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SISIAN-KAJARAN ROAD PROJECT (NORTH-SOUTH CORRIDOR), ARMENIA

RESETTLEMENT FRAMEWORK



Source: projections of the proposed road collated from the '3D description of the Sisian-Kajaran Road', Armenian Road Department, 2022
[<https://www.youtube.com/watch?v=fu-dgAwjSsU>]

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ABBREVIATIONS

ADB	Asian Development Bank
AP	Affected Person
AH	Affected Household
DDC	Detailed Design Consultant
EA	Executing Agency [Ministry of Territorial Administration and Infrastructure]
EBRD	European Bank for Reconstruction and Development
EMA	External Monitoring Agency
EIB	European Investment Bank
ESS	Environmental and Social Standard (of EIB)
FBS	Family Benefit System
GFP	Grievance Focal Person
MFF	Multi-Tranche Financial Facility
IA	Implementing Agency [Road Department FUND]
IC	Implementation Consultant
IFI	International financial institutions
PMC	Project Management Consultant
PR	Performance Requirement (of EBRD)
PGC	Project Governing Council
PPTAC	Project Preparatory Technical Assistance Consultants
NGO	Non-Governmental Organization
LAR	Land Acquisition and Resettlement
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
LSGB	Local self-government bodies
RA	Republic of Armenia
RF	Resettlement Framework
RP	Resettlement Plan
RD	Road Department Fund [Implementing Agency]
SRCT	Social and Resettlement Coordination Team
SES	Socio-economic Survey
DMS	Detailed Measurement Survey
MTAI	Ministry of Territorial Administration and Infrastructure

DEFINITIONS OF TERMS

Applicable Standards – The legal and policy framework of the Project is based on laws and legislations of the Republic of Armenia (RA) related to land acquisition and resettlement (LAR) as well as relevant EBRD Environmental and Social Policy with its Performance Requirement (PR) 5 (2019), Asian Development Bank (ADB) Safeguard Requirement 2 – Involuntary Resettlement (2009), and EIB Environmental and Social Standards (especially Standard 6) (2018) (hereafter: Lenders Standards).

Affected Person (AP)- Any legal or natural person permanently or temporarily affected by the Project – by alienation of real estate (land, house, building/structure) belonging to him/her or actually used by him/her; as well as impact on residency; actual status; livelihood including employment and other revenue generating activities; or restrictions on land use, other assets or natural resources. This could include both physical and economic displacement.

Affected Household (AH) – all members of the affected household as a whole. Defined as a unit which lives together and operates as a single economic unit and may consist of a single nuclear family, an extended family or a unit including non-family members.

APs with formal legal rights – APs whose right to the affected property is registered in accordance with RA legislation.

Actual / Illegal Users - APs who actually use the property to be acquired as of the date of drawing up the description protocol, which is confirmed by the owner of the property to be acquired, and in the absence of the owner, by the head of the community.

Compensation – Payment in cash or kind for project affected asset to be acquired by a project at replacement cost. Compensation within the meaning of this RF includes the compensations described in Section F2 of this document.

Cut-off date - the date when description protocol is drawn up (signing of protocols by APs and the Acquirer). The date after which anyone who moves into the project area is no longer entitled to compensation and/or assistance.

Entitlement – a range of measures comprising compensation, income restoration, transfer assistance, income substitution, and resettlement to be provided to affected people, depending on the nature of their losses or impacts, to restore their economic and social base as well as their rights.

Involuntary resettlement - Impact caused either by project-related land acquisition or by land use restrictions. Impacts covered by “involuntary resettlement” include both “physical displacement” (relocation or loss of land or shelter) and “economic displacement” (loss of assets or access to assets that leads to loss of income sources or means of livelihood). Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement (e.g., in the case of expropriation or restrictions on land use based on eminent domain and negotiated settlements in which the buyer can resort to expropriation).

Improvements – buildings and structures (underground and above-ground), including residential structures with economic buildings or structures, including a garden-cottage with its economic buildings built on the separate land of a gardening area, structures of public and industrial

significance, unfinished structures, newly constructed, purchased or modified real estate registered by authorized body (Cadastre Committee of the RA) which does not have state registration, illegal structures, utilities, engineering networks etc. and other improvements which are an integral part of the land plot.

Land Acquisition – Acquisition of lands or a part of them (with real estate and property rights) belonging to individuals and legal entities as well as communities (owners) with property rights located in the RA or duly registered as per the RA law required for the needs of state and public use with prior appropriate compensation.

Livelihood – A full range of means that individuals, families and communities utilize to make a living, such as wages from employment; cash income earned through an enterprise or through sale of produce, goods, handicrafts or services; rental income from land or premises; income from a harvest or animal husbandry, share of a harvest or livestock production; self-produced goods or produce used for exchange or barter; self-consumed goods or produce; food, materials, fuel and goods for personal or household use or trade derived from natural or common resources; pensions and various government allowances.

Livelihood Restoration (Rehabilitation) or Improvement Activities – Allowances or activities in addition to compensation for replacement of assets intended at supporting APs efforts to improve or at least restore their livelihoods to pre-project levels. Livelihood restoration measures may include a combination of cash, transitional support or other allowances and other supporting activities such as training, agricultural or business enhancement assistance.

Legalizable APs – APs who have no registered ownership or other property rights toward the affected land and/or adjacent building/asset but are legally eligible to obtain such by the force of law, as per the RA legal acts.

Marz-Community – Armenia is divided into 10 provinces (marz). Yerevan, as the capital of the country, has a special administrative status. Each province has its leader (head) appointed by the Government. Each province is divided into municipal communities (*hamaynk*) which are self-governing units and consists of settlements (*bnakavayr*). Settlements are classified as towns (*kaghak*) or villages (*gyugh*). As of 2022 Armenia includes 77 communities.

Non – legalizable AP – APs who actually occupy and use affected asset as of the date of drawing up the description protocol but do not have a legal possibility or eligibility to obtain ownership or other property rights toward the affected asset.

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

Replacement Cost – value determined based on the following elements: (a) fair compensation for assets valued by actual market value; (b) expenses related to the acquisition process; (c) transportation and other transition expenses, (d) other applicable fees and compensation, if any. When applying this method of valuation, the depreciation of the buildings, structures and assets is not taken into account. The compensation is calculated at the replacement cost for the land, buildings, structures, crops, improvements and other assets to be acquired.

Restrictions on land use – limitations or prohibitions on the use of agricultural, residential, commercial or other land that are caused by the project. These may include restrictions on access

to legally designated parks and protected areas, restrictions on access to other common property resources, and restrictions on land use, including those within utility easements or safety zones.

Severely Affected Household – Include (i) AHs losing 10% or more of their productive land, (ii) physically displaced AHs and (iii) AHs losing commercial/business establishments.

Vulnerable Household – Affected Households included in any of the 5 groups of vulnerable households provided in section IV of Annex B¹ of this document.

¹ For details please refer to Annex B, Section IV. Allowances for Socially Vulnerable Persons.

A. INTRODUCTION

1. Initially, the Land Acquisition and Resettlement Framework (LARF) for the phase two of North-South Corridor Road Investment Program ('the Program') was prepared by the Ministry of Transport and Communications of Armenia (currently, the Ministry of Territorial Administration and Infrastructure (MTAI) and approved by the Government of Armenia Decree No 1274-N dated 16.09.2010 "On approval of land acquisition and resettlement framework as well as compensation principles for the North-South Road Corridor investment project". That LARF was developed in line with the Asian Development Bank (ADB) resettlement safeguards. A revised LARF for the Program 2 was approved in September 2012 and was further updated and approved in April 2015 for Tranche 3 Subprogram.
2. This Resettlement Framework (RF) has been prepared in relation to **the Sisian-Kajaran Road** ('the Project') that the EBRD, ADB and EIB consider to co-finance. This RF updates the eligibility and entitlement provisions as per the EBRD, ADB and EIB requirements, while maintaining the standards and principles of the original LARF. It also updates the national regulations, institutional arrangements and grievance redress mechanism in line with the current Project setup. The RF details mechanisms, procedures and compensation and livelihood restoration entitlements to be applied in the planning and implementation of LAR tasks for the Project.
3. This RF will be submitted to EBRD, ADB and EIB for approval. Following this, it will be approved by the Government of Armenia. Once approved by the government the RF will be disclosed for 120 days, as part of the bankable environmental and social impact assessment package prepared for the Project, in Armenian – on the RD website, and in English – on the EBRD, ADB and EIB websites. An EBRD-, ADB- and EIB-approved Resettlement Plan (RP) will be prepared and implemented for the Project prior to the start of construction (see Section D). It is also subject to the approval by the Government of Armenia. The construction of the road is expected to start in 2023 and take 5-6 years to complete.
4. The Project, to be financed by EBRD, ADB and EIB, will be implemented by the Road Department Fund (RD).

B. THE PROPOSED PROJECT AND RELATED LAND NEEDS AND POTENTIAL RESETTLEMENT IMPACTS

5. The Sisian-Kajaran section is one of five sections of the Armenian part of the North-South Corridor and is located in the southern part of the country. The EBRD, ADB and EIB are considering co-financing a ~60km greenfield Sisian-Kajaran Road, including the construction of tunnels, bridges, crosses and interchanges (as said above-- "the Project"). The Project location is presented in **Figure 1**.

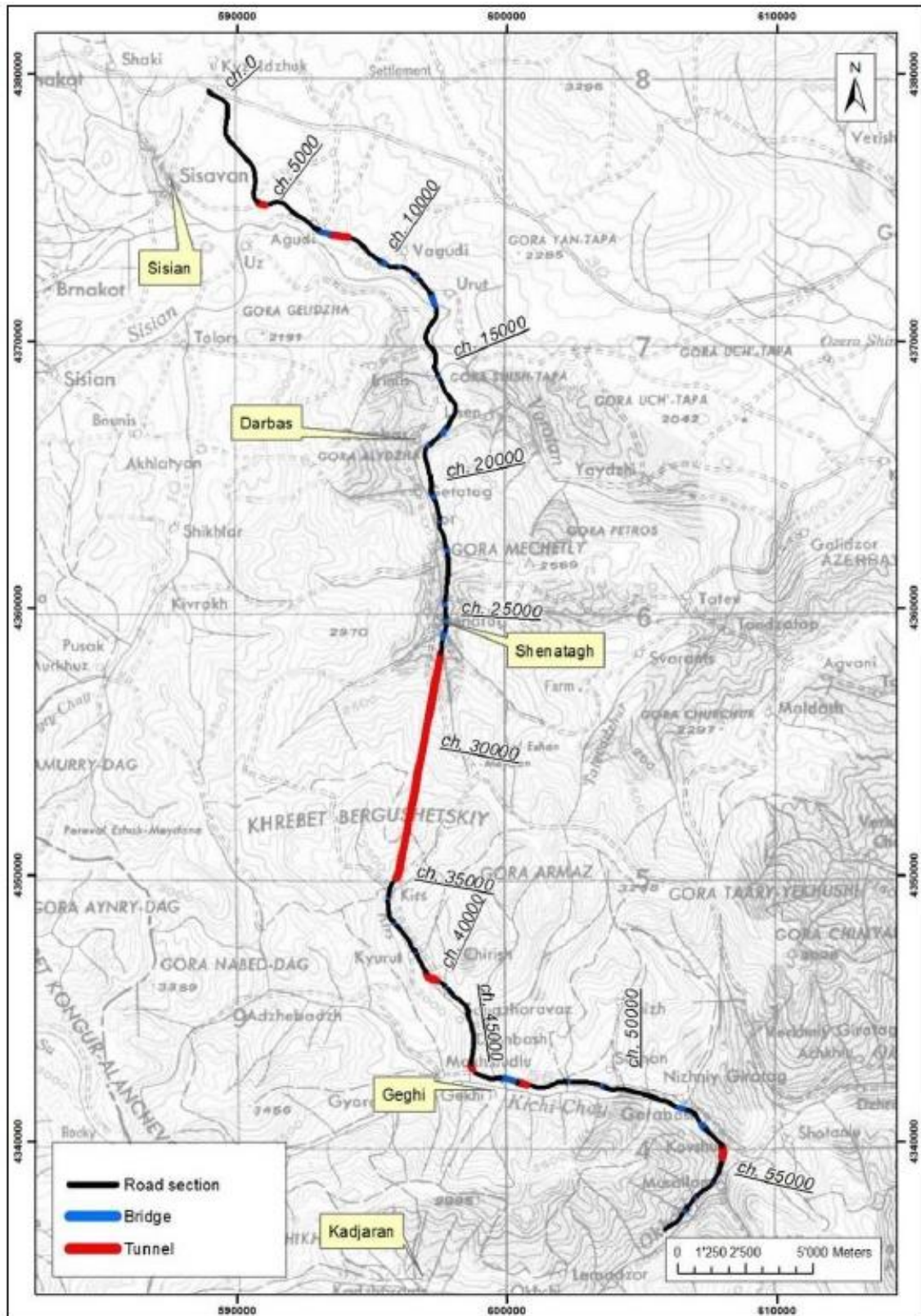


Figure 1. Project Location, Armenia²

6. Three alternative road routes were considered during the 2015 feasibility study and the environmental impact assessment (as per ADB's and national requirements), which was

² North-South Road Corridor Investment Program, Tranche 4: Section Sisian-Kajaran, Detailed Design, General Report, April 2019.

completed in 2016-2017. The preferred alignment for the Sisian-Kajaran section (**Figure 1**) was selected as it was seen to offer the greatest benefits namely by improving connectivity to a very important part of the country, by replacing a poor existing road and drastically reducing travel time. This alternative was preferable in terms of its comparatively smaller potential for LAR and environmental impacts due to long tunnel and shorter surface road, which was confirmed during the consultations (see Section H).

7. A preliminary design was completed and approved in 2016 with the road section designed as a single carriageway with climbing lanes on all uphill sections, and tunnels as single carriageways in both directions. The length of this alignment is approximately 60 km and has a design speed of 100 kph. The detailed design was then completed and approved by RD in 2019³. As per the 2019 detailed design, the proposed road would have three main interchanges, 27 bridges and 9 tunnel sections.
8. When conducting the feasibility study for the Project and preparing a preliminary and detailed designs, a number of considerations were taken into account, such as a design optimisation to minimise land acquisition and Project footprint; avoidance of physical displacement as much as possible and use of non-pasture state or communal land that is free of development or private usage to the maximum extent possible.
9. The overall Project land requirements are being clarified as not all dimensions of the Project components are known especially in respect of temporary land take such as laydown areas, construction camps and borrow pits. These will be determined during the development / at the outset of the implementation of the RP by the Construction Contractor. These lands are not subject to acquisition.
10. According to Annex 1 of the Government of the Republic of Armenia Decision No. 981-N of June 30, 2022 “Recognizing the public prevailing interest in certain areas located within the administrative boundaries of the Syunik Marz of the Republic of Armenia within the framework of the North-South Road Corridor Investment Program— Program”, the Project affects 14 settlements and 566 plots of land of Sisian and Kajaran Communities of Syunik Region.

C. VULNERABLE GROUPS

11. Special attention will be given to identifying and addressing the needs of vulnerable and disadvantaged groups such as the illegal / informal users, the poor, female-headed households, the elderly or the disabled, through measures included in the RP to try and improve (over and above cash compensations and restoration of) their livelihoods.

D. RP PREPARATION AND IMPLEMENTATION

12. RP preparation activities will be an integral part of the preparation of the Project starting with LAR scoping and screening tasks and ending with a readily implementable RP based on the detailed design. The sequence of activities for the RP preparation is the following:
 - (i) Once an initial road alignment and cross-sections design is available the preliminary desk survey will be carried out for identifying the affected properties and their owners/users. This step was tentatively completed in 2016 when the preliminary LARP was drafted for the Project. This preliminary LARP will be used, to the extent relevant, for the preparation of the first draft Project’s RP based on the latest project design data.

³ North-South Road Corridor Investment Program, Tranche 4: Section Sisian-Kajaran, Detailed Design, General Report, April 2019.

(ii) Following this survey and approved road design, the Government will enact a Decree on Eminent Domain recognizing the Project's affected land as a public prevailing interest project.

(iii) Upon enactment of the Government decree the project preparation consultants hired by the RD which acts on behalf of the acquirer (the Republic of Armenia) will conduct detailed surveys in the field which include a 100% Detailed Measurement Survey (DMS) of the affected lands and assets on it, a 100% census of all Affected Households (AH) and Affected People (AP) and, through the services of a qualified independent assessor, a valuation survey of all affected assets and improvement with the purpose of compiling an aggregate budget for compensation and livelihood restoration. A second purpose of the Census will be to identify any vulnerable and at-risk groups that need additional support in order to include this in the RP budget.

(iv) To fit the Lenders requirements the project preparation consultants will carry out a socio-economic survey (SES) based on a 25% statistical sample of the AHs. The SES will provide a description of the major socio-economic features of the affected population (education level, modes of livelihood, and sources of income, poverty/income levels, and house type and land and building tenure types) that will become benchmarks for future RP implementation evaluation.

(v) Based on these surveys a RP will be compiled. In the course of the surveys all AHs / APs will be thoroughly informed of the stipulations of this RF and of the provisions of the RF including impacts, compensation rates and schedules, and envisioned livelihood restoration. The DMS, AP census and compensation costs will be reviewed and if necessary updated (for example, in the case of a design review) after the finalization and approval of the detailed design.

13. **RP Preparation:** a preliminary LARP for the Project was drafted in 2016. Based on it, to the extent relevant, and the up-to-date information, the RP for the Project will be prepared in line with the EBRD, ADB and EIB resettlement requirements. The RP implementation will be overseen by the authorized state agency which will be appointed by the Government's Decree on Eminent Domain as a responsible state body for the land acquisition process (hereinafter: authorized body). RP preparation and implementation will be carried out according to the following process (further details are provided in Section N):

- 1) **RP Preparation.** This phase will start after the Project RF has been approved by the Government of Armenia, expected tentatively in Q1 2023 (see Annex A for a standard outline of a RP).
- 2) **RP Review and Finalization.** This phase will be carried out during the technical review of the existing detailed design and will include eventual updates of impacts/AP data, possible compensation rates revisions and administrative work to legalize legalizable APs. The RP finalisation might be completed in Q2 2023. After the final RP is approved by EBRD, ADB and EIB, and by the Government of Armenia and publicly disclosed, the contracts for civil works will be signed. The approval processes may take several months and be completed in Q3 of 2023.
- 3) **RP Implementation.** This phase will start after the final RP is approved and will be concluded with the provision of due compensation and livelihoods support measures to the AHs and acquisition of all affected land. The timing will be mid-2024.
- 4) **Civil Works Implementation.** Civil works will start only after all AHs are compensated and a compliance report is prepared by the RD and their monitoring consultant and approved by EBRD, ADB and EIB.

E. LEGAL AND POLICY FRAMEWORK

E.1 Armenia's Legal Framework on Land Acquisition and Resettlement

14. According to paragraph 5 of Article 60 of the RA Constitution (hereafter “the Constitution”), the private property may be alienated (expropriated) for the needs of the society and the state only in exclusive cases of prevailing public interests, in the manner prescribed by the law and with prior equivalent compensation.
15. The land acquisition, compensation and a number of procedures in this regard are regulated by other legal acts of the RA:
 - Civil Code of RA N HO-239 dated 05.05.1998⁴;
 - Land Code of RA N HO-185, dated 02.05.2001⁵;
 - Civil Procedure Code of RA N HO-110, dated 09.02.2018⁶;
 - Administrative Procedure Code of RA N HO-139, dated 05.12.2013⁷;
 - Law of RA on Alienation of Property for the Purpose of Supremacy of the Public Interest N HO-185, dated 27.11.2006⁸;
 - Law of RA on the Real Estate Appraisal Activities N HO-189, dated 04.10.2005⁹;
 - Law of RA on State Registration of Property Rights N HO-295, dated 14.04.1999¹⁰;
 - Decree of the Government of RA on Approval of Real Estate Valuation Standards in the Republic of Armenia N 955, dated 08.06.2006¹¹;
16. Articles 102 and 104 of the Land Code and Article 218 of the Civil Code prescribe property acquisition for the purpose of supremacy of the public interest, in exceptional cases of paramount public interest based on law and with prior equivalent compensation.
17. This was adopted in the Law on Alienation of Property for the Purpose of Supremacy of the Public Interest (hereinafter “the Law”) following the requirements of the Constitution and the above-mentioned legal acts. The Law considered to be the major law regulating land acquisition and compensation procedures in the country. The Law defines the basis and procedure for property acquisition for public and state interests, the procedure for giving compensation for the expropriated property, the goals, principles of property acquisition for public and state interests, and the procedure for recognizing the public and state interests.
18. The first paragraph of Article 3 of the Law prescribes that the Constitutional conditions for acquisition of property for public and state purposes are as follows: a) Expropriation should be provided in exclusive cases and in the manner prescribed by the law; b) The equivalent compensation against expropriated property should be provided in advance (hereinafter referred to as “Compensation”).
19. Paragraph 1 of Article 4 of the Law constitutes the principles of determination of exclusive

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https://www.arlis.am/DocumentView.aspx?DocID=148978&fbclid=IwAR2cqZxnrYoPT_XZp4cHsmxAFi5v3Z1F5yUQ9twVW8gNkLWBRFZlzt729OU

⁵ https://www.arlis.am/DocumentView.aspx?DocID=152345&fbclid=IwAR2nZkfN-8-2nukiA_pmnoLiNFQaRQUo5tF_LFYGtqCzYrykrpj1eJColdl

⁶ https://www.arlis.am/DocumentView.aspx?DocID=146495&fbclid=IwAR2T22GUMf3P_9_Ar28-a6jbyv6B89HaG5gttFloIM63EZGqp88Q7tdFu0

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<https://www.arlis.am/DocumentView.aspx?DocID=146720&fbclid=IwAR1IKKVKez0NXSpOWMoB34BTZ7fnq0ef9JqQPsdw0SxQygi131v0WYPAUTM>

⁸ <https://www.arlis.am/DocumentView.aspx?DocID=126315&fbclid=IwAR0nXfxHhPWHvA6tcDdQQe5ZZn0G-OMnsNontdF8P6ukVJUC8Nkri1antC0>

⁹ https://www.arlis.am/DocumentView.aspx?DocID=121476&fbclid=IwAR0K8yscAlxQC6fifRlyk9-adJEdTovvoBwCZmEtS_qQ1NkamttFvVwLGA

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<https://www.arlis.am/DocumentView.aspx?DocID=149032&fbclid=IwAR2WaB6ESVOPTRGQK8ngkuVazDIFJSnrNx32dWtB8RTDEKMEemM4pWzfJtuc>

¹¹ <https://www.arlis.am/DocumentView.aspx?DocID=74961&fbclid=IwAR1L25BthQUUfg2bhCzC3p3pMwyKFwd-VulpsfR9yalr0gX483hotiggQOg>

- cases of prevailing public interest for the acquisition of property for the public and state purposes, and Paragraph 2 of the same Article constitutes the possible purposes followed by exclusive prevailing public interest.
20. The Law defines the fundamental principle according to which a) public benefit must outweigh the expropriated property owner's loss, b) an efficient application of the public interest would not be ensured unless that property is acquired, c) the acquisition of the property must not unjustifiably harm the property owner, d) the public interest must be declared as prevailing by a Government Decree, e) there may be filed a lawsuit on the exclusive public interest matters.
21. The exclusive prevailing public interest must support the following purposes:
- ensuring state protection, state, and public security,
 - application of the obligations undertaken pursuant to the RA International Agreements,
 - ensuring creation or protection of cultural and historic values or monuments of international and republican significance as well as specially protected areas of nature,
 - ensuring the protection of the environment,
 - ensuring the development of education, healthcare, transport, science, and culture,
 - ensuring the implementation of programs of national or community or inter-community importance in the field of energy, telecommunication, water supply, drainage, heat supply, urban development, subsoil exploration, subsoil use, transport, communication routes, or settlement infrastructure,
 - protection of the life, health, or property of persons,
 - Prevention of emergencies, reduction of possible consequences of emergencies, elimination of consequences of emergencies.
22. The Law also contains requirements on acquisition of property, compensation and rules on decision making with regards to property alienation.
23. In particular, Article 5 of the Law defines that in the case of alienation of land, the real estate (buildings, building structures and other attached property, etc.) located on the land as well as all existing improvements on the land are also subject to alienation. In case of acquisition of land with a building or construction on it, the relevant servicing lands shall be subject to alienation as well.
24. *RA Law on Alienation of Property for the Purpose of Supremacy of the Public Interest sets regulations for physical and legal entities, and community owned properties (hereafter 'owners') and all other properties (movable and immovable property, property rights, securities, etc.) located or registered in Armenia according to the RA legislation or recorded (hereafter 'property to be acquired') and regulations for property acquisition and compensation major procedures. In particular:*
- 1) Upon enactment of the government decree on recognition of property as an exclusive prevailing public interest, the relevant authority shall prepare a description protocol prescribing the acquired property according to the procedure and deadlines stated by the government; acquiring party, property owners and those possessing property rights on the acquired property may participate in preparing the description protocols if the latter was not prepared during the preliminary survey of the property. Within no later than three days after its preparation, one copy of the description protocol describing the acquired property shall be, duly submitted to the property owner and persons possessing property rights on such property, who are authorised to lodge claims with relevant authorities and/or court within ten days after the due receipt thereof.
 - 2) An equivalent compensation is paid to the owner of the acquired property. An equivalent compensation is considered to be 15% (fifteen percents) more than the market price of the property. The market value evaluation of the property or the property rights of the real estate

is carried out according to the “RA Law on Evaluation Procedure of Real Estate” (HO-189 dated October 4, 2005).

- 3) The property shall be acquired upon the agreement between the acquirer and the owner of the property to be acquired. In this case, the provisions on the compensation price, form, procedure, deadlines, terms and obligations are defined only by mutual agreement of the parties.
 - 4) If the acquisition contract is not signed within three months after its submission to APs, the acquirer is required to transfer the property acquisition price to a court’s or notary’s deposit account within a month by submitting a duly notice to the property owner and to the persons known to have ownership rights for the property. The compensation price shall be calculated no later than a week before transferring it to the deposit account.
 - 5) If the acquisition contract is not signed within three months after its submission to APs, then the acquirer is required to lodge an application with the court for claiming property acquisition within a month period. In this case there could only the amount of the compensation could be considered at the court.
25. The Law prescribes the rights and guarantees of the property owner during the process of acquisition of property for public and state interests, stating that the property owner prior to its acquisition or state registration of the rights resulted from its acquisition, has the right to own, use, dispose and make only such improvements, which ensure the property use according to its purpose.
26. The Law prescribes certain limitations for the property to be acquired, which is the acquiring property description protocol preparation day in accordance with the procedure stipulated by the government. No compensation is provided for improvements more than recorded as well as any encumbrance or rights on the property to be acquired given or obtained by third parties if they were applied after the above-mentioned day.

E.2. Principles Governing Resettlement Preparation and Implementation

27. The Lenders Standards on involuntary resettlement are based on the following principles and compliance requirements:
- 1) Involuntary resettlement is to be avoided or, if not possible, to at least be minimized.
 - 2) Compensation and livelihood restoration provisions will ensure the improvements or at least the maintenance of the APs’ pre-project standards of living.
 - 3) In-kind (land-for-land) compensation is a priority, compensation for lost land or assets at full replacement cost in-lieu of in-kind compensation may be appropriate only in certain cases.
 - 4) APs should be fully informed and consulted on LAR compensation and livelihood restoration options and entitlement rights under the RP/RF.
 - 5) Compensation will be carried out with equal consideration of women and men.
 - 6) Lack of legal title should not hinder compensation and/or livelihood restoration support.
 - 7) Particular attention should be paid to households headed by women and other vulnerable groups, and appropriate assistance should be provided to help them improve their livelihoods.
 - 8) LAR should be conceived and executed as a part of the project, and the full costs of compensation and livelihood restoration should be included in project costs and benefits.
 - 9) Compensation and resettlement subsidies will be fully provided prior to issuance of building permit and commencement of construction.

E.3 Comparison of Armenia’s Legislation and Lenders Standards pertaining to LAR

28. Differences between Armenian laws/regulations and IFIs Standards are outlined in Table 1 below.

Table 1. Comparison of Resettlement Legal Acts of the RA and Lenders Standards

RA Legal Acts	Lenders Standards	Proposed measures to bridge the gap
<p>1. The law applies to natural and legal entities' as well as the community (hereafter 'owners') owned properties and all other properties (movable and immovable property, property rights, securities, etc.) (hereinafter: 'property to be acquired') located, registered or recorded in Armenia according to the RA legislation and regulations.</p>	<p>1. Lack of title should not prevent a compensation and/or resettlement. Non-titled landowners shall also receive compensation for lost assets other than land (such as crops, plantings, structures and other improvements made to the land, loss of income sources and other means of livelihood). Displaced persons in a project area could be of three types: (i) persons with formal legal rights to land lost in its entirety or in part; (ii) persons who lost the land they occupy in its entirety or in part who have no formal legal rights to such land, but who have claims to such lands that are recognized or recognizable under national laws; and (iii) persons who lost the land they occupy in its entirety or in part who have neither formal legal rights nor recognized or recognizable claims to such land. The involuntary resettlement requirements apply to all three types of displaced persons.</p>	<p>1. RF provides additional measures (as provided in the Entitlement Matrix) to bridge the gap related to the non-titled land users and to meet the Lenders requirements.</p>
<p>2. Compensation is provided only for state registered property: building, structures. No compensation is provided for illegal buildings, structures.</p>	<p>2. Compensation is provided also for non-registered assets (such as structures and other improvements made to the land) at full replacement cost.</p>	<p>2. RF provides additional measures (as provided in this documents) to bridge the gap related to the non-titled land users and to meet the Lenders requirements.</p>
<p>3. No separate compensation is calculated for the crop losses.</p>	<p>3. A separate compensation is provided for crop losses to all APs at market price of lost harvest.</p>	<p>3. Lenders Standards will apply: crop losses compensation is provided to all APs at replacement cost in accordance with this document.</p>

RA Legal Acts	Lenders Standards	Proposed measures to bridge the gap
<p>4. Property owners are entitled to an equivalent compensation for the acquired property plus 15% of its market value. The market value is the most probable market price of property, which could be determined by an independent qualified property evaluator. If there is no open or competitive market for the expropriated property, the market value for the property is determined by a method, which would be assessed fair by court.</p>	<p>4. The rate of property compensation is calculated at full replacement cost.</p>	<p>4. Land is compensated at full replacement cost which is equivalent to the assessed price of market value plus 15%,</p> <p>Buildings and Structures (except illegal structures) are compensated at full replacement cost + 15%, free of depreciation/ transaction costs and salvaged materials.</p> <p>Replacement cost is determined in accordance with this RF.</p> <p>Illegal structures are compensated in accordance with this RF.</p>
<p>5. The government decree on recognition of property as exclusive prevailing public interest, a copy of the description protocol of the property to be acquired, draft contract of the property to be acquired is sent to the property owner and persons possessing property rights. The property acquirer shall provide information on transferring the compensation into the court or notary deposit account. If the acquirer is conducting a preliminary survey on the property to be acquired, adequate information shall be provided to the property owner, the possessor and user on the nature and matter, legal consequences of those proceedings prior to its initiation.</p>	<p>5. A meaningful consultation at the beginning of and during the implementation of the project. Disclosure of information on impact assessment, stakeholder engagement process and grievance mechanism, assets survey, evaluation of the compensation, rights to compensation and financial aid to AP/AHs.</p>	<p>5. RF provides additional measures like public consultations and information disclosure measures (as provided in this document) to meet the Lenders requirements.</p>
<p>6. Rehabilitation measures for lost income and livelihood, compensation or resettlement costs for severely impacted people and vulnerable groups are not considered.</p>	<p>6. The Lenders Standards require mitigation measures and rehabilitation for income/livelihood impacts, resettlement support during the relocation process as well as living improvements for the relocated poor population and other vulnerable groups including women, the elderly and people with disabilities.</p>	<p>6. As per the Lenders Standards, vulnerable people should be identified and livelihood restoration actions should be implemented.</p>

RA Legal Acts	Lenders Standards	Proposed measures to bridge the gap
<p>7. Submission of applications, complaints, objections and suggestions to the acquirer and to the relevant authorities as well as filing a complaint to the court, during every stage of the acquisition process. According to Article 63 of the RA Constitution, every person has a right to an effective remedy before courts and before state authorities.</p>	<p>7. Establish a grievance mechanism for recording and resolving complaints and for considering the affected persons' concerns and facilitating their remedy procedure.</p>	<p>7. RF provides additional measures (as provided in this documents) to meet the Lenders requirements. A grievance mechanism is established to receive and facilitate resolution of APs concerns and grievances about the resettlement and will be disclosed as part of this RF. The general grievance mechanism will be disclosed as part of the Project's Stakeholder Engagement Plan. The grievance mechanism will not preclude access to the court.</p>
<p>8. The compensation amount designated for property owners is adjusted by deducting the portion allocated for the compensation of individuals holding property possession rights (other than ownership rights registered in the cadaster committee).</p>	<p>8. The applicable standards do not address property rights separately, but within the meaning of those standards, property rights are considered as assets for which compensation is calculated at full replacement cost.</p>	<p>8. Owners of property rights will be compensated in accordance with the Entitlement Matrix of this RF.</p> <p>The monetary compensation amount designated for property owners will not be adjusted by deducting the portion allocated for the compensation of individuals holding property possession rights (other than ownership rights registered in the cadaster committee).</p>
<p>9. After the preparation day of the acquiring property description protocol no compensation is provided for additional improvements (except such improvements, which ensure the property use according to its purpose) as well as any encumbrance or rights on the property to be acquired given or obtained by third parties if they were applied after the above-mentioned day.</p>	<p>9. Persons who encroach on the area after the cut-off date (opportunistic settlers) are not entitled to compensation or any other form of resettlement assistance. Crops planted and structures built after the cut-off date are not eligible for compensation.</p> <p>APs whose status is eligible for legalization or whose rights may be reinstated are entitled to obtain legal status, and their losses will be fully compensated. APs shall be assisted with getting legal status.</p>	<p>9. Cut-off date is the date when description protocol is drawn up.</p>
<p>10. The public utilities and other buildings and facilities in the right of way and/or safety zone of the state-owned publicly used roads shall be relocated and</p>	<p>10. All measures conducted to mitigate the Project's negative impact on APs'/AHs' property and livelihood including support, relocation and restoration of damaged demolished infrastructures, buildings,</p>	<p>10. To bridge the gap and meet the Lenders requirements the RF provides cash compensation + 15% for loss of building at full</p>

RA Legal Acts	Lenders Standards	Proposed measures to bridge the gap
reconstructed by the means of their owner in case of repair and reconstruction of the road.	structures are considered as resettlement.	replacement cost. Partial impacts will entail the compensation of the affected portion of the building plus repair if the maintenance, use and alienation of the non – affected portion of the buildings is technically possible.
11. The National legislation provides no provisions for RP implementation monitoring and evaluation, and for the external completion audit.	11. Proper and regular internal monitoring, evaluation and reporting on livelihood restoration and mitigation measures are required. Depending on the scale of a project's resettlement, it may be appropriate for the client to commission an independent consultant/s to also undertake regular monitoring and evaluation and to prepare an external completion report of the RP to determine that the provisions have been met. Corrective actions are to be taken, as necessary.	11. The implementation of the RP will be monitored internally by the RD (with support of their land consultants) during the Project implementation. Consultant's independent monitoring should be conducted, especially to ensure that compensation requirements have been met and that the livelihoods of affected land owners/users are being restored or improved. After the completion of the RP, independent experts (organisations) will be commissioned to conduct a completion/compliance audit.

29. These are the principal differences between the Armenian legal norms and Lenders Standards regarding LAR. There are no clear provisions in the Armenian legal framework on the AP's livelihood restoration procedure.

Another difference between the Armenian legislation and Lenders Standards is that the Lenders recognize the eligibility for compensation, or at least rehabilitation, for titled (legal) and non-titled property owners, registered and unregistered tenants. To address these differences between the Armenian legislation and the Lenders Standards, this RF was prepared for the Project, ensuring compensation at full replacement cost of all items liable to be affected and at least ensuring livelihood restoration of informal/non-titled land occupants, unregistered implementers and owners of entrepreneurial activities and other potentially affected people. The RF also provides for additional compensation and livelihood restoration packages for those APs who will be relocated, as are they considered vulnerable or severely affected APs.

30. Property would be acquired in state and public interests within the scope of recognition of exclusive prevailing public interest. Attempts should first be made to acquire the land of natural people through the negotiation with individual affected persons. However, if the property is not acquired within the timeframe provided by law, the involuntary acquisition (through the court) process should start as prescribed by law. Accordingly, this Project triggers Lenders involuntary resettlement policies.

E.4 Land Acquisition and Resettlement Principles and Entitlements adopted for the

Project

31. Based on Armenian laws and Lenders Standards and compliance requirements, core involuntary resettlement principles developed for this Project are as follows:

- 1) Land acquisition, and other involuntary resettlement impacts will be avoided where possible, and if not possible, will be minimized exploring all viable alternative project designs;
- 2) Where land acquisition and resettlement impacts are unavoidable, a time-bound RP will be prepared.
- 3) Compensation for affected assets will be at full replacement cost (in accordance with the Entitlement Matrix of this RF) and APs will be assisted in improving or at least regaining their pre-program standard of living;
- 4) Consultation with APs on compensation, disclosure of resettlement information to APs, and participation of APs in planning/implementing sub-projects, will be ensured;
- 5) Vulnerable and severely affected APs will be identified and provided special assistance;
- 6) The registered APs in regard to the alienated land having no rights and non-titled APs (e.g., illegal buildings and other structures constructed by APs who are informal dwellers or squatters without registration details) will receive a livelihood allowance in lieu of land compensation and will be fully compensated for losses of their crops, buildings and other improvements made, other than land, as defined by the RF Entitlement Matrix;
- 7) Legalizable APs are entitled to be legalized and their rights will be rehabilitated and they will be fully compensated for land losses;
- 8) The opportunity of restoration of the right to income and livelihood must be provided;
- 9) The RP and the documents relating to it will be disclosed to the APs in Armenian;
- 10) Payment of compensation, resettlement assistance and rehabilitation/livelihood restoration measures (as applicable) will be fully provided prior to the provision of the right of access to the land to the contractor to undertake construction (construction site) and prior to the commencement of any construction activities. Some livelihood restoration measures may be long-term and thus may continue during the construction stage.
- 11) Appropriate redress mechanisms to solve any APs grievances will be established.

F. COMPENSATION AND LIVELIHOOD RESTORATION ENTITLEMENTS WITHIN THE PROJECT

32. LAR tasks within the Project will be implemented according to the compensation eligibility and livelihood support criteria which will be in line with the Applicable Standards. Compensation at full replacement cost is determined on the basis of the fair market value of a property, with all applicable transaction costs, transitional and restoration costs, and other applicable payments and repayments, which arise as the consequence of the impact of the Project. In case the cadastral value¹² exceeds the market value the cadastral rate will be applied. RD will ensure that the PAPs would not lose any state subsidies or allowances (if such are received by them) due to income (payments) from the Project. An entitlement matrix is included in Table 2 below.

¹² Property cadastral value is defined by the RA Cadastral Committee.

Table 2. Entitlement Matrix

Type of Loss	Application	Eligibility	Compensation and Livelihood Restoration Entitlements
Compensation Entitlements			
1. Land Loss	APs losing their land (any category) or a part of it regardless the impact severity	Owners	Cash compensation at full replacement cost assessed at market value plus 15%. OR if AH's livelihood is land-based, land of equal and adequate quality is available and is requested by the owner, then provision of an equivalent replacement land of equal characteristics (within the calculated compensation, as provided above). In this case, the acquirer will ensure the state registration of the AP's ownership right to replacement land. AND All transaction expenses including taxes, fees and other payments to be paid by APs will be covered by the acquirer.
		Legalisable APs	In cases defined by legislation, the legalizable APs will be compensated as owners in case of registration the ownership right towards the land. AND All transaction expenses including land registration fees and taxes to be paid by APs will be covered by the acquirer.
		Leaseholder (lease and sublease of community or state land)	In legally defined cases, leaseholders may acquire ownership right and become owners of the affected land. In such cases they will be compensated as owners after registration of the ownership right. In this case, the ownership right registration fees will be covered by the leaseholder. OR The leaseholders may be given an opportunity to hold a new replacement lease. If this is not possible, they (lease or/and sublease holders) will receive compensation equal to the market value of affected land +15% in proportion to the remaining years of lease as follows: 1) < 1 year – 5% of land compensation cost, 2) <15 years – 14% of land compensation cost; 3) < 25 years – 20% of land compensation cost; 4) >25 years – 25% of land compensation cost. AND Information about the acquisition of the land given at least three months in advance of land acquisition, to enable the leaseholder to find another land for lease.
		Leaseholder (leasing and subleasing private land)	Cash compensation for already paid but unused lease and for integral improvements made with the lessor's consent. AND Information about the acquisition of the land given at least three months in advance of land acquisition, to enable the leaseholder to find other land for lease.
		Non legalizable APs	These APs will receive compensations only for crops/harvest and the improvements made on the land according to the RF.
	Land with use restriction	Owners and legalizable APs	Portion(s) of the land plot that cannot be used per its designated purpose due to the utilities, buffer zones or other protection / safety zones will be compensated based on the terms of the land use / easement agreement at market price. If a land plot cannot be used per its designated purpose as it becomes economically unviable or inaccessible, then the whole land plot is acquired at full replacement cost.
Community land	Community	Compensation of the community owned land at market price + 15% AND All transaction expenses including taxes, fees and other payments to be paid will be covered by the acquirer.	

Type of Loss	Application	Eligibility	Compensation and Livelihood Restoration Entitlements
2. Loss of residential buildings, structures		Owners, legalizable and non-legalizable APs	Cash compensation cost + 15% for loss of building at full replacement cost free of depreciation/transaction costs and salvaged materials. Partial impacts will entail the compensation of the affected portion of the building plus repairs, in case further use and maintenance of the non-affected portion of the building is technically possible. AND Written notification about the acquisition of the house given at least six months in advance of demolition to enable the tenant to find other accommodation, if relocation is unavoidable. AND All transaction expenses including taxes, fees and other payments to be paid by APs will be covered by the acquirer.
		Relocated tenants	Cash refund of the unused rent already paid and for integral improvements made with the lessor's consent. Written notification about the acquisition of the house given at least six months in advance of demolition to enable the tenant to find other accommodation.
3. Loss of non-residential buildings and structures (including fences, barns, sheds, etc.)	Buildings and structures with state registration owned by APs	Owners	Cash compensation + 15% for loss of building at full replacement cost free of depreciation/transaction costs and salvaged materials. Partial impacts will entail the compensation of the affected portion of the building plus the cost for building repair if the maintenance and use of the non – affected portion of the buildings is technically possible. AND All transaction expenses including taxes, fees and other payments to be paid by Aps will be covered by the acquirer.
	Illegal buildings and structures on the land belonging to APs with ownership right over the affected land	APs who constructed or use the illegal building or structure and own the affected land.	As above but after building is legalized/registered, if legally possible. If not possible, Rehabilitation Allowance at full replacement cost of the illegal building or structure without 15% extra payment. AND All transaction expenses including taxes, fees and other payments to be paid by APs will be covered by the acquirer.
	Illegal buildings and structures on the land owned by the state or community	APs who constructed or use the illegal building or structure	Rehabilitation allowance will be provided to the AP who constructed the illegal building or structure on the land owned by the state or community, with the amount equal to full replacement cost of the building or structure without 15% extra payment. AND All transaction expenses including taxes, fees and other payments to be paid by APs will be covered by the acquirer.
		Leaseholders	Cash compensation for the unused lease already paid.
4. Public Building/structures Loss	Community /State property	Community /State	Reconstruction of lost structure and restoration of their functions in consultation with community/state authorities, OR, if the above is impossible or proved unnecessary, If this is impossible or proven not to be necessary, then cash compensation of the community owned buildings/structures + 15% for loss of building at full replacement cost free of depreciation/transaction costs and salvaged materials.
5. Public Utilities (Gas, water, electricity and etc.) and infrastructure structures owned by private organizations	Private Property	Owners or operator of the utility or infrastructure structure	Reconstruction of lost structure and restoration of their functions in consultation with community/state authorities and the utility owner or operator (if applicable). All such infrastructures will be reflected in the detailed design and in the scope of works of the General Contractor and will be relocated within the Project budget. Impacts to any assets caused by relocation of the affected utilities will be compensated and treated in accordance with this RF entitlements.
6. Harvest and Crop Loss	Standing crops affected	All AHs who planted crops and made	Crop compensation at current average market price for the 1 year's average yield (Annual Crops).

Type of Loss	Application	Eligibility	Compensation and Livelihood Restoration Entitlements
		improvements regardless of their land ownership rights	
7. Trees/ orchards and harvest Loss	Trees affected and expected harvest	All AHs who cultivates the trees/garden as of the cut-off date regardless of their land ownership rights	Cash compensation at market value based on type, age and productive value of the trees. Tenants or actual users of communal or state lands will receive full compensation for trees with the consent of the owner.
8. Business (entrepreneurship) interruption	Businesses (entrepreneurs) on the affected land	All APs (business operator/owner) regardless of their tax report/calculation and legal status of business	<p>1) Businesses with a tax report/calculation</p> <p>a) In case of permanent impact (interruption of business activity for a period of 1 year or more): cash compensation of 1-year net profit/income.</p> <p>b) in case of temporary impact (interruption of business activity for a period of up to 1 year): cash indemnity of net profit/income for months of business suspension up to 1 year¹³.</p> <p>AND</p> <p>State registration and license fees will also be compensated, if any, as well as the taxes related to the property acquisition and the receipt of compensation will be compensated by the acquirer.</p> <p>2) Businesses without a tax report/calculation</p> <p>a) In case of permanent impact (interruption of business activity for a period of 1 year or more): rehabilitation allowance based on the minimum monthly salary of the RA (defined by RA law as of the cut-off date) for 1 year;</p> <p>b) In case of temporary impact (interruption of business activity for a period of up to 1 year): rehabilitation allowance based on the minimum monthly salary of the RA (defined by RA law as of the cut-off date) for the number of months of business stoppage up to a maximum of 1 year.</p>
9. Employment Loss	Permanent employment loss or compulsory downtime not by the employee's fault	Employees who have worked for affected business (company or Individual Entrepreneurship) based on employment contract or individual legal act on hiring	<p>Cash compensation:</p> <p>a) Permanent job loss: the employee will receive cash indemnity for 6 months average monthly salary (in accordance with Labour Code of RA) without taxes;</p> <p>b) Temporary loss: the employee will receive cash indemnity for all months of business stoppage based on the average monthly salary (in accordance with Labour Code of RA) without taxes up to 6 months.</p> <p>Taxes related to the receipt of compensation will be compensated by the acquirer</p>
10. Temporary impacts		All temporarily affected (caused by project-related land use restrictions) APs /AHs	Compensation for losses/damages will be provided in cases of temporary impacts at full replacement cost in accordance with the provisions of the established entitlements of RF.
11. Unforeseen LAR impacts, if any		Eligible APs / AHs	MTAI/RD will consider the unforeseen resettlement impacts during project and will compensate and will provide rehabilitation allowance based on the provisions of RF. The damage caused by Contractor (or subcontractor) during the construction works will be compensated in accordance with this RF.

¹³ If this impact lasts for more than 1 year, it is considered permanent.

Type of Loss	Application	Eligibility	Compensation and Livelihood Restoration Entitlements
12. Compensations for improvement	Improvements that are not included in this Entitlement Matrix but exist on the affected land (except the moveable property)	APs who made Improvements	Cash compensation at replacement cost.
13. Transportation allowance	Allowance for transportation	All APs having movables on the affected land / building to be relocated regardless of ownership rights	Cash allowance to cover transportation, loading/unloading costs (will be determined based on the market research in the area and provided as a single payment).
Livelihood Restoration Entitlements			
1. Allowances for Severe Impacts	AH to be relocated (physically displaced AH)	All severely affected AHs including informal settlers	A rehabilitation allowance of 6 months at minimum monthly salary (defined by the RA legislation).
	AHs losing 10% or more of agricultural harvest		Additional cash payment in the amount of 1-year yield (from affected land part).
	AHs losing 10% or more of income generating assets and AHs losing commercial/business establishments		A rehabilitation allowance of 6 months at minimum monthly salary (defined by the RA legislation).
2. Allowances for vulnerable APs / AHs		AHs headed by women, or elderly, or disabled persons and AHs living below the poverty line	Cash allowance equivalent to 6 months of minimum monthly salary (defined by RA Legislation) and priority in access to the Project-related employment.
3. Livelihood Restoration support	Livelihood impacts that are not included in this Entitlement Matrix but will be identified during the SES	APs who experience impacts to their livelihoods	Provision of livelihood restoration measures in line with this RF and Lenders' policies as detailed in Section F.2.2 below .

F.1 Eligibility

33. APs entitled to compensation and/or rehabilitation (livelihood restoration) under the Project are:

- 1) Land owners, APs having property rights including the leaseholders, all APs deprived of the right to use the land or deprived of the opportunity to use it or those who *de facto* possess and use the land regardless of the rights registered on the land.
- 2) APs owning buildings/structures, possessing property right including lessees, the constructors, de facto possessors and users of buildings/structures, persons who constructed illegal buildings/structures.

- 3) The owners, APs having property rights of trees, orchards, harvests, cultured plants or other property and improvements including, leaseholders and de facto possessors and users.
 - 4) All APs losing business (entrepreneurship), income and salary.
34. No compensation is given for additional improvements made after the date of drawing up of the acquisition property description protocols (equivalent to the cut-off date according to Lenders Standards), except in the cases provided by the Law and RF.
- Any encumbrance or rights toward the property to be acquired, given or obtained by third parties, compensation shall be given only in cases provided by RF, when the AP subject to legalization formulates and registers its right to the affected property. In all other cases (arising after the cut-off date) no compensation is given for encumbrances or rights granted to third parties or received by them.
- Besides the compensation for the acquired property, the eligibility for compensation and additional allowance for other impacts provided by RF is also limited by the deadline which is the date when description protocol is drawn up within the scope of every subproject and where the data of implemented census and detailed measurement survey are also recorded (hereafter: the cut-off date which will be communicated to the affected communities and made public).
- Persons who inhabited affected areas or make any improvements there, after the cut-off date will not be eligible for compensation, livelihood restoration and additional allowances. However, they shall be given prior notice with request to vacate premises and demolish affected buildings/structures prior to project implementation.

F.2 Compensation and Livelihood Restoration Entitlements

35. Entitlements for APs affected either by project-related land acquisition or by land use restrictions will include provisions for permanent or temporary land losses, buildings/structures' losses, harvest yields/ crops and trees losses, a relocation subsidy, and a compensation for the stoppage of business (entrepreneurship) based on tax report/calculations or lump sums. Entitlements for economic displacement include support for livelihood restoration and are defined separately from compensation for physical displacement and loss of assets. Project impacts leading to economic displacement may include Project activities that affect the means that APs/AHs (including businesses) use to make a living, such as employment wages, provision of services, production of goods, rents from land or premises, income from crop harvests or animal husbandry, self-consumed goods or food, and various government allowances¹⁴. The extent to which AHs/APs may be affected by such economic displacement impacts, as well as changes to their standard of living, will be determined based on the SES results during the RP preparation. The AHs/APs found to be affected by economic displacement impacts and changes in their standard of living, will be eligible for livelihood restoration support, as envisioned in this RF. The Entitlement Matrix (**Table 2**) also envisions avoidance and minimization of some livelihood impacts, such as allowing the harvest of crops before land take. The entitlements are as follows:

F.2.1. Compensation Entitlements

1. Land loss

¹⁴ For instance, AHs / APs can be deprived of state unemployment allowances or utilities subsidies if they received income

1) The land impact will be compensated either: (i) in cash at full replacement cost assessed at market value plus 15%, or (ii) if AH's livelihood is land-based, land of equal and adequate quality is available and is requested by the owner, then provision of an equivalent replacement land of equal characteristics (within the calculated compensation, as provided above). In this case, the acquirer will ensure the state registration of the AP's ownership right to replacement land.

Non-alienable parts of the land which lose the economic or functional significance for the owner that it had before the separation of the alienable part or the non-alienable part of the property is insignificant compared to the alienable part, will be alienated if the request of alienation by the AP was submitted within the timeframe and order defined by the law and accepted by the acquirer according to the procedure established by the law. When 10% or more of an AP's cultivated agricultural plot is affected, AP (owners, leaseholder and land users) will get an additional allowance for severe impacts equal to the market cost of a year's gross yield of the land lost;

2) APs whose ownership rights toward the affected land are eligible for formalization and state registration (hereinafter: legalization) are entitled to be legalized/registered and after their losses must be compensated as owners. Security of tenure should be ensured for the legalized APs. APs who cannot be legalized or who use the affected land without the formal legal rights (unregistered user) will be compensated only for crops (harvest) and the improvements existing on the land.

3) *Leaseholders (including sub-leaseholders) on the community or state land* may acquire ownership right in cases provided for by law and compensated as full owners and the ownership right registration fees will be covered by the leaseholder and the livelihood restoration support will be as noted below (for legalizable APs).

Or if this is not the case, they (lease and sublease holders) will be given a new replacement lease subject to availability of the land and consent of the owner (lessor). If these mitigation measures are not possible, they will be compensated in cash at market value of the affected land plus a 15% allowance in proportion to the remaining years of lease as follows: a) < 1 year - 5% of land compensation cost; 2) < 15 years - 14% of land compensation cost; 3) < 25 years - 20% of land compensation cost; 4) 25 years and more- 25% of land compensation cost.

4) *Leaseholders (leasing and subleasing private land)* will be given cash compensation for the unused lease already paid and for the improvements made in consent with the landlord.

5) Users of land (formal and informal) will also receive compensation for any existing crops (refer to F2 paragraph 5 below)

6) Users of land (formal and informal) will be provided information about the acquisition of the land at least three months in advance of land take to enable the latter to find other land for use.

7) All transaction expenses including taxes, fees and other payments to be paid by APs will be covered by the acquirer.

8) In case of restriction on land use, owners and legalizable APs will be compensated based on the terms of the land use / easement agreement at market price for portion(s) of the land plot that cannot be used per its designated purpose due to the utilities, buffer zones or other protection / safety zones. If a land plot cannot be used per its designated purpose as it becomes economically unviable or inaccessible, then the whole land plot is acquired at full replacement cost.

9) Community owned land will be compensated at market price + 15%.

2. Loss of residential buildings

- 1) The APs losing their residential houses will be compensated regardless of the formal legal rights towards the building/structure or legal status of the building/structure in cash at replacement cost plus a 15% allowance. Compensation will be free of deductions for depreciation, transaction costs and salvageable materials regardless of the fact of state record and registration status of the building. In case of partial impacts, compensation will cover only the affected portion of a building, if further use and exploitation of the non-affected part of the building is technically possible. In this case, the costs of repairing the building are also subject to compensation.
- 2) Relocated leaseholders will be given cash compensation of the unused rent already paid and for integral improvements made with the lessor's consent. Relocated AHs will also be given all transportation and severe impacts allowances defined by this RF.
- 3) Relocated households will be informed in written form about the acquisition of the house at least six months in advance of demolition to enable the latter to find other accommodation.
- 4) All transaction expenses including taxes, fees and other payments to be paid by APs will be covered by the acquirer.

3. Loss of Non-Residential Buildings and Structures

- 1) *Non-residential buildings or structures* (excluding illegal structure) will be compensated in cash at replacement cost plus 15%. Partial impacts will entail the compensation of the affected portion of the building plus the cost for building repair if the maintenance and use of the non – affected portion of the buildings is technically possible.
- 2) *Illegal buildings and structures* on the land belonging to APs with ownership right over the affected land will be compensated to the APs (who constructed or use the building) as above but after the building or structure is legalized/registered, if legally possible. If not possible, the AP who constructed or use the illegal building (which could be the landowner) will be provided Rehabilitation Allowance at full replacement cost of the building, structure (not less than the market price) without 15% extra allowance.
- 3) For the Illegal buildings and structures on the land owned by the state or community the APs who constructed or use the illegal building or structure will be provided Rehabilitation Allowance with the amount equal to replacement cost of the building or structure (not less than the market price) without 15% extra allowance.
- 4) *Leaseholders* of the relocated non-residential structures will be given cash compensation for the unused portion of the already paid rent.
- 5) The legalization of the illegal buildings is not mandatory for the cases defined in paragraph “2” of the given subclause.
- 6) All transaction expenses including taxes, fees and other payments to be paid by APs will be covered by the acquirer.

4. Loss of Public Property

The community and state buildings and public utilities which are public property will be reconstructed and their functions will be restored in consultation with community/state authorities or, if impossible or proved unnecessary, cash compensation of the community owned buildings/structures for loss of building at full replacement cost + 15% free of depreciation/transaction costs and salvaged materials.

5. Public Utilities (Gas, water, electricity and etc.) and infrastructure structures owned by private organizations

Public Utilities (Gas, water, electricity and etc.) and infrastructure structures owned by private organizations will be restored in consultation with community/state authorities and the utility owner or operator (if applicable).

All such infrastructures will be reflected in the detailed design and in the scope of works of the General Contractor and will be relocated within the Project budget.

Any new impacts to any assets caused by relocation of the affected utilities will be compensated in accordance with this RF entitlements.

6. Loss of Crops and Harvests

For the loss of /crops and harvest cash compensation will be provided at current average market prices for the 1 year's average yield (Annual Crops) to those APs/AHs (owners, leaseholders, factual land users) who are using and cultivating the land at the cut-off date for claiming compensation. The above-mentioned compensation provisions are not applied to compensation for the losses of trees and their yield (refer to point 6 below). The crop owners will be given an opportunity to harvest crops before land take.

7. Loss of Trees, orchards and yield

Cash compensation will be given to the APs/AHs (landowners, the leaseholders and the actual landusers) for the trees and harvest losses at market value based on type, age and productivity of trees as follows:

- 1) The community or state landowners will receive the entire compensation for the trees: if the existing leaseholders are not entitled to compensation according to the subpoint (2) of this paragraph or; if the existing actual users are not entitled to compensation according to the subpoint (3).
- 2) If the lands are held by lease, the compensation for trees will be given to the leaseholder, if trees were cultivated by the leaseholder (with the consent of the landowner).
- 3) If the community or state lands are actually used without formal legal rights of APs, the entire compensation for trees will be provided to such land users.
- 4) All APs losing trees regardless of the land ownership/use status will be compensated in accordance with Section F3 paragraph 36 point 4 below).

8. Interruption of business (entrepreneurship)

- 1) Compensation for loss of business, with tax report/calculation, will be provided in cases of permanent and temporary stoppage (caused by project-related land acquisition or restrictions on land use) of business (entrepreneurship), as follows:
 - a) Permanent (1 year and more) loss of business (entrepreneurship) will be compensated in cash equal to a 1-year net profit/income based on tax report/calculation;
 - b) Temporary impact (less than 1 year) i.e stoppage of business (entrepreneurship) will be compensated in cash equal to the monthly net profit/income based on tax report/calculation for the months of stoppage.
 - c) State registration and license fees will also be compensated, if any, as well as the taxes related to property acquisition and the receipt of compensation will be paid by the acquirer.
- 2) In absence of tax report/calculation permanent and temporary losses business (entrepreneurship) the compensation will be made in the above mentioned way based on the minimum monthly salary of the Republic of Armenia (as of the cut-off date).
- 3) The number of months of temporary stoppage of business activity and the date of permanent

termination are determined in accordance with Appendix B of this RF.

9. Employment Loss

- a) Cash compensation based on the average monthly salary (calculated in accordance with the Labour Code) without taxes for 6 months will be provided to the workers permanently losing their job, working at least for 2 months before the Cut-off date, at the moment of the permanent stoppage still working at the affected organization and provided a relevant document, established by RA legislation, documenting the termination of the employment relationship, if the employment contract (labour relation) is terminated as a result of the stoppage of business on the affected land.
- b) In case of temporary job loss (compulsory downtime) cash compensation will be given by the same principles based on the forced stoppage (downtime) of the working months (up to 6 months).
- c) Taxes related to the receipt of compensation will be compensated by the acquirer
- d) The number of months of temporary stoppage of business activity and the date of permanent termination are determined in accordance with Appendix B of this RF.

10. Temporary impacts

Temporary affected (caused by project-related restrictions on land use) APs/AHs will be given compensation for losses/damages (at full replacement cost) defined by the RA legislation and in accordance with the provisions of the RF entitlement matrix. The compensation given to the temporary affected APs/AHs will not include the rehabilitation allowances defined by the RF.

11. Unforeseen LAR impacts if any

MTAI/RD will consider unforeseen LAR impacts during the project implementation and will compensate and/or will provide rehabilitation allowance based on the provisions of this RF.

In cases of unforeseen impacts, all the procedures defined by the RF will be applied (social impact assessment and other necessary surveys and legal procedures, including the preparation of an updated RP or RP addendum (if necessary)).

The damage caused by Contractor (or subcontractor) during the construction works will be compensated in accordance with this RF.

12. Compensations for Improvements:

The improvements which are not included in the entitlement matrix but exist on the affected land (excluding the movable assets), will be compensated at full replacement cost.

13. Transportation Allowances

1) *Relocation expenses*: AHs to be relocated (including leaseholders) from their affected residences will receive a relocation allowance equal to cover transport costs (this will be determined based on the market research in the area and provided as a single payment).

2) *Expenses related to moving the movable assets*. All AHs having movable assets on the affected land or building, regardless of their rights towards the affected land or building, will receive cash allowance to cover all transport costs for movable assets to be relocated.

F.2.2. Livelihood Restoration Entitlements

The livelihood restoration entitlements presented below is subject to clarification in the RP, based on the results of the SES and inventory.

1. Loss of income and/or of livelihood sources due to land loss

The following livelihood restoration support will be provided to the APs (land owners and legalizable users/ leaseholders who may acquire ownership right) engaged in agriculture:

- Provision of consultations by agricultural expert on efficient / improved agricultural techniques;
- Opportunity (to be the first in the list) to lease or to buy the land from the community
- Facilitation of access to inputs and markets;
- Assistance to identify alternative land for purchase;

The following livelihood restoration support will be provided to leaseholders using the land for agriculture (having land-based livelihoods):

- Assistance to identify alternative land for use;
- Provision of consultations by agricultural expert on efficient / improved agricultural techniques.

Livelihood restoration measures for non-legalisable APs will take the form of:

- Support in registering non-legalisable APs so that they have an opportunity (to be the first in the list) to lease or to buy the land from the community.
- Provision of consultations by agricultural expert on efficient / improved agricultural techniques

2. Loss of income and/or livelihood sources due to loss of residential buildings and structures

Relocated households will also receive the following livelihood restoration support:

- Support in the registration of place or residence and utility registration at new residential places;
- Support in access to social infrastructure if the area of residence is changed (e.g., registration at new school, kindergarten or polyclinics);
- Support in access to employment induced by the Project (during the construction);

Relocated leaseholders will also receive the following livelihood restoration support:

- Assistance in finding a new lease to reside.

3. Loss of income and/or livelihood sources due to loss of non- residential buildings and structures and infrastructure

The owners of the affected non-residential building will be provided with the following livelihood restoration support:

- Support in securing the due asset relocation permits and provision of consultations if new construction permits / power or water re-connections are required.

Leaseholders of the relocated non-residential structures will be given livelihood restoration support in the form of: assistance in finding a new lease.

4. Loss of income and/or livelihood sources due to crop loss

All AHs who planted crops and made improvements regardless of their legal status will also receive the following livelihood restoration support:

- Opportunity to harvest crops before land take
- Assistance to identify alternative land for use (where applicable)
- Provision of consultations by agricultural expert on efficient / improved agricultural techniques
- Support in access to employment induced by the Project (during the construction).

5. Loss of income and/or livelihood sources due to lost trees/ orchards and harvest

All AHs who had trees/ orchards and made improvements (regardless of their land ownership and property rights) will receive the following livelihood restoration support:

- Provision of consultations about the markets where saplings of fruit bearing trees can be bought and advice on selection and care
- Provision of consultations by agricultural expert on efficient / improved agricultural techniques
- Support in access to employment induced by the Project (during the construction).

6. Loss of income and/or livelihood sources due to lost Employment or Business

APs who lost business or have worked for affected business (company or Individual entrepreneurs) based on employment contract (or individual legal act on hiring) will be provided:

a) Livelihood restoration support in case of permanent job/business loss:

- support access to employment induced by the Project
- support access to the vocational training, agricultural training, computer courses or else.

b) Livelihood restoration support in case of temporary job/business loss:

- support access to the vocational training, agricultural training, computer courses or else.

7. Allowances for Severe Impacts

1) Allowance is given for the Project's severe impacts to those AHs (including the AHs as leaseholders and actual land users) in cases where 10% or more of their owned and/or cultivated agriculture land is affected and they receive benefits such as fruits, yield and crops by the result of land-use.

The basis for calculating the above-mentioned allowance is the actual usage purpose of these lands, regardless of the usage purpose (significance) of the land defined in the cadastral data, certificates of ownership rights and other documents confirming the property right. If the non-agricultural land is impacted 10 % and more but is used as productive agricultural land and there are actually crops and yields from the land, then the latter is subject to compensation in accordance with the above-mentioned principles without the provision of legalization requirement.

2) AHs to be relocated (including the relocated leaseholders) will receive rehabilitation (livelihood restoration) allowance for severe impacts equal to minimum monthly salary (defined by the RA Legislation) for 6 months.

3) AHs losing 10% or more of income generating assets and AHs losing commercial/business establishments will receive rehabilitation (livelihood restoration) allowance for severe impacts equal to minimum monthly salary (defined by the RA Legislation) for 6 months.

8. Allowance to the Vulnerable People/AHs

Vulnerable people will be given a rehabilitation allowance equal to 6 (six) months of minimum monthly salary (defined by the RA Legislation) and priority in access to the Project-related employment.

Socially Vulnerable people are:

1) Households, which includes family (families) who are registered in the family benefit system (FBS) and receive allowance.

2) Households, headed by a single parent, where there is no other adult of working age, except for elderly persons (people of pension age), persons doing compulsory military service in the Armed Forces of the RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions, if the AHs is not a beneficiary in accordance with above subparagraph 1.

3) Households, headed by elderly persons (people of pension age), where there is no other person of working age, except for persons doing compulsory military service in the Armed Forces of the RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions, if the AHs is not a beneficiary in accordance with above subparagraph 1.

4) Households headed by persons with disability of 1st and 2nd group, where there is no other person of working age, except for persons doing compulsory military service in the Armed Forces of the RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions, if the AHs is not a beneficiary in accordance with above subparagraph 1.

5) Households headed by women, where there is no other person of working age, except for elderly persons (people of pension age), persons doing compulsory military service in the Armed Forces of the RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions, if the AHs is not a beneficiary in accordance with above subparagraph 1.

9. Livelihood Restoration Support

APs who are identified during the SES (when preparing the RP) as experiencing livelihood impacts that are not included in the Entitlement Matrix of this RF are to be provided with livelihood restoration measures in line with this RF and Lenders' policies.

F.3 Assessment of Compensation Unit Values

36. Assessment of the real estate values will be based on the procedure defined in the Law of the Republic of Armenia on Assessment of Real Estate, RA National Standard on Real Estate Valuation, Applicable Standards and on this RF requirements, in terms of which the agreed valuation methodology between Lenders and the RA Government for compensation unit rates of different impacts is as follows:

- 1) **Agricultural and Non- Agricultural Land** will be valued at replacement cost, i. e. market or cadastral value (whichever is higher) plus 15%.
- 2) **Houses/Buildings** will be valued at replacement cost based on construction type, materials cost, labour, transport/other construction costs and legalization costs where applicable. No deduction for depreciation/transaction costs or salvaged materials will be applied. If an AP does not wish to relocate, partial impacts may be paid only for the affected portion of the building, as well as for repairs of the affected part, if this option is economically justified. The legalization costs of the illegal buildings on the affected land will be calculated by the independent evaluator based on the rates defined by the RA Government decree 912 dated May 18, 2006.
- 3) **Annual Crops** will be valued based on average farm gate prices and average yields for the previous 3 years. In the eventuality that more than one-year of compensation is due to the APs the crops after the first year will be compensated at average market price.
- 4) **Trees (bushes)** will be valued according to different methodologies depending whether the tree (bush) lost is a fruit-bearing or a not fruit-bearing tree (bush).
 - Not fruit-bearing trees: wood and decorative trees (bushes) will be valued based on following groups (a. small trees; b. medium trees and c. big trees) based on the type of tree (bush) and the following valuation indicators such as: timber (firewood or construction wood) volume, height of the tree (bush), as well as other applicable indicators for the given tree (bush) to be determined by RP.
 - Fruit-bearing trees (bushes, vineyards) will be valued based on the planting age. The compensation for fruit-bearing trees (bushes, orchards, vineyards) will be paid based on the investment value and the market value of the given tree (bush) for 1 year multiplied by the number of years calculated from the planting date, but

no more than the number of years needed to grow a new fully productive tree (bush).

37. The unit compensation rates will be assessed by a certified independent evaluator based on clear and transparent methodologies acceptable to the Lenders. The certified independent evaluator prepares valuation/calculation reports for all types of properties, where all the sources of baseline data and valuation period should be mentioned regardless of the type of property being valued.

F.4 Conditions for Alienation

38. Property acquisition is performed based on Eminent Domain Decree in accordance with relevant procedures established by law. In particular, for public and state needs the property may be acquired a) in accordance with a contract, b) by the transfer of compensation amount to the deposit account, c) via litigation.
39. The Property may be acquired under the contract entered into by the acquirer and the owner of acquired property. In this case the amount of compensation, terms conditions, procedures and liability of parties is determined by mutual agreement, that shall not contradict the terms of the RF or that shall not be less profitable for the APs than their entitlements under the RF. Persons with property rights known to the owner of the property shall also be party of the acquisition contract. Under the Program this mode shall be preferred and the MTAI shall do its best to acquire the land via mutually agreed negotiations.
40. If a contract is not signed within 3 months due to disagreement of APs and other reasons, then the acquirer, in accordance with the timeframe defined by Law, shall transfer the compensation amount for the acquired property to the deposit account of the court or of the notary public.
41. If the AP does not receive the compensation amount from the deposit account in accordance with law the acquirer shall bring the compulsory property acquisition case to the court within one month. In addition, if APs receive the compensation amount from the deposit within the period and in accordance with the law, then the property alienation contract is considered concluded.
42. The process of acquiring land through (through the court) expropriation can take a long time, so within the framework of the Project, it is necessary to take measures to minimize expropriations through the court. The acquirer shall not possess the acquired land until a) the acquirer's ownership right is registered toward the acquired property, b) the relevant judicial act enters into force in accordance with law and the acquired land is handed-over to the acquirer.
43. **Expenses for alienation:**
The expenses occurred during the alienation of the property are implemented at the expense of the acquirer the affected land and other real estate property. The probable expenses occurring during the alienation process should be defined during the RP preparation for this Project. The acquirer compensates for the financial obligations (taxes, fines, mandatory payments) from the state or local government bodies incurred by the property owner in regard to the alienation.

F.5 Legalization Requirements

44. All APs eligible (person who has the documents certifying his/ her rights on acquired property, but who has still not registered his/her ownership right) for the acquired property are entitled to register their ownership and other property rights related to the acquisition of the property in compliance with the procedure established by RA legislation.

45. APs that have rights towards the acquired property, but have not ensured its proper formalization or state registration in accordance with law, are entitled either to acquire rights towards the affected property and receive the compensation corresponding to their newly formalized (registered) rights till the Acquisition contract's conclusion or till the rendering of the judicial act, in a result of legalization procedure.
46. APs are entitled to start the process of rights legalization and state registration on their own initiative and discretion according to the RA legislation. MTAI will conduct consultations with APs and provide support in the frame of its jurisdiction to those APs who will initiate the legalization process.
47. Terms and conditions of the legalization procedure per rights of APs toward acquired property (lawful possessors of property, actual possessors of property with prescription, tenants, APs who have built illegal structures on private land etc.), MTAI assistance forms and procedure will be established by the RP through the preparation and adoption of a legalization plan.
48. APs not eligible to acquire ownership or any other right toward acquired property or those that discretionally have not formalized and registered their right recognized by law toward property, will receive compensation and will benefit from the compensation entitlements for relevant impacts under this RF as APs without legal status.

G. GENDER IMPACT AND MITIGATION MEASURES

49. Women have important economic roles in project areas and engage in a very wide range of income making activities in the agricultural and marketing sector. The Project will pay particular attention to ensure that women are the recipients of the compensation pertaining to their activities and to ensure that women who are *de facto* household heads are clearly listed as beneficiaries of compensation and rehabilitation proceedings under the loan. In order to ensure the above the following actions will be considered:
 - 1) Include women in the team of impact enumerators.
 - 2) Impact assessment of AHs/APs indicating the total number of families and people must be gender-disaggregated to pinpoint how many women are likely to be affected by the Project (including potential for Gender Based Violence (GBV) over disputes concerning compensation) and establish their pre-Project conditions.
 - 3) Women will be major participants in the consultation processes to determine and negotiate for compensation entitlements and implement the RP and if necessary gender-sensitive consultations should be planned in the RP.
 - 4) In implementing the RP special attention will be given to ensuring that the land acquisition, compensation and relocation process does not exacerbate the potential for GBV.
 - 5) Special attention will be given to the impact of resettlement on women and other vulnerable groups during monitoring and evaluation of the RP.

H. PUBLIC CONSULTATION, STAKEHOLDER ENGAGEMENT AND PARTICIPATION, AND DOCUMENTS DISCLOSURE

50. According to the Lenders Standards, the APs must be fully consulted and provided with opportunities to participate in the planning and implementation of land acquisition and resettlement. They also must be informed in an appropriate and timely manner of the outcomes of the planning process, as well as the schedules and procedures for implementation of the RP. Public information and consultation campaign must be carried out

by the Road Department FUND (RD) during all stages of the land acquisition and resettlement process. In addition, the RD must also organize public information meetings, participation of the APs in the DMS, full disclosure of the Resettlement Plan (RP) and informing the APs about the procedures for payments of compensation and relocation.

51. The original LARF was translated into Armenian and uploaded on the RD website and distributed to the affected communities. This RF will be translated into Armenian as well and uploaded on the RD and EBRD, ADB and EIB websites after the approval by the EBRD, ADB, EIB and the RA Government.
52. Within the Preliminary LARP development a consultation meeting was held with the representatives of regional and local community authorities in Syunik Marzpetaran office (Kapan city) on 23.02.2016. This meeting was attended by the representatives of the RD and Preliminary LARP Consultant, as well as representatives of all stakeholder communities, local NGOs, civil societies and other interested parties. After choosing the optimal design version on 17.11.2016 (Sisian city municipality) and 18.11.2016 (Kapan city, Syunik Marzpetaran) there were organized public consultations regarding the preliminary design and disclosure of LAR-related procedures and environmental measures with the participation of the affected communities and other interested organizations. The relevant LAR materials were provided to the affected communities.
53. To inform the preparation of this RF the following 10 consultation meetings were conducted at the affected communities:

Day	Location	Time	Number of Participants
08.12. 2021	Syunik Regional Administration, Kapan city	16:00	6
09.12. 2021	Syunik region, Kajaran Community	10:30	10
09.12. 2021	Syunik region, Sisian Community	15:30	10
27.12.2021	Syunik region, Sisian Community, Vaghatin Settlement	13:30	6
27.12.2021	Syunik region, Sisian Community, Vorotnavan Settlement	15:00	3
27.12.2021	Syunik region, Sisian Community, Lor Settlement (includes Shenatagh settlement)	16:00	3
27.12.2021	Syunik region, Sisian Community, Darbas Settlement	17:00	3
27.12.2021	Syunik region, Sisian Community, Aghitu Settlement	18:00	3
28.12.2021	Syunik region, Kajaran Community, Geghi Settlement	11:00	3
28.12.2021	Syunik region, Kajaran Community, Lernadzor Settlement	13:00	3

During the 2021 meetings, the representatives of the affected communities and administrative units confirmed that there were no significant changes in land use within the right-of-way of the proposed road compared to 2016: no new large areas of land alienated, construction permits issued, or new large structures constructed.

54. Public consultations with APs will be implemented in all affected communities during the RP development stage to present the aims of the project, stages of LAR process, as well as eligibility and entitlements under the Project. Special information booklet will be developed and distributed to the participants on LAR-related principles and procedures. Face to face consultations with APs will be done during RP implementation stage. The APs' concerns and inputs will be taken into account in planning and implementing the RP.
55. During the different stages of the Project LAR (planning, implementation, and monitoring)

the following actions are in place: (i) distribution of public information brochure (which will include the Guide to Land Acquisition and Compensation) or booklets in Armenian, (ii) placement of copies of the RP in Armenian in regional and community offices, and (iii) uploading of the RPs on the Lenders' websites.

56. Community authorities will be informed about the Project, and their assistance will be solicited in the conduct of Census, inventory of affected assets, and DMS. Also, prior to the finalization of the RP and its submission to the MTAI, the APs will be thoroughly informed about the results of the Census, inventory of affected assets and DMS. Their preferences on compensation or other resettlement assistance will be given due consideration. The processes and mechanisms ensuring the active involvement of APs and other stakeholders will be detailed in the RPs including the date, list of participants, and minutes of consultation meetings.

I. INSTITUTIONAL ARRANGEMENTS

57. The Sisian – Kajaran Road Project is expected to be funded by the EBRD, ADB and EIB. The compensation and livelihood restoration (rehabilitation) tasks described in this RF involve distinct processes and dynamics and different actors. The RD will implement the project on behalf of the RA, as mandated by the RA Government Decree. The RD with the assistance of the consultants will develop and implement the RP for the Project based on the policy and procedures set out in this RF.

Several other governmental and non-governmental agencies will play instrumental roles in the LAR processes. Pursuant to the current legislation, the Cadastre Committee of the RA is responsible for providing information about the status of real estate ownership, and existing property rights, restrictions and is in charge of the state registration of rights. Local self-government bodies will also be involved. The role of each of these actors is detailed below. An organogram of the organizational setting for the Project is included in **Figure 2**.

I.1. The MTAI and the RD

58. The MTAI has overall responsibility for the Program and the Project. This includes preparation, implementation and financing of all LAR tasks and cross-agency coordination and linkages. The MTAI exercises its functions through the RD. The responsible state body for implementation of land acquisition activities under the Project is the MTAI in accordance with the RA Government decree. Some powers of the MTAI may be implemented through the RD.
59. The RD is assigned as acquirer of the lands on behalf of the RA alienated for the state and public needs and responsible for planning and implementation of all LAR tasks as well as for performing activities of the acquirer defined by Law. The RD has corresponding staff/team for Social and Resettlement Coordination Team (hereinafter: SRCT) who provides general management of the planning and implementation of all LAR tasks.
60. The RD is responsible for: 1) coordinating the LAR activities with Cadastre Committee and LSGBs; 2) assisting the Consultants in mapping, surveying and verification activities in relation with property legal status, ownership and other rights; 3) organizing public consultation meetings assisted by Consultants and LSGBs; 4) sending the RP to the Lenders for review; 5) disclosing the RPs and the information pamphlets; 6) planning and managing RP implementation and the distribution of compensation; 7) assisting in settlement of individual complaints; 8) ensuring proper internal monitoring and disclosure of its results initiating eventual expropriation cases; 9) hiring an External Monitoring Agency (EMA), following the IFI's recommendations; 10) maintaining AP data base and 11) providing all

needed documentation to ensure the prompt allocation of LAR budgets and will maintain the coordination of all LAR related activities.

61. The SRCT of the RD will coordinate the RP implementation and will initiate the recruitment of Implementation Consultant (IC) to carry out the implementation activities. The IC will be employed and mobilized as soon as the Government of the RA approves the RP and LAR finances are allocated. The main tasks for the IC are as follows (but will not be limited to these): (i) assist the RD to undertake public information campaigns to inform the affected communities of the Resettlement Policies and entitlement packages; (ii) undertake various types of stakeholder engagement activities to enable affected households and communities to raise concerns and provide inputs to the RP planning and implementation process (iii) be the link between the -RD and the APs through regular meetings, particularly through the Grievance Redress Group; (iv) assist APs in the redress of their grievances through the grievance mechanism set out in the RP and assist APs to pursue any grievances to a suitable remedy; (v) review and address, if needed, the comments on the draft contracts sent by APs and reply to them; (vi) organize the contract drafting, signing and state registration process; (vii) assist APs with opening of their Bank accounts for those who have not yet done so; (viii) consult and assist legalizable APs, if any, with their legalization process; (ix) assist APs in getting their compensation entitlements under the Project; (x) In case of any discrepancy, the IC will assist the AP in pursuing their rights through the grievance redress mechanism; (xi) assist the SRCT -RD in making arrangements for the smooth relocation of the APs and their businesses; (xii) assist APs in obtaining employment with the Contractor during the construction phase based on the skills available and as required by Contractor; and other tasks as necessary.
62. A Project Governing Council (PGC) made up of representatives from concerned ministries and other authorities have been established to manage the Project funds and make high-level decisions, including on LAR-related issues.

I.2 Local Self-Government

63. Local authorities have direct jurisdiction for land administration and regulations on lands relation defined by law. Community authorities will support surveys tasks, complaints resolution, AP consultation, legalization, information disclosure and compensation delivery as needed.

I.3 Other Agencies and Institutions

64. Several other institutions will participate in the preparation and implementation of LAR tasks. These are:
- i. **Ministry of Finance.** The budgets for the implementation of the RPs will be provided to the MTAI in the prescribed manner by the Ministry of Finance following the approval of the RP by the government of RA.
 - ii. **The Cadastre Committee of the Republic of Armenia.** The Cadastre Committee of the Republic of Armenia is responsible for providing information about the status of real estate ownership, and within its jurisdiction is in charge of the state registration of ownership.
 - iii. **Courts.** In solving problematic cases related to property acquisition for public and state needs, the basis will be the court decision entered into force.

I.4 Consultants

65. Different types of consultants will be involved in LAR tasks:

- 1) **LAR and Social Consultants:** The RD will hire international and/or national consultants for preparing the RP as well as for monitoring RP preparation process. These will include international and local LAR capacity and needed survey teams who will carry out all field-surveys and prepare the needed RP.
- 2) **Detailed Design Consultants (DDC) / technical consultant:** These will include international and local engineers and will provide inputs needed to inform the preparation of the RP for the Project.
- 3) **Independent External Monitoring Agency (EMA):** an agency hired to conduct external independent monitoring and evaluation of the RP implementation. The EMA will provide regular reports to the RD, EBRD, ADB and EIB for review and approval. The EMA will submit a Compliance report of the LAR implementation to the RD and Lenders for their review and approval prior to the start of civil works. The EMA will also carry out a Completion Audit about 1 year after the land acquisition is completed (for physical displacement and land acquisition) or at the later state (after 2-3 years) to capture the outcomes of both physical displacement and livelihood restoration activities.
- 4) **RP implementation consultants:** The RD will hire a team of experienced specialists for the planning and implementation of the RP. The RP Implementation team will involve lawyers/advocates, social development/resettlement/ livelihood restoration specialists, the RP database management specialist as well as other specialists needed for full implementation of RP.

I.5 EBRD, ADB and EIB

a) EBRD and ADB

66. Besides supervising periodically, the EBRD and ADB Project Manager (Social Specialist) will approve the RF and the RP for the Project, monitoring reports prepared by the EMA and provide clearance to contract awards, and notice to proceed for civil works based on the results of monitoring reports prepared by the EMA.

b) EIB

67. EIB provides the approval of the LARF and RP at EBRD's advice. Besides supervising periodically, the EIB Project Manager (Social Specialist) will provide approval to the monitoring reports prepared by the EMA, clearance to contract awards, signing/ initiation of civil works based on the results of monitoring reports prepared by the EMA.

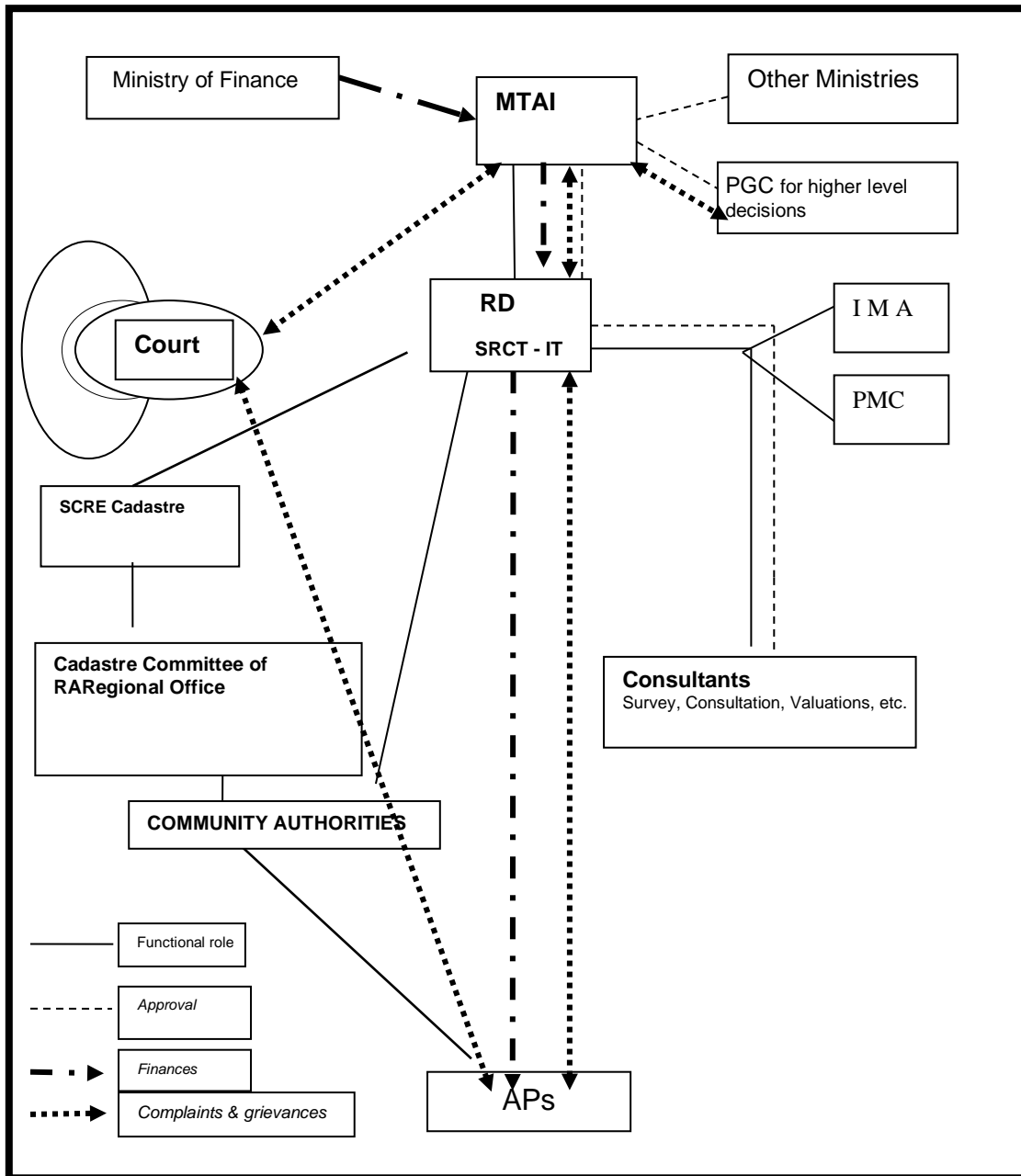


Figure 2. LAR Organogram and Action

J. COMPLAINTS AND GRIEVANCES

68. In the frame of Project implementation, a grievance redress mechanism shall be established and made available to allow an AP to appeal against any decision, practice or activity affecting him/her, arising from the acquisition of land or other assets throughout the project cycle. Where grievances relate to resettlement, the fundamental objective is to resolve any land acquisition and resettlement-related grievance in consultation with the aggrieved party, to acquire the property by the contract based on the owner's will and mutual agreement, as well as to facilitate smooth implementation of the RP. Another important objective is to establish the accessibility, transparency and accountability of the acquisition process to the affected people at the local level.
69. The Grievance resolution process will be established and operational by the time when RP is submitted for approval. The Grievance resolution process will apply every time when some AP will present their complaints. These complaints will be properly addressed by the RD individually through direct communication and phone calls and by carrying technical due diligence (when warranted the compensation rates or impact measurements will be updated). A further opportunity for registering complaints will be provided to the APs by the RD by sending to them agreements about property acquisition, compensation and allowances. The APs can register their complaints in written form directly to the RD and MTAI in any stage of acquisition process, before the date of signing the acquisition contract.
70. Beside this the RD will establish also a formal complaints and grievances redress mechanism. Several stakeholder parties will be involved in this formal grievance redress mechanism, such as the RD/Grievance Review Group (GRG) and the state authorized body (MTAI). The GRM will ensure the opportunity for APs to get relevant information and consultation with the grievance management team, as well as to raise their complaints and concerns. Two entering points will provide the reception and record of complaints by APs in the affected communities: namely the nominated representative of LSGB and Grievance Focal Person (GFP). The RD representative will act as GFP. The representative of the community and GFP will provide the transferring of AP's complaints to the RD and MTAI.
71. Steps in resolving grievances are as follows:
- 1) An AP may present his/her complaint to RD through the representative of community or GFP.
 - 2) The RD will examine the complaint, provide a written response to AP within 30 calendar days of registering the complaint, and will track it until it is closed.
 - 3) RD will involve the Grievance Review Group (GRG) for re-examination of complaint upon request of AP. This Group will serve as a recourse mechanism to resolve disputes in an impartial manner.
 - 4) The Grievance Review Group (GRG) will consist of the following members: representative of RD/IT; representative of LSGB - as relevant; a certified technical / resettlement expert who is external to the RD/MTAI- as relevant; representative of Consultant/Contractor, as relevant; AP or his/her representative; independent observer party (for example NGO) upon request of AP
 - 5) The GRG will examine the complaint and will provide a written response to AP within 10-30 calendar days.
 - 6) If the AP is not satisfied with the decision made in the RD/GRG level, then he/she can present his/her complaint to the MTAI. The MTAI will examine the complaint and will provide its position in a written form to AP within 30 days.
72. If the grievance redress system fails to satisfy the AP, he/she can pursue their complaint at any stage of the grievance redress process by submitting their case to the court of law. The

grievance mechanism does not limit the AP's right to use all lawful means to protect his/her rights, including judicial remedies and submit the case to the court of law or other state bodies.

K. MONITORING AND EVALUATION

73. LAR under the Project will be subject to both internal and external monitoring. Internal monitoring will be conducted by the RD. External monitoring will be assigned to an Independent External Monitoring Agency (EMA) to be hired by the RD and approved by EBRD, ADB and EIB. The EMA will be selected among Non-Governmental Organization (NGOs), academic Institutions, or consulting firms. EBRD will advise the MTAI on the EMA's terms of reference once Project implementation has begun.

K.1 Internal Monitoring

74. Internal monitoring will be carried out by the RD either directly or through the services of a consultant. The results will be communicated to EBRD through the quarterly project implementation reports. Indicators for the internal monitoring will be those related to process inputs and immediate outputs and results. The results of internal monitoring will be summarized in the Semi-annual Social Monitoring Reports and will be submitted to EBRD and EIB. Specific monitoring benchmarks will be:

- 1) Status of land acquisition and payments on land compensation;
- 2) Compensation for affected structures and other assets;
- 3) Relocation of APs;
- 4) Payments for loss of income;
- 5) Payments of allowances, resettlement benefits, relocation allowance;
- 6) Livelihood restoration activities;
- 7) Grievance redressing, and
- 8) Other support services.

75. The internal monitoring will be carried out per affected communities keeping track on the RP implementation process. It will cover 100% of APs identified during the impact surveys (both the census and SES). The above information will be collected by the IA/RD, which is responsible for monitoring the day-to-day resettlement activities of the project through the following instruments:

- 1) Review of census and entitlement data for all APs;
- 2) Consultation and informal interviews with APs;
- 3) Key informant interviews; and
- 4) Community public meetings.

K.2 Independent External Monitoring

76. Independent External monitoring will be carried out in parallel with the implementation of each RP and will result in compliance reports (External Monitoring Reports) for each RP implementation subsection and each Due Diligence report for sections with no anticipated LAR. External monitoring will be carried out by an EMA to be selected and hired among NGOs, Academic Institutions or independent consultants by the RD. In particular, the external monitoring entails two types of activity: a) short-term monitoring and evaluation of RP implementation and compensation and livelihood restoration delivery, and b) long-term evaluation of post-RP impacts on APs' livelihood.

77. **Short-term monitoring and evaluation task** will be carried out in parallel with the

implementation of each RP activity and will entail extensive field visits and communication with APs and the RD/MTAI. This task will result in Compliance Reports (or otherwise External Monitoring Reports) indicating whether the compensation program has been carried out based on the provisions of the RF and EBRD PR5/EIB ESS6 / ADB safeguards, and with the livelihood restoration of the APs. Monitoring phases will be determined during monitoring planning, based on the status of LAR implementation and with a view to efficiently organizing construction works. The Compliance reports will also identify non-compliance issues that need to be addressed in a Corrective Action Plan and will be communicated to the RD (MTAI) and EBRD/ADB/EIB and will be a condition to start civil works. The Compliance Reports will include the results of following activities:

- 1) A verification of internal monitoring reports prepared by the RD;
- 2) A verification of AH and AP numbers;
- 3) A verification that the impacts measurements in the protocols fit actual impacts;
- 4) A verification that the unit compensation rates used in the protocols fit RP provisions;
- 5) A verification that compensation was delivered to all APs and in the amounts defined in the RP;
- 6) An assessment of the way the compensation process was conducted/timed in relation to RP provisions and effectiveness parameters;
- 7) A review of grievance cases including an assessment of whether grievance resolution was carried out in accordance with RP provisions and with AP satisfaction;
- 8) An assessment of AP's satisfaction based on a 25% sample survey of the AHs;
- 9) An assessment of the conducting and completion of expropriation cases;
- 10) An assessment of the conducting of public consultation, stakeholder engagement and EA-AP communication;
- 11) An assessment of the delivery of allowances to severely affected, vulnerable and resettled APs, and
- 12) A final assessment of the appropriateness or not of RP implementation. If RP implementation is not satisfactory the final assessment will detail the necessary outstanding corrective measures to be implemented by the RD according to a detailed Corrective Action Plan.

78. Completion Audit: Long-term evaluation of post-RP impacts on APs' livelihood will be carried out tentatively 1 year after the end of the RP implementation to find out if the land acquisition and physical relocation have been successful or at a later stage (after 2-3 years) to explore if the land acquisition, physical relocation and RP livelihood restoration objectives have been attained or not. The SES data gathered for RP preparation will provide the benchmarks to compare pre- and post- project conditions. If the quality of SES data is not good enough a baseline sample survey should be conducted before RP implementation. The post-RP study will detail:

- 1) Socio-economic conditions of the APs in the post-resettlement period;
- 2) Communications and reactions from APs on entitlements, compensation, options, alternative developments and relocation timetables etc.;
- 3) Changes in housing and income levels;
- 4) Valuation of property;
- 5) Grievance procedures;
- 6) Disbursement of compensation; and
- 7) Level of satisfaction of APs in the post resettlement period.
- 8) Level of restoration of the economic and social base of the affected people;
- 9) Changes in living standards and livelihoods of the APs;
- 10) The long-term effectiveness, impact and sustainability of entitlements, and

11) Need for further mitigation measures and lessons learned.

79. The EMA will undertake a Completion Audit and will recommend appropriate corrective actions and supplemental assistance for the APs to be included in a Corrective Action Plan should the outcome of the study show that the objectives of the RP have not been (fully) attained.

L. CAPACITY BUILDING AND TRAINING IN RP IMPLEMENTATION

80. The Project managers will undergo a basic introductory training while implementation related staff involved in LAR tasks at the RD will undergo a two-day-long orientation and detailed training in EBRD/ADB/EIB involuntary resettlement policy, management and Armenian legislation related to LAR. Depending on the prior experience of concerned staff this training may need to be longer and more-in depth. The training will be provided by the international and local resettlement specialists of the project preparation consultants. Training will cover the following topics:

- 1) Principles and procedures of land acquisition;
- 2) Public consultation, stakeholder engagement and participation;
- 3) Entitlements and compensation & assistance disbursement mechanisms;
- 4) Grievance redress; and
- 5) Monitoring of resettlement operations.

M. RESETTLEMENT BUDGET AND FINANCING

81. All RP preparation and implementation costs, including cost of compensation and LAR administration, will be considered an integral part of Project cost and will be contributed as a counterpart fund by the Armenian Government, in particular the MTAI. The RP will include a budget section indicating (i) unit compensation rates for all affected items and allowances, (ii) methodology followed for the computation of unit compensation rates, and (iii) a cost table for all compensation expenses including administrative costs and contingencies. Costs for external monitoring tasks and for the preparation of surveys and RP can be allocated under the loan.

82. Being the project owner, the MTAI is responsible for the timely allocation of the funds needed to implement the RP. Allocations will be reviewed twice a year based on the budget requirements indicated by the RP. As per the LAR finances flow the budget for compensation and livelihood restoration will be directly disbursed by the MTAI to the APs.

N. RP IMPLEMENTATION PROCESS

83. Based on experience in Armenia the preparation of a RP may take up to a few months. The basic LAR-related steps for the preparation and implementation of a RP are summarized in Box 1 below and outlined in Section D above.

BOX1. LAR TASKS PROCESS

Step	Action	Responsibility
A)	RP PREPARATION	
1	Verification of the detailed design	DDC//MTAI/RD
2	Prepare surveys forms for Census and DMS, train local Census and DMS teams	Social & LAR Consultant/MTAI/RD SRCT
3	Collection of cadastral and land parcel maps of the project area	Social & LAR Consultant /RD SRCT
4	Verify land records in affected areas, update cadastral maps and carry out impacts and valuation surveys – Detailed Measurement Survey (DMS) and socio-economic survey (SES) with due consideration of livelihood impacts	Social & LAR Consultant / RD SRCT
5	Conduct public consultations	Social & LAR Consultant / RD SRCT
6	Negotiations with APs	Social & LAR Consultant / RD SRCT
7	Integrate data from the Census into the RP	Social & LAR Consultant / RD SRCT
8	Submission of the draft RP for the RA Government endorsement and EBRD/ADB/EIB for approval	MTAI/RA Government/EBRD/ADB/EIB
9	Disclosure	Social & LAR Consultant / RD SRCT
B)	RP Finalization (Detailed Design)	
1	Verified Detailed Design approved	DDC/ RD
2	Review of impacts and AP lists based on the approved detailed design	DDC/ RD SRCT
3	Review of prices based on the updated rate	DDC/ RD SRCT
4	Legalization of legalizable APs	MTAI/RD SRCT
5	Preparation of the final RP	DDC/ RD SRCT
6	EBRD/ADB/EIB Approval	EBRD/ADB/EIB
7	Final RP disclosure: Distribution of RP and information pamphlets in Armenia in the affected communities; posting of RP in English on the EBRD/ADB/EIB websites and in Armenian and English on the RD website	MTAI/RD SRCT / EBRD/ADB/EIB
8	Signing of civil contract award	EBRD/ADB/EIB/ MTAI/RD
C)	RP IMPLEMENTATION	
1	Approval of Contract awards Signing	EBRD/ADB/EIB
2	Detailed Schedule for compensation action plan	RD SRCT
3	Distribution of Relocation Notices to APs	MTAI/ RD SRCT
4	Assets acquisition contract signing	MTAI/ RD SRCT
5	Award of payments for assets and assistance/rehabilitation	MTAI/ RD SRCT
6	Demolishing/ Relocation of Affected Structures/Assets	MTAI/ Contractor
7	Review of RP Implementation through a compliance report	EMA/RD SRCT /MTAI/EBRD/ADB/EIB
8	If RP Implementation found satisfactory, Notice to proceed for Civil works is issued	MTAI/RD/EBRD/ADB/EIB
D)	POST-IMPLEMENTATION TASKS	
1	Independent evaluation of RP and Completion Audit	EMA
2	Approval of the Completion Audit Report	RD/EBRD/ADB/EIB
3	Implementation of a Corrective Action Plan, if developed in the Completion Audit Report	RD SRCT
E)	CYCLICAL/CONTINUOUS TASKS	

1	Internal monitoring. Semi-annual reporting to EBRD / ADB / EIB	RD SRCT
2	External Monitoring. Annual reporting	EMA
3	Grievances Redress/Law Suites	MTAI / RD SRCT / Court
4	Inter-agency coordination and communication with APs	MTAI / RD SRCT

ANNEX A: OUTLINE OF A STANDARD RP

- 1. Scoping Key LAR issues for the project**

This chapter describes the project activities and items requiring LAR; provides the scope of key LAR issues, alternative mitigation options, if any, considered minimization of land acquisition and its impacts; and why remaining impacts are unavoidable.
- 2. Land acquisition and resettlement Impacts and Proposed Mitigation Measures**

This chapter describes the preparation of the impacts (who carried it out and when it was initiated) and provides a full assessment of each type of impact and a census of affected peoples as described in the RF. The chapter also includes a description of the methodology followed to determine unit-compensation rates for each affected item and subsidy/allowance.
- 3. Objectives, policy framework, and entitlements**

Based on the RF, this chapter outlines the eligibility and compensation framework for the scheme.
- 4. Consultation, participatory stakeholder engagement and grievance redress mechanism**

This chapter summarizes procedures for redress of grievances by people affected described in the RF and describes the consultation/stakeholder engagement participation process and grievance redress that occurred in the subproject at hand.
- 5. Compensation, relocation, and income restoration**

This chapter outlines the compensation measures to be implemented.
- 6. Institutional framework**

This chapter outlines the institutional arrangements for the scheme based on this RF. It includes the following issues: responsibilities for main tasks and for planning, negotiating, consulting, approving, coordinating, implementing, financing, monitoring, and evaluating land acquisition and resettlement.
- 7. Resettlement budget and financing**

This chapter provides the unit compensation rate for each affected item and assesses the LAR budget for the scheme. The LAR budget will include affected assets compensation expenses and possible expenses related to that, including amounts due for crop compensation, additional compensations, monitoring and evaluation expenses, and administrative expenses and will be adjusted for inflation and applicable taxes.
- 8. Implementation schedule**

This chapter provides a time schedule showing the LAR process and linking LAR tasks with civil works implementation.
- 9. Monitoring and evaluation**

This chapter specifies arrangements for routine and independent monitoring and evaluation activities.

ANNEX B: METHODOLOGY FOR THE COMPENSATION OF BUSINESS LOSSES, EMPLOYMENT LOSSES AND CALCULATION OF ALLOWANCES FOR VULNERABLE PEOPLE

I. BACKGROUND AND DEFINITIONS

1. This document presents the compensation principles and methodology for Business Losses set forth in Points 7 “Business Losses”, Employment Losses set forth in Points 8 “Employment Losses” of Compensation Entitlements and Socially Vulnerable People allowances set forth in point 11 “Allowances to vulnerable APs/AHs” of Livelihood Restoration Entitlements of the Entitlements Matrix of the Resettlement Framework (RF) for the Project.
2. The abbreviations used herein are defined in the RF.
3. For this Annex the following definitions and concepts are used:
 - a) Affected persons (AP) are: Legal Persons or Individual Entrepreneurs owning the affected business and business operator/owner regardless of their tax report/calculation and legal status of business
 - b) Permanently affected APs are affected persons whose business activities are permanently stopped by Project activities.
 - c) Temporarily affected APs are affected persons whose business activities are temporarily interrupted.
 - d) The business activities are considered as permanently stopped if they are stopped for at least 12 Months. Temporarily interrupted business activities are business activities interrupted up to 12 months.
4. According to the RF principles, compensation eligibility is restricted by a Cut-off date established on the description protocols preparation (signing) day for the affected assets. Improvements made to affected items after the Cut-off date will not be eligible for compensation except of the cases defined under this RF.
5. The monthly compensation amounts shall not be less than the minimum monthly salary (MMS) defined in Article 1 of the Republic of Armenia (RA) Law on “Minimum Monthly Salary”.

II. COMPENSATION OF BUSINESS LOSSES (STOPPAGE) CAUSED BY THE PROJECT

Provisions for affected persons with tax report/calculation or other official taxation arrangements

6. Permanently affected organizations or individual entrepreneurs taxable within the General system of taxation shall receive a cash indemnity equal to 1-year net profit calculated as the difference between the taxable profit amount stated in the profit tax report/calculation for the preceding year and the corresponding tax amount due. Temporarily affected organizations or individual entrepreneurs taxable within the general system of taxation will be compensated as above, but only for the number of months of business stoppage up to 1 year.
7. Permanently affected organizations or individual entrepreneurs taxable within the Turnover Tax system of taxation shall receive a cash indemnity equal to 1-year net income, calculated as the difference between the taxable turnover amount stated in the turnover tax

calculations for the preceding four quarters and the sum of the corresponding turnover tax amount due and the salary of the employees involved. Temporarily affected organizations or individual entrepreneurs taxable within the Turnover Tax system of taxation will be compensated as above but only for the number of months of business stoppage up to 1 year.

8. Permanently affected organizations or individuals taxable within the Micro-Enterprise system of taxation shall receive a cash indemnity equal to 1-year net income calculated as the amount of the difference between the sales turnover for all types of activities and the amount of salary of employees involved in micro-enterprise. Temporarily organizations or individuals taxable within the Micro-Enterprise system of taxation will be compensated as above, but only for the number of months of business stoppage up to 1 year.

Provisions for affected parties without tax report/calculation or other official tax arrangement

10. Permanently affected APs without tax report/calculation or other official tax arrangement shall receive a cash indemnity calculated on the basis of the minimum monthly salary of the RA (as of the cut-off date) and to be provided in a lump sum covering 12 months.

11. Temporarily affected APs without tax report/calculation or other official tax arrangement shall receive a cash indemnity calculated on the basis of the minimum monthly salary of the RA (as of the cut-off date) and to be provided in form of a lump sum covering the number of months of business stoppage.

Definition of the period of temporary business stoppage and the date of permanent termination

12. The number of months of temporary business stoppage will be calculated based on the duration of road construction works that will affect business activity. In the event that the schedule of project activities stopping the business is prolonged, the compensation will be increased for the additional months of civil works but not in excess of 12 months (if longer than for 12 months, then it is considered to be permanent).

The date of permanent termination of business activity is the date of registration of the acquirer's right to the affected property belonging to the given organization or individual.

Reimbursement of state registration costs and business license taxes and state fees

13. Permanently affected Legal Persons or Individual Entrepreneurs with tax report/calculation or other official tax statements will be also reimbursed of state registration and licensing fees costs. In case of licenses issued in accordance with the RA Law "On Licensing" to undertake activities in a specific location (letter «Ч» indicates the type of activity) the licenses will not be suspended and therefore reimbursed but will be amended so as to allow the legal person/individual entrepreneur to undertake the same business activities in a different address. In these cases, reimbursement is provided for the prescribed license re-issue fee.

14. Temporarily affected Legal Persons or Individual Entrepreneurs with tax report/calculation or other official tax statements will be also reimbursed for licensing fees costs in the amount of 1/12 of the annual state fee multiplied for the number of months of business stoppage.

III. COMPENSATION OF EMPLOYMENT LOSSES

15. The employees entitled to this compensation are registered employees (working based on employment contract or individual legal act on hiring) permanently losing their job, working at least for 2 months before the Cut-off date, at the moment of the stoppage still working at the affected business (company/IE) and provided a relevant document, established by RA legislation, documenting the termination of the employment relationship. The compensation will be calculated based on the following principles:

- 1) In the event of permanent termination of operation (permanent impact) the employees shall receive cash compensation based on extent of the average monthly salary (calculated in accordance with the Labour Code) without taxes for 6 months, if the employment contract is terminated as a result of stoppage of business on the affected land.
- 2) In case of temporary job loss (compulsory downtime) cash compensation will be given by the above-mentioned principles based on the forced stoppage of the working months, but for no more than six months.

16. Informal employment will be compensated as follows:

- 1) In the event of permanent termination of operation (permanent impact) the employees shall receive cash compensation based on extent of the minimum monthly salary of the RA (as of the cut-off date) for 6 months, if the employment is terminated as a result of stoppage of business on the affected land.
- 2) In case of temporary job loss cash compensation will be given by the above-mentioned principles based on the forced stoppage of the working months, but for no more than six months.

IV. ALLOWANCES FOR SOCIALLY VULNERABLE PERSONS

17. Socially vulnerable persons shall receive lump sum allowance in the amount of the six months of minimum monthly salary.

18. Socially vulnerable persons are the following households:

- 1) Households, which included family (families) registered in the FBS and receive allowance.
- 2) Households, headed by single parent, where there is no other adult of working age, except for elderly persons (people of old pension age), persons doing compulsory military service in the Armed Forces of RA, persons having disability of 1st or 2nd groups, and students up to 23 years full-time studying at educational institutions, if the AH is not a beneficiary in accordance with above subparagraph 1.
- 3) Households, headed by elderly persons (people of old pension age), where there is no other person of working age, except for persons doing compulsory military service in the Armed Forces of RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions, if the AH is not a beneficiary in accordance with above subparagraph 1.
- 4) Households headed by persons with disability of 1st and 2nd group, where there is no other person of working age, except for persons doing compulsory military service in the Armed Forces of RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions, if the AH is not a beneficiary in accordance with above subparagraph 1.
- 5) Households headed by women, where there is no other person of working age, except for elderly persons (people of pension age), persons doing compulsory military service in the

Armed Forces of the RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions, if the AH is not a beneficiary in accordance with above subparagraph 1.

19. If, during the compilation of the description protocols the RD discovers that some affected households (families) that are poor but are not included in the FBS, the RD will make application to the appropriate Center of Unified Social Service and to the Ministry of Labor and Social Affairs of the Republic of Armenia to register these households in the FBS. If, before the property acquisition, that household is registered in the FBS and acquires the right to allowance, then if the necessary grounds are presented, that household will receive compensation as a socially vulnerable household.