

Resettlement Planning Document

Land Acquisition and Resettlement Framework - Draft
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Armenia: North-South Road Corridor Investment Program

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The draft land acquisition and resettlement framework is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

TABLE OF CONTENTS

	<i>ABBREVIATIONS</i>	<i>i</i>
	<i>DEFINITIONS OF LAR TERMS</i>	<i>ii</i>
A.	INTRODUCTION	1
B.	LAR-RELATED PROGRAM PROCESSING REQUIREMENTS	1
C.	ETHNIC MINORITIES AND VULNERABLE GROUPS	2
D.	LARP PREPARATION AND IMPLEMENTATION	2
E.	LEGAL AND POLICY BACKGROUND	3
	E.1 Armenian Law and Regulation on Land Acquisition and Resettlement	3
	E.2 ADB's Involuntary Resettlement Policy	4
	E.3 Comparison of Armenia's Law on LAR and ADB Resettlement Policy	4
	E.4 LARF Principles and Entitlements adopted for this MFF	5
F.	COMPENSATION ELIGIBILITY AND ENTITLEMENT FOR THE PROJECT	6
	F.1 Eligibility	7
	F.2 Compensation Entitlements	7
	F.3 Assessment of Compensation Unit Values	9
	F.4 Conditions for Expropriation	9
G.	GENDER IMPACTS AND MITIGATION MEASURES	10
H.	PUBLIC PARTICIPATION AND DOCUMENTS DISCLOSURE	10
I.	INSTITUTIONAL ARRANGEMENTS	11
	I.1 MOTC/ARD	11
	I.2 Consultants	11
	I.3 Local Self-Government	12
	I.4 Other Agencies and Institutions	12
	I.5 ADB	12
J.	COMPLAINTS AND GRIEVANCES	14
K.	MONITORING AND EVALUATION	14
	K.1 Internal Monitoring	14
	K.2 External Monitoring	15
L.	CAPACITY BUILDING AND TRAINING IN LAR IMPLEMENTATION	16
M.	RESETTLEMENT BUDGET AND FINANCING	16
N.	LARP IMPLEMENTATION PROCESS	16
Tables:		
	Table 1: Comparison of Armenia's Laws on LAR and ADB Resettlement Policy	5
	Table 2: Compensation Matrix	6
	Table 3: Grievance Resolution Process	14
Figures:		
	Figure 1: LAR Organogram and Action	13
Boxes		
	Box 1 : LAR Task Process	16
Annexes:		
	Annex A: Outline of a Standard LARP	18

ABBREVIATIONS

ADB	Asian Development Bank
AF	Affected Family
AP	Affected Person
ARD	Armenian Roads Directorate
DMS	Detailed Measurement Survey
EA	Executing Agency
EM	Ethnic Minority
IA	Implementing Agency
IMA	Independent Monitoring Agency
IP	Indigenous People
IPSA	Initial Poverty and Social Assessment
LAR	Land Acquisition and Resettlement
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
MFF	Multi Tranche Financial Facility
MOTC	Ministry of Transport and Communications
MTD	Marzpetaran Transport Department
NGO	Non-Governmental Organization
PFR	Periodical Financial Request
PGC	Project Governing Council
PMU	Project Management Unit
PPTA	Project Preparatory Technical Assistance
PSA	Poverty and Social Assessment
SES	Socioeconomic Survey
SRS	Social and Resettlement Specialists

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

DEFINITIONS OF LAR TERMS

Compensation - Payment in cash or in kind of the replacement cost of the acquired assets.

Entitlement - Range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation which are due to affected people, depending on the nature of their losses, to restore their economic and social base.

Ethnic Minority - "Indigenous Peoples" as used in the ADB's *Policy on Indigenous Peoples* encompasses a generic concept not easily reflected in a single term. Ethnic Minority is one of the other terms relating to the concept of indigenous peoples as addressed in the ADB policy. Others are "cultural minorities," "indigenous cultural communities," "tribals," "scheduled tribes," "natives," and "aboriginals." Accepted or preferred terms and definitions vary country by country. "Indigenous Peoples" is the term used in the United Nations documents, and is used by ADB solely for convenience. In Armenia, the term Ethnic Minority is considered more applicable. In this respect, to qualify for consideration as being covered under the ADB's IP Policy, an ethnic minority *'should be regarded as those with a social or cultural identity distinct from the dominant or mainstream society, which makes them vulnerable to being disadvantaged in the processes of development.'*

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

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

Land Acquisition - The process whereby a person is compelled by a government agency to alienate all or part of the land a person owns or possesses to the ownership and possession of the government agency for public purpose in return for a consideration.

Affected Person/People (AP) - Any person (individual) affected by Project-related changes in use of land, water, natural resources, or income losses.

Affected Family (AF) - All members of a household residing under one roof and operating as a single economic unit, who are adversely affected by the Project, or any of its components. It may consist of a single nuclear family or an extended family group.

Rehabilitation - Compensatory measures provided under the Policy Framework on involuntary resettlement other than payment of the replacement cost of acquired assets.

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

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

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

Marz-Community - Armenia is divided into 10 provinces (marz). The province chief executive is the governor (marz) appointed by the Government. Each province is divided in communities (*hamaynk*) which are self-governing units and consists of one or more settlements (*bnakavayr*). Settlements are classified as towns (*kaghak*) or villages (*gyugh*). As of 2007, Armenia includes 915 communities (49 urban and 866 rural). Previously having Marz status, Yerevan, now has the status of a community and it has an elected mayor.

LAND ACQUISITION AND RESETTLEMENT FRAMEWORK

A. INTRODUCTION

1. This Land Acquisition and Resettlement Framework (LARF) for the North-South Road Corridor Investment Program (the Program) has been prepared by the Armenia Roads Directorate (ARD) of the Ministry of Transport and Communications of Armenia (MOTC).¹ This document details mechanisms, procedures and compensation entitlements to be applied in the planning and implementation of Land Acquisition and Resettlement (LAR) tasks for relevant projects under the Program and is fully endorsed by MOTC. The Program, to be financed by Asian Development Bank (ADB) under a Multi Tranche Financial Facility (MFF) and to be implemented over a period of 5 years with MOTC as the executing agency (EA) and ARD as the Implementing Agency (IA) will cover three tranches each including various projects involving the rehabilitation or the construction of roads and highways.

2. Before Program appraisal this LARF will be translated into Armenian and disclosed on the MOTC website. The LARF in English will be posted on the ADB website.

B. LAR-RELATED PROGRAM PROCESSING REQUIREMENTS

3. Based on MFF procedures Program appraisal is carried out together with the appraisal of the first tranche. The following tranches will be appraised once the EA sends to ADB a Periodical Financial Request (PFR) accompanied by the final documents and technical studies for each subproject under the tranche.

4. For what specifically concerns Land Acquisition and Resettlement (LAR) tasks the approval of the MFF/tranche 1, of the PFRs for the following tranches and of the implementation of each tranche subproject involving LAR will require the preparation of the following documents:

- (i) A LARF for the whole financial facility and applicable to all subprojects. The LARF will be reviewed, if necessary updated, and submitted for ADB approval at least annually and always at the start of the preparation of each tranche.
- (ii) An Initial Poverty and Social Assessment (IPSA) indicating, for each tranche, whether LAR impacts are likely to occur -- if yes, then the type of impacts and their likely magnitude -- whether there may be Ethnic Minorities (EMs) affected,² and;
- (iii) If LAR occurs, a LAR Plan (LARP) for each project under a tranche based on detailed design and commensurate to the severity of impacts.³ The LARP will include detailed compensation and administration budgets and implementation schedules linking LAR tasks to the initiation of civil works.

¹ The Project Preparation Technical Assistance (PPTA) Consultants, PADECO Ltd. (Tokyo) has provided technical assistance in preparing this LARF.

² See ADB *Policy on IPs for determining significance of impact* at http://www.adb.org/Documents/Policies/Indigenous_Peoples/IPPP.pdf. In particular refer to the chapter on *Definition of Indigenous Peoples*, pp. 5-7, which encompasses the term *ethnic minority*.

³ As per the ADB Operation Manual (OM) F2/OP and BO (2006) a project is classified as Category "A" and a full LARP is needed if > 200 people suffer significant impacts (relocation or loss of >10% of productive assets). A project will instead be classified as Category "B" when less than 200 people suffer significant impacts. Category "C" projects have no LAR impacts.

5. Based on ADB policy/practice, the appraisal of the MFF and each tranche and approval of project implementation will be based on the following LAR-related conditions:

- (i) **MFF/First Tranche Appraisal.** Conditional to: (a) preparation and disclosure of a LARF for the whole MFF acceptable to ADB and Government; (b) preparation of an IPSA, and (c) preparation and disclosure of LARPs acceptable to ADB and Government for each tranche subproject requiring LAR.
- (ii) **Approval of PFR for following Tranches.** Conditional to: (a) review/update/disclosure of the LARF, and (b) preparation/disclosure of LARPs consistent with the revised LARF and acceptable to ADB and Government for each tranche subproject with LAR.
- (iii) **Contract Awards Signing (for subprojects involving LAR).** Conditional to the update/disclosure of final LARPs acceptable to ADB. The final LARPs will reflect final impacts, final AP lists and final compensation rates and will be readily implementable.
- (iv) **Provision of Notice to Proceed to Contractors.** Conditional to the full implementation of the relevant LARP (full delivery of compensation and rehabilitation) for the relevant project. Such a condition will be clearly spelled out in the text of the civil works contract.

C. ETHNIC MINORITIES AND VULNERABLE GROUPS

6. No impact on Ethnic Minorities is expected for the Program. Special attention will be given to identifying and addressing the needs of disadvantaged groups such as the landless, the poor, female-headed households, the elderly or the disabled, through measures included in the LARP to try and improve (over and above cash compensations and restoration of) their livelihoods.

D. LARP PREPARATION AND IMPLEMENTATION

7. LARP preparation activities for subprojects with LAR will be an integral part of the preparation of tranche subprojects starting with LAR screening tasks and ending with a readily implementable LARP based on detailed design. Once an initial road alignment and cross-sections design is available, LARP preparation will entail the execution of a Detailed Measurement Survey (DMS) of all land and non-land impacts, a census of all Affected Families (AF) and Affected People (AP) and a valuation of all affected asset resulting in a summary compensation/rehabilitation budget.⁴ DMS, AP census and compensation costs will be reviewed and if necessary updated after the finalization of detailed design.

8. In addition, each LARP will also require the execution of a socioeconomic survey (SES) based on a 20% statistical sample of the AFs. The SES will provide a description of the major socioeconomic features of the affected population (ethnicity, education level, modes of livelihood, and sources of income, poverty/income levels, and house type/value and land

⁴. DMS and census will include: i.) a full inventory/measurement of all land/other items losses including buildings, crops, trees, and income; ii.) an assessment of unit replacement values for each affected item/loss; iii.) Identification of each AF/AP including: land occupancy status; household composition profile (all AF members will be identified by gender and age); impact significance level (see footnote 2) and vulnerability status (vulnerable AF are households headed by a woman or households under poverty line).

tenure types). A second purpose of the SES will be to identify any vulnerable and risk groups that need additional support, as a basis for preparing the LARP budget.

9. LARP Preparation/Implementation Process. LARP preparation for the first tranche of the Program will be carried out by the Project Preparatory Technical Assistance (PPTA) consultants. The same tasks for the following tranches will be carried out by the detailed design consultants. LARP implementation will be overseen by the supervision consultants. LARP preparation/implementation will be carried out according to the following process:

- (i) **LARP Preparation.** This phase will be carried out in parallel with the preparation of the projects feasibility study (See Annex A for a standard outline of a LARP).
- (ii) **LARP Review/Finalization.** This phase will be carried out during the preparation of detailed design and will include eventual updates of impacts/AP data, possible compensation rates revisions and administrative work to legalize legalizable APs. After the final LARP is approved by ADB, civil works contracts will be signed.
- (iii) **LARP Implementation.** This phase will start after the final LARP is approved and will be concluded with the provision of due compensation to all AFs.
- (iv) **Civil Works Implementation.** In general civil works will start only after all AFs are compensated and a compliance report is prepared by the Independent Monitoring Agency (IMA). However, if a road has sections without impacts and sufficiently long to economically justify construction, civil works for these sections may initiate immediately after contracts signing. In these cases the absence of impacts will have to be demonstrated by an ad hoc due-diligence report.

E. LEGAL AND POLICY BACKGROUND

E.1. Armenia's Laws and Regulations on Land Acquisition and Resettlement

10. The Armenia's *Constitution* (1995) guarantees protection of private ownership rights. It also provides that private ownership may be terminated "in exclusive cases of prevailing public interests" based on established procedure and with prior adequate compensation. Land acquisition and compensation issues are discussed in the *Land Code* Article 102, 104, the *Civil Code* (1998), Articles 218 through 221 and in the *Law of Government of Armenia on the Alienation of the Private Property for Public and State Needs* adopted on 27 November 2006.

11. Under the existing law *On the Alienation of the Private Property for Public and State Needs*, the Government of Armenia (GoA) will issue a Decree determining the case of exclusive public and state priority needs based on the request from relevant state agencies, which has to be ratified by the President of the country in accordance with the Law on Legal Acts. The government decree on recognition of the item as prevailing and exclusive public interest shall set out:

- (i) The exclusive and prevailing public interest, for which alienation of property shall be executed;

- (ii) The party acquiring the alienated property;
- (iii) The units constituting the alienated property (addresses, location and/or other information, which makes the property different from other assets);
- (iv) Final deadline to launch the alienation process.

12. Law of GoA *on the Alienation of the Private Property for Public and State Needs* discusses procedural aspects of land acquisition and compensation rights of titled landowners and owners of immovable property in cases of alienation of their property for public purposes. Upon enactment of the government decree on recognition of property as prevailing exclusive public interest, the authorized body shall compile minutes describing the alienated property according to the procedure and deadlines defined by the government; acquiring party, owners and those holding property rights towards the alienated property may participate in compilation of such minutes if the latter had not been compiled during the preliminary survey of the property. One copy of the minutes describing the alienated property shall be, within no later than three days after its compilation, duly communicated to the owner and persons holding property rights towards such property, who are entitled to protest it with the authorized body and/or court within ten days after the due receipt thereof.

13. The consideration for the land/property being acquired is established by agreement taking into account the market value of and damages, including consequential damages, and may include exchange of land/property. According to the law of GoA *on the Alienation of the Private Property for Public and State Needs* adequate compensation shall be paid to the owner against alienation of his/her property. Adequate shall be the amount 15 percent over and above the market price for the alienated property. Assessment of the real estate or the real estate rights shall be made in accordance with the procedure defined in the Law of the Republic of Armenia on Assessment of Real Estate in Armenia adopted in October 4, 2005.

E.2. ADB's Involuntary Resettlement Policy

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

E.3. Comparison of Armenia's Law/Regulation on LAR and ADB Resettlement Policy

15. Differences between Armenian laws/regulations and ADB policy are outlined in Table 1

below.

Table 1: Comparison of Resettlement Laws and Regulations

Armenian Laws and Regulations	ADB Involuntary Resettlement Policy
Land compensation only for titled landowners	Lack of title is not a bar to compensation and/or rehabilitation. Non-titled landowners receive rehabilitation
All affected houses/buildings are compensated for buildings damages/demolition caused by a project, with the exception of unregistered commercial structures	ADB Policy includes compensation for unregistered commercial structures as well
Crop losses compensation provided only to registered landowners	Crop losses compensation provided only to registered landowners
Land valuation based on current market value plus 15% of the assessed value.	Land valuation based on current market rate/replacement value
Information on impacts quantification/costing, entitlements, and amounts of compensation and financial assistance are to be disclosed to the AF/APs prior to appraisal	The Same
No provision for income/livelihood rehabilitation measure, allowances for severely affected APs and vulnerable groups, or resettlement expenses	The ADB policy requires rehabilitation for income/livelihood, for severe losses, and for expenses incurred by the APs during the relocation process

16. To reconcile the gaps between Armenian laws/regulations and ADB Policy, MOCT has drafted this LARF for the Project, ensuring compensation at replacement cost of all items, the rehabilitation of informal settlers, and the provision of subsidies or allowances for AFs that may be relocated, suffer business losses, or may be severely affected.

17. Attempts should first be made to acquire private land on the basis of negotiation with individual affected entities. Should the negotiation fail, the power of eminent domain will be sought and the expropriation process will start,

18. The government decree on recognition of the prevailing exclusive interest may be protested in the court by the owner or other concerned party within one month after enactment of the relevant decree of the Government on such recognition. In cases when no alienation contract is signed within three month after the draft contract had been sent to the owner and holders of property rights, the state agency shall, within a period of one month - have to make a deposit in an amount no less than that set out in this law for compensations with court or notary account (hereinafter referred to as “deposit”), and notify the owner and identified holders of property rights within three days. The estimation of the amount to be compensated shall have to be made not before one week prior to making the deposit. In cases when within seven days after the deposit had been made by the acquiring party the alienation agreement shall not have been signed, or the property shall not have been alienated in accordance with the Law, the state agency shall, within one month, have to launch judicial proceeding of property alienation case through the court. In such a case the court can consider solely the issues of the amount(s) to be paid as compensation. To determine the compensation due to the affected parties the court will appoint an independent assessor.

E.4. LARF Principles and Entitlements Adopted for this MFF

19. Based on Armenian laws and ADB’s *Policy on Involuntary Resettlement*, 1995, core involuntary resettlement principles are developed for this MFF which are as follows:

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

F. COMPENSATION ELIGIBILITY AND ENTITLEMENTS FOR THE PROJECT

20. LAR tasks under the Project will be implemented according to a compensation eligibility and entitlements framework in line with both Armenian laws and regulations and ADB Policy. A summary entitlements matrix is included in Table 2 below.

Table 2: Compensation Matrix

Type of Loss	Application	Definition of APs	Compensation Entitlements
Permanent loss of agricultural land	AF losing agricultural land regardless of impact severity	Owner with full registration	Compensation at market rate +15% either in cash or through replacement plots acceptable to the AP.
		Legalizable Owner	APs will be legalized and provided the same compensation as above.
		Informal Settlers/ APs with no registration/valid documentation	One time self-relocation allowance in cash equal to 1 year at minimum salary
Non-Agricultural Land	AF losing their commercial/ residential land	Owner with full registration	Compensation at market rate +15% either in cash or through replacement plots acceptable to the APs.
		Legalizable Owner	APs will be legalized and provided the same compensation as above.
		Renter/Leaseholder	Rental allowances in cash for 3 months
		Informal Settlers/ APs with no registration/valid documentation	One time self-relocation allowance in cash equal to 1 year at minimum salary
Residential buildings		All APs irrespective of registration status	Cash compensation + 15% for loss of houses at full replacement cost free of depreciation/transaction costs. For partial impacts and if so wished by the AF compensation may be provided only for repairs.
Non residential structures/assets		Aps with valid registration	Cash compensation + 15% for loss of building/ structures at full replacement cost free of depreciation/transaction costs. For partial impacts and if so wished by the AP compensation may be provided only for repairs.
		Legalizable Ap/Informal Settlers	As above but after building is legalized/registered
Loss of common	Community/Pu	Community/Government	Reconstruction of lost structure in consultation with

Type of Loss	Application	Definition of APs	Compensation Entitlements
property	Public Assets		community and restoration of their functions
Crop Losses	Standing crops affected	All APs regardless of legal status (including legalizable and Informal Settlers)	Crop compensation in cash at market rate by default at gross crop value of expected harvest.
Tree Losses	Trees affected	All APs including legalizable and Informal Settlers.	Cash compensation at market rate based on type, age and productive value of the trees.
Business Employment Losses	Business employment loss	All APs including legalizable and Informal Settlers.	Owner: (i). (permanent impact) cash indemnity of 1 year net income; (ii) (temporary impact) cash indemnity of net income for months of business stoppage. Assessment to be based on tax declaration, other valid documents or, in their absence, minimum salary. Permanent Worker/Employees: indemnity for lost wages equal to 3 months of minimum salary.
Allowances for Severe Impacts	>10% income loss	All severely affected APs including informal settlers	Agricultural Income: 1 additional crop compensation covering 1 year yield from affected land. Other income: 1 additional compensation for 3 months of minimum salary.
Relocation allowances	Transport/transition costs	All APs to be relocated	Provision of funds to cover transport costs and livelihood expenses for 1 month.
Vulnerable People Allowances		APs below poverty line or headed by Women	Allowance equivalent to 3 months of minimum salary and employment priority in project-related jobs
Temporary impacts		All APs	Due compensation will be assessed and paid based on this LARF during construction.
Unforeseen LAR impacts, if any			ARD will compensate unforeseen resettlement impact during project based on the above provisions.

F.1. Eligibility

21. APs entitled for compensation or at least rehabilitation provisions under the Project are:
- (i) All APs losing land either covered by legal title/traditional land rights, legalizable, or without legal status;
 - (ii) Tenants and sharecroppers whether registered or not;
 - (iii) Owners of buildings, crops, plants, or other objects attached to the land; and
 - (iv) APs losing business, income, and salaries.
22. Compensation eligibility will be limited by a cut-off date, which is the date of AP Census carried out during the PPTA stage. APs who settle in the affected areas after the cut-off date will not be eligible for compensation. They, however will be given sufficient advance notice, requested to vacate premises and dismantle affected structures prior to project implementation. Their dismantled structures materials will not be confiscated and they will not pay any fine or suffer any sanction.

F.2. Compensation Entitlements

23. Entitlement provisions for APs losing land, houses, and income and rehabilitation subsidies will include provisions for permanent or temporary land losses, buildings losses, crops and trees losses, a relocation subsidy, and a business losses allowance based on tax declarations and/or lump sums. These entitlements are detailed below:
- (i) **Agricultural land impacts** will be compensated at market rates in: (i) cash at current market rates, or (ii) through replacement land equal in value/productivity to the plot lost acceptable to the AP. Compensation will be capped with a 15%

allowance. When >10% of an AP agricultural land is affected, AP (owners, leaseholders and sharecroppers) will get an additional allowance for *severe impacts equal to* the market value of a year's gross yield of the land lost. In case of severe impact on other income, the APs will be paid additional compensation for 3 months income. Transaction taxes and fees will be paid by the EA or waived. Legalizable APs will be legalized and paid as titled owners. Non-legalizable APs will be compensated with one time self-relocation allowances in cash equal to 1 year of minimum salary. If the remaining part of a particular plot becomes inaccessible or unviable for cultivation or for any use after the acquisition, then the same can be compensated if the owner offers.

- (ii) **Non agricultural land (residential/commercial land).** Legal/legalizable settlers will be compensated at replacement rate either (i) in form cash at current market rates or (ii) in form of a replacement plot acceptable to the AP. Compensation will be capped with a 15% allowance. Renters/leaseholders will receive a 3 months rent allowance. Non-titled and non-legalizable land users will be compensated with one time self relocation allowances in cash equal to 1 year of minimum salary.
- (iii) **Residential buildings** will be compensated to all APs irrespective of the house registration status in cash at replacement cost plus a 15% allowance. Compensation will be free of deductions for depreciation, and transaction costs irrespective of the registration status of the affected item. In case of partial impacts (<15%) and unwillingness of the owner to relocate, building impacts will cover only the affected portion of a building and its full rehabilitation to previous use.
- (iv) **Non-residential buildings** will be compensated only to APs with duly registered buildings in the same fashion as residential buildings (see above). APs without building registration will also be compensated but only after their buildings are legalized and registered.
- (v) **Crops.** Cash compensation at current market rates for the gross value of 1 year's harvest by default. Crop compensation will be paid both to landowners and tenants based on their specific sharecropping agreements.
- (vi) **Trees.** Cash compensation at market rate based on type, age and productivity of trees.
- (vii) **Businesses.** If business is lost permanently it will be compensated in cash equal to a 1-year income based on tax declaration or, if unavailable, based on the official minimum salary; temporary business losses will be compensated in cash for the business interruption period based on tax declaration or, if unavailable, official minimum salary.
- (viii) **Permanent Business Workers and Employees.** Indemnity for lost wages for the period of business interruption up to a maximum of 3 months.
- (ix) **Relocation Subsidy.** APs forced to relocate will receive a relocation subsidy sufficient to cover transport costs and living expenses for 1 month.
- (x) **Community Structures and Public Utilities.** Will be fully replaced or rehabilitated so as to satisfy their pre-project functions.

- (xi) **Vulnerable People Livelihood.** Vulnerable people (APs below poverty line and widow or elder headed households) will be given priority in employment in project-related jobs.

F.3. Assessment of Compensation Unit Values

24. Assessment of the real estate or the real estate rights shall be made in accordance with the procedure defined in the *Law of the Republic of Armenia on Assessment of Real Estate in Armenia*. ADB methodology for assessing unit compensation values of different items is as follows:

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

25. The unit compensation rates will be assessed by a certified independent evaluator based on clear and transparent methodologies acceptable to ADB. The assessed compensation rates will then be verified and certified by the resettlement division in MOTC.

F.4. Conditions for Expropriation

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

G. GENDER IMPACT AND MITIGATION MEASURES

27. Women have important economic roles in project areas and engage in a very wide range of income making activities in the agricultural and marketing sector. The Project will pay particular attention to ensure that women are the recipients of the compensation pertaining to their activities and to ensure that women who are de-facto household heads are clearly listed as beneficiaries of compensation and rehabilitation proceedings under the loan. In order to ensure the above the following actions will be considered:

- (i) Include women in the impact enumerators.
- (ii) Impact assessment of AFs/APs indicating the total number of families and people must be gender-disaggregated to pinpoint how many women are likely to be affected by the Project and establish their pre-Project conditions.
- (iii) Women will be major participants in the consultation processes to determine and negotiate for compensation entitlements and implement the LARP.
- (iv) Special attention will be given to the impact of resettlement on women and other vulnerable groups during monitoring and evaluation of the LARP.

H. PUBLIC CONSULTATION, PARTICIPATION AND DOCUMENTS DISCLOSURE

28. According to ADB policy, the APs must be fully consulted and provided with opportunities to participate in the planning and implementation of land acquisition and resettlement. They also must be informed in an appropriate and timely manner of the outcomes of the planning process, as well as the schedules and procedures for implementation of the LARP. Public information and consultation campaign must be carried out by the Project Management Unit (PMU) during all stages of the land acquisition and resettlement process. In addition, the PMU must also organize public information meetings, participation of the APs in the DMS, full disclosure of the Resettlement Plan (RP) and informing the APs about the procedures for payments of compensation and relocation.

29. The LARF has been translated into Armenian and distributed to the project regions for review and endorsement. The LARF will be uploaded on the ADB resettlement website immediately upon Board approval.

30. During the different stages of the Project (planning, implementation, and monitoring) the following actions are in place: (i) distribution of public information brochure or booklets in Armenian, (ii) placement of copies of the LARP in Armenian in regional and community offices, and (iii) uploading of the LARPs on the ADB resettlement website.

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

I. INSTITUTIONAL ARRANGEMENTS

32. ADB will be the funding agency of the Program. The compensation/rehabilitation tasks described in this LARF involve distinct processes and dynamics and different actors. ARD will be the IA, MOTC will be the EA. The PMU will be established in ARD and PMU with the assistance of the consultants will develop and implement the LARP for each subproject based on the policy and procedures set out in this LARF. Several other Government agencies will play instrumental roles in LAR processes. Pursuant to current legislation, the State Committee of Real Estate Cadastre of the Government of the Republic of Armenia. is responsible for legal matters regarding land ownership, and is in charge of the registration of land ownership. Local governments will also be involved. The role of each of these actors is detailed below. An organogram of the organizational setting for the program is included in Figure 1.

I.1. MOTC/ARD

33. MOTC has overall responsibility for the Program. This includes preparation, implementation and financing of all LAR tasks and cross-agency coordination. MOTC will exercise its functions through ARD and in particular through its PMU. The PMU will have Social and Resettlement Specialists (SRS) who will be responsible directly to the PMU head for the general management of the planning and implementation of all LAR tasks. A Project Governing Council (PGC) made up of representatives from concerned ministries and chaired by MOTC will be established to oversee the Project and make high level decisions, including resolving high profile AP grievances or serving as a final decision making body for AP grievances, short of their being referred to the Courts.

34. The SRS will be responsible for: (i) coordinate with cadastral office and local governments; (ii) assisting the consultants in mapping, surveying and title verification activities; (iii) send the LARP to ADB for review, (iii) Disclose the LARP; (iv) plan and manage LARP implementation and the distribution of compensation; (iv) assist in case of complaints; (v) ensure proper internal monitoring; and (vi) hire, following ADB recommendation, the external monitoring agency. The SRS will also provide all needed documentation to ensure the prompt allocation of LAR budgets to the APs and will maintain the coordination of all LAR related activities.

35. The Marzpetaran Transport Departments (MTDs) will assist the activities of the PMU and in particular SRS and will facilitate the communication with local authorities, assist in case of complaints and in the course of compensation delivery to the APs. At the level of the community local authorities will support surveys, complaints resolution and compensation delivery as needed.

I.2. Consultants

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

- (i) **PPTA Consultants.** These will include international and local LAR capacity and needed survey teams and will carry out all field-surveys and prepare the needed LARPs for the first tranche.
- (ii) **Design Consultants.** These will include international and local LAR capacity and needed survey teams and will carry out the same activities for

updating/finalizing the First tranche LARPs and will prepare LARPs for the following tranches.

- (iii) **Supervision Consultants.** These will include international and local LAR capacity and needed survey teams and will assist in the overall supervision of the projects. The supervision consultants will also oversee LARP Implementation and carry out external monitoring and evaluation of the implementation of LARP for following tranches of the Program.
- (iv) **Independent Monitoring Agency (IMA).** This consultant will be hired to conduct the external monitoring and evaluation of the implementation of tranche 1 LARP implementation. In the absence of a supervision consultant, the IMA will continue to carry out the external monitoring and evaluation for all the tranches.
- (v) **Independent Asset Valuers.** These will be accredited private firms hired by PPTA or Design consultants to evaluate the affected assets.

I.3. Local Self-Government

37. Local authorities have direct jurisdiction for land administration and title verification. State Committee of Real Estate Cadastre Regional Offices will provide the data available in the local land registry and will facilitate the communication with community authorities. Community authorities will support surveys tasks, complaints resolution, AP consultation and compensation delivery as needed.

I.4. Other Agencies and Institutions

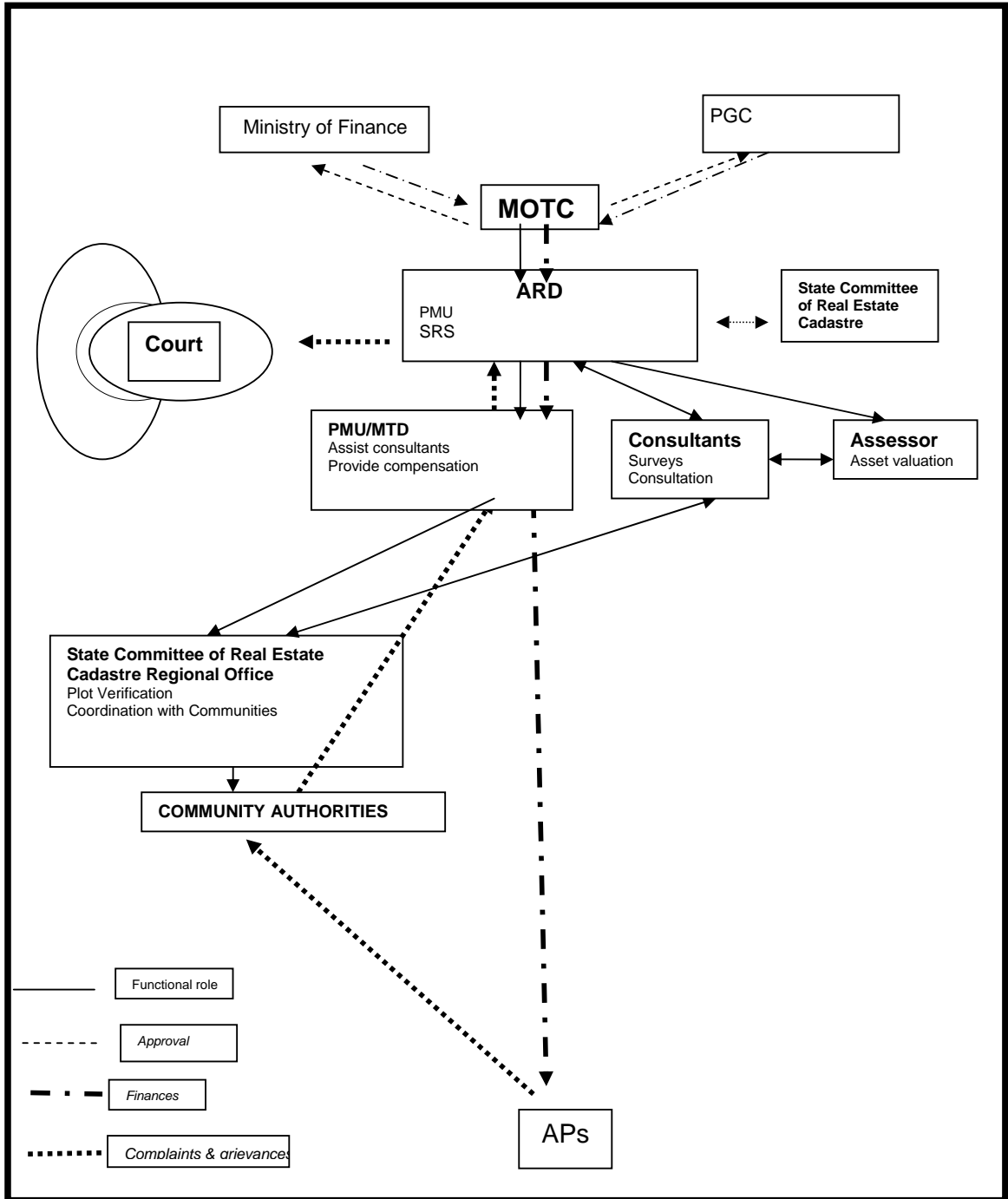
38. Several other institutions will participate to the preparation and implementation of LAR tasks. These are:

- (i) **Ministry of Finance .** The budgets for the implementation of the LARPs will be provided to MOTC by the Ministry of Finance following the official approval of the final LARPs.
- (ii) **State Committee of Real Estate Cadastre of the Government of the Republic of Armenia.** The State Committee of Real Estate Cadastre of the Government of the Republic of Armenia is responsible for legal matters regarding land ownership, and is in charge of the registration of land ownership.
- (iii) **Local Courts.** In case of expropriation issues MOTC will have to rely on the Marz court which based on due legal process will have to review the expropriation cases, carry out a hearing and decide whether the land can be expropriated and at what price. In order to expedite the expropriation process MOTC will negotiate with the courts a fast-tracked action plan.

I.3. ADB.

39. Beside supervising periodically the Project ADB will review all LARPs and provide clearance to contract awards signing and initiation of civil works to all subprojects with LAR.

Figure 1: LAR Organogram and Action



J. COMPLAINTS AND GRIEVANCES

40. A grievance mechanism will be available to allow an AP appealing any disagreeable decision, practice or activity arising from land or other assets compensation. The Grievance resolution process will follow the steps defined below in Table 3.

Table 3: Grievance Resolution Process

Land/ Crops Compensation Issues
1. First, complaints resolution will be attempted at community level with the involvement of the community authorities and informal mediators.
2. If still unsettled, a grievance can then be lodged to the MOTC, which will forward it to the ARD. Within 15 days the MOTC will dismiss the case or recommend its settlements to the ARD. ⁵
3. If after the intervention and assistance with the MOTC and ARD no solution has been reached, MOTC must consult the PGC for their decision on whether to settle or go to Court. The AP must lodge the complaint within 1 month after receiving response on the original complaint from the MOTC and must produce documents supporting his/her claim. The PGC will provide a response within 15 days of registering the complaint. The PGC decision must be in compliance with these RF provisions.
4. Should the grievance redress system fail to satisfy the AP, they can pursue further action by submitting their case to the appropriate court of law.

K. MONITORING AND EVALUATION

41. LAR under the Project will be subjected to both internal and external monitoring. Internal monitoring will be conducted by ARD/PMU. External monitoring will be assigned to an Independent Monitoring Agency to be hired by MOCT and approved by ADB. The IMA will be selected among Non-Governmental Organization (NGOs), academic Institutions, or consulting firms. ADB will advise MOCT on the IMA's terms of reference once Project implementation has begun.

K.1. Internal Monitoring

42. Internal monitoring will be carried out routinely by ARD/PMU either directly or through the services of a consultant. The results will be communicated to ADB through the quarterly project implementation reports. Indicators for the internal monitoring will be those related to process and immediate outputs and results. This information will be collected directly from MTD and reported monthly to ARD/MOCT to assess the progress and results of LARP implementation, and to adjust the work program, if necessary. The monthly reports will be quarterly consolidated in the standard supervision reports to ADB. Specific monitoring benchmarks will be:

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

43. The above information will be collected by ARD/PMU which is responsible for monitoring the day-to-day resettlement activities of the project through the following instruments:

⁵ Note that this grievance mechanism has been in existence in Armenia for some time ARD has found it to work quite well in protecting AP interests.

- (i) Review of census information for all APs;
- (ii) Consultation and informal interviews with APs;
- (iii) In-depth case studies;
- (iv) Sample survey of APs;
- (v) Key informant interviews; and
- (vi) Community public meetings.

K.2. External Monitoring

44. External monitoring will be carried out in parallel with the implementation of each LARP and will result in a quarterly report and in a final compliance report indicating whether the compensation program has been carried out based on the provisions of this LARF and ADB policy and with the satisfaction of the APs. The compliance report will be communicated to ARD/MOCT and ADB and will be a condition to start civil works. External monitoring for the first tranche will be carried out by an IMA to be selected and hired, in consultation with ADB, among NGOs, Academic Institutions or independent consultants by ARD. For tranches after the first external monitoring will be carried out by the supervision consultant. Indicators for External Monitoring tasks will include:

- (i) Review and verify internal monitoring reports prepared by ARD/MOCT;
- (ii) Review of the socioeconomic baseline census information of pre-displaced persons;
- (iii) Identification and selection of impact indicators;
- (iv) Impact assessment through formal and informal surveys with the affected persons;
- (v) Consultation with APs, officials, community leaders for preparing review report; and
- (vi) Assess the resettlement efficiency, effectiveness, impact and sustainability, drawing lessons for future resettlement policy formulation and planning.

45. As part of the final compliance report the IMA will also assess the status of project affected vulnerable groups such as female-headed households, disabled/elderly and families below the poverty line. The following will be considered as the basis for indicators in monitoring and evaluation of the project:

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

46. The IMA will carry out a post-implementation evaluation of the LARP about a year after completion of its implementation. The compelling reason for this study is to find out if the objectives of the RP have been attained or not. The benchmark data of SES of severely affected APs conducted during the preparation of the LARP and Poverty Social Assessment (PSA) will be used to compare the pre and post project conditions. The IMA will recommend appropriate supplemental assistance for the APs should the outcome of the study show that the objectives of the LARP have not been attained.

L. CAPACITY BUILDING AND TRAINING IN LARP IMPLEMENTATION

47. All concerned staff involved in LAR tasks at ARD/PMU will undergo a two days-long orientation and training in ADB resettlement policy, management and Armenian legislation related to LAR. The training will be provided by the international and local Resettlement specialists of the project preparation consultants. Training will cover the following topics:

- (i) Principles and procedures of land acquisition;
- (ii) Public consultation and participation;
- (iii) Entitlements and compensation and assistance disbursement mechanisms;
- (iv) Grievance redress;
- (v) Monitoring of resettlement operations; and
- (vi) Differences between the provisions of ADB policy and Armenian laws on resettlement.

M. RESETTLEMENT BUDGET AND FINANCING

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

49. Being the project owner, MOCT is responsible for the timely allocation of the funds needed to implement the RPs. Allocations will be reviewed twice a year based on the budget requirements indicated by the LARPs. As per the LAR finances flow the budget for compensation and rehabilitation will be directly disbursed by MOCT to the AP.

N. LARP IMPLEMENTATION PROCESS

50. Based on experience in Armenia the Preparation and implementation of a LARP may take up to a few months. The basic LAR-related steps for the preparation and implementation of a LARP are summarized on Box 1 below.

BOX1: LAR TASKS PROCESS

<u>Step</u>	<u>Action</u>	<u>Responsibility</u>
A.	LARP PREPARATION	
1	Assessment of Project's Poverty and Social Impacts	Consultant
2	Finalization of Detailed design	Design consultants
3	Prepare surveys forms for Census and DMS, train local Census and DMS teams, and establish coordination with relevant local governments	Consultant
4	Collection of cadastral and land parcel maps of the project area	Consultants/ARD/PMU
5	Verify land records in affected areas, update cadastral maps and carry out impacts and valuation surveys – Detailed Measurement Survey (DMS)	Consultant/ARD/PMU –SRS
6	Conduct public consultations	Consultant/ARD/ PMU-SRS
7	Negotiations with APs	Consultant/ARD/MTD
8	Integrate data from Census into the RP	Consultant
9	Submission of LARP to MOCT, local governments and ADB for approval	Consultant/ARD/PMU/ADB
10	Disclosure	Consultant/ARD/PMU

Step	Action	Responsibility
B. LARP Finalization (Detailed Design)		
1	Detailed Design	Design Consultant
2	Review of impacts and AP lists based on detailed design	Consultant/ ARD/PMU/ MTD
3	Review of prices based on the updated rate	Consultant/ ARD/PMU/ MTD
4	Legalization of legalizable	Consultant/ ARD/PMU/ MTD
5	Preparation of the final LARP	Consultant/ARD/PMU
6	ADB Approval	ADB
7	Final RP disclosure: Distribution of RP and information pamphlets in Armenia in the affected communities; posting of RP in English on the ADB website	ARD/PMU/Consultant/MTD/ADB
8	Signing of civil contract award	ADB/ MOCT
C. RP IMPLEMENTATION		
1	Approval of Contract awards Signing	ADB
2	Detailed Schedule for compensation action plan	ARD/ MOCT
3	Distribution of Relocation Notices to APs	MOCT / ARD/PMU/ MTD
4	Award of Cheques for Land Compensation	MOCT / ARD/PMU/ MTD
5	Award of Cheques for other Compensation & Assistance/ Rehabilitation	MOCT / ARD/PMU/ MTD
6	Demolishing/ Relocation of Affected Structures/Assets	MOCT
7	Review of RP Implementation through a compliance report	MOCT /ARD/IMA/ADB
8	If RP Implementation found satisfactory, Notice to proceed for Civil works is issued	ADB/ MOCT
D. POST-IMPLEMENTATION TASKS		
1	Independent evaluation of LARP	IMA
E. CYCLICAL/CONTINUOUS TASKS		
1	Internal monitoring. Quarterly reporting to ADB	ARD/PMU
2	External Monitoring. Semi-annual reporting to ADB	IMA/Supervision Consultant
3	Grievances Redress/Law Suites	MOTC/ARD/PGC /Court
4	Inter-agency coordination and Communication with AP	MOCT /ARD/ MTD

ANNEX A OUTLINE OF A STANDARD LARP

1. **LAR Issues for the Scheme.** This chapter describes the scheme activities and items requiring LAR; alternative options, if any, considered to minimize land acquisition and its effects; and why remaining effects are unavoidable.
2. **Scope of Land Acquisition and Resettlement.** This chapter describes the preparation of the impacts (who carried it out and when it was initiated) and provides a full assessment of each type of impact and a census of affected peoples as described in the LARF. The chapter also includes a description of the methodology followed to determine unit-compensation rates for each affected item and subsidy/allowance.
3. **Objectives, Policy Framework, and Entitlements.** Based on the LARF, this chapter outlines the eligibility and compensation framework for the scheme.
4. **Consultation and Grievance Redress Participation.** This chapter summarizes procedures for redress of grievances by people affected described in LARF and describes the consultation/participation process and grievance redress that occurred in the subproject at hand.
5. **Compensation, Relocation, and Income Restoration.** This chapter outlines the income restoration measures to be implemented.
6. **Institutional Framework.** This chapter outlines the institutional arrangements for the scheme based on this LARF. It includes the following issues: responsibilities for main tasks and for planning, negotiating, consulting, approving, coordinating, implementing, financing, monitoring, and evaluating land acquisition and resettlement.
7. **Resettlement Budget and Financing.** This chapter provides the unit compensation rate for each affected item and assesses the LAR budget for the scheme. The LAR budget will include land acquisition and eventual land acquisition costs, amounts due for crop compensation and for the subsidies and allowances, monitoring and evaluation costs, and administrative costs and will be adjusted for inflation and applicable taxes.
8. **Implementation Schedule.** This chapter provides a time schedule showing the LAR process and linking LAR tasks with civil works implementation.
9. **Monitoring and Evaluation.** This chapter specifies arrangements for routine and independent monitoring and evaluation activities.