



Ministry of Economy of the Republic of Armenia

The World Bank

**ARMENIA TRADE PROMOTION AND QUALITY INFRASTRUCTURE  
PROJECT**  
(2014-2019)

**RESETTLEMENT POLICY  
FRAMEWORK**

YEREVAN 2014

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## GLOSSARY

|       |   |
|-------|---|
| AMD   | Armenian Dram   |
| EIA   | Environmental Impact Assessment                                     |
| EIF   | Enterprise Incubator Foundation                                     |
| FFPMC | RoA Ministry of Finance Foreign Financial Project Management Centre |
| FM    | Financial Management  |
| GoA   | Government of Armenia   |
| IBRD  | International Bank for Reconstruction and Development               |
| IEPI  | Investment, Export Promotion and Industrial Development Agency      |
| IT    | Information Technology  |
| M&E   | Monitoring and Evaluation   |
| MoE   | Ministry of Economy   |
| MLA   | Multi-Lateral Agreement   |
| MRA   | Mutual-Recognition Agreements                                       |
| NAB   | National Accreditation Body   |
| NIM   | National Institute of Metrology                                     |
| O&M   | Operation and Maintenance   |
| OP    | Operational Policy  |
| PAD   | Program Assessment Document   |
| PAP   | Project Affected Person   |
| PMU   | Project Management Unit   |
| PMB   | Project Management Board  |
| PP    | Procurement plan  |
| PPP   | Public Private Partnership  |
| RAP   | Resettlement Action Plan  |
| RoA   | Republic of Armenia   |
| RPF   | Resettlement Policy Framework                                       |
| SARM  | National Institute of Standards                                     |
| TPQI  | Armenia Trade Promotion and Quality Infrastructure Project          |
| 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 Trade Promotion and Quality Infrastructure Project (TPQI). 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 announcement<sup>1</sup>;
- 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 permanent or temporary 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;

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<sup>1</sup> 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

- "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 Working Group" means a working group 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 Trade Promotion and Quality Infrastructure Project (TPQI) 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 TPQI.

## **1. INTRODUCTION**

### **1.1. Project Description**

The Government of Armenia (GoA) has declared the building of a knowledge-based economy as its long-term strategy to make the country more productive in providing high-value and knowledge-intensive goods and services. As a small, landlocked country in a difficult geopolitical position, GoA recognizes the importance of export competitiveness to pursue a sustainable growth model. In this context, GoA has asked for a loan from IBRD for support of TPQI.

The Project Development Objective is to strengthen the enabling environment for export and investment in Armenia and support the competitiveness of Armenian enterprises. Implementation of the project is planned to be finished during a five year period (2014-2019) within the following four components:

1. *Improving the effectiveness of the trade promotion and quality system of the country;*
2. *Promoting Investment and Exports;*
3. *Modernizing the National Quality Infrastructure;*
4. *Project management and monitoring and evaluation.*

**Component 1** will promote reforms aimed at improving the Trade Promotion and Quality Infrastructure system, which will play an important role in developing a foundation for providing effective services to increase the competitiveness of firms. This component will include three main sets of activities: (i) Strengthening of the national investment and export promotion services; (ii) Strengthening of the national metrology services; and (iii) Strengthening of the national accreditation services. This component is results-based and will therefore reimburse the government for agreed-upon actions, outputs and outcomes (“Disbursement-Linked Indicators” or DLIs) that result in improvements to the trade and quality activities.

**Component 2** will strengthen government’s capacity to provide services to improve the capacity of local exporters to compete in foreign markets, facilitate cluster development, and attract efficiency seeking FDI through its agencies, including restructured new agency, Investment, Export Promotion and Industrial Development Agency (IEPI). This component will include three main sets of activities: (i) Supporting services provided by IEPI; (ii) Providing Exporter Development Grants to co-finance the acquisition of knowledge and marketing services to improve the products, services and processes of SMEs with export potential; and (iii) Financing Public Private Partnerships (PPPs) to promote research, skills and cluster Development. Two main instruments will be applied to achieve PPPs goal: (i) Cluster development PPPs which will accelerate the upgrading of industries with export potential by financing the development of facilities that benefit from economies of scale and would be uneconomical if owned by a single company such as design centers, quality / testing laboratories and common logistics infrastructure; and (ii) Research and Skills Development PPPs which will be targeted at encouraging efficiency seeking FDI (primarily in high tech i.e., IT and Engineering services) to ramp up their level of engagement in the country by funding joint projects between multinationals and academia to develop enabling infrastructure, such as joint laboratories, innovation centers and Research and Skills Development centers. Multinationals to be involved in Research and Skills Development PPPs are not interested to invest in land, real estate or refurbishment or infrastructure. They expect the inviting parties to provide them fully furnished spaces equipped with basic office equipment and utilities. The government of Armenia will undertake public works for delivering premises and other infrastructure for Research and Skills Development initiatives. The project will also fund the PPP administration expenses including the hiring of a PPP expert.

**Component 3** has an objective to modernize metrological and accreditation services to strengthen the competitiveness of local manufacturers. This component will have three main sets of activities: (i) Renovation of the industrial metrology building and laboratories, purchase of equipment for the laboratories and capacity building for National Institute of Metrology (NIM) staff, including the hiring of a Resident Advisor; (ii) Refurbishment of National Accreditation body (NAB) offices and capacity building of NAB staff, including the hiring of a Resident Advisor; and (iii) Development of database of catalogue of standards for National Institute of Standards (SARM).

**Component 4** has an objective to finance the operations and monitoring of the project. This component will finance: i) consultants employed as part of the Project Management Unit (PMU) including the Project Manager and other required support staff including a translator, a Social and Environmental Safeguards

specialist and a Monitoring and Evaluation specialist; ii) required goods and services to support the functioning of the PMU as needed, including office equipment, iii) fiduciary staff of Foreign Financing Project Management Center (FFPMC) including a procurement specialist and Financial Management (FM) specialist, iv) the incremental operating costs for the PMU team and implementing agencies including IEPI, Enterprise Incubator Foundation (EIF), NIM, NAB and SARM; and v) all project related audits.

## **1.2. Rationale for Preparation of a Resettlement Policy Framework**

World Bank funding for activities under TPQI 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.

Thorough review and analysis of written documentation on the TPQI components / sub-components that suppose new construction will be made to identify the most likely range of potential impacts and formulate the most appropriate and reasonable set of mitigation measures. 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 clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects to be prepared during project implementation. The RPF will also guide the preparation of Resettlement Action Plans (RAP) that will ensure that, in the event of any future resettlement issues, all persons affected 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 design<sup>2</sup>. 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 TPQI 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 Sub-component 2.3, 3.1, and 3.2.

## **1.4. Extent and Scope of Resettlement within the TPQI**

Physical construction works carried out within the framework of TPQI, which potentially can have negative implications on any party associated with the project and may require resettlement, movement, rehabilitation or

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

any form of compensation, are mostly the construction works that are planned within the Sub-component 2.3, 3.1, and 3.2 of TPQI.

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

- 1) Construction of facilities; such as design centers, quality and testing laboratories, joint laboratories, Innovation centers and Research and Skills Development centers, including construction of common logistic infrastructure and installation of external public utility facilities as part of PPP sub-projects (Sub-component 2.3). These facilities and infrastructure are expected to be established exclusively in areas owned by state, which do not pose significant resettlement risks.
- 2) Renovation of industrial metrology building and laboratories, purchase of equipment and capacity building for NIM staff. This sub-component will finance: i) the renovation of a building to house the industrial metrology laboratories; ii) procurement of equipment and furniture for the seven key industrial metrology laboratories identified in the metrology strategy; and iii) capacity building for the effective and efficient operations of the laboratories including the hiring of an international resident advisor (Sub-component 3.1).
- 3) Refurbishment of NAB offices and capacity building of NAB staff. This sub-component will finance: i) the refurbishment of the NAB offices including the procurement of furniture; ii) capacity building of NAB staff including the hiring of an international resident advisor that will build the skills of the staff and deliver the training required for the effective and efficient operations of the NAB; and (iii) the development of an on-line application system and database. (Sub-component 3.2).

The renovation work (Sub-component 3.1) and refurbishment work (Sub-component 3.2) will take place on public land and no private land acquisition or resettlement is expected.

## **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), if required<sup>3</sup>. Most, if not all, institutions that play a role in resettlement and resettlement issues associated with the implementation of the TPQI are listed below. A diagram showing the key actors, including their roles and interrelationships, is also included below in this section.

#### *Overview*

MoE bears overall responsibility for oversight and monitoring of all activities under this RPF. MoE 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. MoE 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, preparation of RAP, and day-to day responsibility, including visual inspection of the site and preparation of the above-mentioned documents, will reside with the PMU. During implementation of the project, the PMU must directly coordinate these works (performance of these functions will be specified in the TORs for

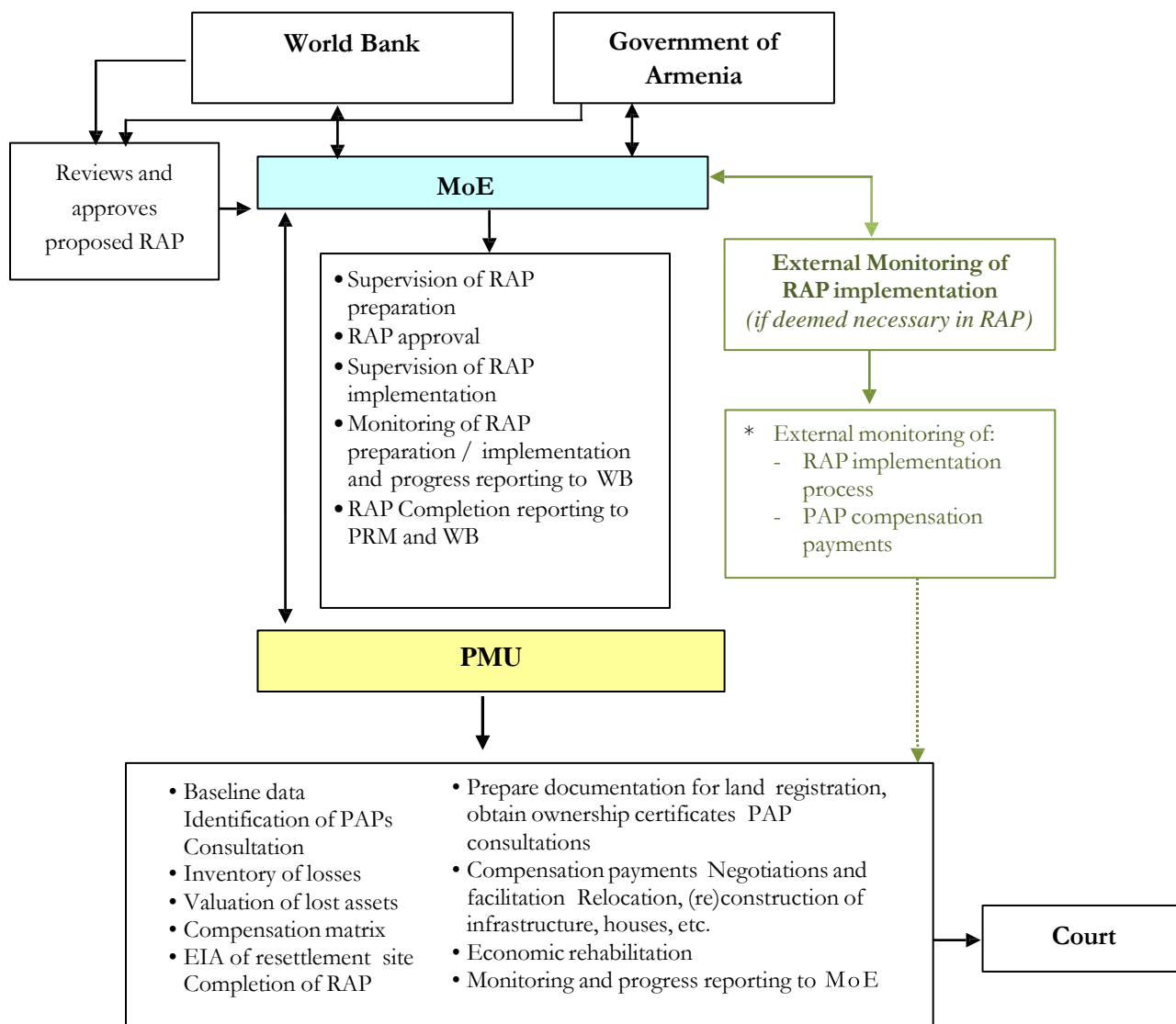
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<sup>3</sup> See also section 5 below



any respective consultants working for the PMU, if any) and ensure overall compliance with the RAP by all relevant project partners. Finance Foreign Financial Project Management Centre (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 MoE.

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



Other agencies that MoE will associate and coordinate within the context of resettlement issues include, but may not be limited to, those listed below<sup>4</sup>. Main relevant functions of the selected agencies that may pertain to resettlement-related issues are presented below.

National level:

<sup>4</sup> 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](http://www.gov.am)

1. *Ministry of Economy;*

- As the main project counterpart, MoE 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;
- in coordination with central and territorial government agencies, which own the territories allocated to construction under TPQI, 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 Labor and Social Affairs of RoA* is, among others, responsible for social protection, and elaborates and implements the policies of RoA in the labor and social security sectors.
- *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 Healthcare 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 Working Group and consulted in the process of preparation and implementation of the RAP as the regional state authorities for regulation of land relations.*

#### Community level:

Funds for the resettlement plan can be provided from loan funds and/or RoA budget, and the entity authorized by GoA (e.g. MoE 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 MoE, entity authorized by GoA will carry out the resettlement activities within the areas of its responsibility. PMU with supervision from MoE and with the involvement of relevant stakeholders, including private sector, business unions NGOs, will be in charge of preparing the RAP, including PAP identification, 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 may be also contracted who will carry out financial assessment of compensation. When it is necessary MoE will provide oversight and advisory services to assist entity authorized by GoA in the implementation of RAP.

## **2.2 Legal Framework**

### Legislation of the Republic of Armenia

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

1. The Constitution of the Republic of Armenia (*adopted in 1995 amended in 2005*),
2. The Civil Code of the Republic of Armenia (*adopted on 05.05.1998, entered into force from 01.01.1999, published in Official Bulletin No 1998/17 on 10.08.1998*),
3. The Law on Alienation of Property for the Needs of Society and State (*adopted on 27.11.2006, entered into force from 30.12.2006, published in Official Bulletin No 2006/64 on 20.12.2006*),
4. The Land Code of the Republic of Armenia (*adopted on 02.05.2001, entered into force from 15.06.2001, published in Official Bulletin No 2001/17 on 15.06.2001*),
5. The Law on Real Estate Valuation Activity (*adopted on 04.10.2005, entered into force from 26.11.2005, published in Official Bulletin No 2005/71 on 16.11.2005*),
6. The Code of Civil Procedure (*adopted on 17.06.1998, entered into force from 01.01.1999, published in Official Bulletin No 1998/20 on 09.09.1998*),
7. The Code of Administrative Procedure (*adopted on 28.11.2007, entered into force from 01.01.2008, published in Official Bulletin No 2007/64 on 19.12.2007*),

### The Constitution

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

### The Civil and Land Codes

Though the process of land/property taking is mainly governed by the Civil Code 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; and (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; and (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 3,000 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 valuated; (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; and (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)), 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>a) Persons who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country) are provided compensation for the land they lose; land but have a claim to such land or assets – provided that such claims are recognized under the laws of the country or become recognized through a process identified in the resettlement plan – are provided compensation for the land they lose;</p> <p>b) Persons who have no recognizable legal right or claim to the land they are occupying are provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance as necessary, if they occupy the project area prior to the cut-off date.</p> | <p>In general the provisions of the Armenian legislation and WB's OP are the same, except of provision on persons lacking the formal legal right over the property.</p> | <p>To address this gap it is recommended:</p> <p>1) WB OP 4.12 is followed,</p> <p>2) The GoA allows the application of WB OP 4.12 for the TPQI.</p> |

| <i>2. Entitlements</i>   |   |  |   |
|--|---|--|---|
| As per Armenian legislation the compensation is paid only to the owners and persons having the property rights over the assets if the ownership/property rights has been acquired before the project cut-off date, whereas all the improvements done after the cut-off date in excess of the scope set by the law and all the encumbrances generated over the property after the cut-off date are not subject to compensation. | PAPs are provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance, as necessary, to achieve the objectives set out in this policy, if they occupy the project area prior to a cut-off date | Provisions of the Armenian legislation and WB's OP are the same.   |   |
| The adequate compensation should be paid to the owner in case of alienation, whereas the amount of compensation exceeding the market value by 15% will be considered as adequate (The Law on Alienation of the Property for Social/Public and State Needs Article 11)  | Compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.   | Both Armenian legislation and WB OP 4.12 provide for compensation of lost land and assets. National legislation 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:<br><br>1) WB OP 4.12 is followed,<br><br>2) The GoA allows the application of WB OP 4.12 for the TPQI. |

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

## 2.5 Conclusions: Bridging the Gaps

In principle, Armenian laws and regulations relevant to land acquisition and resettlement and WB OP 4.12 adhere not only to the objective of compensation for affected families or persons, but also to the objective of rehabilitation. However, Armenian laws are unclear on how rehabilitation is to be achieved and in practice the provision of rehabilitation is left to ad hoc arrangements taken by the local governments and the specific project proponents. Another and rather major difference between the RoA laws and the WB policies is that the WB OP 4.12 recognizes titled and non-titled owners as well as registered and unregistered tenants, i.e. lack of legal title is no bar to compensation and rehabilitation. To clarify these issues and reconcile eventual gaps between the Armenian laws and regulations and WB OP 4.12, this RPF mandates<sup>5</sup> 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

<sup>5</sup> It should be noted that the measures proposed require approval both by the GoA and WB.

losses, or may be severely affected<sup>6</sup>.

Furthermore, public disclosure and consultation are not well articulated in the RoA laws and the project will ensure due inclusion of (potential) PAPs and, in particular, of vulnerable groups affected by the project, in the public consultation and participation process prior to and during project implementation. In addition, an accessible grievance redress mechanism will be instituted (see also section 5.3 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 entitlements<sup>7</sup> 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**

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<sup>6</sup> For a global overview of entitlements see section 3 below and Annex 1 attached.

<sup>7</sup> A provisional entitlements matrix is included in **Annex 1**.

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 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 price<sup>8</sup>, 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

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<sup>8</sup> The lack of adequate land shall be demonstrated and documented to the satisfaction of the WB.

but the land taken for the project is a small fraction<sup>9</sup> of the affected asset and the residual is economically viable; (b) active markets for land, housing, and labor exist, PAPs use such markets, and there is sufficient supply of land and housing; or (c) livelihoods are not land- based. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets, calculated as of the cut-off date.

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

### Consultation and Planning

- Resettlement plans will be developed and implemented in consultation with the PAPs. In the relocation area, community infrastructure and services will be built and improved, so that the PAPs will have access to these services.
- 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.<sup>10</sup>

## **3.3. Valuing Affected Assets**

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<sup>9</sup> 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.

<sup>10</sup> For further details see section 5.4 below

During RAP preparation, the FFPMC with the TPQI 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 with support from assessor and MoE based on the 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; and
- (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**

Upon approval of PPP subprojects which may potentially involve any resettlement impacts a cutoff date will be set and publicly announced and, where applicable, a census of families and persons adversely affected by the Project's component/sub-component will be conducted by the Project. The census will include a complete inventory of all losses to be incurred by each PAP. This information will include as a minimum: (a) number of persons, main occupation and level of income; (b) number, type, and dimension of the houses; (c) number, quality, and area of all the residential plots; (d) number, category, type, and area of agricultural land held and to be lost by each PAP; (e) tenure status of agricultural land and amount of rent paid by tenant/lessee, where applicable; (e) quantity, category, and dimension of all rent of other fixed assets adversely affected; (g) productive assets lost as a percentage of total productive assets; (h) temporary damage to productive assets; (i) quantity, category, and quality of non- agricultural livelihood adversely affected; (j) quantity, type, and quality of community resources to be acquired<sup>11</sup>.

### **4.2. Identification of Losses**

If the TPQI component/sub-component involves physical relocation of PAPs, or provision of replacement land, data will be collected on the location (MoE will be responsible for these it and will carry out through PMU 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 livelihood<sup>12</sup>.

### **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 RAP<sup>13</sup>. 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 project<sup>14</sup>.

## **5. IMPLEMENTATION ARRANGEMENTS**

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<sup>11</sup> See also (i) **Annex 2**: Checklist for Census Information; and (ii) **Annex 3**: List of Data for Census Survey

<sup>12</sup> See also **Annex 4**: List of Data for Inventory of Losses

<sup>13</sup> 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

<sup>14</sup> See also **Annex 6**: Data for Baseline Survey

## **5.1. RAP Development and Approval Process**

RAPs, as needed, will be developed by the PMU with the help of consultants (if any) engaged by the PMU and supervised by the MoE. The MoE will bear overall responsibility 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 MoE 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 WB for approval after specific planning information becomes available.

The MoE will as needed revise and submit final version of the RAPs to WB for approval and WB for approval. During implementation of these works, MoE is responsible for execution of works.

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 estimates<sup>15</sup>. 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*

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<sup>15</sup> See also later sections of this RPF

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:

*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"> <li>▪ Physical displacement and/or</li> <li>▪ Loss of 10 % or more of their</li> </ul> | 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 PMU and supervised by MOE. 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 MOE to 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 TPQI.

#### *Resettlement Screening Process*

The TPQI project Sub-component 2.3 aims to strengthen PPP industry clusters by financing: i) the development of industry-wide initiatives that would improve the competitiveness of the entire industry, such as developing sectorial branding and marketing strategies; and ii) building industry specific facilities that are prohibitively expensive for individual firms in order to develop economies of scale and improve productive such as quality and testing laboratories, training centers and common logistics infrastructure. These instruments will be funded through agreements between the government and the private sector participant which is expected to be an industry consortium on a 50/50 matching basis.

Several industries have expressed interest in the cluster development PPPs. Potential first movers include: i) the engineering sector which has proposed the establishment of a facility for training and testing, and ii) the wine industry which has proposed a package including a testing and bottling laboratory to improve the grape varieties and packaging, developing a branding strategy for the industry, and expert assistance for logistics support.

R&D PPPs will be targeted at encouraging efficiency-seeking FDI (primarily in high tech) to ramp up their level of engagement in the country and facilitate skills development by funding joint projects between multinationals and academia to develop enabling infrastructure, such as laboratories and Innovation centers. This sub-component is leveraging a model that has been proven to work in Armenia where the government provides the infrastructure and the multinational provides equipment and technical know-how.

While there are no dollar limitations (the selection committee will determine the viability of the proposals) it is anticipated that up to 4 projects of about \$2 million to \$3 million each will be funded under the R&D PPPs.

In order to identify possible resettlement and ensuing effects under these activities, process of preliminary inspection should be initiated within the framework of the project, including the following steps:

1. The PMU for TPQI 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 MOE and WB as needed. Potential impacts are identified and followed up by PMU and, when necessary, by MOE 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 PMU; 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 the PMU and the outcome presented to the MoE 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 undertaken<sup>16</sup>.
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 the PMU, 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**

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. The PMU will be responsible for implementing approved RAPs, under the supervision of the MoE and WB.

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<sup>16</sup> 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.

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

- 1) Verify the RAP census and asset inventory data on the demarcated parcel;
- 2) Undertake cadastral and topographic surveys and ensure correction of data of measuring and inventory as required by possible design changes;
- 3) Closely consult with PAPs and village leaders;
- 4) Prepare documentation for registration of new land plots;
- 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);
- 6) Negotiations and agreement with PAPs;
- 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;
- 8) Observe grievance procedures;
- 9) Court processing of cases where no agreement is reached;
- 10) Expropriation proceedings through the court, as required;
- 11) Construction of infrastructure (in case the resettlement is necessary) and arrangement of relocation of PAPs;
- 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:

- 1) Establishment of land ownership by the PAP;
- 2) Registration of the affected parcels to legitimize ownership;
- 3) Information-sharing with possible PAPs to ensure they understand their rights to decline to participation in land acquisition;
- 4) Undertaking of Land Purchase Agreement between the concerned PAP and the GoA authorized entity;
- 5) Demarcation and registration of parcels to be alienated;
- 6) Payment of compensation.

### **Complaints and Grievances**

#### Grievance Redress Working Group: Tasks and composition

A Grievance Redress Working Group 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. The Grievance Redress Working Group will include MoE, FFPMC staff, and 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 TPQI. A Grievance Redress Working Group will be convened by the MoE 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 MoE 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 Working group must use mass media facilities, websites, hot-lines and IT systems of the MoE and other stakeholders, capacities of the MoE 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 MoE website ([www.mineconomy.am](http://www.mineconomy.am)) throughout effective period of the program.

### Procedure

Under the supervision of the MoE and the WB, the PMU 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 the Grievance Redress Working Group. 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 Working Group, 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 GoA<sup>17</sup>. All other PAPs will be responsible for their own costs.

### **Expropriation Proceedings**

If the PMU 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 PMU 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

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<sup>17</sup> 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.

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.

#### **5.4. Supervision and Monitoring**

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

- 1) verify that the census of all PAPs has been carried out;
- 2) that the RAP and baseline survey (as appropriate) has been prepared for Projects or sub components where it is required;
- 3) that property valuation and resettlement has been carried out in accordance with the provisions of this RPF and the respective RAP;
- 4) oversee that all resettlement measures are implemented as approved;
- 5) 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:

- 1) evaluate the social and economic impact of resettlement on the PAPs;
- 2) verify if the objective of enhancement or at least restoration of income levels and standards of living of the PAPs has been met;
- 3) 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 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 TPQI implementation. In such cases, MoE 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. The PMU and MoE will consult with PAPs and invite them to participate in public consultations

organized by PMU/MoE at the initial stage of the process, as well as in public consultations 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 MoE.

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 PMU 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, MoE will submit to the WB the 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 <sup>18</sup>                          | 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"> <li>* Land for land compensation with plots of equal value and productivity to the plots lost; or;</li> <li>* Cash compensation for affected land at replacement cost free of taxes, registration, and transfer.</li> <li>* Residual portions of plots affected by the required ROW which are reduced to less than 400m<sup>2</sup> or rendered unusable by alterations in access, irrigation, or workability will be included in the affected land and compensated as indicated</li> </ul> |  |
|  |   | 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) | * One severe impact allowance equal to market value of one net harvest of the affected land for one year (inclusive of winter and summer crop and additional to standard crop compensation and rehabilitation assistance, as appropriate)  |  |
|  |   | Share-croppers (registered or not)                     | * One severe impact allowance equal to market value of share of harvest lost (additional to standard crop compensation and rehabilitation assistance, as appropriate)  |  |
|  |   | Non-titled 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)  |  |
|  | 2. Temporary loss of land                                     |  | All PAPs (including non-titled landowners)   | <ul style="list-style-type: none"> <li>* Affected land &amp; communal infrastructure will be restored to pre-project conditions.</li> <li>* 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)</li> <li>* Cash compensation for assets lost (example: structures,</li> </ul> |

<sup>18</sup> Identified at cut-off date

|  |  |  |   |
|--|--|--|---|
| 3. Residential/<br>commercial<br>land    |  | Titleholder  | * Land for land compensation through provision of a plot comparable in value/location to plot lost; or:<br>* Cash compensation for affected land at full replacement cost free of taxes, registration, and transfer costs   |
|  |  | Tenant/<br>Leaseholder   | * Maximum of three months allowance to find replacement   |
|  |  | Non-titled<br>landowner  | * Provision of a free or leased plot in a Government resettlement area or a self-relocation allowance.  |
| 4. Houses,<br>building and<br>structures |  | All relevant<br>PAPs (with<br>or without<br>house or<br>building<br>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<br>affected/lost                               | All PAPs<br>(including<br>non-titled<br>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<br>affected/lost                               | All PAPs<br>(including<br>non-titled<br>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/<br>Employment               | Temporary<br>loss of<br>business or<br>employment    | All PAPs<br>(including<br>non-titled<br>landowners                               | * Business owner:<br>Cash compensation for the period of business interruption, based on tax declaration or official minimum salary<br>* Worker/employee: Indemnity for lost wages for the full period of business interruption   |
|  | Permanent<br>loss of<br>business or<br>employment    | All PAPs<br>(including<br>non-titled<br>landowners                               | * Business owner:<br>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)<br>* 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<br>support<br>systems                 | All PAPs<br>(including<br>non-titled<br>landowners                               | * Restoration of livelihoods must be to levels at least equivalent to those maintained at the time of dispossession, displacement, or restricted access.<br>* If replacements to losses are unavailable, strategies can include skill development, wage employment or self-employment, including access to credit.                                    |
| 9. Relocation                            | Transport and<br>transitional<br>livelihood<br>costs | All PAPs<br>affected by<br>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<br>tenants                     |  | Tenants who<br>have leased<br>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"> <li>* Priority for employment in project-related jobs, training opportunities, self-employment and wage-employment assistance;</li> <li>* Rehabilitation assistance package to be determined based on a cases by case analysis</li> </ul> |

## **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"> <li>1. Description of the project;</li> <li>2. Project resettlement potential impacts;</li> <li>3. Objectives;</li> <li>4. Socio-economic studies, expected consequences;</li> <li>5. Legal framework;</li> <li>6. Eligibility;</li> <li>7. Valuation of and compensation for losses;</li> <li>8. Site selection, site preparation and relocation;</li> <li>9. Housing, infrastructure and social services;</li> <li>10. Organizational responsibilities;</li> <li>11. Public participation, consultation and grievance mechanism;</li> <li>12. Implementation schedule;</li> </ol> | <p>Covers the following minimum elements<sup>19</sup>:</p> <ol style="list-style-type: none"> <li>1. A census survey of displaced persons and valuation of assets;</li> <li>2. Description of compensation and other resettlement assistance to be provided;</li> <li>3. Consultations with displaced people about acceptable alternatives;</li> <li>4. Institutional responsibility for implementation and procedures for grievance redress;</li> <li>5. Arrangements for monitoring and implementation; and</li> <li>6. A timetable and budget.</li> </ol> |

<sup>19</sup> 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.

It should be stated 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.

Assume 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: MINUTES OF THE PUBLIC CONSULTATION MEETING

Minutes of the public consultation meeting  
On the Environmental and Social Management Framework,  
Resettlement Policy Framework and Environmental Management Plan for the Trade Promotion and Quality  
Infrastructure Project

Date: 03 April, 2014

Venue: Conference hall on the 3<sup>rd</sup> floor of the Ministry of Economy of Armenia

Time: 14:30 - 16:30

### *Agenda*

1. Presentation of Trade Promotion and Quality Infrastructure (TPQI) Project.  
Speaker – Mr. Paruyr Jangulyan  
Head of Regulatory Management  
Division  
Ministry of Economy of Armenia
2. Presentation and discussion of the Environmental and Social Management Framework (ESMF) and the Environmental Management Plan for the renovation of the National Institute of Metrology (NIM).  
Speaker – Mr. Paruyr Jangulyan  
Head of Regulatory Management  
Division  
Ministry of Economy of Armenia
3. Presentation and discussion of the Resettlement Policy Framework (RPF).  
Speaker – Mr. Paruyr Jangulyan  
Head of Regulatory Management  
Division  
Ministry of Economy of Armenia
4. Questions and answers

Public consultation meeting of TPQI Project started at 14:30 with 13 participants. Among participants were representatives of divisions of Economic Policy Development, IT and Innovation, Quality Infrastructure, Business Environment Improvement and SME Development of the Ministry of Economy, representatives of Inspection Reform team of the Ministry of Economy, NIM, Enterprise Incubator Foundation, and environmental and social NGOs.

Mr. Paruyr Jangulyan made a power point presentation on the main concept of the Project, the understanding of disbursement linked indicators, four components of the project and its implementation agencies. Special emphasis was made on component 2 of the Project with its sub-components. “Export oriented industrial policy” of the Government of Armenia was also highlighted in order to make participants understand precisely the importance of those branches in Armenian economy that can be supported under the TPQI

Project in general and under sub-components 2.2 and 2.3 in particular.

After the presentation, Mr. Jangulyan answered the questions from participants.

- Mrs. Tamara Abrahamyan from “Araza” NGO asked about the mechanism of Public-Private-Partnership (PPP) and the export-oriented grants scheme. She highlighted the importance of clearly defined criteria and a transparent selection committee on these issues for a real increase of the local companies’ competitiveness in international markets and fully elimination of possible side effects during decision making process.

Mr. Paruyr Jangulyan briefly introduced the draft activity plan as an annex to the Project appraisal document, mentioning that three separate and detailed manuals will be developed and adopted by responsible implementing agencies. The PPP grant manual will be one of them that will describe grant application revision, selection and decision making process and criterion of eligibility for the companies.

- A question was raised by Mr. Sasun Nersisyan from “Social integration and development” NGO on the economic effectiveness of cluster PPPs, particularly on calculations that were made on the payback of these investments.

Mr. Areg Gevorgyan, representing EIF, replied to the questions bringing some figures on calculations. He explained the main principles of establishment of clusters, investments that are required as operational costs, and mechanisms for bringing businesses to clusters.

Mr. Paruyr Jangulyan presented the draft ESMF prepared for TPQI Project. The purpose, objectives, and main principles of ESMF were explained. EMP for NIM was covered to demonstrate how site-specific EMP for individual investment under component 3 will be developed within TPQI Project. Participants welcomed draft ESMF document and site-specific EMP for the renovation of NIM and had no objections to accept them.

- Questions from Mr. Sasun Nersisyan from “Social integration and development” NGO was raised on those risks that had been already identified by the Ministry of Economy and the World Bank experts thus far in the framework of ESMF and site-specific EMP.

Mr. Kamo Movsisyan, the first deputy director of NIM, replied to the questions referring to the scope of site-specific activity for NIM renovation and mentioned that all those activities will be carried out according to mitigation measures and monitoring plan that are specified in the draft EMP. He added that as far as no new construction was planned under the NIM renovation activities, there would be no harmful environmental and resettlement side effects.

Mr. Paruyr Jangulyan presented draft RPF outlining purpose, objectives, main principles and logic of the document. Participants welcomed the draft RPF and accepted it with no objections.

- Participants had general interest in what might the role of civil society be during the Project implementation mentioning their readiness to raise public awareness of the Project and share the information about the Project implementation and results within their professional network. At the same time, academia-oriented NGO representatives offered to consider mechanisms of NGOs’ and civil society’s involvement in “industry-academia” collaboration and also agreed to study international best practices and success stories on these types of cooperation and come up with ideas.

The suggestions made by participants were discussed and changes introduced in the ESMF (chapter 9, page 12) to indicate opportunities to involve NGOs in the Project's awareness raising and information-sharing activities.

Participants highlighted the importance of a well-organized awareness raising campaign for the Project. All of them agreed that not all projects that aim to strengthen institutional capacities, improve business environment or promote foreign investment are strong in awareness rising using mass media. Thus, maximum transparency and participation at all stages of the project should be considered properly.





Ց Ա Ն Կ

«Առևտրի խթանում և որակի ենթակառուցվածքներ» վարկային ծրագրի գնահատման փաստաթղթի, վերաբնակեցման քաղաքականության փաստաթղթի (RPF) և բնապահպանական ու սոցիալական կառավարման շրջնակի (ESMF/EMP) նախագծերի քննարկման մասնակիցների

03.04.2014 թ.

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