



Republic of Armenia

Ministry of Labor and Social Issues

The World Bank

**ARMENIA SOCIAL PROTECTION ADMINISTRATION SECOND
PROJECT
(2014-2018)**

**RESETTLEMENT POLICY
FRAMEWORK**

YEREVAN, 2014

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GLOSSARY

AMD	Armenian Dram
AMSE	Agency of Medico-Social Expertise
ASIF	Armenian Social Investments Fund
EIA	Environmental Impact Assessment
FFPMC	RoA Ministry of Finance Foreign Financial Project Management Centre
GoA	Government of Armenia
IDA	International development Association
ISCSS	Integrated System of Complex Social Services
ISS	Integrated Social Services
IT	Information technology
LAP	Labor active programs
LSRNA	RoA National Institute of Labor and Social Research
M&E	Monitoring and Evaluation
MLSA	RoA Ministry of Labor and Social Affairs
MoTA	Ministry of Territorial Administration
NGO	Non-Governmental Organization
O&M	Operation and Maintenance
OP	Operational Policy
PAD	Program Assessment Document
PAP	Project Affected Person
PCU	Program Coordination Unit
PIU	Program Implementation Unit
PP	Procurement plan
RAP	Resettlement Action Plan
RIU	Resettlement Implementation Unit
RoA	Republic of Armenia
RPF	Resettlement Policy Framework
SESA	State Employment Service Agency
SNCO	State Non-Commercial Organization
SPAP	Social protection Administration Project
SPAP II	Armenia Social Protection Administration Second Project
SSSS	State Service of Social Security
SSTA	Territorial Agency of Social Services
UNICEF	United Nations Children’s Fund
USD	United States of America Dollars
WB	World Bank
WG	Working group

DEFINITIONS

The terms used in this document are defined as follows:

- "Resettlement Policy Framework" refers to the present document which is the overall Policy Framework for Resettlement of Project Affected Persons for the Armenia Social Protection Administration Second Project. The Resettlement Policy Framework describes the process and methods for carrying out resettlement under the Project, including compensation, relocation and rehabilitation of persons affected by the Project;
- Project Affected Person (PAP) includes any person or persons who, on account of the execution of the Project, or any of its components or parts thereof, will have their right, title, or interest in any house, land (including residential, agricultural and grazing land) or any other fixed or moveable asset acquired or possessed, in full or in part, permanently or temporarily, adversely affected; or business, occupation, work, place of residence or habitat adversely affected; or standard of living adversely affected;
- The cut-off date for eligibility is publicly announced by the relevant Authorities of the Republic of Armenia (RoA) and the census of PAPs will be undertaken immediately after this announcement¹;
- For purposes of this policy, involuntary means actions that may be taken without the displaced person's informed consent or power of choice;
- "Resettlement" is the general term related to land acquisition and compensation for loss of assets, whether it involves actual relocation, loss of land, shelter, assets or other means of livelihood and includes all the measures taken to mitigate any and all adverse impacts of the Project on PAPs' property and/or livelihood, including compensation, relocation (where relevant), and rehabilitation;
- Resettlement effects include the loss of crops and incomes, in addition to physical relocation. A resettlement effect is significant when more than 200 people are physically displaced and/or 10% or more of their productive assets are lost. A resettlement effect is considered "minor" if fewer than 200 people are displaced and less than 10% of their productive assets are lost;
- "Relocation" means the physical relocation of PAPs from their pre-project place of residence on either a temporary or permanent basis;
- "Replacement Value" is the method of valuation of assets that helps determine the amount sufficient to replace lost assets and cover transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account;
- "Compensation" means payment in cash or in kind of the replacement value of the acquired property;

¹ Normally, the cut-off date is the date the census begins. However, the public announcement by the relevant GoA Authorities will be considered as the cut-off date here; see also OP 4.12, footnote 21

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- "Rehabilitation" means the compensatory measures provided under this RPF other than payment of the replacement value of acquired property;
 - "Land" includes anything growing on or permanently affixed to land, such as crops and buildings;
 - "Land Acquisition" means the process whereby a person is compelled by a public agency to alienate all or part of the land s/he owns or possesses to the ownership and possession of that agency, for public purpose, in return for a compensation;
 - "Right-of-Way Easement" means the process whereby the owner or possessor of land is compelled to permit the continued use of a part of his land as a means of transit of persons or services, in return for a compensation, but where the ownership of the land remains unchanged;
 - "Servitude" according to Armenian definitions, is the right of the Government to acquire land for the use of public projects that benefit the community. In accordance with the Land Code (Articles 50, 100), the landowner has a right to ask for compensation and a right to claim in Court compensation adjustments or the right to stop the Servitude;
 - "Grievance Redress Committee" means the committee established at Project level to hear the complaints and grievances of PAPs regarding resettlement, including acquisition of land, houses and other assets, and loss of livelihoods caused by the Project.

SUMMARY

The purpose of the Resettlement Policy Framework is to provide the general guideline for the Armenia Social Protection Administration Second Project financed by the World Bank for timely, adequate and efficient action to address, and minimize and/or mitigate, adverse impacts, in particular resettlement and resettlement issues, if and when these occur. In accordance with the World Bank resettlement policy, a Resettlement Policy Framework needs to be prepared if the extent and location of resettlement cannot be known at appraisal, which is the case with the Armenia Social Protection Administration Second Project (SPAP 2).

1. INTRODUCTION

1.1. Project Description

The proposed project will further the developments achieved under the Social Protection Administration Project (SPAP), which was signed between the RoA Government and International Development Association (IDA) on July 30, 2004, based on Credit Agreement 3921-AM, and Agreement on Additional Financing, which was signed between the RoA Government and International Bank for Reconstruction and Development (IBRD) on March 5, 2010, based on Loan Agreement 7848-AM. The first SPAP was successfully closed in May 2013.

As with the first SPAP, responsibility for implementation of the SPAP 2 project rests with the RoA Ministry of Labor and Social Issues. The RoA Ministry of Finance State Institution "Foreign Financing Projects Management Centre" acts in the capacity of program implementation unit established as Project Implementation Unit (PIU) in

charge of financial management and procurements under the project. Project Coordination Unit (PCU) established in the MLSI is responsible for ensuring efficient cooperation between all the project counterparts.

The ultimate development goal of SPAP 2 is to improve pensions, employment, social assistance and other social services delivered to population by the MLSI in the social area, enhance their efficiency, effectiveness and quality. Investments under the project will be mainly channeled to such activities, which would provide the possibility of strengthening administration in the SP area and implement strategic reforms, which have been already completed by the RoA government or are currently underway.

Implementation of the project is planned to be finished during a 4 year period (2014-2018) within the following 5 components:

1. *Introduction/roll-out of the system of integrated social services;*
2. *Labor and Employment;*
3. *Modernization of the Pension System;*
4. *Improvement of social assistance and monitoring and evaluation system;*
5. *Project governance, monitoring and evaluation.*

Component I: Rolling-Out of Integrated Social Protection Service Delivery (US\$17.3 million, of which World Bank credit US\$14.5 million). This component would support rolling-out of integrated social protection service delivery that was initiated and piloted under the SPAP project. Government decree No 952-N from July 26, 2012 “On Approval of the Program on Introduction of the System of Integrated Social Services in the Republic of Armenia” stipulates operation of 52 ISPCs with 56 joint receptions. Within SPAP AF, 1 ISPCs and 2 separate receptions were launched. Within the new SPAP 2 project construction works will be carried out in 35 new centers and 2 separate receptions. Every ISPC will have a reception, however, 2 ISPCs, which have large geographical coverage, will have additional reception in a different building to facilitate beneficiaries' access to ISPCs.

The proposed types of activities are the following:

- i) *Civil works, IT equipment, furniture, and other goods for 37 ISPCs (Integrated Social Protection Centers).* During the implementation of the SPAP, the government has designed and piloted a model of functional integration of four existing agencies responsible for pensions, social assistance, employment, and disability certification. 19 ISPCs have been established under the first project (SPAP). The proposed project would finance the design/supervision, refurbishments, and equipment for the remaining 37 ISPCs nationwide. This may also involve investments in the electricity, water and sewage systems, as well as strengthening the buildings against seismic shocks and carrying out adjustments to improve the physical access for the disabled people.
- ii) *Strengthening of the ISPCs management information systems.* The proposed project would support the implementation of the new management information system across all ISPCs, further software development, and IT support. The new modules will enable interface with various MLSI and external databases. This is of particular importance in the process of determining/verification of benefit eligibility. Additionally, some parts of the existing management information system need to be refined to reflect the changes in regulations governing the work of reception staff and case managers of the ISPCs. Finally, the software will be enabled to collect sex-disaggregated data along with other data needed for monitoring and analytical purposes.

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- iii) Drafting of legislation for the implementation of the adopted model of integrated social protection service delivery. This subcomponent would finance consultant services in support of continuous adjustments of the existing social protection legislation, including drafting of new laws and by-laws. The project will ensure that the new social protection legislation is gender equal or gender neutral.
 - iv) Training for ISPC staff. The activity would include development of training materials and manuals, practical training for MLSI/ISPCs staff in integrated social protection service delivery, as well as follow up support to the local staff through mentoring and on-the-job training.
 - v) Public outreach. This activity consists of both design and implementation of public awareness campaigns, including the printed materials.
 - vi) Civil works, furniture, and other goods for the head offices of the State Employment Service Agency (SESA) and the Agency for Medico-Social Expertise (AMSE) (US\$ 240,000). The two agencies play an essential referral role in relation to the ISPCs, including the development, implementation, monitoring and coordination of the integrated social services delivered to unemployed persons and persons with disability (respectively). However, their offices are in poor physical state and do not have easy access for disabled people. The proposed project would finance the design/supervision, refurbishments, and equipment for the SESA and AMSE central offices. This may also involve investments in the electricity, water and sewage systems, as well as strengthening the buildings against seismic shocks and carrying out adjustments to improve the physical access for the disabled people.

The proposed project would build on the lessons learned from the ISPCs piloted under the SPAP. It would draw from the ISPC pilot project evaluation undertaken by the MLSI and UNICEF and from the SPAP Implementation Completion Report.

Component II: Supporting the Implementation of the New Employment Strategy by the Government (US\$2.7 million, of which World Bank credit US\$2.3 million). The proposed activities would cover four specific areas.

a) SESA capacity strengthening

Unemployment benefits are one of the four benefits being provided by the ISPC at the decentralized level. As such, front line staff will benefit from the refurbished ISPCs. At the central level, the Government foresees improving SESA's capacity on three fronts: (i) employer services; (ii) IT infrastructure; and (iii) working environment (refurbishment of SESA's offices – this latter covered in Component 1 above).

SESA has long sought to reach out more to employers, but there are already more than 20 private employment (recruiting) agencies in Yerevan reaching out to employers to mobilize vacancies. The World Bank will support SESA to collaborate with these private agencies to bundle their vacancies and provide them on a vacancy terminal in its offices (a practice called 'spidering' and in use in various international Public Employment Services, for example Ireland). Employers wishing to register directly with SESA could always be given that opportunity. The existing GORTS software system requires updating in order to meet new needs arising from the integration of social services, for instance to capture beneficiary status in various social programs, and to trace labor market outcomes of both applicants and actual participants.

b) Active Labor Market Policies

The Government has decided to launch two Active Labor Market Policies (ALMPs) under the SPAP 2. Each ALMP will be piloted and evaluated during the project, and if effective, could be rolled out nationwide. Within the mandate of ALMPs foreseen in the draft employment law, both ALMPs will focus on so-called "uncompetitive workers", who "do not manage to engage in employment due to their social, educational and

health conditions, (and who lack) adequate professional abilities and skill, (as well as) knowledge of modern technologies”. Both ALMPs will be managed by SESA, subcontracting the key elements of the intervention to private and third sector partners, as appropriate.

Program for Youth Without Education and Skills (PRYWES)

Armenian employers cited lack of skills, especially practical skills (work experience), most frequently as the reason for not filling a vacancy in a recent STEP survey². Among different skills, technical skills were ranked as most important for medium and low skill workers, followed by the soft skills of communication, independent work, time management, and teamwork. In addition, young workers were reported to lack leadership and creative thinking.

Therefore, the first ALMP will be targeted to youth aged 16-30, who do not visit a school daily, are without work, are available to start work, and are classified as ‘uncompetitive’.

Further discussions are needed to determine whether any further specifications will be made within this target group, for example to encourage women or disabled people to apply. Implementation arrangements will also need to be finalized, including in relation to the role of the intermediary agencies and the financial incentives provided to participants and/or their employers.

Starting Small Businesses/Self-Employment

In Armenia, reaching a 60% employment rate, a realistic medium term target, would need the creation of 166,000 new jobs. Lack of job creation is the major reason for high unemployment. In this context, the government wants to pilot an ALMP that fosters the creation of self-employment and small businesses.

This ALMP will also target “uncompetitive workers”, and again further discussions are needed to determine whether any further specifications will be made within this target group.

The Armenian SME Entrepreneurship Development Center (SMEDC) is an agency of the Ministry of Economy whose main responsibility is the implementation of the government’s SME support program, which includes supporting ‘social entrepreneurship’. The SMEDC’s start-up program offers group training for a limited number of people to prepare business plans and a 100% loan guarantee (principal and interest) for any business loans taken for business plans it has endorsed.

Further discussions are needed to determine where “uncompetitive workers” need most support in their path to entrepreneurship and how best the Project can support this. The role of key partners, including SESA, SMEDC and third parties has yet to be determined. Likewise, the pool of targeted beneficiaries needs to be further refined.

Once agreement has been reached between the World Bank and the Government of Armenia on the details of these two ALMPs, the Ministry and/or SESA will write, or commission a consultant to write, an operational manual (OM) for these ALMPs. The OM will provide details on the objective, number and nature of the target group, roles and responsibilities of each agency, flow of funds, control over these funds, the Procurement Plan, evaluation and reporting standards. These OMs are expected to be complete within six months of Board approval of the project as a whole and will be the subject of a Disbursement Condition on this sub-component (only) of Component 2.

c) Career Orientation

There are severe skill mismatches in the Armenian labor market. Some vacancies are not created or filled because relevant skills are missing. Structural unemployment (i.e. the coexistence of unfilled vacancies with high unemployment) is particularly prevalent in rural areas. This is a symptom of the fact that ‘links between (the) labor market and (the) education system are weak. Within this context, professional orientation plays a crucial role in terms of striking an efficient and long-term balance between employment and (the) labor market, which must be based on the integrity of an individual's occupational preferences and ways to achieve them’.³

² Rutkowski, J: “Skills Employers Seek (in Armenia)”, October 2013

³ Government’s Concept Note for the development of a professional orientation system (2012)

The Government has already started to build a Career Orientation service. Targeted to beneficiaries of all ages, the service is aimed at reducing the mismatch between disciplines chosen by students, or lifelong learning chosen by adults, and labor demand. In October 2007, the Ministry of Labor and Social Issues (MLSI) established a "Youth Professional Orientation Centre" (YPOC) in Yerevan, with the view to guide students and graduates towards labor market needs while taking into account their personal preferences, and enhancing their competitiveness. At the same time, some educational institutions have established career centers. The regional units of the Ministry of Sport and Youth Issues have also been providing career support. A multi-agency action plan for 2012-2015 was approved in 2012 and lists a series of steps encompassing framework legislation, agreement of agency responsibilities, joint processes, a unified database and dissemination and outreach. While responsibilities and framework legislation have largely been established, there is still no common methodology or standards among the existing outlets of career advice, as well as a lack of current information about the labor market situation and career development trends.

The SPAP 2 project will support the effective roll-out of public career orientation, based on the Government's plans. The Government's Concept Note for SPAP 2 envisages (a) at the front end of this service, online consultancy and distance-training programs provided through YPOC, easy access media to inform about professions, as well as current labor market data; and (b) in the back office, an information system for methodical assistance, and software to test professional orientation.

Currently, the YPOC in Yerevan is staffed with advisers that specialize on and liaise with the different levels of education (school level 1-12, tertiary and VET establishments) as well as the ISPC, all of which are supposed to provide direct career advice. The YPOC is governed by a board of ten people including representatives of the education sector, of MOLSI, education establishments, and the employer union.

In 2014, YPOC will conceptualize the methods and standards to be applied in public career advice all over the country. To this end, it already offers a website which will be expanded to be a portal for eLearning of the de-central advisers in the education system and the ISPC. All teachers, YPOC staff and one delegated staff per ISPC will need to be trained to apply the new methodology. This can largely be done via self-guided eLearning and accreditation.

d) Monitoring and Impact Evaluation

The Government's Employment Strategy and the new Employment Law emphasize the need to monitor and evaluate rigorously any new program. Results-orientation and transparency are guiding principles.

SPAP 2 will ensure very close coordination between the operational design of each one of the above activities and the separate M&E component of the project. The two proposed ALMP pilots would be prime candidates for rigorous impact evaluation prior to fuller adoption and roll-out.

Evaluations could be done in a cost-effective manner, combining the registration of beneficiaries for the pilot with a detailed application form that serves as baseline survey. A randomly selected number of applicants then participate in the pilot while the non-participating applicants serve as control group. The entire pool of applicants will be surveyed again about a year after the intervention has concluded.

Throughout the implementation of each pilot, SESA's monitoring and evaluation system will pick up key indicators for each participant. The operational manual for each pilot will contain a specifically designed monitoring and evaluation section listing the indicators and explaining the way they can be fed into and retained in SESA's MIS.

Component III: Modernization of the Pension System (US\$1.8 million, of which World Bank credit US\$1.4 million). Construction works under this component are not planned. The pension component of SPAP 2 would support the State Social Security Service (SSSS) in improving its core business processes. SSSS would focus on

strengthening its technical capacity through completing its electronic document management system, intranet and internet services, building analytical, forecasting, and statistics capacity supporting the MLSI policymaking activities, introduction of the risk-based-supervision of insured individuals' statuses (i.e. disability), and providing information to the insured individuals on covered service periods on a 24/7 basis. Along with supporting development of these business processes, SPAP 2 would help SSSS strengthen its technical capacity (IT hardware equipment) and train staff to engage in the revised business processes. Specific project activities would include the following:

- i) Designing and piloting SSSS's risk-based supervision and control (error and fraud) system. This business process will be established as a new module of the SSSS's integrated business software. The objective of this activity is to design the model for the development of risk-based control and supervision system, including methodology, contents of the additional software module, and its organizational framework.
- ii) Development of the new risk-based control and supervision information system software in the SSSS.
- iii) Upgrading electronic pension information system software by establishing interfaces with other social and other databases (ISSC, SESA, citizens registry, family benefits, child allowance, etc.) in order to support the future SSSS's function of central payment agency for all social benefits
- iv) Investment in IT equipment to improve the IT efficiency of SSSS by replacing some 25% of personal computers of SSSS staff, mainly in the field offices.
- v) Training of SSSS staff in various pension reform issues.
- vi) Training and certification of staff to be engaged in SSSS's future central social benefit payment processes.
- vii) Study tour for SSSS staff to analyze Social Enterprise Management software in selected country which implemented it.

Component IV: Strengthening MLSI Analytical Capacity and Monitoring and Evaluation Systems (US\$1.3 million, of which World Bank credit US\$1.1 million). Given the crucial role of modern information and communication technologies within the framework of SP reforms, during the last period the system witnessed creation of automatic data exchange systems and growth of information and documentary flows, which, in turn, require on-going technical upgrading. Within the framework of this component, works on creation of sub-systems for automatic data exchange between different institutions operating in the system, as well as delivery of a wide range of social services to vulnerable population and perfection of the system of their monitoring and evaluation will continue, focusing on provision of methodological, software and technical support to the staff of those institutions. To this end, repair and constructions works under this component are not planned as well.

Activities under this component are aimed at strengthening the capacity of the monitoring and evaluation unit within the MLSI and developing an integrated system of monitoring and evaluation of social protection benefits and services. This would enable the MLSI to streamline the indicators and methodology for monitoring the implementation of its policies on the ground (both in general and gender-mindful manner), analyze possible reform options and their impacts, adjust policy solutions, and eventually increase efficiency of the system of social protection. Part of the activities would be focused on case management, continuous training and supervision of case managers in ISPCs. Research activities on poverty and different forms of monetary and non-monetary deprivations, for different vulnerable groups including youth and women, would also be financed under this component. The proposed component would additionally cover the cost of IT equipment, software development, and training of the MLSI's monitoring and evaluation specialists.

Component V: Project Management (US\$1.9 million, of which World Bank credit US\$1.3 million). The purpose of this component is to ensure professional implementation of the project through application of the effective governance mechanisms, independent audit, precise assessment and monitoring tools, and persons authorized to implement the governance. To this end, it would be feasible to maintain the main groups of measures provided under “Project Governance, Monitoring and Evaluation” component of SPAP AF.

Project governance activities include exercising of the following authorities vested with the stakeholders of the project, including the responsible authority MLSA, SSSS, SESA, AMSA and other institutions:

- (i) ensuring implementation of the components established for their subsectors;
- (ii) prepare terms of reference and conditions of procurement of goods and services;
- (iii) prepare and regularly up-date revise action plans for their sectors and regularly report on the progress achieved;
- (iv) provide information to Foreign Financing Projects Management Center State Agency of the RoA Finance Ministry (FFPMC), which will help to follow project execution, utilization of disbursements, etc. cooperation between the counterparts will be coordinated through procedure established by the project governance board.

The Board will be responsible for interagency coordination, supervision and oversight over the project implementation, review and approval of the annual business plans, as well as review and approval of the project related documentation (technical assignments, tender paperwork, project applications, financing proposals, claims, contracts, etc.).

This component would finance the standard operation of the Project Coordination Unit (PCU) at MLSI for the duration of the project, trainings, and incremental operating costs. The PCU is in charge of technical aspects of the project and ensures overall monitoring and supervision of project activities. The cost of project management would also partially cover the Foreign Financial Project Management Centre (FFPMC) staff time, for those who will perform fiduciary activities for the SPAP 2 project, as well as maintenance costs. FFPMC will be responsible for the procurement and financial management functions in line with the WB guidelines. This unit has gained significant strength in project management through the implementation of sector-wide Bank-funded projects including the initial SPAP.

Other terms and conditions of the project governance that are stipulated in the PSAP Operational Manual would not need significant alterations and could remain unchanged subject to the WB and RoA Government consent. Project Coordination Unit (PCU) will be in charge of maintaining permanent contacts between beneficiaries, consulting companies and contractors involved in implementation of the SPAP 2 project and coordination of the routine work. The following works are planned in order to ensure regular operation of PCU: procurement of services of 9 individual consultants and 1 driver, independent annual and final audit, monitoring and evaluation of the 2014-2018 project. With this in view, it is proposed to sign contracts with a project coordinator, specialist of social issues, project monitoring and evaluation specialist, ICT specialist, 3 civil engineers, translator, project coordinator assistant and driver.

1.2. Rationale for Preparation of a Resettlement Policy Framework

World Bank funding for activities under SPAP 2 will be provided subject to the condition that each component of the Project must conform (among others) to the World Bank (WB) Operational Policy (OP) on Involuntary Resettlement 4.12. WB OP 4.12 indicates that a Resettlement Policy Framework (RPF) needs to be prepared if the extent and location of resettlement cannot be known prior to Project Appraisal.

For a multi-component Project of this type, it would not be expedient or realistic to assess each component / sub-component individually within the given time framework. Instead thorough review and analysis of written documentation on the SPAP 2 components / sub-components was made to identify the most likely range of potential impacts and formulate the most appropriate and reasonable set of mitigation measures. However, unforeseen impacts may arise from certain individual projects. Some of the impacts may also require other and more adapted mitigation measures than the ones described in this report. Therefore, it will be important to adapt/adjust the findings and recommendations of this RPF as needed during Project implementation.

1.3. Objective and Principles of the Resettlement Policy Framework

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

The principle is that involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternatives in project design⁴. If unavoidable, resettlement activities should be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced or adversely affected by the project to share the benefits of the project. Furthermore, displaced persons should be meaningfully consulted and should be involved in planning and implementing resettlement programs; and be assisted in their efforts to improve their livelihoods and standards of living; or at least to restore them, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of Project implementation, whichever is higher. These principles – and resettlement measures stemming from them – apply to SPAP 2 and all its components, whether or not the scale, magnitude and complexity of resettlement issues requires preparation of resettlement plans. However, the risk associated with implementation of resettlement policy is mostly related to Component 1, within the framework of which it is planned to carry out rehabilitation of ISPCs, including construction of new centers, improvement of ISSC service areas (yards), installation of external public utility facilities (water supply/disposal, gas, electricity).

1.4. Extent and Scope of Resettlement within the SPAP 2

Physical works carried out within the framework of SPAP 2, which potentially can have negative implications on any party associated with the project and may require resettlement, movement, rehabilitation or any form of compensation, are mostly the construction works that are planned within the first and second components of SPAP 2. The AF Project demonstrated that construction works for 19 ISPCs caused the necessity of additional works.. This refers in particular to external communications in these territories (water supply/disposal, gas and electricity supply), which assume temporary/permanent use or occupation of territory or land under the ownership of other agencies of the central or local governments.

Within the SPAP 2 framework the following construction works are planned *inter alia*:

1) Refurbishment of regional complex social services centers (Component 1(1.1.1) of Plan of Procurements). In the preceding stage of SPAP 2 (AF), exclusively works on construction of new ISPCs were

⁴ World Bank Operational Policy on Involuntary Resettlement (WB OP 4.12); January 2002, p.1

conducted in 19 areas. Within the framework of SPAP 2, building of new ISPCs, as well as improvement of ISSC external service areas and construction of external communication lines is planned. In particular, within the framework of Component 1, it is planned to create 35 ISPCs and 2 separated receptions. In some cases the establishment of these ISPCs will necessitate renovation/rehabilitation of existing buildings, in other cases, new construction could be needed.

2) Refurbishment of central offices of the State Employment Service Agency and Agency of Medical and Social Analysis. (Component 2 (1.2.1) and (1.2.2) of Plan of Procurements).

The centers will be established exclusively in areas owned by state or community, which do not pose significant resettlement risks. Still even those minor risks necessitate compliance with the WB policy principles on preparation and submission of RAPs.

2. INSTITUTIONAL AND LEGAL FRAMEWORK

2.1. Institutional Framework

Several institutions, each with different roles and responsibilities, will be responsible for overseeing and implementing the principles and objectives of the RPF while developing and implementing subsequent RAP(s)⁵. Most, if not all, institutions that play a role in resettlement and resettlement issues associated with the implementation of the SPAP 2 are listed below. A diagram showing the key actors, including their roles and interrelationships, is also included below in this section.

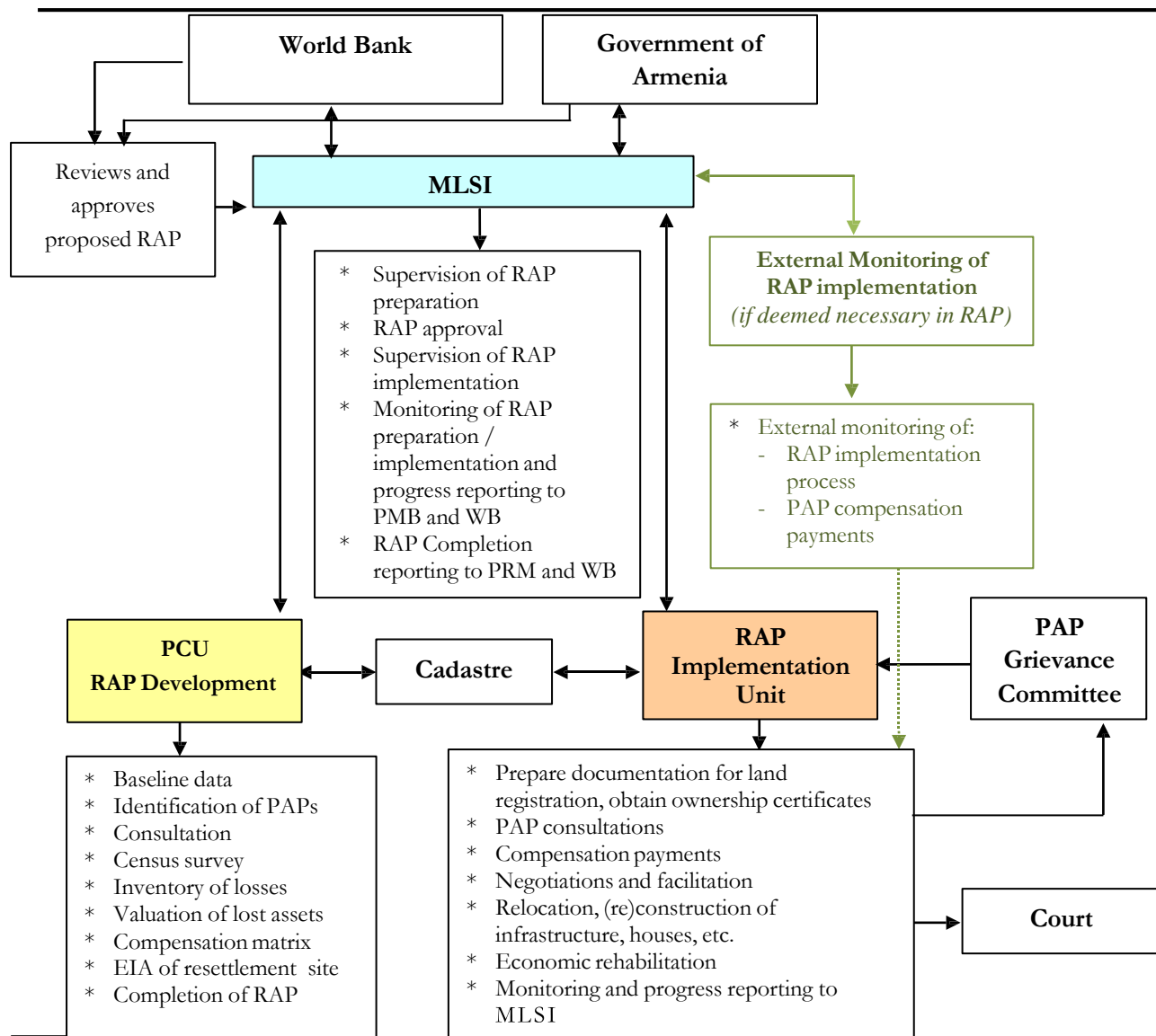
Overview

MSLI bears overall responsibility for oversight and monitoring of all activities under this RPF. MSLI will guide, supervise and report on progress in the components / sub-components, and will handle resettlement issues requiring action and coordination at the central government level. MSLI has overall control and management of the resettlement related activities.

The responsibility for the assessment of social risks associated with the resettlement, provision of the respective conclusions and preparation of RAP will reside with the PCU. Day-to-day responsibility will reside with the social expert working within PCU, who will receive baseline information with the help of civil engineers of the Project, carry out visual inspection of the site and prepare the above-mentioned documents. During implementation of RAP social expert must directly coordinate these works (performance of these functions will be specified in the TOR for the respective consultant) and ensure overall compliance with the RAP by all relevant project partners. FFPMC will be responsible for coordination of relations with the Bank and financial management of RAP as necessary. Final responsibility for initiation and implementation of all activities relating to resettlement policy will be borne by MSLI.

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

⁵ See also section 5 below



Other agencies that MLSI will associate and coordinate within the context of resettlement issues include, but may not be limited to, those listed below⁶. Main relevant functions of the selected agencies that may pertain to resettlement-related issues are presented below.

National level:

1. RoA Ministry of Labor and Social Issues (MSLI)

- As the main project counterpart, MLSI will be the lead agency in all aspects of RPF implementation and acting as the main actor ensuring respect of World Bank safeguards policies by all project activities and implementing partners.
- acting as the authorized state body in the sphere of social protection of the population, MLSI will be the initiating agency for the implementation of the RAP aimed at mitigation of possible risks associated with SPAP 2;

⁶ The list of relevant agencies is presented in accordance with the GoA decision No 26 from January 14, 2002 on defining of state authorized bodies of land resources in accordance to Article 2 of the Land Code of Armenia, and updated from the official web-site of the Government of Armenia: www.gov.am

- in coordination with central and territorial government agencies, which own the territories allocated under construction of ISPCs under SPAP 2, will evaluate possible risks of resettlement, and damages inflicted to population of the specific communities, which are subject to liquidation (compensation);
- will develop recommendations on liquidation (compensation) of damages and submit them to the RoA government.

2. *Ministry of Territorial Administration of RoA (MoTA);*

The MoTA has the following roles and responsibilities, among others, that may pertain to resettlement-related issues:

- Development and enforcement of policy provisions for territorial administration, laws, programs and plans for social-economic development of territorial administrations and local self- governments through the bodies of territorial administration and local self-governments;
- Development and coordination of implementation of the policy on state regulation of migration processes;
- Formation and management of the state mobilization reserves, etc.

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

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

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

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

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

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

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

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

Ministries presented below may be consulted in the process of RAP preparation and

implementation, depending on the type of project:

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

Regional and Marz level:

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

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

measures directed to that;

- Implementation of Republican and regional plans of the mechanisms for the utilization of forestland.

State authorities in Marzes (Marzpetarans) implement the GoA's regional policies in the following areas: finance, urban development, housing and utilities, transport and road construction, agriculture and land use, education, healthcare, social security, culture and sports, nature and environmental protection, commerce, public catering, and services. The regional policies in the aforementioned sectors are implemented by means of Marzpetarans, as well as organizations subordinate to the respective Marzes.

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

Community level:

One of the peculiarities of SPMP implementation is that it will be mostly implemented in urban areas (excluding 3 large rural communities in Shirak Marz), therefore parties of negotiations on allocation of territories for construction as well as possible resettlement risks under the project will be representative of the local governments of those cities and 3 rural communities (Heads of Municipalities and Community Councils) who shall be consulted for and actively involved in the preparation and execution of resettlement processes in their area of jurisdiction. They might be consulted and involved as mediators in the processes of redressing the complaints/grievances, before those are deposited with the Grievance Redress Committee.

Funds for the resettlement plan can be provided from loan funds and/or RoA budget and the entity authorized by GoA (e.g. MSLI or relevant regional authorities) will monitor and supervise the implementation of land acquisition and resettlement activities in the components / sub-components falling within their jurisdiction.

Based on the advice of the MSLI, entity authorized by GoA will carry out the resettlement activities within the areas of its responsibility. PCU with supervision from MSLI will be in charge of preparing the RAP, including PAP identification, census and socio-economic surveys, dissemination of Project and component / sub-component related information to PAPs, etc. In order to assist in implementation of these works, a temporary consultant will be also contracted who will carry out financial assessment of compensation. If and when necessary MSLI will provide oversight and advisory services to assist entity authorized by GoA in the implementation of RAP.

2.2. Legal Framework

2.1.1. Legislation of the Republic of Armenia

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

1. The Constitution of the Republic of Armenia (*adopted in 1995 amended in 2005*),
2. The Civil Code of the Republic of Armenia (*adopted on 05.05.1998, entered into force from 01.01.1999, published in Official Bulletin No 1998/17 on 10.08.1998*),
3. The Law on Alienation of Property for the Needs of Society and State (*adopted on 27.11.2006, entered*

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- into force from 30.12.2006, published in Official Bulletin No 2006/64 on 20.12.2006),*
4. The Land Code of the Republic of Armenia (*adopted on 02.05.2001, entered into force from 15.06.2001, published in Official Bulletin No 2001/17 on 15.06.2001),*
 5. The Law on Real Estate Valuation Activity (*adopted on 04.10.2005, entered into force from 26.11.2005, published in Official Bulletin No 2005/71 on 16.11.2005),*
 6. The Code of Civil Procedure (*adopted on 17.06.1998, entered into force from 01.01.1999, published in Official Bulletin No 1998/20 on 09.09.1998),*
 7. The Code of Administrative Procedure (*adopted on 28.11.2007, entered into force from 01.01.2008, published in Official Bulletin No 2007/64 on 19.12.2007),*

The Constitution

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

The Civil and Land Codes

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

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

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

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

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

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

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

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

In this respect it should also be noted, that the *European Court of Human Rights* has well- established case-law concerning the interpretation of the notion of —possessions|| (ownership, property) used in Article 1 of Protocol 1 of the European Convention which is highly desirable to take into consideration while determining the scopes of the property to be alienated. The following illustrate are of interest here.

\Case of Broniowski v. Poland, point 129: —The concept of —possessions|| in the first part of Article 1 of Protocol 1 has an autonomous meaning which is not limited to the ownership of material goods and is independent from the formal classification in domestic law. In the same way as material goods, certain other rights and interests constituting assets can also be regarded as —property rights|| , and thus as ‘_possessions’ for the purposes of this provision. In each case the issue that needs to be examined is whether the circumstances of the case, considered as a whole conferred on the applicant title to a substantive interest protected by Article 1 of Protocol 1|| ,

Case of Kopechky v. Slovakia, point 25: —The Court recalls that according to the case-law,—possessions|| within the meaning of Article 1 of Protocol 1 can be —existing possessions || or assets, including claims, in respect of which applicant can argue that he or she has at least —legitimate expectations|| of obtaining effective enjoyment of a property right|| .

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

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

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

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

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

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

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

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

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

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

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

publicized.

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

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

2.3. World Bank Policies

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

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

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

Legislation of the Republic of Armenia	WB Involuntary Resettlement Policy	Conclusion on gaps	Actions to address the gaps
<i>1. Eligibility</i>			

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

As per Armenian legislation the compensation is paid only to the owners and persons having the property rights over the assets if the ownership/property rights has been acquired before the project cut-off date, whereas all the improvements done after the cut-off date in excess of the scope set by the law and all the encumbrances generated over the property after the cut-off date are not subject to compensation.	PAPs are provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance, as necessary, to achieve the objectives set out in this policy, if they occupy the project area prior to a cut-off date	Provisions of the Armenian legislation and WB's OP are the same.	
The adequate compensation should be paid to the owner in case of alienation, whereas the amount of compensation exceeding the market value by 15% will be considered as	Compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.	Both Armenian legislation and WB OP 4.12 provide for compensation of lost land and assets. National legislation	

Legislation of the Republic of Armenia	WB Involuntary Resettlement Policy	Conclusion on gaps	Actions to address the gaps
adequate (The Law on Alienation of the Property for Social/Public and State Needs Article 11)		appears to be more beneficial for the PAPs.	
No provision for income/livelihood rehabilitation measures and/or allowances for severely affected PAPs and vulnerable groups, and/or resettlement expenses (Cf above mentioned RoA laws)	The WB policy requires rehabilitation for income/livelihood, for severe losses, and for expenses incurred by any and all PAPs during the relocation process	Armenian legislation provides very limited provisions for income/livelihood compensation and/or expenses incurred by the PAPs during the relocation process.	To address this gap it is recommended: 1) WB OP 4.12 is followed, 2) The GoA allows the application of WB OP 4.12 for the SPAP 2.
<i>3. Information Requirements</i>			

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

In principle, Armenian laws and regulations relevant to land acquisition and resettlement and WB OP 4.12 adhere not only to the objective of compensation for affected families or persons, but also to the objective of rehabilitation. However, Armenian laws are unclear on how rehabilitation is to be achieved and in practice the provision of rehabilitation is left to ad hoc arrangements taken by the local governments and the specific project proponents. Another and rather major difference between the RoA laws and the WB policies is that the WB OP 4.12 recognizes titled and non-titled owners as well as registered and unregistered tenants, i.e. lack of legal title is no bar to compensation and rehabilitation. To clarify these issues and reconcile eventual gaps between the Armenian laws and regulations and WB OP 4.12, this RPF mandates⁷ compensation at full replacement cost of all items, including the rehabilitation of informal/non-titled settlers, and rehabilitation packages (as appropriate, to be determined in the RAP) for PAPs that may need to be relocated, suffer business losses, or may be severely affected⁸.

⁷ It should be noted that the measures proposed require approval both by the GoA and WB.

⁸ For a global overview of entitlements see section 3 below and Annex 1 attached.

Furthermore, public disclosure and consultation are not well articulated in the RoA laws and the project will ensure due inclusion of (potential) PAPs and, in particular, of vulnerable groups affected by the project, in the public consultation and participation process prior to and during project implementation (see also section 6 below). In addition, an accessible grievance redress mechanism will be instituted (see also section 5.2 below) and physical project implementation works will not commence until all compensation and rehabilitation measures of a project or sub component are completed.

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

3. ELIGIBILITY AND ENTITLEMENTS

3.1. Eligibility

The basic principle followed in this RPF is that PAPs should be assisted in their efforts to improve their living standards, income earning capacity, and production levels, or at least to restore them to pre-project level whereby lack of legal title does not exclude individuals from the eligibility to receive compensation and/or rehabilitation assistance.

The WB OP 4.12 recognizes that individuals and households who occupy project-affected areas after the cut-off date are not eligible for compensation. The cut-off date will be set and publicly announced by the relevant GoA authorities and the census of PAPs will commence immediately following this announcement. All people moving into the project area and/or people conducting construction works, planting trees, etc. after the cut-off date are non-eligible PAPs and thus will not receive any compensation. Advance notice will be given, requesting them to vacate their premises and dismantle affected structures prior to project implementation. To facilitate this, the Project will put at their disposal the necessary transportation means for their relocation.

3.2. Entitlements

Land acquisition and resettlement will be implemented according to a compensation and entitlements framework in line with both RoA laws and regulations and WB OP 4.12. During compensation identification for impacts associated with particular component / sub-component, the entitlement matrix and description of compensation entitlements⁹ shall be revised and updated accordingly.

The entitlement matrix is based on the premise that resettlement, rehabilitation and compensation programs should improve or, at a minimum, maintain the PAPs' pre-project living standards and ensure their participation in Project benefits. This is reflected in the following principles of compensation:

Eligibility

PAPs eligible for compensation will include those who have formal legal rights to land or other assets, and those who initially do not have formal legal rights to land or other assets but have a claim to legal rights based upon the laws of the country; upon the possession of documents such as land tax receipts and residence certificates; or upon the permission of local authorities to occupy or use the project affected plots. The genesis of

⁹ A provisional entitlements matrix is included in **Annex 1**.

these rights may come from continued possession of public land where the government has not sought their eviction. Affected items could include, but may not be limited to, the following:

- Relocation or loss of shelter
- Permanently or temporarily affected land;
- Loss of assets or of access to assets including: houses or other structures, crops, trees, or other assets; Businesses and or factors of production; and/or,
- Suffered income losses as a result of the Project. Loss of income or livelihood is considered whether or not the affected persons must move to another location.
- All PAPs living in the project area before the cut-off date may be considered for compensation for their losses and/or rehabilitation assistance. Lack of legal rights or titles do not make them ineligible for entitlements;

Compensation

- PAPs will be compensated at full replacement and substitution costs without depreciation, and relocated or resettled in and after due consultation with them. The preliminary compensation rates for replacement and substitution cost will be proposed to the PAPs to give them an opportunity to compare those with the prevailing market rates;
- All fees and taxes on land and/or house transfers will be waived or otherwise fees and taxes will be included in a compensation package for land and/or house. The competent government authorities will give preferential treatment to PAPs reconstructing their houses on their own, and support them in obtaining the necessary property titles and official certificates;

Resettlement strategies

- Preference will be given to land-based resettlement strategies for PAPs whose livelihoods are land-based. These strategies may include resettlement on public land or on private land acquired or purchased for resettlement. Whenever replacement land is offered, resettlers are provided with land for which a combination of productive potential, location advantages and other factors is at least equivalent to the advantages of the land taken.
- If land is not the preferred option of the PAPs, or the provision of land would adversely affect the sustainability of a park or protected area, or sufficient land is not available at a reasonable price¹⁰, non-land-based options built around opportunities for employment or self-employment should be provided in addition to cash compensation for land and other assets lost.

Cash compensation

- Payment of cash compensation for lost assets may be appropriate where (a) livelihoods are land-based but the land taken for the project is a small fraction¹¹ of the affected asset and the residual is economically viable; (b) active markets for land, housing, and labor exist, PAPs use such markets, and there is sufficient supply of land and housing; or (c) livelihoods are not land-based. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local

¹⁰ The lack of adequate land shall be demonstrated and documented to the satisfaction of the WB.

¹¹ As a general principle, this applies if the land taken constitutes less than 20% of the total productive area; see also WB OP 4.12, point 12, footnote 17.

markets, calculated as of the cut-off date.

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

Consultation and Planning

- Resettlement plans will be developed and implemented in consultation with the PAPs. In the relocation area, community infrastructure and services will be built and improved, so that the PAPs will have access to these services.
- Effective and timely design, planning and implementation of resettlement and rehabilitation measures will be conducted to avoid unnecessary delays and consequent inconveniences to the PAPs.

Relocation

- PAPs will be provided full assistance for transportation of personal belongings, household inventory and salvaged material, and will be given a relocation allowance in addition to the compensation at replacement cost of their houses, lands and other properties.
- In cases where community infrastructure such as schools, factories, water sources, roads, sewage systems, electrical supply, or other community resources such as a woodlot or pasture is lost, this will be replaced at no cost to the community.

Timing

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

Monitoring

- Institutional arrangements will be made for internal monitoring of resettlement activities. If deemed necessary in RAP an external monitoring entity will be involved to ensure independent monitoring of RAP preparation and implementation activities.¹²

3.3. Valuing Affected Assets

During RAP preparation, the FFPMC with the SPAP 2 funds will engage the services of a competent and acknowledged independent assessor, responsible for determining replacement cost of affected land and assets. During the valuation process, PAPs, local officials and relevant government offices (such as the State Committee for Real Estate Cadaster under the GoA) will be consulted. Subsequently, compensation and rehabilitation measures will be developed by ሪገፍ-ኒ with support from assessor and MLSI based on the

¹² For further details see section 5.3 below

valuations thus established. The following guiding principles for the valuation will be taken into account:

Replacement valuation

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

- (i) For agricultural land, it is the pre-project or pre-displacement, whichever is higher, market value of land of equal productive potential or use located in the vicinity of the affected land, plus the cost of preparing the land to levels similar to those of the affected land, plus the cost of any registration and transfer taxes;
- (ii) For land in urban areas, it is the pre-displacement market value of land of equal size and use, with similar or improved public infrastructure facilities and services and located in the vicinity of the affected land, plus the cost of any registration and transfer taxes;
- (iii) For houses and other structures, it is the market cost of the materials to build a replacement structure with an area and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus the cost of any labor and contractors' fees, plus the cost of any registration and transfer taxes.

In determining the replacement cost to be compensated to the PAP, depreciation of the asset and the value of salvage materials are not taken into account, nor is the value of benefits to be derived from the project deducted from the valuation of an affected asset. Where domestic law does not meet the standard of compensation at full replacement cost, WB policies, guidelines and technical specifications for compensation at replacement cost will be applied.

Compensation for land, structures, business, fixed improvements and other temporary assets will be based on market valuation, productivity valuation, negotiated settlements, material and labor valuation, disposition of salvage materials and other fees paid. It should be noted that lack of title, license or permit is not a bar to compensation.

Rehabilitation cost

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

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

4. RAP INFORMATION REQUIREMENTS

4.1. Census and Inventory of Project Affected Persons

Soon after the completion of feasibility studies, a cutoff date will be set and publicly announced and, where applicable, a census of families and persons adversely affected by the Project's component/sub-component will be conducted by the Project. The census will include a complete inventory of all losses to be incurred by each PAP. This information will include as a minimum: (a) number of persons, main occupation and level of income; (b) number, type, and dimension of the houses; (c) number, quality, and area of all the residential plots; (d) number, category, type, and area of agricultural land held and to be lost by each PAP; (e) tenure status of agricultural land and amount of rent paid by tenant/lessee, where applicable; (f) quantity, category, and dimension of all rent of other fixed assets adversely affected; (g) productive assets lost as a percentage of total productive assets; (h) temporary damage to productive assets; (i) quantity, category, and quality of non-agricultural livelihood adversely affected; (j) quantity, type, and quality of community resources to be acquired¹³.

4.2. Identification of Losses

If the SPAP 2 component/sub-component involves physical relocation of PAPs, or provision of replacement land, data will be collected on the location (MLSI will be responsible for these it and will carry out through PCU and/or official surveys initial research and provide recommendations in cooperation with all institutions, agencies and organizations involved in the process), area, type, and category of the replacement land available for residential and/or agricultural purposes. Care will be taken to ensure that the relocation site or replacement land is in the vicinity of the PAPs' previous location to avoid social dislocation and unrealistic division of the PAPs' economic livelihood¹⁴.

4.3. Baseline Survey

In addition to the census and inventory of affected land and assets, components / sub-components requiring physical relocation of PAPs may include a baseline survey of the affected population as part of the RAP¹⁵. The baseline survey will provide data on the existing social structure, tenure arrangements and resource use, access to common property resources, social services and infrastructure facilities by different social groups in the project area, and for the host population at the proposed resettlement site (if relevant), clearly identifying all special interest groups, particularly those who are poor and vulnerable (e.g. tenants, landless laborers, and female-headed households), and describing their special characteristics in relation to the project¹⁶.

¹³ See also (i) **Annex 2**: Checklist for Census Information; and (ii) **Annex 3**: List of Data for Census Survey

¹⁴ See also **Annex 4**: List of Data for Inventory of Losses

¹⁵ If a full RAP is required, a baseline survey is mandatory. For an abbreviated RAP a baseline survey is undertaken if physical relocation of PAPs is unavoidable and/or if some of the PAPs lose more than 10% of their productive assets; cf. footnote 6, OP 4.12, Annex A

¹⁶ See also **Annex 6**: Data for Baseline Survey

5. IMPLEMENTATION ARRANGEMENTS

5.1 RAP Development and Approval Process

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

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

The draft and final version of RAP(s) will be submitted by the MLSI to the Project Management Board and to the WB for approval and disclosure.

5.2 Process for the Preparation and Approval of Resettlement Action Plans

Overview

This RPF guides the preparation of Resettlement Action Plan (RAP). Component / sub-component specific RAPs, consistent with this RPF, will be submitted to the Project Management Board and WB for approval after specific planning information becomes available.

MLSI will as needed revise and submit final version of the RAPs to the Project Management Board and WB for approval and WB for approval. During implementation of these works, MLSI responsible for execution of works.

During design and implementation of Additional Financing (AF) Project to SPAP preceding the SPAP 2, special risk assessment was not conducted because of absence of such risks, and due to the fact that the program was solely aimed at carrying out construction works which would not have any environmental impact. Areas where rehabilitation works were executed under the AF were predominantly idle and non-operated territories and premises registered under the balance sheet of the central government or municipalities. In each case when such premises or territories were allocated for construction works, the government took a separate decision on transfer of premises and attached territory from its balance sheet. The same was the case when constructions and territories belonged to local governments whereby respective decisions were taken by the Community Councils. After such decisions were taken, they were registered by the RoA State Cadaster.

Until now, there has been no evidence when interests of ISPCs resulted in illegal alienation, possession, use or any other damage inflicted to property or territory owned by public or individuals. Given that well-proved mechanisms of the previous project in terms of acquisition and operation of territories and premises will be adopted during rehabilitation works of 35 ISPCs and 2 separated receptions within the framework of SPAP 2, there is a good reason to expect that resettlement risks under SPAP 2 will not be high either and, subsequently, there will be no need for designing RAP for SPAP 2. At the same time SPAP 2 has some peculiarities. In particular, it is planned to build new ISPCs in some territories which are viewed as areas of concern. For example, some communities located in the 1988 earthquake zone lack the appropriate buildings. Problems with buildings

exist in Yerevan as well. Probability of construction of new buildings is particularly high in those places. In addition, it is planned to carry out improvement of the adjacent territories (yards) of 52 ISPCs and 4 separated receptions that have been repaired or are currently under repair, which was not planned in the previous project. Based on the lessons drawn from previous projects, it is envisaged to include in the design documentation works on construction of external communication lines as well (construction of water disposal, gas and electricity supply lines). All such works assume environmental impacts and can to a certain degree cause problems related with resettlement or liquidation of damage (compensation). However, this risk is negligible, given that construction works will be carried out in such areas which are under state or community ownership, hence only local or central government agencies are expected to be affected or associated with them. Such assumption is based on the fact that works on installation of external communication lines for the social centers rehabilitated under SPAP LA were financed from the state budget and didn't cause any problems in terms of resettlement or liquidation of damage.

The component specific RAPs under this RPF will include baseline census and socio-economic survey information; specific compensation rates and standards; policy entitlements related to any additional impacts identified through the census or survey; description of resettlement sites; programs for improvement or restoration of livelihoods and standards of living; implementation schedule for resettlement activities; and detailed cost estimates¹⁷. While carrying out these tasks, specific attention will be paid to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the disabled, the elderly, women and children, indigenous peoples, ethnic minorities, or other displaced persons who may not be protected through national land/property compensation legislation.

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

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

Resettlement Action Plans

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

¹⁷ See also later sections of this RPF

Table 1: Subcomponent Categorization and Resettlement Planning Requirements

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

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

Each completed RAP will be submitted by MLSI to the Project Management Board and WB to obtain approval. After approval has been obtained, compensation, resettlement and rehabilitation activities will be initiated, and will be completed before awarding contracts of civil works under each component / sub-component of SPAP 2.

Resettlement Screening Process

In the early stage of SPAP 2 preparation it is difficult to have clear information on possible resettlement impacts that might be associated with the proposed activities. However, experience of the previous project suggests that resettlement risks of the overall project and its separate components are low. Therefore, design of RAP at this stage is impossible, given that location/ownership and associated problems of the territories where works are planned are still not known. At the same time, in order to identify possible resettlement and ensuing effects under each component/subcomponent, process of preliminary inspection should be initiated within the framework of the project, including the following steps:

1. The engineer Consultant(s) for the PCU SPAP 2 components / sub-components provides an initial and documented description of the existing baseline situation, in particular related – but not limited – to resettlement, land required for the component / sub component (either permanent or temporary), and identification and mapping of landownership in the affected area;
2. Once completed, the feasibility studies / designs are reviewed by the MLSI and WB as needed. Potential impacts are identified and followed up by engineer Consultant(s) and, when necessary, by MLSI through visits to those sites where impacts are expected;
3. Site visits include (i) initial discussions with local authorities; (ii) verifying information provided by the engineer Consultant(s); and if required or warranted, (iii) obtaining additional information on the scale and magnitude of the potential impacts;
4. Each sub component thus confirmed to include potential resettlement or resettlement effects is subsequently scheduled for an intensive sensitization and consultation process to involve the potentially

impacted communities;

5. The consultation process is properly documented by engineer Consultant(s) and the outcome presented to the MLSI for further processing and eventual approval to proceed (or otherwise) with the specific component / sub component;
6. If approval to go ahead is obtained and a cut-off date for eligibility declared, PAPs and the local authorities are informed about the impending compensation and resettlement;
7. Subsequently, a PAP census survey – as an integral part of RAP preparation – is undertaken and combined with preparing the inventory of losses to limit the inconvenience for the PAPs and speed up the process of RAP preparation. If required, a baseline survey is simultaneously undertaken¹⁸.
8. Once the results of the survey instruments are compiled and completed, a decision is made whether a RAP (abbreviated or full, as applicable) for that component / sub-component needs to be drafted by Design Consultant, or if Due Diligence is sufficient.
9. If RAP(s) is(are) required, the outlines shown in Annex 5 will be used. Sufficient detail should be provided and the RAPs should be in conformity with (the principles of) this RPF.

5.3 RAP Implementation Process

RAP Implementation Unit

GoA will establish / appoint an entity to act as the RAP Implementation Unit (RIU) and to implement approved RAP(s). All activities indicated in the RAP shall be covered from loan funds and/or RoA budget, and be completed prior to commencing the construction activities. In case of the SPAP 2, RIU will be responsible for implementing approved RAPs, under the supervision of the MLSI, PIU and WB.

Major responsibilities and activities of the RIU include – but may not be limited to – the following:

- 5.3.1** Verify the RAP census and asset inventory data on the demarcated parcel;
- 5.3.2** Undertake cadastral and topographic surveys and ensure correction of data of measuring and inventory as required by possible design changes;
- 5.3.3** Closely consult with PAPs and village leaders;
- 5.3.4** Prepare documentation for registration of new land plots;
- 5.3.5** Provide the public with necessary information, and ensure transparent and timely awareness-raising and communications around resettlement issues with all affected communities (not only PAPs);
- 5.3.6** Negotiations and agreement with PAPs;
- 5.3.7** Delivery of compensation and, as needed, implementation and supervision of rehabilitation measures. Cash compensations will be paid by cheque or bank transfer, as preferred by PAP;
- 5.3.8** Observe grievance procedures;
- 5.3.9** Court processing of cases where no agreement is reached;
- 5.3.10** Expropriation proceedings through the court, as required;
- 5.3.11** Construction of infrastructure (in case the resettlement is necessary) and arrangement of relocation

¹⁸ See also Annexes 2, 3, 4, and 6; a baseline survey is required if physical relocation of PAPs is unavoidable and/or if some of the PAPs lose more than 10% of their productive assets; footnote 6, WB OP 4.12, Annex A.

of PAPs;

5.3.12 Prepare RAP Completion Report.

It should be emphasized that satisfactory completion of the RAP is a condition for any (physical) works on the component / sub-component to start.

Land Acquisition Procedure

The acquisition procedure for private land requires the pursuance of five basic sequential activities, as follows:

5.3.13 Establishment of land ownership by the PAP;

5.3.14 Registration of the affected parcels to legitimize ownership;

5.3.15 Information-sharing with possible PAPs to ensure they understand their rights to decline to participation in land acquisition;

5.3.16 Undertaking of Land Purchase Agreement between the concerned PAP and the GoA authorized entity;

5.3.17 Demarcation and registration of parcels to be alienated;

5.3.18 Payment of compensation.

Complaints and Grievances

Grievance Redress Committee: Tasks and composition

A Grievance Redress Committee at Project level will be established to address complaints and grievances pertaining to resettlement and to pre-empt all disagreements being referred to the court. Grievance Redress Committee will include MLSI, FFPMC staff, representatives of the relevant state authorities and/or Marzpetaran in the project area, and representatives of local non-governmental organization (NGO) and communities affected by the particular component / sub-component of the SPAP 2. A Grievance Redress Committee will be convened by the MLSI on a case by case basis, to address complaints and grievances pertaining to resettlement.

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

Procedure

Under the supervision of the Project Management Board and WB, the RIU will make every effort to achieve an

amicable settlement of all identified resettlement issues under the RAP at the component / sub-component level. If this attempt fails, the PAP may at his/her discretion, deposit a complaint either with the court or Grievance Redress Committee. The proposed redress procedure and mechanisms will be presented to and discussed with the PAPs at the early stages of the RAP preparation process. In order to effectively collect all grievances from the potential PAPs, a specific site(s) may be designated for timely depositing and collection of all complaints. The PAPs can deposit complains orally (these shall be properly documented at the moment of depositing complain at the designated site) or in writing. These issues are regulated by national legislation. The complainant can follow the process of addressing the complaint by using the special code he/she received.

The response will be provided within a period of two weeks after receiving the complaint. If the case is not resolved at the level of the Grievance Redress Committee, it may be submitted by either party to the Court. Any fees required for this purpose will be paid by Project after verifying that the PAP is a recipient of allowances under the Family Assistance Program of the GoA¹⁹. All other PAPs will be responsible for their own costs.

Expropriation Proceedings

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

Court

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

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

As per the Law on Alienation of property for social/public and state needs (Article 13) the acquirer shall be obliged to resort to the Court if the alienation agreement is not signed voluntarily by the owner and/or persons enjoying property rights over the property subject to alienation, whereas only the issues connected to the amount of compensation can be discussed in the court. Hence, PAPs cannot argue the amount of compensation in the courts on their own initiative. If they do not agree with the amount suggested, they do not sign the alienation agreement, in which case the acquirer should go to court, if he still wants the property to be alienated.

¹⁹ Based on a number of (wealth and income) indicators, this Program assists to varying degrees families that are not in a position to fully or partially cater for their daily necessities.

5.4 Supervision and Monitoring

Resettlement activities in all components / sub-components will be regularly supervised and monitored by personnel of MSLI. Reporting on internal monitoring will be carried out biannually by the MLSI, and at the end of each RAP completion, a RAP Completion Report (developed by MLSI) will be submitted to Project Management Board and WB. Internal monitoring and supervision will:

- (a) verify that the census of all PAPs has been carried out;
- (b) that the RAP and baseline survey (as appropriate) has been prepared for Projects or sub components where it is required;
- (c) that property valuation and resettlement has been carried out in accordance with the provisions of this RPF and the respective RAP;
- (d) oversee that all resettlement measures are implemented as approved;
- (e) ensure that funds for implementing resettlement activities are provided in a timely manner, are sufficient for their purposes, and are spent in accordance with the provisions of this RPF and the respective RAP.

If deemed necessary in the RAP an external monitoring entity will be engaged to carry out independent monitoring of resettlement activities. In addition to verifying the reports generated by internal monitoring, external monitoring will:

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

6. PUBLIC PARTICIPATION

Given that at the specific locations for civil works are not yet known, site-specific RAPs were not prepared; however this RPF outlines the conditions under which RAPs will be developed for SPAP 2 implementation. In such cases, MSLI will initiate development of RAP pursuant to WB requirements, ensuring participation of potential stakeholders in all stages of RAP development based on the mechanisms described below:

PAPs will participate in the development and implementation of activities relating to resettlement and land acquisition process. PCU, MLSI and the RIU will consult with PAPs and invite them to participate in public consultations organized by PCU/MSLI at the initial stage of the process, as well as in public consultations organized by RIU/MSLI during preparation and implementation of RAP as described in previous sections. The PAPs will be provided with reliable information on the project, its impacts and the proposed mitigation strategies and economic rehabilitation activities. The information made public and provided to each affected household will also include cut-off date, eligibility criteria and entitlements, modalities of compensation, complaints and grievance redress procedures. These information will be made easily accessible to the public at no cost to the PAPs, and the location of disclosure will also be announced regularly (e.g. in the Sunday editions of the newspaper of greatest local distribution for at least a month, distribution through Marz and/or community authorities, etc.). The affected parties will be provided with an opportunity of presenting their ideas and suggestions as inputs into the planning and implementation of the resettlement activities. These will be achieved through a series of participatory exercises and focused discussions with the PAPs, thus ensuring that

the affected parties have a stake in the outcomes of the process. All consultation discussions will be documented and kept by the FFPMC and MLSI.

PAPs may be also involved in the committees to be established, which will ensure their participation in the decision-making process in various stages of the RAP process: preparation and implementation.

After completion of each RAP, a brief survey will be undertaken by the RIU amongst PAPs to assess their satisfaction with the process and results of the RAP. Lessons learned from these surveys will be incorporated in subsequent RAP(s).

7. COSTS AND BUDGETS

Based on the finalized RAPs MLSI will submit to the Project Management Board and WB detailed cost of resettlement, with a breakdown by agricultural land, residential land, houses, other assets, and livelihood to be affected. The cost estimates will make adequate provision for monitoring and supervision and for contingencies. All costs for resettlement will be funded through loan funds and/or RA budget. The Project cannot be considered completed until all the objectives of the RAPs have been achieved.

ANNEX 1: PROVISIONAL ENTITLEMENT AND COMPENSATION MATRIX

Type of loss	Specification	Affected people ²⁰	Entitlements
1. Permanent loss of agricultural land, including cultivable land and uncultivable wasteland (such as pastures, woodlots, etc)	All land losses, irrespective of severity of impact	Farmer/title holder	<ul style="list-style-type: none"> * Land for land compensation with plots of equal value and productivity to the plots lost; or; * Cash compensation for affected land at replacement cost free of taxes, registration, and transfer. * Residual portions of plots affected by the required ROW which are reduced to less than 400m² or rendered unusable by alterations in access, irrigation, or workability will be included in the affected land and compensated as indicated above.
		Leaseholder (registered or not)	* Renewal of lease in other plots of equal value/productivity of plots lost, or cash equivalent to market value of gross yield of affected land for the remaining lease years (up to a maximum of 10 years).
		Share-croppers (registered or not)	* Cash compensation equal to the market value of the lost harvest share and rehabilitation assistance as appropriate (to be determined in the specific RAP)
		Agricultural workers losing their contract	* Cash indemnity corresponding to their salary in cash and kind for the remaining part of the agricultural year and rehabilitation assistance as appropriate (to be determined in the specific RAP)
		Non-titled landowners	* One rehabilitation allowance equal to market value of one net harvest (in addition to crop compensation) for land use loss; additional rehabilitation assistance as appropriate (to be determined in the specific RAP)
		Additional provisions for severe impacts (> 10% of land loss)	Farmer / titleholder & Leaseholder (registered or not)
	Additional provisions for severe impacts (> 10% of land loss)	Share-croppers (registered or not)	* One severe impact allowance equal to market value of share of harvest lost (additional to standard crop compensation and rehabilitation assistance, as appropriate)
		Non-titled landowners	* One severe impact allowance equal to market value of net harvest of the affected land for one year (additional to standard crop compensation and rehabilitation assistance, as appropriate)

²⁰ Identified at cut-off date

2. Temporary loss of land		All PAPs (including non-titled landowners)	<ul style="list-style-type: none"> * Affected land & communal infrastructure will be restored to pre-project conditions. * Rent shall be agreed between landowner and Contractor equal to the revenue lost based on market value (example: compensation for harvests lost at average yield/hectare) * Cash compensation for assets lost (example: structures, trees)
3. Residential/commercial land		Titleholder	<ul style="list-style-type: none"> * Land for land compensation through provision of a plot comparable in value/location to plot lost; or: * Cash compensation for affected land at full replacement cost free of taxes, registration, and transfer costs
		Tenant/Leaseholder	* Maximum of three months allowance to find replacement
		Non-titled landowner	* Provision of a free or leased plot in a Government resettlement area or a self-relocation allowance.
4. Houses, building and structures		All relevant PAPs (with or without house or building registration)	* Cash compensation at replacement rates for affected structure and other fixed assets free of salvageable materials, depreciation and transaction costs. In case of partial impacts full cash assistance to restore remaining structure. The cost of lost water and electricity connections will be included in the compensation.
5. Crops	Crops affected/lost	All PAPs (including non-titled landowners)	* Crop compensation in cash at full market rate for one year gross harvest by default to be paid both to landowners and tenants based on their specific sharecropping agreements; additional rehabilitation assistance as appropriate (to be determined in the specific RAP)
6. Trees	Trees affected/lost	All PAPs (including non-titled landowners)	* Cash compensation shall reflect income replacement. Fruit trees will be valued at gross market value of one year income x number of years needed to grow trees of the same productivity.
7. Business/Employment	Temporary loss of business or employment	All PAPs (including non-titled landowners)	<ul style="list-style-type: none"> * Business owner: Cash compensation for the period of business interruption, based on tax declaration or official minimum salary * Worker/employee: Indemnity for lost wages for the full period of business interruption
	Permanent loss of business or employment	All PAPs (including non-titled landowners)	<ul style="list-style-type: none"> * Business owner: Cash compensation equal to one year income (based on tax declaration or official minimum salary) and rehabilitation assistance as appropriate (to be determined in the specific RAP) * Worker/employee: 3 months indemnity for lost wages and rehabilitation assistance as appropriate (to be determined in the specific RAP)
8. Livelihoods	Loss of social support systems	All PAPs (including non-titled landowners)	<ul style="list-style-type: none"> * Restoration of livelihoods must be to levels at least equivalent to those maintained at the time of dispossession, displacement, or restricted access. * If replacements to losses are unavailable, strategies can include skill development, wage employment or self-employment, including access to credit.
9. Relocation	Transport and transitional livelihood costs	All PAPs affected by Relocation	* Provision of cash compensation to cover transport expenses and livelihood expenses due to relocation; time period to be determined in the RAP

10. House tenants		Tenants who have leased a house	* Provision of a cash grant of three months' rent at the prevailing market rate in the area and will be assisted in identifying alternative accommodation
11. Community assets			* Rehabilitation/substitution of the affected structures/utilities (i.e. places of worship, footbridges, roads, schools, health centers, pastures, woodlots, etc.) to pre-project functions
12. Vulnerable people's livelihood		PAP below poverty line	<ul style="list-style-type: none"> * Priority for employment in project-related jobs, training opportunities, self-employment and wage-employment assistance; * Rehabilitation assistance package to be determined based on a cases by case analysis

ANNEX 2: CHECKLIST FOR CENSUS INFORMATION

Persons:

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

Property:

Personal property including details of ownership of

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

Public and common property:

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

PAP incomes from other sources, including:

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

ANNEX 3: LIST OF DATA FOR CENSUS SURVEY

1. Background Information

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

2. Household Census

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

3. Tenure Status

- (a) Category of land
- (b) Type of land ownership and the name of the owner/HH member

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

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

ANNEX 4: LIST OF DATA FOR INVENTORY OF LOSSES

1. Land Use

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

2. Structures

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

3. Other Structures

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

4. Agricultural Products

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

5. Trees

- a. Number and types of affected trees
- b. Age of trees

-
- c. Name of owner of trees
 - d. Average yield of fruit bearing trees
 - e. Average yearly income from fruit trees

6. Business

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

7. Affected Public Utilities and Facilities

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

8. Preference for Relocation

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

ANNEX 5: FORMATS FOR RAP AND ABBREVIATED RAP

Full RAP	Abbreviated RAP
<p>Includes a statement of objectives, policies and principles, and typically covers the following:</p> <ol style="list-style-type: none"> 1. Description of the project; 2. Project resettlement potential impacts; 3. Objectives; 4. Socio-economic studies, expected consequences; 5. Legal framework; 6. Eligibility; 7. Valuation of and compensation for losses; 8. Site selection, site preparation and relocation; 9. Housing, infrastructure and social services; 10. Organizational responsibilities; 11. Public participation, consultation and grievance mechanism; 12. Implementation schedule; 	<p>Covers the following minimum elements²¹:</p> <ol style="list-style-type: none"> 1. A census survey of displaced persons and valuation of assets; 2. Description of compensation and other resettlement assistance to be provided; 3. Consultations with displaced people about acceptable alternatives; 4. Institutional responsibility for implementation and procedures for grievance redress; 5. Arrangements for monitoring and implementation; and 6. A timetable and budget.

²¹ In case some of the displaced persons lose more than 10% of their productive assets or require physical relocation, the plan also covers a socio-economic baseline survey and income restoration measures.

ANNEX 6: DATA FOR BASELINE SURVEY

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

Additional information would include the following:

1. Access to Facilities

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

2. Household Assets

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

3. Household Income and Expenditure

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

4. Skills Possessed

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

ANNEX 7: GUIDELINES FOR VALUATION AND COMPENSATION OF PROPERTY

Introduction

As noted above (see Section 3.3), there are two components that comprise the valuation of property for Project Affected Persons (PAPs). The first of these is the Replacement Cost for property owned, or used for productive purposes by the PAP. The second is a one-time payment of Compensation to the PAP which is defined as an amount (in financial terms) above the current replacement cost, used to compensate the impacted person for inconvenience, time loss due to change in residence or location, additional inputs required to bring the new location to a productive level equivalent to the property replaced, loss of income during the process of relocating, and similar losses.

Required are practical guidelines for estimating costs for resettlement activities under the ISEP previously applied for IREP and MCA-Armenia Program as well. It should be restated at the outset that the discussion below is not a fixed framework, but a set of negotiable guidelines and suggestions. While some flexibility is built into the Guidelines, they will result in different values and compensation arrangements in different parts of the country. Depending on the nature of the project and its impacts, resettlement payments may be required for all of the landholdings of some farmers, or for only a few hectares depending on the scope and nature of physical impacts. The point is that each case will be different; each case will require local consultation with impacted stakeholders. Considerable time and effort are usually needed to achieve satisfactory results.

Valuing the Land

In a free market economy, the value of land-agricultural as well as urban-is determined by the price it is bought or sold in the real estate market. There is little or no active market for agricultural land in Armenia. At present Armenia falls somewhere in between having a limited land market, since much of the agricultural land has been privatized, and there are cadastral surveys and land use descriptions, and other countries where there is no land market (i.e., where agricultural land is used collectively). In spite of land being privatized and cadastral surveys having been undertaken to allow appraisal, there are negligible land sales. Very few landowners buy and sell their landholdings over time. Landowners do have a mental picture of what they believe their land is worth. Gaining closure on this estimate of value by the landowner is the objective of the following Guidelines. It allows the Project to provide other land as replacement and compensation to generate a satisfactory solution to both parties.

Land has been classified by the Armenian Cadastral Centre which allows us to rank different land plots according to various contingent values in terms of whether a particular plot is arable or not arable, has access to irrigated water or not, is easily accessible or remote, more or less productive, and several other market dimensions. Any number of cadastral indicators might be used to categorize plots of land. For purposes of these guidelines five classes of agricultural land are demarcated using various indicators in order to rank them in order of preference (to potential buyers if there was a land market).

Calculating the Value of Land

For example, ranging from Class 1 land (the least preferred) to Class 5 land (the most preferred), land might be classified according to the following indicators:

- Class 1 Lands – poor soils, remote from the village, no irrigation
- Class 2 Lands – relatively good arable soils, but far from the village, no irrigation
- Class 3 Lands – good arable soils, irrigated, moderate drainage, also useful for pasture

- Class 4 Lands – good arable soils, good irrigation and drainage, useful for pasture, moderate distance from the village
- Class 5 Lands – excellent soils, useful for high value crops, good irrigation and drainage, useful for pasture, near village, nearby road access

For a given area subject to expropriation for project purposes, it is first necessary to determine the relative percentages of different classes of land in the proposed expropriated area. Assume a reservoir area, requiring expropriation of lands covering 220 ha, in which the land has been classified roughly as follows:

- Class 1—20% 20 ha
- Class 2—10% 60 ha
- Class 3—40% 80 ha
- Class 4—30% 20 ha
- Class 5—10% 40 ha

It is quickly apparent that this is a potentially highly productive area with app. 64% of the land (140 ha) classified as good arable land.

The first question to ask is whether there is alternative area nearby, where the proposed reservoir might be located on land that is not as productive. In some instances, moving slightly upstream or downstream along a water course can significantly lower the costs of compensation and resettlement.

Using sample data from the Martuni Region, the price per ha of agricultural land ranges from AMD 51,100 minimal upwards to 2,850,000 maximum, we can assume relative land values roughly doubling in value for each distinct class of land. Some suggested values are as follows:

Class 1 land values might range from 50,000 – 100,000 AMD/ha Class 2 land values might range from 100,000 – 350,000 AMD/ha Class 3 land values might range from 350,000 – 1,000,000 AMD/ha Class 4 land values might range from 1,000,000 – 1,750,000 AMD/ha Class 5 land values might range from 1,750,000 – 2,850,000 AMD/ha

The range of land values will need to be empirically ascertained through field level surveys, and local survey assessments among the actual stakeholders. Cadastral surveys and tax records can also be used to provide more accuracy about the range of land values.

Nevertheless, using our assumed land values, we can estimate a maximum and a minimum budget for replacement cost to expropriate 220 ha for a reservoir area, as follows:

	Minimum	(000's)	Maximum (000's)
20 ha Class 1 land 50,000-100,000 AMD/ha		1,000	2,000
60 ha Class 2 land 100,000-350,000 AMD/ha		6,000	21,000
80 ha Class 3 land 350,000-1,000,000 AMD/ha		28,000	80,000
20 ha Class 4 land 1,000,000-1,750,000 AMD/ha		20,000	35,000
40 ha Class 5 land 1,750,000-2,850,000 AMD/ha		70,000	114,000
Estimated valuation for land replacement (AMD 000's)		<u>125,000</u>	<u>252,000</u>

Maximum replacement cost for our assumed worst case scenario is about AMD 252,000,000 (app. 624,000 USD, calculated by using the exchange rate of 1 USD = 403.87 AMD provided by the RA Central Bank for January 9, 2013) for 220 ha of expropriated land. Minimum replacement cost is estimated at AMD 125,000,000 (app. 310,000 USD) for 220 ha.

In addition, financial compensation may be required for other losses incurred by PAPs as described in this RPF. Determination of compensation is made difficult since public funds would be required for direct payments to private individuals. Most government agencies avoid this practice so as to avoid appearances of impropriety, lack of transparency or corruption.

ANNEX 8: DOCUMENTS CONSULTED

1. MCA-Armenia SNCO, Resettlement Policy Framework (2009);
2. Republic of Armenia: Constitution (1995, amended in 2005);
3. Republic of Armenia: the Civil Code (1998);
4. Republic of Armenia: Land Code (2001);
5. Republic of Armenia: Law on Property alienation for social/public and state needs (2006);
6. Republic of Armenia: Code of Civil Procedure (1998);
7. Republic of Armenia: Code of Administrative Procedure (2007);
8. Republic of Armenia: Law on Real Estate Valuation Activity (2005);
9. World Bank: Environmental Assessment Sourcebook, Volume I: Policies, Procedures and Cross-Sectoral Issues (1991; fourth printing - 1996);
10. World Bank: Environmental Assessment Sourcebook, Volume II: Sectoral Guidelines (1991; fourth printing - 1996);
11. World Bank: Operational Policy on Involuntary Resettlement (WB OP 4.12) (January 2002);
12. World Bank: Operational Policy on Involuntary Resettlement - Annex A to OP 4.12 (January 2002);
13. World Bank: Bank Procedure (BP) 4.12 (January 2002);
14. World Bank: Involuntary Resettlement Sourcebook and Appendices (2004).

ANNEX 9: CONTRACTOR FORMS FOR TREE AND STRUCTURE REMOVAL

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

Tree Removal – Contractor Form and Procedures:

- Do not remove trees unless absolutely necessary (e.g. roots damaging canal);
- Complete this form in consultation with owner before works commence;
- Do not remove tree without getting FFPMC and MLSI approval following submission of form (section 1 – 3 completed);
- Following payment completion complete section 5 and re-submit to FFPMC. Refer any complaints to the FFPMC

1. Information on Tree

Type of Tree _____, Type of Fruit / Nut Produced _____,
 Annual Yield (kg's) _____, Use of Yield (market / own consumption) _____,
 Average annual Income earned from tree (AMD) _____, Location of tree _____,

2. Information on Owner

Name _____, Age _____, Occupation _____, Gender _____,
 Contact Address _____, Phone number _____, Monthly Income _____,
 Date Consulted _____, Signature of owner _____,

3. Calculate Compensation to be paid

$$\begin{array}{c} \text{Age of tree} \\ \text{(years)} \end{array} \times \begin{array}{c} \text{Annual Yield} \\ \text{(kg) } \end{array} \times \begin{array}{c} \text{AMD Market Price} \\ \text{per kg} \end{array} + \begin{array}{c} \text{AMD Price for Tree} \\ \text{Sapling } \end{array} = \begin{array}{c} \text{Compensation} \\ \text{Estimate } \end{array}$$

4. Submit to MLSI Date Reviewed by _____, Signature _____
 Revised Compensation Estimate _____,
 Comments/Explanation:

5. *With MLSI Approval – make the recommended Payment*

Final agreed Price
(AMD) _____

Owner Signature confirming payment receipt: _____
Date of payment: _____

Contractor Signature confirming payment: _____
Date of payment: _____

SPAP 2 Structure Removal – Contractor Form and Procedures:

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

6. Information on Structure (attach picture)

Type of Structure _____,
Purpose of Structure _____
Material Used _____,
Size of structure _____,
Location of Structure _____
Reason for Removal _____

7. Information on Owner

Name _____,
Age _____,
Occupation _____,
Gender _____
Contact Address _____
Phone number _____,
Date consulted _____,
Signature _____

8. Submit to MSLI (is needed MLSI may inform WB)

9. MLSI Review Date _____, Signature _____

Comment/Explanation: _____

10. Confirm owner satisfaction once structure is rehabilitated

Owner Signature: _____ Date: _____

Contractor Signature: _____

Date: _____

Minutes of the Public Consultation Meeting

Date: January 14, 2014

Venue: Meeting hall of the Ministry of Labor and Social Affairs (MLSA) of the Republic of Armenia (RA)

Time: 3:00 pm - 4:50 pm

Agenda

1. Brief presentation of the SPAP-2 being prepared by the MLSA of the RA with the support of the World Bank

Speaker – Mr. Artak Sargsyan

Social Expert,

Member of the SPAP-2 preparation team

2. Presentation and discussion of the Environmental and Social Management Framework (ESMF) and the Environmental Management Plans for the renovation of the State Employment Service Agency (SESA) and the Agency for Medico-Social Expertise (AMSE) drafted for SPAP-2.

Speaker – Ms. Asya Osipova

Consultant of the Social Investment Fund of Armenia

3. Presentation and discussion of the Resettlement Policy Framework

Speaker – Mr. Artak Sargsyan

Social Expert,

Member of the SPAP-2 preparation team

4. Q&A

The meeting started at 3.00 p.m. with participation of 18 persons. Representatives of the Social Assistance Department, International Relations and Development Programmes Department, Public Relations Division, and Economic Division of the MLSA, Advisors to the Minister, representatives of the State Social Security Service, State Employment Service Agency, Agency of Medico-Social Expertise, Foreign Financial Projects Management Centre, the World Bank, Social Investment Fund of Armenia, as well as several NGOs, experts and specialists of social and construction spheres were present in the meeting.

1. Mr. A. Sargsyan briefly presented achievements of the Social Protection Administration Project (SPAP) during 2004-2013 and the objectives, components, activities and expected results of the SPAP-2. The importance of the reforms being implemented in the social protection sphere in the RA and the necessity to support their implementation were emphasized. Importance of involvement of various State bodies, local self-governing bodies and civil society organizations was mentioned. The steps being taken towards introduction of the integrated social services, pension

reforms, employment sphere reforms and improvement of the systems of social assistance, monitoring and evaluation having great impact on the citizens of Armenia were specially highlighted, which the Government will focus during the coming 4-5 years.

After the presentation Mr. Sargsyan answered the raised questions:

- Mr. Sasun Nersisyan, President of the NGO Social Integration and Development, was interested in the activities envisaged for introducing service of social workers.
 - Mr. A. Sargsyan introduced the works carried out at present by the MLSA of the RA, particularly on the professional and educational requirements towards social workers, system of case management introduced at the Centers of the Integrated Social Services.
 - A question was raised on the process of introduction of the final model on integrated social services, integration of information systems, and involvement of civil society.
 - Mr. A. Sargsyan noted that the MLSA of the RA has submitted to the Government a package on the amendments of the relevant legislation. It was mentioned that in the framework of the SPAP-2, subsystems of rendering electronic services will be created, which will provide an opportunity for people and civil society to be actively involved in the processes related to the polices and services.
2. Ms. A. Osipova presented the draft ESMF prepared for SPAP-2. Purpose, objectives, and the main principles of ESMF were explained. EMPs for SESA and AMSE were also covered to demonstrate how site-specific EMP for all individual investments will be developed under the SPAP-2.

The participants welcomed the draft ESMF document and the EMPs for the renovation of the SESA and AMSE and suggested to accept them. A question was raised on the way in which the local residents affected by the Project will be informed about works to be undertaken and how will they be able to voice their concerns, if any. The speaker noted that the answer to this question can be found in Chapter 8 of the present ESMF. Namely, Chapter 8 says that the site-specific EMPs will be published on the website of the MLSA, and the hard copies will be available at the offices of the relevant local self-governing bodies. Consultations on EMPs developed for each individual activity under the Project will be held in the locations suitable for project affected people.

3. Mr. A. Sargsyan presented the draft RPF, outlining its purpose, objectives, and the main principles.

Meeting participants welcomed the draft RPF and suggested to accept it after some improvements. Particularly, the request was made to enhance the role of civil society in monitoring adherence to the RPF. The speaker answered that participatory mechanisms are already included in the RPF, section 5.3. Particularly, RPF calls for NGO participation in local grievance redress commissions. Furthermore, regulations for the operation of those commissions will be worked out in cooperation with NGOs. Generally, RPF establishes the principle of maximum transparency and participation at all stages of the Project cycle.

