptable alternatives; 4. Institutional responsibility for implementation and procedures for grievance redress; 5. Arrangements for monitoring and implementation; and 6. A timetable and budget.

¹⁷ In case some of the displaced persons lose more than 10% of their productive assets or require physical relocation, the plan also covers a socio-economic baseline survey and income restoration measures.

ANNEX 6: DATA FOR BASELINE SURVEY

Note: The background information, household status and land use information would be same as in ANNEX 4 above: List of Data for Census Survey

Additional information would include the following:

1. Access to Facilities

- a. Access to electricity
- b. Type of water supply available
- c. Type of sanitation facilities within the building
- d. Distance to school
- e. Distance to health facilities
- f. Distance to market

2. Household Assets

- a. Type and number of farm equipment and implements owned by the household
- b. Type of other business equipment owned by household
- c. Estimated value of affected equipment
- d. Type of transport owned (bike, motorcycle, truck, animal cart, car, other)
- e. Major kitchen equipment owned (stove, cooker, etc.)
- f. Ownership of fridge, radio, TV, etc.
- g. General condition of building (excellent, good, average, poor)
- h. General condition of household furnishing (furniture, cupboards, etc.)

3. Household Income and Expenditure

- a. Average annual household income from all sources
- b. Average expenditure on major items: food, transport, health, education
- c. Any loans taken from bank, friends or relatives
- d. Approximate savings, if any

4. Skills Possessed

- a. Skills of each household member
- b. Types of training or skills preferred for further upgrading

ANNEX 7: GUIDELINES FOR VALUATION AND COMPENSATION OF PROPERTY

Introduction

As noted above, there are two components that comprise the valuation of property for Project Affected Persons (PAPs). The first is the replacement cost for property owned, or used for productive purposes by the PAP. The second is a one-time payment of allowance to the PAP which is defined as an amount (in financial terms) above the current replacement cost, used to compensate the impacted person for inconvenience, time loss due to change in residence or location, additional inputs required to bring the new location to a productive level equivalent to the property replaced, loss of income during the process of relocating, and similar losses.

Required are practical guidelines for estimating costs for resettlement activities under the SILD and SILD TF. It should be restated at the outset that the discussion below is not a fixed framework, but a set of negotiable guidelines and suggestions. The point is that each case will be different; each case will require local consultation with impacted stakeholders. Considerable time and effort are usually needed to achieve satisfactory results.

Process Regulating Documents

The methodology for compensation calculations and unit price calculations was developed in accordance with the following documents:

- (i) World Bank OP 4.12
- (ii) The “RA Law 20-189-N on Real Estate Assessment Activities” adopted on 04.10.2005
- (iii) The RA National Standard on Real Estate Assessment in the Republic of Armenia
- (iv) The RA Urban Development Minister’s “Decree N 09-N (dated 14.01.2008) on Approving the Construction of Buildings, Structures in the RA Territory and the Collection of the Increased Indicators of the Construction Work Type Cost.”

Valuation of the Land

In a free market economy, the value of land-agricultural as well as nonagricultural -is determined by the price it is bought or sold in the real estate market. Land has been classified by the State Committee of the Real Estate Cadastre under the GoA (SCREC). However, sometimes, the classification is not in line with actual usage of the land. In the frames of the projects, the type with higher price will be used for determination of the land price in favor of PAPs.

Assessment of the Land Replacement Cost

Land valuation should be carried out at replacement cost based on market rates. Market rates will be assessed through the comparative method as defined by RA Valuation Standard. Based on this method a plot value is determined by taking into account the adjusted average sale price of at least three recently sold comparable plots with a similar location and use/features. If acceptable comparators in the same location of the valued plot are not available, one or more comparator plots are drawn from a different nearby/comparable location.

In order to reflect small differences between the characteristics / quality of the evaluated land and comparator lands, the average market sales of the comparator lands should be adjusted according to several comparison parameters and corresponding coefficients.

Assessment Procedure

The land assessment comparative method will be applied as follows:

- (i) similar real estate markets should be analyzed

- (ii) at least three comparison units should be defined
- (iii) necessary comparison elements should be distinguished
- (iv) the cost of comparison units should be adjusted according to comparison elements and several adjusted cost indicators averaged for the compared real estate
- (v) obtained market cost should be compared with the cadastral cost
- (vi) the plot price should be defined.

Step 1

To analyze similar real estate markets and choose reliable information for the analysis, the Evaluator can use public sources (professional journals, websites, external advertisements), a personal database¹⁸ and information obtained from the “Center of Information technologies” SNCO at the SCREC. Based on the obtained information, the Evaluator uses the most compatible/relevant information (by its comparison elements).

Step 2

In principle, the source of comparator values are records of executed sales from the Centre for Information Technologies SNCO at the SCREC. If for a specific plot, records did not include usable comparators, then records from the Cadastre lists of market prices or land sale offers in newspapers and websites are used to form comparators. Each valued plot is matched with at least three comparator plots.

Step 3

Once comparator plots are identified, several additional parameters for comparing the relative quality/features of valued plots and comparator plots are also considered. The parameters and the coefficients for price adjustments are listed below:

Sales condition and market state

These are the market price changes which occurred between the market sales of comparator lands and the evaluation period. The evaluator also considered whether the property was purchased through a mortgage.

Actual usage

This shows how the given plot is actually used, irrespective of its cadastral, targeted and operational purpose.

Location and position

Assessed and comparator plots are shown by districts. Their distance from a main road was also shown. In this case, 20 % step decrease or increase coefficients can be applied.

Access to transport

This coefficient described the distance of assessed and comparator plots from main transport junctions. Access to transport can be found to be the same for assessed and comparator plots and no coefficient to be applied in this case.

Total surface area

¹⁸ In his/her office, the Evaluator kept a database, where both the prices of the property subject to sale and the sales data (that became known to the Evaluator, as a result of implemented transactions with the Evaluator's participation) are entered.

The size of the total surface area of the affected plots didn't impact the plot price, since it was similar to the surface areas of comparable plots.

Facade

This shows how many meters of facade the given plot has on the main road.

Availability of infrastructures

Describes the distance from the assessed plot to main infrastructures (roads, irrigation pipeline, drinking water pipeline, electricity line, gas pipe, sewage).

Slope

The coordinated market observations show that plots with or without a slope have different prices. For that reason, the Evaluator also can consider this comparison element. Since the assessed and comparator plots are flat, there is no need to correct the given element.

Step 4

The market price unit of the plots will be adjusted according to the listed comparison elements. The adjustment logic is presented in the table below:

Table1

Calculation of cost of 1 square meter of the total plot

Comparison elements	Assessed real estate	Similar real estate 1	Similar real estate 2	Similar real estate 3
Price for 1 square meter		30.064	13.333	12.933
Bargaining (Sales condition)		Sale	Sale	Sale
Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
Time (Market state)	02.2013	11.2012	02.2012	02.2012
Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
Targeted purpose	Populated area.	Populated area.	Populated area.	Populated area.
Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
Operational purpose	Other lands	Resid. struct.	Resid. struct.	Resid. struct.
Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
Actual purpose	Orchard	Resid. struct.	Resid. struct.	Resid. struct.
Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
Location	Good	Excellent	Satisfactory	Satisfactory
Adjustment coefficient		0.80	1.20	1.20
Adjustment by AMD		-6.013	2.667	2.587
Position	Excellent	Excellent	Good	Good
Adjustment coefficient		1.00	1.20	1.20
Adjustment by AMD		0	2.667	2.587
Access to transport.	Good	Good	Good	Good
Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
Physical characteristics:				
Total surface area (square)	400.0	266.10	300.0	300.0
Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
Facade (meter)	9.65	14.50	12.0	12.0
Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
Availability of infrastructures	Satisfactory	Good	Satisfactory	Satisfactory
Adjustment coefficient		0.85	1.00	1.00
Adjustment by AMD		-4.510	0	0
Slope	Flat	Flat	Flat	Flat

Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
Improvements	None	None	None	None
Adjustment coefficient		1.00	1.00	1.00
Adjustment by AMD		0	0	0
General adjustment (AMD)		-10.522	5.333	5.173
Price for 1 adjusted square		19,542	18,666	18,106
Weight coefficient		0.33	0.34	0.33
A unit price for the assessed	18.770			

Step 5

The final decision on the value of the assessed property will be determined through the sales comparison method by analyzing adjusted prices of comparator real estate sales. The Evaluator averages the adjusted prices of three similar plots after establishing that all the three comparator plots are similar to the assessed plot and that the sources for obtaining data are credible.

Step 6

1. Then, the market price of the plot will be calculated by the following formula:

$$PMC = PSA \times SMC$$

where:

PMC – is the market price of the plot,

PSA- is the surface area of the plot,

SMC-is the adjusted market price for 1 square meter of similar plots.

BUILDING/STRUCTURE VALUATION METHODOLOGY

The valuation of building/structures should be carried out at replacement cost. Replacement cost is understood as the total cost to reconstruct a building/structure comparable in area, materials and features to the building/structure to be replaced, free of deductions for transaction costs and amortization. The calculation of the replacement cost was based on the following factors:

- (i) current market value of materials
- (ii) current cost of transportation of materials
- (iii) current labor costs, and
- (iv) cost of specific structural/esthetic features of the affected building.

Calculations should be made in compliance with official measurement indicators and adjustment coefficients established for the whole RA territory and civil works valuation parameters defined under the official Aggregative Indicators for Civil Works (AICW).

The replacement costs of buildings and structures will be determined on the basis of

- (i) data presented in relevant specialized normative bulletins and other reliable sources
- (ii) data on costs mentioned in construction contracts for similar structures in market conditions.

For the assessment of real estate, the replacement costs of structures will be calculated as the sum of direct and indirect expenses and business (constructor's) profit. The required expenses, for constructing 1 square meter of real estate with similar use and purpose, will be defined by the following formula:

SE = DE + IE + BP where:

SE – required expenses for construction of 1 square meter of real estate with similar use and purpose

DE –sum of direct expenses,

IE- sum of indirect expenses, and

BP - business (constructor's) profit.

Direct expenses included the following expenses directly associated with construction:

- (i) expenses for purchasing materials, products, engineering networks and systems, and constructors' salaries
- (ii) expenses for operation of construction vehicles and machinery
- (iii) expenses related to temporarily constructed structures, safety measures, other expenses considered the norm in the transport and local market
- (iv) expenses related to financing the construction, and
- (v) contractor's overhead expenses and profit.

Indirect expenses will be defined based on market tariffs for works and services. The following expenses arising from the construction of structures will be considered indirect expenses and will be included in the cost of construction:

- (i) design, estimate preparation, technical and other control expenses
- (ii) payments for consulting, legal, accounting and audit services
- (iii) expenses related to advertising, marketing and object sale
- (iv) entrepreneur's administrative and other expenses.

The amount of business profit will be determined on the basis of market analysis. According to the RPF depreciation deductions will not be applied. Structure replacement expenses will be determined using the following formula:

$$RE = BS \times SE$$

where:

RE - Structure reproduction (or replacement) expenses

BS –floor surface area of assessed buildings and structures

SE- expenses required for the construction of 1 square meter of real estate with similar use and purpose.

An example of calculation of structure replacement costs is given in the following table:

Table 2. Sample calculation of replacement cost of a residential building

	Type of building/structure Measurement unit	Residential house Cubic
1	1 unit expenses (presented in INCC 2009) directly related to implementation of INCC 2009, volume I.	30.42
2	Height between the interfloor ceilings of the assessed real estate (m) (Reference: Ownership certificate and/or topography or measurement results)	2.4

3	1 unit expenses (presented in INCC 2009) directly related to implementation of works: salary, cost of materials, operation cost of vehicles and machinery.	73,008
Reference: Standard point 6.5, subpoints a., b., c. and e.; section 6 to section 8 of the Urban		
4	Exchange rate change coefficient (Å/305.0) (absolute value).	1.334
Reference: INCC 2009, general provisions, point 5		
5	Reproduction expenses (3x4) (absolute value).	97.42
6	Difference between the construction material (used during the assessed real estate construction) and work prices considered in the expenses (presented in	0
Reference: private analysis, format: electronic version, Excel, "tarberutvun", sheet 1		
7	Reproduction expenses (5+/-6) (absolute value)	97.42
8	Real expenses of buildings and structures that are of temporary, household purpose (moveable or constructible), warehouses, temporary engineering	1.83
9	Line 8 with absolute value	1.783
Reference: Table of section 3 of the "Decree N 69 (dated 21.08.2001) on Approving Estimate Norms of Temporary Buildings and Structures Built		
10	Additional expenses related to climatic conditions impact on construction	1.2
11	Line 10 with absolute	1.169
Reference: Table of the "Decree N 68 (dated 21.08.2001) on Approving Estimate Norms Taking Into Account the Climatic Conditions Impact on		
12	Work implementation expenses in cramped conditions (%)	0
13	Line 12 with absolute	0
Reference: EPEP-85 collection		
14	Expenses necessary for mandatory examination of design/ estimate documents	7.94
15	Line 14 with absolute	246
Reference: Decree N 41-Ü dated 16.06.2008, section 14, arithmetical average of lines 1-9 of table 4		

16	Additional expenses envisaged for construction and mounting works of small	1.5
17	Line 16 with absolute	1.461
Reference: Decree N 41-Ü dated 16.06.2008, section 15, arithmetical average of lines 1-3 of		
18	Expenses related to activities for transferring waste (not current) formed after construction and mounting works * (%)	0.15
19	Line 18 with absolute	146
Reference: Decree N 41-Ü dated 16.06.2008, section 16, table 6		
20	Object technical control service expenses * (%)	1.41
21	Line 20 with absolute	1.374
Reference: Decree N 41-Ü dated 16.06.2008, section 17, arithmetical average of lines 1-7 of		
22	Object author's control service expenses * (%)	0.5
23	Line 22 with absolute	487
Reference: Decree N 41-Ü dated 16.06.2008, section 18, arithmetical average of table 8, lines 1		
24	Expenses required for preparation of design-estimate documents * (%)	3.18
25	Line 24 with absolute	3.098
RA Urban Development Minister's "Decree N 19-Ü (dated 15.02.2008) on Approving the Procedure of Calculating the Preparation Work Cost of Urban Documents (project and architectural)," arithmetical average of lines 1-13,		

26	Expenses related to payments for consulting, legal, accounting and audit		0
Reference: Standard, subpoint b. of point 1 of section 7.7.4			
27	Expenses related to		0
Reference: Standard, subpoint c. of point 1 of section 7.7.4			
28	Expenses related to advertising, marketing and object sale		0
Reference: Standard, subpoint d. of point 1 of section 7.7.4			
29	Entrepreneur's administrative and other expenses		0
Reference: Standard, subpoint e. of point 1 of section 7.7.4			
30	Non-envisaged expenses		3.5
31	Line 30 with absolute	3,410	
Reference: Decree N 41-Ü dated 16.06.2008, table 1, arithmetical average of points c., d., e., f.. of section 1 and a., b., c., and d.. of section 2			
32	Equipment cost (ventilation, heating, etc.) (absolute value)		10.00
Reference: INCC 2009, general provisions, point 3, subpoint 1.1			
33	Taxes: VAT * (%)		20
34	Line 33 with absolute value		19.48
Reference: INCC 2009, general provisions, point 3, subpoint 1.1, Decree N 41-Ü dated 16.06.2008, section 12, RA Law on Value Added Tax, Clause 2 of Article 6, Article 9			
35	Business profit (%)		0
36	Line 35 with absolute value		0
Reference: Standard, point 3 of section 7.7.4, Analysis			
37	Reproduction (or replacement) expenses (7+9+11+13+15+17+19+21+23+25+26+27+28+29+31+32+34+36)		140,08 3

ANNEX 8: DOCUMENTS CONSULTED

1. MCA-Armenia SNCO, Resettlement Policy Framework (2009);
2. Community Agricultural Resource Management and Competitiveness Project II (2015-2019) Resettlement Policy Framework (2014);
3. Transmission Line Reconstruction Project Hrazdan to Shinuhair Corridor, Resettlement Policy Framework (2011);
4. Lifeline Network Improvement Project, Resettlement Policy Framework (2012);
5. Irrigation System Enhancement Project, Resettlement Policy Framework (2013);
6. Republic of Armenia: Constitution (1995, amended in 2005);
7. Republic of Armenia: the Civil Code (1998);
8. Republic of Armenia: Land Code (2001);
9. Republic of Armenia: Law on Property alienation for social/public and state needs (2006);
10. Republic of Armenia: Code of Civil Procedure (1998);
11. Republic of Armenia: Code of Administrative Procedure (2007);
12. Republic of Armenia: Law on Real Estate Valuation Activity (2005);
13. The “RA Law ՀՕ-189-N on Real Estate Assessment Activities” (2005)
14. The RA National Standard on Real Estate Assessment in the Republic of Armenia
15. World Bank: Operational Policy on Involuntary Resettlement (WB OP 4.12) (January 2002);
16. World Bank: Operational Policy on Involuntary Resettlement - Annex A to OP 4.12 (January 2002);
17. World Bank: Bank Procedure (BP) 4.12 (January 2002);
18. World Bank: Involuntary Resettlement Sourcebook and Appendices (2004).

ANNEX 9: CONTRACTOR FORMS FOR TREE AND STRUCTURE REMOVAL

It was agreed that construction contractors would cover the cost of removal any trees (compensated in cash) and the temporary removal of structures (mainly bridges to be rebuilt following works). This compensation and rehabilitation would proceed on the no-objection of ASIF (TDF) and the WB following the completion and submission of the attached forms by the contractor before works commence. In the case of trees these would form the basis for the preparation of RAPs, while the temporary removal of bridges and other non-productive assets would be captured in progress reports submitted by ASIF (TDF).

Tree Removal – Contractor Form and Procedures:

- Do not remove trees unless absolutely necessary; m
- Complete this form in consultation with owner before works commence;
- Do not remove tree without getting ASIF (TDF) approval following submission of form (section 7 completed);
- Following payment completion complete section 7 and re-submit to ASIF (TDF). Refer any complaints to the ASIF (TDF).

1. Information on Tree

Location of trees	Community	
	Land plot lot and code	

	Type of the tree	No	Wood tree	Decorative tree	Fruit tree		
			The volume of the tree in m ³	Size of the tree (mention the unit (sm, m))	Seedling	Not-yet productive	Productive
1							
2							
3							
4							
5							
6							

2. Information on Owner

Name of the Owner	
Document of the ownership*	
Passport data	
Contact address and phone number	
Date consulted	
Signature of owner	

* In case of registered owners it can be cadaster certificate, in case of leaseholders it can be a lease agreement or leas cadaster certificate, in case of non-registered users it can be certificate from Local

3. Calculate compensation to be paid for wood trees

	Type of the tree	No	Wood tree	Unit cost	Total compensation
			The volume of the tree in m ³	AMD per m3	AMD per tree
1					
2					
3					
4					
5					
	Grand Total	-	-	-	

4. Calculate compensation to be paid for decorative trees

	Type of the tree	No	Decorative tree	Unit cost	Total compensation
			Size of the tree (mention the unit(sm, m))	AMD per unit	AMD per tree
1					
2					
3					
4					
5					
	Grand Total	-	-	-	

5. Calculate compensation to be paid for fruit trees

	Type of the tree	No	Fruit tree (mention only one type per line)			Unit cost	Total compensation
			Seedling	Not-yet productive	Productive	AMD per unit	AMD per tree
1							
2							
3							
4							
5							
	Grand Total	-	-	-			

6. Submit to ASIF (TDF)

Date Reviewed by	
Signature	

Revised/final compensation estimate	
Comment	

7. After RAPIU approval

Total compensation		
Date of payment		
Owner signature confirming the payment	<i>Name</i>	
	<i>Signature and date</i>	
Contractor signature confirming the payment	<i>Name</i>	
	<i>Signature and date</i>	

SILD and SILD TF Structure Removal – Contractor Form and Procedures:

- Only remove structures if absolutely necessary e.g. bridge or wall blocks access to canal;
- Do not remove structure without discussing with owner first;
- Reassure owner that structure will be restored to original state following works completion;
- Inform ASIF (TDF) of structures to be removed by submitting copies (1 per structure, with sections 1-2 complete) of this form along with pictures, before starting works;
- Following rehabilitation complete section 4 and re-submit to ASIF (TDF) for their records.

1. *Information on Structure (attach pictures)*

Location of structure (community)	
Location of structure (land plot lot and code)	
Type/name of structure	
Material of the Structure	
Purpose of use	
Reason for removal	

2. *Information on Owner*

Name of the Owner	
Document of the ownership*	
Passport data	
Contact address and phone number	
Date consulted	
Signature of owner	

* *In case of registered owners it can be cadaster certificate, in case of leaseholders it can be a lease agreement or lease cadaster certificate, in case of non-registered users it can be certificate from Local*

Authorities

3. *Submit to ASIF (as needed ASIF (TDF) may inform WB)*

Date Reviewed by	
Signature	
Comment	

4. *Compensation for the structure (use valuation report of the licensed valuator)*

Name of the structure	Area (sq.m.)	Unit price per sq.m.	Total compensation amount

5. *Confirm owner satisfaction once structure is rehabilitated*

Owners signature and date	
Contractor signature and date	

ANNEX 10: MINUTES OF PUBLIC CONSULTATION MEETING

Introduction

The round table discussion on Resettlement Policy Framework (RPF) and Environmental and Social Management Framework (ESMF) was organized by ASIF. Along with representatives of ASIF, the meeting was attended by representatives of the state and local self- government bodies and NGO sector.

Copies of the draft RPF and ESMF were publicly posted on ASIF web-page on October 28. Official notification on the public hearing on RPF and ESMF was disseminated on October 31.

Date: November 10, 2014

Venue: ASIF office

Time: 11:00 pm - 12:30 pm

Agenda:

- 1. Presentation and discussion of the RPF prepared by the ASIF Promotion Specialist
Speaker – Araksya Isakhanyan*
- 2. Presentation and discussion of the ESMF prepared by the ASIF Environmental and Social Specialist
Speaker – Asya Osipova*

In the opening speech, Razmik Martirosyan, Deputy Director, ASIF welcomed the participants and explained the main reason of the meeting.

The first speaker - Araksya Isakhanyan, Promotion Specialist, ASIF, delivered a presentation on the RPF. The speaker described the main components of the new Social Investment and Local Development Project and explained what strategy and principles will be applied to involuntary resettlement in case it is to be undertaken during the project implementation. Isakhanyan talked about the national institutional and legal basis for carrying out resettlement, as well as about the World Bank's requirements pertaining identification of the cases of involuntary resettlement, preparing and appraising a resettlement action plan, defining and providing compensation, and reporting on its completion.

The second speaker - Asya Osipova, Environmental Specialist, ASIF, presented the main provisions of the ESMF. The speaker talked about the main types of activities subject to environmental impact assessment and explained how the possible negative environmental and social impacts of the project-financed activities will be identified and mitigated. The speaker also updated the participants on the new developments in the area of gender policy.

Questions raised:

Lala Tevosyan: Can ASIF act as an arbitration body on resettlement issues?

Answer: A Grievance Committee will be established to review and address concerns of the project affected persons (PAPs). The ultimate goal of the Committee will be to resolve all the issues to the mutual satisfaction of involved parties. However, this, by no means restrains citizens/PAPs from exercising their constitutional right of applying to the court.

Emma Tevosyan: According to the provision of the CARMAC project's RPF, NGO participation is envisaged at the final resettlement plan's development stage. Will ASIF follow the same scheme?

Answer: NGOs are expected to play active role starting from the very beginning of resettlement under SILD, from the process of preparation to implementation of any RAPs. NGOs are particularly welcomed to participate in public consultations to be organized in the affected communities to present their views and recommendations on the process, and to assist PAPs during the resettlement process.

Husik Sahakyan: How will ASIF ensure implementation of mitigation measures provided by the ESMF?

Answer: Through daily monitoring and supervision, which is carried out by the ASIF Follow-up Unit (Armen Zargaryan) and the ASIF Environmental Specialist, Asya Osipova. If a Contractor will not comply with the set requirements on social and environmental protection, the Contract will be terminated.

Rafik Andreasyan: Is it true, that even project affected persons who do not have any registration will be compensated for the trees and crops?

Answer: Yes, in accordance with the RPF and the WB policy, a project affected person that has no legal claims to the land, will be compensated for all the improvements done on the land prior to the cut-off date - including buildings, crops, trees etc.

Ruben Terzyan: How the land compensation will be calculated: based on the cadastral or actual land type/land usage?

Answer: The decision will be done in favor of project affected people. If the land's cadastral category is higher than factual (for example it is commercial land, but is used as pasture) then the land will be valued based on the cadastral type. If the land's actual usage type is higher, then cadastral (for example, pasture land is used as orchard), then the actual usage will be used during the land valuation process.

Tigran Khachikyan: Will any of the Project supported activities be subject to Environmental expert review, and if yes, then what steps will be taken?

Answer: For some cases defined by the RA legislation, an Environmental expert review may be required and activities may be financed only upon issuance of a positive conclusion of RA Ministry of Nature Protection. Such necessity may arise especially for infrastructural subprojects. If this is the case, the procedure required by the national law must be followed, including public consultations on a

subproject design. The project will not finance any activity that requires a positive conclusion from the national environmental authority and fails to obtain it.

Lala Tevosyan: Who will be responsible for environmental supervision of the Project?

Answer: Overall responsibility for environmental performance under the SILD Project is with ASIF. Supervision of environmental compliance of the Project-financed activities will be undertaken by component coordinators and environmental and other (social) specialists of ASIF.

Question: What are the main risks related to enlargement of construction sites and rehabilitation of buildings?

Answer: Risks related to ownerships rights (adjacent land and other property), solid waste removal/replacement and storage and preparation of construction sites for construction works.

Question: What if additional environmental information is revealed after approval of a project?

Answer: In such a case the project shall be re-evaluated and corresponding changes shall be made to the design and the budget. All risks shall be thoroughly review and if new mitigations measures are required, they shall be described in the project documentation.

Suggestions and recommendations:

- **Lala Tevosyan** suggested strengthening provisions on NGO participation in the resettlement process. Corresponding changes were made to **Chapter 6. Public Participation, i.e.** the and following paragraphs were included in the RPF:

ASIF shall outline the conditions and the process for ensuring participation of PAPs and NGO sector representatives in the in the development and implementation of activities related to resettlement and land acquisition.

The RAPIU will invite PAPs and NGO sector representatives to participate in public consultations organized by SILD at the initial stage of the process, as well as in public consultations organized by SILD during preparation and implementation of RAPs.

- ASIF Deputy Director, Mr. Martirosyan encouraged participation of local communities to oversee contractors' performance in the aspects that are easy to follow by visual observation. This would include on-site storage and timely removal of waste from the construction sites, maintenance of local roads free from construction materials and waste, and other similar indicators of good performance, which directly affect local communities. He also mentioned that in case issues are identified, project affected people can always contact contractors' management. ASIF will guarantee that contact information on construction and the contractor is posted at the work site. Mr. Martirosyan emphasized that for infrastructural sub-projects Environmental Management Plans (EMPs) must be developed to specify what types of mitigation measures shall be applied during works. These EMPs, while in draft, will be published through the ASIF's web-page and be made available for local communities for comments prior to their finalization.

List of Participants

No	Name, surname	Position	Contact information
1	Ashot Kirakosyan	ASIF Executive Director	010247123
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4	Amalia Poghosyan	ASIF M&E unit head	010247094
5	Ruben Terzyan	ASIF Appraisal unit head	091402871
6	Asya Osipova	ASIF Environmental specialist	091482861
7	Araksya Isakhanyan	ASIF Promotion specialist	
8	Nune Sarukhanyan	Kanach arahet NGO	091 438225
9	Lala Tevosyan	Ecologist, Armenian Technological Academy NGO	099 220642
10	Emma Mkrtychyan	APIU, Resettlement Consultant	099017030
11	Husik Sahakyan	Village Mayor of Rind, RA Vayots Dzori marz	093417578
12	Vladimir Hovanisyan	Village Mayor of Bnunis, RA Syuniqui marz	093411628
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Photos







