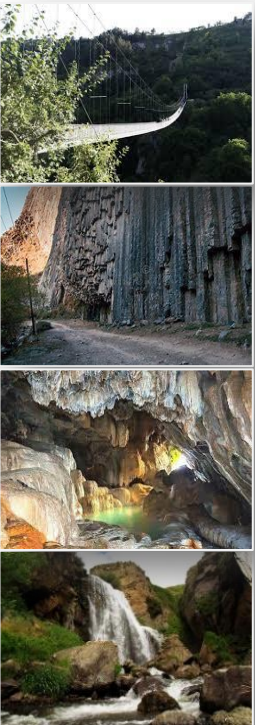




# ARMENIA TOURISM REGIONAL INFRASTRUCTURE

## RESETTLEMENT FRAMEWORK





**ARMENIAN TERRITORIAL DEVELOPMENT FUND**

**ARMENIA TOURISM REGIONAL INFRASTRUCTURE  
IMPROVEMENT PROJECT**

P504282

**RESETTLEMENT FRAMEWORK**

[FEBRUARY 14, 2025]

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## Acronyms

ATDF	Armenian Territorial Development Fund
CDP	Cluster Development Plans
CERC	Contingent Emergency Response Component
DC	Design Consultant
DMO	Destination Marketing organization
EMA	External Monitoring Agency
ESF	Environmental and Social Framework
ESS	Environmental and Social Standard
FCV	Fragility, conflict, and violence
FS	Feasibility studies
GM	Grievance Mechanism
GoA	Government of Armenia
GM	Grievance Mechanism
LEIDP	Local Economy and Infrastructure Development Project
LIP	Livelihood Improvement Plan
MoE	Ministry of Economy
MOU	Memorandum of Understanding
PAHH	Project Affected Household
PAP	Project Affected Person
PT	Project Team
RA	Republic of Armenia
RF	Resettlement Framework
RP	Resettlement Plan
TA	Technical assistance
TC	Tourism Committee
TOR	Terms of Reference
TRIP	Tourism Regional Infrastructure Project
WB	World Bank

## Definitions

- **Inventory** includes a detailed account, derived through a consultative, impartial and transparent process, of the full range of rights held or asserted by affected people, as well as those based on custom or practice, secondary rights such as rights of access or use for livelihoods purposes, rights held in common, etc.
- **Cut-off date** for determining eligibility for compensation or other assistance. Information regarding the cut-off date will be well documented and will be disseminated throughout the project area at regular intervals in written and (as appropriate) non written forms in Armenian language. This will include posted warnings that persons settling in the project area after the cutoff date may be subject to removal.
- **Disadvantaged or vulnerable** refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.
- **Eligibility** – Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cutoff dates.
- **Forced eviction** is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/ or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in ESS5. The exercise of eminent domain, compulsory acquisition or similar powers by a Borrower will not be considered to be forced eviction providing it complies with the requirements of national law and the provisions of ESS5, and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force).
- **Grievance mechanism** is a process, or procedure to receive and facilitate resolution of concerns and grievances of project-affected parties arising in connection with the project, in particular about the Borrower's environmental and social performance. The grievance mechanism will be proportionate to the risks and impacts of the project.
- **Involuntary resettlement** - The term "involuntary resettlement" refers to impacts when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.
- **Land acquisition**-Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both. The term "involuntary resettlement" refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement
- **Land** includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and apparent water bodies.

- **Livelihood** refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.
- **Physical displacement** is relocation, loss of residential land or loss of shelter.
- **Economic displacement** refers to affecting livelihoods or income generation, leading to loss of income sources or other means of livelihood.
- **Replacement cost** is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material and labor for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure compensation at replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.
- **Restrictions on land use** refers to situations that cause a community or groups within a community to lose access to resource usage where they have traditional or customary tenure, or recognizable usage rights . This may include situations where legally designated protected areas, forests, biodiversity areas or buffer zones are established in connection with the project limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, restrictions on land use within utility easements or safety zones.
- **Resettlement Plan (RP)** – the planning document that describes what will be done to address the direct social and economic impacts associated with involuntary resettlement as per this RF; An abbreviated RP is a shorter form of resettlement action plan that can be done when expected impacts are not severe and affect few (e.g., fewer than 10) persons or households.
- **Resettlement Framework (RF)** - The purpose of the resettlement framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation (see ESS5, para . 25) . Once the subproject or individual project components are defined and the necessary information becomes available, such a framework will be expanded into a specific plan proportional to potential risks and impacts. Project activities that will cause physical and/or economic displacement will not commence until such specific plans have been finalized and approved by the Bank.
- **Census survey** – The findings of a household-level census identifying and enumerating affected persons, and, with the involvement of affected persons, surveying land, structures and other fixed assets to be affected by the project.
- **Stakeholders** – include communities, groups, or individuals affected by the project, and other interested parties.

# 1. Introduction

1. The purpose of this Resettlement Framework (RF) document is to establish terms of agreement between relevant authorities in the Government of the Republic of Armenia and the World Bank regarding principles and procedures to be used in subsequent preparation of a Resettlement Plan (RP) or Resettlement Plans (RPs).<sup>1</sup> World Bank approval of an RP (or RPs) is required before project authorities invite bids for any contracts in which works are expected to involve physical or economic displacement as a result of land acquisition or restrictions on access or use of natural resources.
2. The RF is intended to avoid or minimize any adverse impacts associated with physical or economic displacement, and to ensure arrangements are in place to mitigate any adverse impacts that may occur. The Government of Armenia (GoA) hereby agrees to apply the principles, procedures, and standards incorporated in ESS5 of the World Bank ESF if obtaining any sites for project use would cause economic displacement<sup>2</sup> or physical displacement.<sup>3</sup>
3. This RF is intended to utilize the existing legal and policy framework of Armenia, incorporating any supplementary measures necessary to achieve consistency with ESS5 principles and standards.

## 1.1 Project Description

4. The project would support interventions for sustainable, inclusive, and resilient regional development in seven prioritized clusters of (i) Areni; (ii) Gyumri; (iii) Goris; (iv) Dilijan; (v) Dvin; (vi) Jermuk and (vii) Yeghegis. The main project interventions will address the key constraints to livability and balanced regional development in each of the clusters, including addressing a lack of adequate basic infrastructure and services, and diversification of tourism-related offerings.
5. TRIP consists of four integrated components that will collectively contribute to improving the access to climate-resilient infrastructure for the benefit of local communities and visitors, enhancing the attractiveness of selected sites, enabling job creation, and increasing the contributions to the local economy from the tourism sector.
6. Component 1: Fostering Integrated and Sustainable Cluster Development will finance technical assistance (TA), consultancy services, goods and equipment, for, inter alia, the preparation of Cluster Development Plans (CDPs) and the associated analytical and technical studies to develop and implement the CDPs. The CDPs will help facilitate integrated and sustainable development and comprise the overall vision for the cluster over a 10-year planning horizon, including the detailed development plans covering the short, medium, and long term for capitalizing on each cluster's potential for tourism development and job creation. The CDPs will be approved by the Project Steering Committee (PSC)<sup>4</sup> and will serve as the guiding document for prioritizing interventions under the respective clusters, including their overall management, and operations and maintenance provisions. The following main technical assistance activities are envisioned under this component include:

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<sup>1</sup> To ensure that the relevant authority is aware of its obligations, it is recommended that the RF be accompanied by a provision of a transmittal letter, signed by the chief executive (or similar relevant authority) of the implementing agency.

<sup>2</sup> As described in ESS5, Paras. 33–36.

<sup>3</sup> As described in ESS5, Paras. 33–36

<sup>4</sup> The PSC is chaired by the Deputy Prime Minister and further described in “Section III. Project implementation.”

- (a) Development and finalization of CDPs for Dilijan, Dvin, Goris, Jermuk, and Yeghegis to be approved by the Project Steering Committee<sup>5</sup>. The CDPs will consider green, resilient, and inclusive development approaches and ensure coherence with existing regional and other municipal development plans. Demand assessments and economic analysis will be undertaken as part of the CDP development, and the priorities for cluster development will be selected through participatory approaches engaging with the local communities, businesses, and other stakeholders. The CDPs will be informed by Climate-Smart Action Plans that identify low-carbon and adaptation investment options for the clusters<sup>6</sup>. The CDPs will also aim to maximize the employment potential of the clusters within the tourism and tourism-related sectors. Prioritized interventions from the CDPs will be undertaken under Component 2.
  - (b) Preparation of climate and disaster resilient zoning and master plans, investment planning studies, and other analytical work (e.g. feasibility studies) as required to inform preparation, development and finalization of CDPs.
  - (c) Public awareness campaigns and associated citizen engagement activities during and after preparation of CDPs to foster local ownership, inform future urban and spatial planning, and support decision-making.
  - (d) Development of site management and/or operational and maintenance plans for selected tourism assets and cultural heritage sites to support natural, cultural and social asset monitoring and preservation for long-term sustainable operations and management of the touristic assets.
  - (e) Conducting surveys and other tourism data acquisition activities for the collection of anonymized information and reporting of local tourism statistics through tourism stakeholders, such as the Tourism Committee, local Destination Management Offices (DMO)'s, and other tourism stakeholders.
  - (f) Support to the establishment and/or operations of DMOs in Areni, Dilijan, Yeghegis and Jermuk clusters through provision of trainings and capacity building, goods and equipment.
  - (g) Leadership training activities and promoting local participation of women to assume leadership roles in decision-making bodies within the tourism value chain, including through increased representation in Local Working Groups (LWG) under the Project<sup>7</sup> and supporting women with the necessary capacity building and skills enhancement.
7. Component 2: Supporting climate-resilient infrastructure and promoting private sector participation in local economies aims at closing the identified gaps across all seven clusters and tackling no-regret improvements to basic infrastructure, tourism and service delivery from the regional and tourism development perspectives across the seven project-supported priority clusters. Selection of the activities under this component will be informed by the CDPs developed and completed under component 1. The component will finance feasibility studies, engineering and technical site surveys, management and supervision consultant services, and other technical assessments, architectural and detailed engineering designs, and civil works. The component includes the following sub-components:
  8. Subcomponent 2.1: Rehabilitating and upgrading infrastructure and services will finance consultant services and civil works for improving basic and tourism-relevant infrastructure, and urban upgrading to improve access to touristic sites and surrounding areas. All the infrastructure will be designed and implemented to withstand climate and disaster risks, including earthquakes, in accordance with Armenia's norms and building

<sup>5</sup> The CDP for Areni was developed under LEIDP, and the potential investments will be designed under TRIP once it is effective. For Gyumri, TRIP will utilize the existing strategies and development plans already developed, and a new CDP will not be developed.

<sup>6</sup> See also Section IV: Project Appraisal Summary. Paris Alignment of the PAD.

<sup>7</sup> For more information on the LWGs, please see "Institutional and Implementation Arrangements" under Section III: Project Implementation.



standards, and considering global best practice. The investments under the component will include, but are not limited to, the following activities<sup>8</sup>:

- (a) Improving the quality and condition of roads and transport-related infrastructure, including promoting the adoption of green and eco-friendly alternative modes of transportation (e.g., public transport systems such as ropeways, electric buses, cycling, etc.). This activity will include construction, rehabilitation/improvement, and/or maintenance of roads and bridges, expansion of pedestrian zones, streets capping and installation of light-emitting diode (LED) street lighting, and use of other green infrastructure elements for climate resilience and enhancing the attractiveness of streets, access roads, and parking areas. The investments will be designed in accordance with national standards and consider global best practices for disability inclusion as well as improving climate and disaster resilience (e.g., introducing flood mitigation and erosion control measures). The improvements will also include facilities for public transportation to improve access to the tourism facilities and the sites, parking, and pedestrian connectivity to encourage more non-motorized access to key attractions.
  - (b) Upgrading of basic infrastructure and services and rehabilitation of municipal infrastructure, including improving existing local water supply connections; rehabilitation and upgrading of sewerage systems, and wastewater collection and discharge systems; and improvements for proper storm water management. The sub-component will also seek to support the rehabilitation and/or upgrading of telecommunications infrastructure to improve digital access and connectivity of local communities and businesses.
  - (c) Enhancing the attractiveness of public areas and spaces, including rehabilitation and/or expansion of green spaces, public park upgrading, streetscaping, and the provision of related urban amenities for satisfactory touristic experiences.
  - (d) Provision of tourism-related infrastructure and services, including the construction or rehabilitation of tourism facilities, such as destination management offices and museums, and the preservation and improvement of cultural heritage assets. The rehabilitation of facilities will prioritize energy efficiency improvements, and all newly constructed buildings will adhere to energy efficiency standards at least equivalent to Excellence in Design for Greater Efficiencies Standards (EDGE-Level) 1. The designs will also include considerations for reducing waste, using low-carbon materials, and enhancing water use efficiency.
  - (e) Support for Public-Private investments (PPI), which includes the provision of complementary public infrastructure improvements to attract private investments. This activity would provide public infrastructure required to ensure the viability of commercial investments, such as new or rehabilitated adjacent public facilities, roads and streets, water and sanitation, and telecommunications<sup>9</sup>. Based on demonstrated interest and commitment by the private sector entities, this activity will aim to contribute to the enabling environment for wider economic development and crowding in of commercial investments. The specific procedures for identifying, selecting and processing of PPI investments will be elaborated in the POM.
9. Finalizing the CDPs is not a pre-requisite for initiating activities under component 2. While the CDPs are being prepared, the type of eligible sub-projects for component 2 is limited to investments that would be beneficial to the community and tourism development, regardless of the final outputs of the CDPs—i.e., ‘no regret’ investments. The potential no-regret investments are described included in Annex 2.

<sup>8</sup> The potential list of interventions in each cluster and their readiness is provided in Annex 2.

<sup>9</sup> Proposal submission, selection procedures and criteria for approval will be specified in the Project Operations Manual.

10. Subcomponent 2.2: Fostering private sector participation, enhancing professional skills, and enabling job creation (US\$5 million) will finance consultant services for promotion of the clusters and increasing the participation of local firms and individuals in the tourism sector for local economic development. Proposed activities will include:
- (a) Branding, marketing, and promotion activities within the tourism value chain.
  - (b) Promoting public private partnerships (PPPs), including the assessment, design, and preparation of potentially viable PPPs to be identified under the CDPs e.g., the need for long-term arrangements for operations and maintenance of tourism-related public transport systems (e.g., proposed ropeway system under consideration in Dilijan).
  - (c) Providing professional skills development in the HoReCa (Hotel, Restaurant, and Catering) sector for local workers involved in tourism and tourism-related businesses, with priority given to vulnerable and disadvantaged groups (e.g., women, youth and vulnerable groups who may lack the necessary skills, financial ability, and employment opportunities). This will also include the development and implementation of upskilling programs for a targeted number of tourism professionals.
  - (d) Providing on-the-job training (e.g. restaurant and culinary training) and formal learning (e.g. HoReCa certification programs) to be developed and implemented with selected partners active in the sector<sup>10</sup>.
  - (e) Delivering trainings and other capacity building activities for local tourism firms and entrepreneurs that incorporate women's preferences, needs and design contributions through a participatory gender-inclusive process.
  - (f) Developing studies and analytical work to design, support implementation, and/or monitor activities for fostering the creation of job opportunities in the tourism sector across the clusters, including identifying potential interventions that could be supported through the Project.
  - (g) Development and/or promotion of digital tools, such as software applications for providing real-time information on transportation options, events, calendars of festivals, available amenities, hiking trails, and tour builders, for example.
11. Component 3: Program Management and Operational Support (US\$4.5 million) will finance overall project management costs, including operational costs, consulting services, non-consulting services, vehicles, goods, communications, outreach, audits, and training. It will finance the costs of the project implementing agency to carry out project management functions and ensure all project activities meet the Bank requirements related to environmental, social, fiduciary, and technical standards, as well as a monitoring and evaluation consulting firm to support and augment the capacities of the implementing agency's existing internal M&E systems. The component will also seek to enhance capacities of the project implementing agency, the Armenian Territorial Development Fund (ATDF), through training and knowledge sharing activities.
12. Component 4: Contingent Emergency Response Component, CERC (zero allocation). This zero-dollar, ex-ante mechanism will allow for the rapid reallocation of uncommitted project funds towards urgent needs in the event of a disaster (geophysical, climate-related, or man-made), or public health emergency. Such events may include floods, earthquakes, droughts, wildfires, and disease outbreaks. An agreed trigger for the CERC would enable reallocation of the uncommitted project funds to support immediate response and recovery needs from other project components. The positive list of eligible activities will be specified in the CERC Manual, and disbursements would be made against a positive list of critical goods, civil works, and consulting services required to support the immediate response and recovery needs.

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<sup>10</sup> Please refer to "Project Description", subsection "E. Role of Partners" for further details on the proposed activities with partners for providing professional and skills training programs.

## 1.2 Rationale for Preparation of RF

13. At the stage of the Project preparation the team does not have clear information on the extent and scope of resettlement impacts that might occur as a result of the Project activities. Physical construction works envisaged within the framework of the Project can potentially have some negative implications on the communities or project affected persons (PAPs) and may require permanent or temporary loss of land, crops and/or trees, or loss of access; temporary restriction of access to private and public properties, loss or disturbance to small and medium businesses, etc.
14. Resettlement impacts are likely to be related to temporary or permanent land use or acquisition for construction or operation of public infrastructure and/or impacts on small private businesses due to construction or rehabilitation of supporting infrastructure, such as streets, marketplaces, etc. The project will prioritize the avoidance of private land use/acquisition and disruption of operation of private businesses as feasible. All sub-projects will be required to detail all potential resettlement impacts within their designs.
15. Some civil works are anticipated under Component 2 which may result in impacts as detailed below. RPs or Livelihood Improvement Plans (LIPs) will be prepared accordingly to mitigate impacts from such activities.
16. The table below summarizes the likelihood and scale of possible resettlement impacts that may occur under the Project, the likelihood of such impacts, and actions to be taken in the event of their occurrence.

**Table 1. Potential Resettlement Impacts under the Project**

Resettlement Situational Scenario	Probability of Occurrences	Required Deliverables
(a) Land rights or land use rights acquired or restricted through expropriation or other compulsory procedures in accordance with national law;	Moderate	GoA decision on eminent domain, RP developed and approved by the WB and GoA
(b) Land rights or land use rights acquired or restricted through negotiated settlements with property owners or those with legal rights to the land, if failure to reach settlement would have resulted in expropriation or other compulsory procedures; <sup>11</sup>	Moderate	GoA decision on eminent domain, RP developed and approved by the WB and GoA
(c) Affected livelihoods or income generation	Moderate	RP and LIP developed, approved by the WB and Local Self-Governance Bodies
(d) Land acquisition or restrictions on land use affecting commercial enterprises: affected business owners, and affected employees	Moderate	RP and LIP developed, approved by the WB and Local Self-Governance Bodies

<sup>11</sup> Notwithstanding the application of this ESS to such situations, the Borrower is encouraged to seek negotiated settlements with affected persons in a manner meeting the requirements of this ESS in order to help avoid administrative or judicial delays associated with formal expropriation, and to the extent possible to reduce the impacts on affected persons associated with formal expropriation.

(e) Restrictions on land use and access to natural resources that cause a community or groups within a community to lose access to resource usage where they have traditional or customary tenure, or recognizable usage rights. This may include situations where legally designated protected areas, forests, biodiversity areas or buffer zones are established in connection with the project; <sup>12</sup>	Low	Process Framework or LIP developed, approved by the WB and Local Self-Governance Bodies
(f) Relocation of people without formal, traditional, or recognizable usage rights, who are occupying or utilizing land prior to a project specific cut-off date;	Low to moderate	RP developed, approved by the WB and Local Self-Governance Bodies
(g) Displacement of people as a result of project impacts that render their land unusable or inaccessible;	Low	RP developed, approved by the WB and Local Self-Governance Bodies
(h) Restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, fresh water, medicinal plants, hunting and gathering grounds and grazing and cropping areas;	Low	RP developed, approved by the WB and Local Self-Governance Bodies
(i) Land rights or claims to land or resources relinquished by individuals or communities without full payment of compensation; <sup>13</sup>	Low to moderate	RP developed, approved by the WB and Local Self-Governance Bodies
(j) Land acquisition or land use restrictions occurring prior to the project, but which were undertaken or initiated in anticipation of, or in preparation for, the project.	Moderate	RP developed, approved by the WB and Local Self-Governance Bodies

<sup>12</sup> In such situations, affected persons frequently do not have formal ownership. This may include freshwater and marine environments. This ESS does not apply to restrictions of access to natural resources under community-based natural resource management projects, i.e., where the community using the resources collectively decides to restrict access to these resources, provided that an assessment satisfactory to the Bank establishes that the community decision-making process is adequate and reflects voluntary, informed consensus, and that appropriate measures have been agreed and put in place to mitigate adverse impacts, if any, on the vulnerable members of the community

<sup>13</sup> In some circumstances, it may be proposed that part or all of the land to be used by the project is donated on a voluntary basis without payment of full compensation. Subject to prior Bank approval, this may be acceptable providing the Borrower demonstrates that: (a) the potential donor or donors have been appropriately informed and consulted about the project and the choices available to them; (b) potential donors are aware that refusal is an option, and have confirmed in writing their willingness to proceed with the donation; (c) the amount of land being donated is minor and will not reduce the donor's remaining land area below that required to maintain the donor's livelihood at current levels; (d) no household relocation is involved; (e) the donor is expected to benefit directly from the project; and (f) for community or collective land, donation can only occur with the consent of individuals using or occupying the land. The Borrower will maintain a transparent record of all consultations and agreements reached.

17. The works to be implemented under TRIP will be carried out predominantly in areas owned by the state or local municipalities (community<sup>14</sup>) which do not pose significant resettlement risks. However, some use of private land, as well as permanent or temporary disruption to local businesses or income-generating activities may be expected under the project. Adequate mitigation of all impacts to either the property or the incomes and livelihoods of project-affected persons will necessitate compliance with the WB ESF, preparation and implementation of RPs.
18. Although resettlement impacts across different clusters are expected to be minimal, the investments in the Gyumri cluster will potentially affect one of Armenia's largest and most active outdoor markets, located on Shahumyan Street in the center of Gyumri. The current infrastructure at the market is rundown, with vendor kiosks irregularly constructed and lacking an overall spatial and operational plan. Investments in this cluster, among others, would aim to revitalize the city market (a cultural heritage site) and improve the surrounding infrastructure, creating a better platform to showcase local cuisine and other traditional aspects of community life, such as the establishment of a social kitchen. This activity will likely require the temporary, and in some cases permanent, discontinuation of trading for several dozen street vendors who have their booths set up in front of the old city market building on Shahumyan Street. The municipality's partner for this project is TUMO - Center for Creative Technologies, which will be responsible for developing the concept and design of the marketplace.
19. The implementation of this subproject will require development and implementation of an RP and/or LIP by hired experienced consultancy company/ies and involvement of an External Monitoring Agency to monitor the results of the RP/LIP implementation. The implementation of this subproject will also require active involvement of the TC/MoE to prepare and circulate the draft Eminent Domain decree to be issued by the RA Government, as well as to secure funds for resettlement compensation. ATDF will collaborate closely with TUMO - Center for Creative Technologies, which is responsible for developing the detailed design of the marketplace, to ensure that all activities comply with ESS5 and the RF. ATDF will be in charge of developing and implementing RPs and LIPs, working in partnership with TUMO and the local municipality. The Gyumri municipality will support ATDF by providing alternative areas for the temporary relocation of PAPs and assisting in complex situations involving PAPs and conflict resolution.

### 1.3 Key Principles

20. In World Bank-assisted projects, borrowers are expected to take all feasible measures to avoid or minimize adverse impacts from land acquisition and restrictions on land use associated with project development. The fundamental objective of ESS5 is to ensure that, if physical or economic displacement cannot be avoided, displaced persons (as defined below) are compensated at the replacement cost for land and other assets, and otherwise assisted as necessary to improve or at least restore their incomes and living standards.
21. Other ESS5 objectives include:
  - a) To avoid forced eviction<sup>15</sup>

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<sup>14</sup> Communities are local self-governing administrative territorial units in Armenia. Communities include one or more settlements. All settlements in Armenia are included in communities, either separately or together with other settlement(s). The cities of Yerevan and Gyumri are also communities.

<sup>15</sup> Defined as the removal against the will of individuals, families, and/or communities from the homes and/or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures in ESS5.

- b) To improve living conditions of poor or vulnerable persons who are physically displaced, through provision of adequate housing, access to services and facilities, and security of tenure<sup>16</sup>
  - c) To conceive and execute resettlement activities as sustainable development programs, providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project warrants
  - d) To ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.
22. Displaced persons (ESS5, Para. 10) are defined as any persons subjected to project-related adverse impacts who (a) have formal legal rights to land or assets; (b) have a claim to land or assets that is recognized or recognizable under national law; or (c) who have no recognizable legal right or claim to the land or assets they occupy or use. The term incorporates all potential categories of persons affected by land acquisition and associated impacts; all of those adversely affected are considered “displaced” under this definition regardless of whether any relocation is necessary.
23. Replacement cost (ESS5, Para. 2, footnote 6) is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement materials and labor for construction of structures or other fixed assets, plus all transaction costs associated with asset replacement. In all instances where physical displacement results in loss of substandard shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets minimum community standards of quality and safety.
24. ESS5 also establishes key principles to be followed in resettlement planning and implementation. These include:
- a) All displaced persons are entitled to compensation for land and attached assets, or to alternative but equivalent forms of assistance in lieu of compensation; lack of legal rights to the assets lost will not bar displaced persons from entitlement to such compensation or alternative forms of assistance.
  - b) Compensation rates refer to amounts to be paid in full to the eligible owner(s) or user(s) of the lost asset, without depreciation or deduction for fees, taxes, or any other purpose.
  - c) Compensation for land, structures, non-harvested crops, and all other fixed assets should be paid prior to the time of impact or dispossession.
  - d) When cultivated land is to be taken for project purposes, the implementing agency seeks to provide replacement land of equivalent productive value if that is the preference of the displaced persons.
  - e) Community services and facilities will be repaired or restored if affected by the project.
  - f) Displaced persons should be consulted during preparation of the RP, so that their preferences are solicited and considered.
  - g) The RP (in draft and final versions) is publicly disclosed in a manner accessible to displaced persons.

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<sup>16</sup> Security of tenure means that displaced persons are resettled to a site that they can legally occupy, where they are protected from the risk of eviction and where the tenure rights provided to them are at least as robust as those they had prior to displacement.

- h) A grievance mechanism by which displaced persons can pursue grievances will be established and operated in a responsive manner.
- i) Negotiated settlement processes are acceptable as an alternative for legal expropriation if appropriately implemented and documented.<sup>17</sup>
- j) Land donation is acceptable only if conducted in a wholly voluntary manner and appropriately documented.<sup>18</sup>
- k) The Borrower bears official responsibility for meeting all costs associated with obtaining project sites, including compensation and other considerations due displaced persons. The RP includes an estimated budget for all costs, including contingencies for price inflation and unforeseen costs, as well as organizational arrangements for meeting financial contingencies.
- l) Monitoring arrangements will be specified in the RP, to assess the status and effectiveness of RP implementation.

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<sup>17</sup> Appropriate principles for negotiated settlement transactions include (a) intended project sites are screened to identify competing claims to ownership or use, or other encumbrances that would impede two-party negotiations; (b) if the site is collectively or communally owned or used, the negotiation process includes those individuals or households who directly occupy or use it; (c) prior to negotiations, owners or users are informed by project authorities of their intent to obtain relevant land (and other assets) for project use; (d) owners or users are informed of their rights and options to pursue legal remedies or other actions, and sign a declaration indicating willingness to negotiate; (e) at the onset of negotiations, project negotiators present the owner or user with a proposed package of compensation or other beneficial considerations, along with an explanation as to the basis of this initial offer; (f) owners or users are informed that they may make counterproposals as they may see fit; (g) negotiations are conducted without resort to coercion or intimidation in any form; (h) an agreement establishing payment amounts or other agreed considerations is written, signed, and recorded; (i) payment of compensation and provision of any other agreed considerations is completed prior to taking possession for project use; and (j) owners or users retain the right of access to the grievance mechanism if they have complaints regarding any aspect of the negotiated settlement process.

<sup>18</sup> Any land or asset donation for project use will be consistent with these principles: (a) the potential donor is informed that refusal is an option, and that right of refusal is specified in the donation document the donor will sign; (b) donation occurs without coercion, manipulation, or other pressure on the part of public or traditional authorities; (c) the donor may negotiate for some form of payment, partial use rights, or alternative benefits as a condition for donation; (d) donation of land is unacceptable unless provision is made to mitigate any significant impacts on incomes or living standards of those involved; (e) donation of land cannot occur if it were to necessitate any household relocation; (f) for community or collective land, donation can only occur with the consent of individuals directly using or occupying the land; (g) the land to be donated is free of encumbrances or encroachment by others who may be adversely affected; (h) any donated land that is not used for its agreed purpose by the project is returned to the donor in a timely manner; and (i) each instance of land donation is documented, including a statement identifying the land or assets donated and terms of donation, which is signed by each owner or user. Persons donating land or assets for project use may use the project grievance mechanism to raise complaints regarding any aspect of the donation process.

## 2. Institutional and Legal Framework

### 2.1 Institutional Arrangements

25. Several institutions, each with different roles and responsibilities, will be responsible for overseeing and implementing the RF while developing and implementing subsequent RP(s) and/or LIPs. The key institutions that play a role in resettlement and resettlement issues associated with the implementation of the TRIP are listed below. A diagram illustrating the key actors, including their interrelationships, is presented in Figure 1.
26. The MoE will provide the overall decision making and strategic leadership of the Project. The Tourism Committee (TC), under the MoE, serves as the primary government agency with the mandate for tourism development and promotion in the country. In this capacity, the TC will play a critical role of supporting the formulation and identification of investments under the project, and will be the main counterpart in the MoE responsible for coordination and policy support across the project. The TC will be responsible for coordination of relations with state agencies including national and local government authorities, drafting and circulating government decisions on eminent domain and financial management of RP as necessary.
27. The Armenian Territorial Development Fund (ATDF) will serve as the Project Implementing agency. ATDF will be responsible for the execution of all project activities and fiduciary responsibilities, including procurement and financial management, environment and social (E&S) monitoring, and all related responsibilities regarding technical assessment, design, and civil works, including works supervision, monitoring, and evaluation (M&E), and reporting.
28. A High-level Project Steering Committee (PSC) will be established to provide overall oversight and inter-agency coordination of project implementation. A Working Group will be established to facilitate working-level coordination and project implementation between the MoE and ATDF.
29. The responsibility for the assessment of social risks associated with the resettlement, provision of the respective conclusions and preparation of any RPs required will reside with a group of specialists at the ATDF. The group will include the project coordinator, legal, environmental and social specialists. Day-to-day responsibility will reside with the social specialist and the project coordinator who will receive baseline information with the help of civil engineers of the Project, carry out visual inspection of the site and prepare the above-mentioned documents. The ATDF will send RPs to the World Bank for approval. RPs must be approved by the World Bank before their implementation can begin. The ATDF will establish a Resettlement Plan Implementation Unit (RPIU) that will directly coordinate these activities and ensure overall compliance with the RP by all relevant project partners.
30. The ATDF will have final responsibility for initiating and implementing all activities related to the resettlement policy.
31. As the main supervisory body, the ATDF through the RPIU will oversee all aspects of the RF implementation. The ATDF will:
  - be the initiating agency for the preparation and implementation of RPs aimed at mitigating impacts of the TRIP sub-projects;
  - contract consultants to conduct census of PAPs (Annex B and C), asset inventory (Annex D), socio-economic survey of the project affected households (PAHH), supervision and valuation consultants as specified below to facilitate the process of PAP compensation and rehabilitation; monitoring and evaluation of RP implementation;



- approve recommendations on compensation, rehabilitation, livelihood restoration support or other forms of assistance.

32. The ATDF can be supported by different consultants in the resettlement-related tasks and activities, particularly:

- a. **Design Consultant** (DC) will prepare designs for the sub-projects. The DC will be responsible for the determination of the sub-project alignment and location in accordance with RF principles to avoid or minimize the Project resettlement impact. The DC (through a subcontractor) will be responsible for the collection of data on the affected land plots, assets as well as PAPs and their families/households for Census and Socio-economic survey as needed, dissemination of the Project and component related information during design stage.
- b. **Supervision Consultant** will be appointed to supervise the construction works and ensure its compliance with the design as well as all social and environmental requirements of the Project. Supervision consultant will provide monitoring data on social management to the ATDF.
- c. **Licensed valuator** will be contracted to carry out assessment of the affected assets and calculation of the compensation in accordance with the RA Valuation law and standards, ESS5 and this RF as needed.
- d. **Survey Consultant** will be contracted to carry out census and socio-economic survey (SES) among the PAHHs and prepare a report on the results.
- e. **RP preparation consultant** will be contracted to develop RPs ensuring compliance with regulations and proper stakeholder engagement where resettlement processes are complex and include large number of PAPs.
- f. **RP implementation consultant** will be contacted to implement RPs through engaging with PAPs, providing technical guidance on legal requirements and ensuring compliance of RPs.
- g. **External monitoring consultant** will be contracted to develop monitoring and compliance reports on resettlement progress and completion, as well as to conduct post-RP social impact assessments upon need.

33. The ATDF will hire or assign a Resettlement consultant or specialist for the preparation of the RP in the design phase. In this case, the ATDF will not directly contract a licensed valuator and a survey consultant, as DC will subcontract those consultants for RP preparation. If the scope of the resettlement impact is extensive, the ATDF may contract a specialized consultant for RP preparation and implementation, as well as an external monitoring consultant.

34. The other agencies involved in resettlement implementation include:

***Ministry of Finance***

35. The Ministry of Finance will provide the budgets for the implementation of the RPs to the MoE/TC following the official approval of the final RPs by the GoA.

***Cadastre Committee***

36. The Cadastre Committee is an executive authority which elaborates and implements the policies of the RA Government in the area of maintaining the unified national cadaster of real estate. The Cadastre Committee is responsible for providing information about the status of real estate ownership, and is in charge of the state registration of ownership.

***Regional and Local Authorities***

37. The regional and local authorities will support social impact assessment-related surveys, consultations with PAPs, and complaints resolution. They may also cover small-scale resettlement costs from municipal budgets, which should be discussed with them during the pre-design stage. At the early design stage, a Memorandum of Understanding (MOU) will be signed with the authorities to confirm their commitment to cover small-scale resettlement costs.

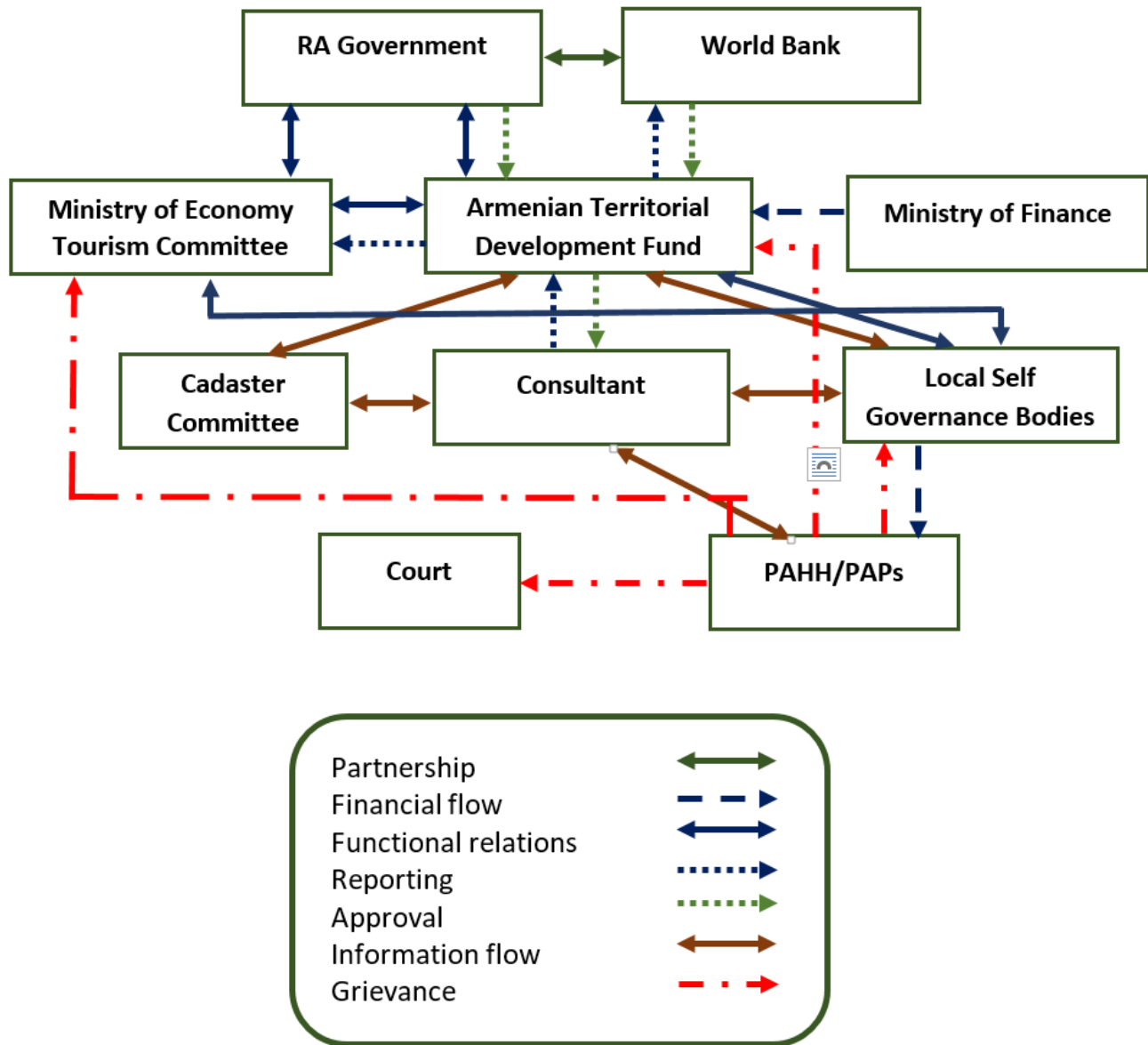


Figure 1 - Overview of key actors in resettlement implementation

## 2.2 Legal Framework

38. The RA legal framework for land acquisition and resettlement issues mainly consist of the following laws, regulations and legal acts:

- 1) The Constitution of the Republic of Armenia (adopted in 1995, amended, last amended in 2015);
- 2) The Civil Code of the Republic of Armenia (adopted on 05.05.1998, entered into force from 01.01.1999, last amended in 2023),
- 3) The Land Code of the Republic of Armenia (adopted on 02.05.2001, entered into force from 15.06.2001, last amended in 2022);
- 4) The Law # 185-N on Alienation of Property for Public Needs and State Purposes (adopted on 27.11.2006, entered into force from 30.12.2006, last amended in 2018 with the edited name "On Expropriation of Property for Public Interests";
- 5) The Law on Real Estate Valuation Activity (adopted on 04.10.2005, entered into force from 26.11.2005, last amended in 2021)
- 6) The RA Law on State Registration of Rights on Real Estate (adopted on 17.06.1998, entered into force on 01.01.1999, last updated in 2023).

39. The Constitution - The first section of the Article 10 of the Constitution states that the right to property shall be recognized and protected in the Republic of Armenia.
40. The Article 60 of the Constitution of the RA states that everyone shall have the right to possess, use, dispose of, and bequeath his or her property at his or her discretion. The exercise of the right to property shall not cause damage to the environment, infringe the rights and legitimate interests of other persons, the public and the state. No one may be deprived of property, except through judicial procedure in cases provided for by law.
41. Expropriation of property for the needs of society and the State may be carried out only in exceptional cases of paramount public interest, as prescribed by law, with prior equivalent compensation. Foreign citizens and stateless persons shall not enjoy ownership right over land, except for cases provided for by law. that expropriation of property for the needs of society and the state may be carried out only in exceptional cases of paramount public interest, as prescribed by law, with prior equivalent compensation.
42. The Civil and Land Codes -Though the process of land/property takings are mainly governed by the law on the Expropriation of Property for Public Interests 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.
43. The RA Land Code (2001, May) classifies land of the Republic of Armenia into the following 9 categories: (1) Agricultural; (2) Settlements/Residential; (3) Industrial, Mining and Production; (4) Power, Transport, Communication, Utility Infrastructure Facilities; (5) Protected Land for Special Purposes; (6) Special Significance; (7) Forested; (8) Water; and (9) State Reserve Lands.
44. The affected lands fall into the following three groups as per their ownership status:
  - **Lands with private ownership:** these are lands belonging to individuals or entities, with the ownership rights to them being registered in the RA Cadaster Committee.
  - **Community lands:** these are lands belonging to the community and managed by the Local Authorities. Community lands may be unused, used for common purposes, such as pastures for community members, rented to a person or entity, used illegally (unregistered) by households/entities.
  - **State lands:** these are lands, belonging to the RA Government. State lands may be unused, used for main roads, state objects, military and other purposes. Some state lands may be rented or be illegally (with no registration) used by households/entities.
45. 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 right for walking and riding through the neighboring land plot, 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.

46. Articles 102 and 104 of the RA Land Code and Article 218 of the RA Civil Procedure Code prescribe property acquisition only in exceptional cases of paramount public interest based on law and with prior equivalent compensation. Following the requirements of the RA Constitution and the abovementioned legal norms, which is considered to be the major law regulating land acquisition and compensation procedures, the Law prescribes the legal grounds, requirements on property acquisition for public and state interests, regulations for compensation for land acquisition, and determination of the exclusive cases of prevailing public interest and its consideration with regards.
47. The first paragraph of Article 3 of the Law prescribes that the Constitutional basis for acquisition of property for public and state purposes is the exclusive prevailing public interest, and the application of its Constitutional requirements are as follows: a) land acquisition as prescribed by the law and b) prior equivalent compensation for the acquired land.
48. Paragraph 1 of Article 4 of the above-mentioned Law constitutes the principles of determination of exclusive cases of prevailing public interest for the acquisition of property for the public and state purposes, and Paragraph 2 of the same Article constitutes the possible purposes followed by exclusive prevailing public interest. The Law defines the fundamental principle according to which a) public benefit must outweigh the expropriated property owner's loss, b) an efficient application of the public interest would not be ensured unless that property is acquired) the acquisition of the property must not unjustifiably harm the property owner, d) the public interest must be declared as prevailing by a government decree, e) there may be filed a lawsuit on the exclusive public interest matters.
49. The Law also regulates requirements on acquisition of property, compensation and rules on decision-making with regards to property alienation. In particular, Article 5 of the Law defines that in case of alienation of the land relevant real estate (buildings, structures and other attached property, etc.) located on the land as well as all existing improvements on the land are also subject to alienation. In case of acquisition of the building or construction, the relevant servicing lands shall be subject to alienation as well.
50. The Law on Expropriation of Property for Public Interests - The Law sets regulations for physical and legal entities, and community owned properties (hereafter 'owners') and all other properties (movable and immovable property, property rights, securities, etc.) located or registered in the Republic of Armenia according to the RA legislation or recorded (hereafter 'property to be acquired') and regulations for property acquisition and compensation major procedures. In particular:
  - 1) Upon enactment of the government decree on recognition of property as exclusive prevailing public interest, the relevant authority shall prepare a description protocol prescribing the acquired property according to the procedure and deadlines stated by the government; acquiring party, property owners and those possessing property rights on the acquired property may participate in preparing of the description protocols if the latter was not prepared during the preliminary survey of the property. Within no later than three days after its preparation, one copy of the description protocol describing the acquired property shall be, duly submitted to the property owner and persons possessing property rights on such property, who are authorized to lodge claims with relevant authorities and/or court within ten days after the due receipt thereof.
  - 2) An equivalent compensation is paid to the property owner for the acquired property. An equivalent compensation is considered to be 15% (fifteen percent) more than the market price of the property. The market value evaluation of the property or the property rights of the real estate is carried out according to the RA "Law on Evaluation Procedure of Real Estate".

- 3) The property shall be acquired upon the agreement between the acquirer and the owner of the property to be acquired. In this case, the provisions on the compensation price, form, procedure, deadlines, terms and obligations defined only by mutual agreement of the parties.
  - 4) If the acquisition contract is not signed within three months after its submission, the acquirer, is required to transfer the property acquired price to court's or notarial deposit account within a month by submitting a duly notice to the property owner and to the persons knowing to have ownership rights for the property. The compensation price shall be calculated no later than a week before transferring it to the deposit account.
  - 5) If the acquisition contract is not signed within 7 days after the property compensation price is transferred to the deposit account, then the acquirer is required to lodge an application with the court for claiming property acquisition within a month period. In this case there could only be considered the amount of the compensation at the court.
51. The law prescribes the rights and guarantees of the property owner to be acquired in public and state interests, stating that the property owner prior to its acquisition or state registration of the rights resulted from its acquisition, has the right to own, use, dispose and make only such improvements, which ensure the property use according to its purpose.
52. The Law prescribes certain limitations for the property to be acquired, which is the acquiring property description protocol preparation day in accordance with the procedure stipulated by the government. No compensation is provided for additional improvement (taking into account the guarantees stated by the Law) as well as any encumbrance or rights on the property to be acquired given or obtained by third parties if they were applied after the above-mentioned day.
53. The Government of the Republic of Armenia agrees to take all actions necessary to ensure full and effective implementation of RPs prepared in accordance with the RF, and to otherwise take actions necessary to achieve all relevant provisions of ESS5.

## 2.3 Comparison of National Regulations with WB ESSs

54. Table 2 compares RA legislation with the WB ESS5, identifies gaps, and suggests actions to address them.

**Table 2 - Comparison of RA Legislation and WB ESS5**

Legislation of the Republic of Armenia	WB Environmental and Social Framework	Conclusion on Gaps	Actions to Address Gaps
<b>1. Eligibility</b>			
a) Persons having documented ownership over the property (land, buildings, 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)),	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 at replacement value;	The Law does not include informal land users as eligible for compensation.	To address this gap it is recommended: 1) WB ESS5 is followed, 2) The GoA allows the application of WB ESS5 for TRIP.

<p>b) Persons who do not have formal legal rights to the assets, but could have such, should register their rights according to the law in 15 days after Eminent Domain decree enters into force to be eligible for compensation. (the Law on Expropriation of Property Public interests (Article 7.4)).</p> <p>c) Persons having built a construction or planted trees in areas belonging to others cannot receive compensation for loss of assets.</p>	<p>b) Persons who do not have formal legal rights to 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 at replacement value;</p> <p>c) 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>		
<b>2. Entitlements</b>			
<p>As per Armenian legislation the compensation is paid only to the owners and persons having the property rights over the assets if the ownership/property rights have been acquired before the date of property assessment and valuation, whereas all the improvements done after that date (which is actually “cut-off-date” but the term is not used in the RA legislation) in excess of the scope set by the law and all the encumbrances generated over the property afterwards are not subject to compensation.</p>	<p>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.</p>	<p>Provisions of the Armenian legislation and WB ESS5 are the same.</p>	-
<p>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 (Law on Expropriation of Property for Public Interests, Article 11)</p>	<p>Compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.</p>	<p>Both Armenian legislation and WB ESS5 provide for compensation for lost land and assets. National legislation appears to be more beneficial for the legal owner PAPs.</p>	<p>To address this gap it is recommended to follow local legislation in case of compensation to legal owners and compensation for structures</p>
<p>The only modality of compensation provided by the Law is monetary compensation.</p>	<p>The ESS5 provides that “Where livelihoods of displaced persons are</p>	<p>The Law does not support land-for-land compensation or any</p>	<p>To address this gap it is recommended: 1) WB ESS5 is followed,</p>

	land-based, or where land is collectively owned, the Borrower will offer the displaced persons an option for replacement land... For persons whose livelihoods are land-based, replacement land that has a combination of productive potential, locational advantages, and other factors at least equivalent to that being lost will be offered where feasible”.	other type of non-monetary offset.	2) The GoA allows the application of WB ESS5 for the TRIP.
The law does not cover compensation for economic and social impacts, income or livelihood losses; and does not have provisions for assistance and/or allowances for the needs of the poor and the vulnerable, and/or resettlement expenses (see above mentioned RA laws)	The WB policy requires rehabilitation for income/livelihood, particular attention to gender aspects and the needs of the poor and the vulnerable, and for expenses incurred by any and all PAPs during the relocation process.	Armenian legislation does not provide any provision for livelihood restoration, and does not have provisions for assistance or support to disadvantaged and vulnerable people. There are no legislative requirements to assess the livelihoods of the affected people, anticipate the resettlement impacts, or address the special needs of women, vulnerable people, and other groups needing special treatment during the resettlement procedures. The Law does not require the government to improve or at least restore the living standards of affected persons to pre-project levels.	To address this gap it is recommended: 1) WB ESS5 is followed, 2) The GoA allows the application of WB ESS5 for the TRIP.
<b>3. Information Requirements</b>			
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	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.	Requirements of the WB ESS5 and ESS10 are broader than national legislation	To address the gap, it is recommended: 1) WB ESS5 and ESS10 are applied, including all the mechanisms envisaged by the local legislation

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 (Law on Expropriation of Property for Public Interests, Article 7). 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).			
<b>4. Meaningful Consultation</b>			
There is no specific legislative provision in the “Law on Expropriation of Property for Public Interests” to ensure meaningful consultation with affected people and communities. Local authorities are obliged 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)	ESS10 requires the project to conduct meaningful consultation with PAPs along all the project cycle	Requirements of the Armenian legislation and the WB ESS10 are different.	To address this gap it is recommended: 1) WB ESS5 is followed, for SE activities ESS10 can also be followed 2) The GoA allows the application of WB ESS5 and ESS10 for the TRIP.
Disputes and grievance resolution The “Law on Expropriation of Property for Public Interests” does not require a grievance mechanism during the land acquisition process.	ESS5 and ESS10 require that each RP contains Grievance Mechanism. The plan describes affordable and accessible procedures for third-party settlement of disputes arising from displacement or resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.	Requirements of the Armenian legislation and the WB ESS10 are different.	To address this gap it is recommended: 1) WB ESS10 is followed, 2) The GoA allows the application of WB ESS10 for the TRIP.

55. In principle, Armenian laws and regulations relevant to land acquisition and resettlement and WB ESS5 adhere to the objective of compensation for affected families or persons, ESS5 also to the objective of rehabilitation. The principal differences between RA Legislation and WB ESS5 on land acquisition and resettlement are as follows: Armenian laws are unclear on how rehabilitation is to be achieved. Another significant difference between the RA laws and the WB policies is that WB ESS5 recognizes titled and non-titled owners/users as well as registered and unregistered tenants, i.e. lack of legal title is no bar to compensation and rehabilitation. Bridging the gaps between the Armenian laws and regulations and WB ESS5, this RF envisions compensation to both titled and non-titled land users for all affected assets, as well as rehabilitation assistance to eligible



non registered users of the assets. In addition, RF envisions that RAPs should include appropriate rehabilitation packages for PAPs that may be vulnerable and/or need to be relocated, and/or may suffer business losses, and/or may be severely affected. Furthermore, while public disclosure and consultation are not well articulated in the RA laws, the project will ensure due inclusion of (potential) PAPs and their advocates or representatives (e.g. civil society organizations), 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, and the civil works will not commence until all compensation and rehabilitation measures of the project or sub-component are completed.

### 3. Preparation of Resettlement Plan

56. All projects causing physical or economic displacement through land acquisition or project-related restrictions on resource access or use are required to prepare a resettlement plan for World Bank approval. Responsibility for preparation and implementation of the RP (or RPs) rests with the ATDF. As necessary, the ATDF will exercise its authority to coordinate actions with any other involved agencies, jurisdictions, or project contractors to promote timely and effective planning and implementation.
57. RP preparation begins once the physical footprint of a proposed investment has been determined, establishing that a particular site (or sites) must be acquired for project use. The ATDF initially screens proposed sites to identify current usage and tenure arrangements and identifies the site (or sites) that will minimize physical and economic displacement. The ATDF subsequently carries out, or causes to be carried out, a census survey (through consultant, if needed) to identify and enumerate all displaced persons on the selected site (or sites) and to inventory and value land and other assets that are to be acquired for project use.
58. To address the issues identified in the environmental and social assessment, the ATDF will prepare a plan proportionate to the risks and impacts associated with the project:
  - (a) For projects with minor land acquisition or restrictions on land use, as a result of which there will be no significant impact on incomes. Such inventory should include a detailed account, derived through a consultative, impartial and transparent process, of the full range of rights held or asserted by affected people, including those based on custom or practice, secondary rights such as rights of access or use for livelihoods purposes, rights held in common, etc. Documentation of ownership or occupancy and compensation payments should be issued in the names of both spouses or single heads of households as relevant, and other resettlement assistance, such as skills training, access to credit, and job opportunities, should be equally available to women and adapted to their needs. The plan will establish eligibility criteria for affected persons, set out procedures and standards for compensation, and incorporate arrangements for consultations, monitoring and addressing grievances;
  - (b) For projects causing physical displacement, the plan will set out the additional measures relevant to relocation of affected persons;
  - (c) For projects involving economic displacement with significant impacts on livelihoods or income generation, the plan will set out the additional measures relating to livelihood improvement or restoration; and
  - (d) For projects that may impose changes in land use that restrict access to resources in legally designated parks or protected areas or other common property resources on which local people may depend for livelihood purposes, the plan will establish a participatory process for determining appropriate restrictions on use and set out the mitigation measures to address adverse impacts on livelihoods that may result from such restrictions.
59. The plan will establish the roles and responsibilities relating to financing and implementation, and include arrangements for contingency financing to meet unanticipated costs, as well as arrangements for timely and coordinated response to unforeseen circumstances impeding progress toward desired outcomes.

60. The census survey will also identify the vulnerability<sup>19</sup> of the PAPs. Within the Project, vulnerable and/or disadvantaged groups may include people who due to their circumstances may experience disproportionate adverse impacts due to project activities and/or may face higher likelihood of exclusion rather than other groups. RP will offer appropriate assistance measures for vulnerable families based on needs assessment incorporated in the surveys. Checklist for census information and census survey data list is presented in Annex B and C, respectively.
61. Vulnerable households will include:
- households headed by women, where there are no family members of working age (this does not include family members that undertake mandatory service in the armed forces of RA, hold 1st or 2nd degree of disability, or serve as full-time student of up to 23 years old);
  - households, headed by people of the pension age (elderly), (this does not include family members that undertake mandatory service in the armed forces of RA, hold 1st or 2nd degree of disability, or serve as full-time student of up to 23 years old);
  - poverty-stricken households, which are registered in the Family Benefit System of the RA Ministry of Labor and Social Affairs (MLSA) and receive corresponding allowance according to the order, set forth under the RA legislation; if AH is identified as poor based on the socio-economic survey, but is not registered in the Family Benefit System, ATDF will allocate time the AH to get registered. As soon as these households are registered in the Family Benefit System, they become eligible for the allowance.
  - displaced families where all adult family members hold refugee status.
62. Each RP is based on the principles, planning procedures, and implementation arrangements established in this RF,<sup>20</sup> and normally includes the following contents:
- a) Description of the project (with appropriate maps and illustrations), including explanation for the necessity of acquiring particular sites for project use and efforts undertaken to avoid or minimize the amount of land acquisition or other potential impacts deemed necessary.
  - b) Results of a census survey of all PAPs, displaced persons and inventory and valuation of affected land and assets. The census survey of the Project affected households (PAHH) and inventory can be conducted by the Social Specialist of the Project Team if the scope of the resettlement impact is small. However, provided large scale of impacts are expected, a Resettlement Consultant can be contracted to develop and to implement RP. The survey will be conducted with separate interviews with all PAHHs. It will allow to reveal vulnerabilities of PAPs. The personal data of PAPs will not be publicized. Local authorities will support the ATDF and Consultant (if applicable) in the process of contacting the PAPs and information gathering. List of data for inventory of losses is presented in Annex D.
  - c) Description of any project-related restrictions on resource use or access
  - d) Description of tenure arrangements, including collective, communal, or customary use or ownership claims
  - e) Review of relevant laws and regulations pertaining to acquisition, compensation, and other assistance to displaced persons, and identification of gap-filling measures needed to achieve ESS5 requirements

<sup>19</sup> Vulnerable status may stem from an individual's or group's race, national, ethnic or social origin, color, gender, language, religion, political or other opinion, property, age, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

<sup>20</sup> Additional details regarding preparation of an RP are included in ESF, ESS5, Annex 1.

- f) Description of land and asset valuation procedures and compensation standards for all categories of affected assets. The valuation of affected lands and assets can be done only by a licensed valuator that can be separately contracted by the ATDF if the RP should be developed by the ATDF. The affected lands and assets valuation is conducted in compliance with “The Law on Real Estate Valuation Activity” which defines the fundamentals of real estate assessment activities in Armenia. Valuation Methodologies of the affected assets is presented in Annex F.
  - g) Eligibility criteria for compensation and all other forms of assistance, including a cut-off date for eligibility
  - h) Organizational arrangements and responsibilities for RP implementation
  - i) Implementation timetable
  - j) Estimated budget and financial contingency arrangements
  - k) Consultation and disclosure arrangements
  - l) Description of grievance mechanism
  - m) Arrangements for monitoring implementation progress.
63. The RP should be complemented by a separate set of individual compensation files for each displaced household or persons. These files are to be handled confidentially by the borrower to avoid any prejudice to displaced persons. In fragility, conflict, and violence (FCV) environments, RPs should also clarify procedures to be applied to ensure the security of displaced persons when they receive compensation payments.

## 4. Eligibility and Entitlements

### 4.1 Eligibility

64. Resettlement tasks under the Project will be implemented according to a compensation eligibility and entitlements framework developed in line with both the RA legislation and particular ESS5 of the WB ESF 2018.
65. Affected persons may be classified as persons:
  - (a) Who have formal legal rights to land or assets;
  - (b) Who do not have formal legal rights to land or assets, but have a claim to land or assets that is recognized or recognizable under national law;<sup>21</sup> or
  - (c) Who have no recognizable legal right or claim to the land or assets they occupy or use. The census will establish the status of the affected persons.
66. The census will establish the status of the affected persons.
67. When land acquisition or restrictions on land use (whether permanent or temporary) cannot be avoided, the Borrower will offer affected persons compensation at replacement cost or compensation according to RA legislation, whichever is more favorable for the PAPs, and other assistance as may be necessary to help them improve or at least restore their standards of living or livelihoods.
68. Compensation standards for categories of land and fixed assets will be disclosed and applied consistently. Compensation rates may be subject to upward adjustment where negotiation strategies are employed. In all cases, a clear basis for calculation of compensation will be documented, and compensation distributed in accordance with transparent procedures.
69. 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.
70. ESS5 covers the following direct economic and social impacts of the project to be compensated/rehabilitated that are caused by the involuntary taking of land resulting in:
  - a. relocation or loss of shelter;
  - b. permanently or temporarily affected land;
  - c. loss of assets or of access to assets including: houses or other structures, crops, trees, or other assets; businesses and or factors of production;
  - d. loss of income sources or means of livelihood, whether or not the affected persons must move to another location; or
  - e. the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of the displaced persons.

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<sup>21</sup> Such claims could be derived from adverse possession or from customary or traditional tenure arrangements.

## 4.2 Cut-off Date

71. Compensation eligibility will be limited by a cut-off date. The ESS5 recognizes that PAPs who occupy project-affected areas after the cut-off date are not eligible for compensation. The fact that the Project will identify a cut-off date for compensation eligibility will be communicated to affected communities during preliminary public consultations. The precise cut-off date will be publicly announced by the ATDF and local authorities (LA) in advance and the census survey of PAPs and assets inventory will commence immediately following the announcement. The cut-off date will be the date of commencement of the census survey of PAPs. Affected assets description protocols will be prepared during the assets inventory. Information on the affected assets will be registered in the presence of PAP and/or LAs. Then, the protocol will be signed by the PAP and/or the LA if PAP is unavailable. Every effort will be made to arrange signing at a convenient time for the PAP and to postpone signing until the PAP is available. If the PAP remains unavailable, the reasons of the PAPs' absence should be documented and attached to the protocol.
72. All people, organizations moving into the project area and/or people conducting construction works, planting trees, etc. after the cut-off date are non-eligible PAPs and thus will not receive any compensation. They, however, will be given sufficient advance notice, requesting them to vacate their premises and dismantle affected structures prior to project implementation. The materials of their dismantled structures will not be confiscated and they will not pay any fine or suffer any sanction. To facilitate this, the Project will put at their disposal the necessary transportation means for their relocation.

## 4.3 Entitlements

73. The compensation entitlements are based on the premise that resettlement, rehabilitation and compensation programs should improve or, at a minimum, restore the PAPs' pre-project living standards and ensure their participation in Project benefits. All the PAPs that are eligible for compensation and/or rehabilitation will be compensated prior to construction works. Some PAPs will be provided compensation for the land they lose, and other assistance in accordance with the prepared Resettlement Plan (RP). Other PAPs (those with no recognizable claim) will also be provided resettlement assistance in lieu of compensation for the land they occupy, and other assistance, in accordance with the RP. All PAPs will be eligible for compensation for loss of assets other than land. The Entitlement Matrix is presented below.

**Table 3. Entitlement Matrix**

Type of loss	Application Specification	Definition of PAPs	Compensation Entitlements
<b>Land</b>			
Permanent loss of land (agricultural, commercial, residential, or other)	PAPs losing land regardless of impact severity	Owner with full registration	<ul style="list-style-type: none"> <li>* Cash compensation at full replacement cost or</li> <li>* Cash compensation according to RA Law on Alienation of Property for Public Needs and State Purposes (adopted on 27.11.2006, entered into force from 30.12.2006), whichever offers more favorable conditions for the PAP, or</li> <li>* Replacement land of the same value at location acceptable to PAPs, as feasible.</li> <li>* If residual plots become unusable, the Project will</li> </ul>

Type of loss	Application Specification	Definition of PAPs	Compensation Entitlements
			<p>acquire the entire plot at the request of the PAP in accordance with the RA Law on Alienation of Property for Public Needs and State Purposes.</p> <p>* If socio-economic baseline survey identifies that that acquired land plot is the main source of livelihood for the PAPs, the Project will provide further technical, and/or livelihood restoration assistance to the PAPs according to the RP or LIP.</p>
		Legalizable owner	<p>*PAPs will be legalized and provided with cash compensation at full replacement cost or cash compensation according to RA Law on Alienation of Property for Public Needs and State Purposes (adopted on 27.11.2006, entered into force from 30.12.2006), whichever offers more favorable conditions for the PAP, or replacement land of the same value at location acceptable to PAPs, as feasible.</p> <p>*If residual plots become unusable, the Project will acquire the entire plot at the request of the PAP in accordance with the RA Law on Alienation of Property for Public Needs and State Purposes.</p> <p>*If socio-economic baseline survey identifies that that acquired land plot is the main source of livelihood for the PAPs the Project will provide further technical, and/or livelihood restoration assistance to the PAPs according to the RP or LIP.</p>
		Renter/ Leaseholder	<p>*Rental allowance<sup>22</sup> in cash for 3 months and measures provided to ensure full restoration of livelihood according to individual plan, as deemed necessary during the preparation of RP.</p> <p>*If renters had paid rent in advance, any unused portion should be returned to them by the owner or as compensation from the Project.</p>
		Informal settler/PAPs with no registration or valid documentation/ non-legalizable owner	<p>*One-time 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 achieve restoration of existing income / livelihood (to be determined in the RP).</p>

<sup>22</sup> Rental allowance will be equal to the contractual monthly rent amount. In case the renter does not have a contract, the rental allowance calculation will be based on market price for land lease in the region.

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Type of loss	Application Specification	Definition of PAPs	Compensation Entitlements
		PAPs occupying or using land that is owned by private investors	*One-time self-relocation allowance in cash equal to 12 months at minimum subsistence income of family of 5 as defined in national legislation. *Measures provided to ensure full restoration of livelihood according to individual plan. The costs of this compensation will be spent by the private investor.
Temporary loss of land	PAPs losing access to use land temporarily	Landowners and registered leaseholders	* Affected land and communal infrastructure will be restored to pre-project conditions. * Rent shall be agreed between landowner/leaseholder and Contractor equal to the revenue lost based on market value (example: compensation for harvests lost at average yield/hectare) *Cash compensation for assets lost (example: crops)
		Non-registered land users	*Affected land and communal infrastructure will be restored to pre-project conditions. *Cash compensation for assets lost (example: crops)
Buildings and Structures			
Residential and non-residential structures/assets	PAPs losing their place of residence, property, and/or incomes related to buildings and structures.	Owners of the registered structures	*Cash compensation at replacement rates for affected structure and other fixed assets free of salvageable materials, depreciation and transaction costs plus 15% of replacement cost *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.
		Users of the non-registered structures	* 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.
Loss of Community Infrastructure/Common Property Resources			
Loss of common property resources	Community / Public Assets	Community/ Government	Reconstruction of the lost structure in consultation with the community and restoration of their main functions.
Loss of Income and Livelihood			
Crops	Standing crops affected or loss of planned crop incomes	All PAPs regardless of legal status	* Crop compensation in cash at gross market value of actual or expected harvest for one year to be paid both to landowners and tenants based on their specific sharecropping agreements.



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Type of loss	Application Specification	Definition of PAPs	Compensation Entitlements
			<ul style="list-style-type: none"> <li>* Compensation will be provided regardless of the expected harvest time.</li> <li>* Additional rehabilitation assistance as appropriate to achieve restoration of existing income / livelihood (to be determined in the specific RP)</li> </ul>
Trees/yards	Trees affected	All PAPs regardless of legal status	<ul style="list-style-type: none"> <li>* Cash compensation at gross market value based on the type, age, and productive value of the trees.</li> <li>* Additional rehabilitation assistance as appropriate to achieve restoration of existing income / livelihood (to be determined in the specific RP)</li> </ul>
Business/Employment	Loss of leased business venue, loss of business or loss of employment	All PAPs regardless of legal status	<p>*Owner of leased business venue (kiosk, structure, etc.):</p> <ul style="list-style-type: none"> <li>(i) permanent impact: cash indemnity of 1 year rent allowance<sup>23</sup>;</li> <li>(ii) temporary impact: cash indemnity of rent allowance for the months of business interruption (up to 1 year).</li> </ul> <p>*Assistance during the relocation of the business (to be determined in the specific RP)</p> <p>Business owner:</p> <ul style="list-style-type: none"> <li>(a) permanent impact: cash indemnity of 1 year net income;</li> <li>(ii) temporary impact: cash indemnity of net income for the months of business interruption (up to 1 year).</li> </ul> <p>*Assessment to be based on tax declaration or in its absence, on minimum expenditure basket value<sup>24</sup> for a five-person household (adjusted accordingly for larger households).</p> <p>*Assistance during the relocation of the business (to be determined in the specific RP)</p> <p>Employment: *Permanent workers/employees: indemnity for lost wages equal to 3 months of regular salaries or minimum expenditure basket value for a five-person household (adjusted accordingly for larger households).</p> <p>*For both business owners and employees: Measures provided to ensure full livelihood restoration.</p>
Restriction to public space	The involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihoods of affected persons.	All PAPs regardless of legal status	<ul style="list-style-type: none"> <li>* Measures to assist PAPs in their efforts to restore livelihoods in accordance with individual plans.</li> </ul>

<sup>23</sup> Rental allowance will be equal to the contractual monthly rent amount. In case the renter does not have a contract, the rental allowance calculation will be based on market price for land lease in the region.

<sup>24</sup> Minimum expenditure (consumption) basket value for calculation will be taken from the latest available report on the official site of the RA Statistical Committee: [www.armstat.am](http://www.armstat.am)

Type of loss	Application Specification	Definition of PAPs	Compensation Entitlements
<b>Allowances</b>			
Relocation / Shifting	Transport / transition costs	All PAPs who require relocation of residence, or business/economic activity	* Provision of cash compensation to cover transport expenses and livelihood expenses due to relocation; time period to be determined in the RP.
Vulnerable People Allowances	To be identified in PAP census	PAPs below poverty line, single-parent households, disabled, elderly persons living alone, refugees <sup>25</sup>	* Allowance equivalent to 3 months of minimum expenditure basket value for a family of five. This is an additional allowance to all other entitlements presented in this matrix. * Priority for employment in project-related jobs, training opportunities, self-employment and wage-employment assistance; * Rehabilitation assistance package to be determined based on a case by case analysis depending on the impact type, significance, and needed support.
House Tenants		Tenants who have leased a house	* Provision of a cash grant of three months' rent at the prevailing market rate in the area and will be assisted in identifying alternative accommodation
Temporary impact during construction		All PAPs regardless of legal status	* Due compensation will be assessed and paid based on this RF during construction or before if priority identified.
Unforeseen resettlement impacts		All PAPs regardless of legal status	* ATDF and construction contractors will address and mitigate / compensate unforeseen resettlement impacts both permanent and temporary, during the project.

74. Persons who encroach on the area after the cut-off date are not entitled to compensation or any other form of resettlement assistance.
75. Additional planning measures must be incorporated into RPs for projects causing physical displacement, or significant economic displacement, as described below.

<sup>25</sup> Households including family(s) who are registered in the family benefit system (vulnerability assessment system) and receive family allowances; headed by women, where there is no other adult of working age, except for elderly persons (people of old pension age), persons doing compulsory military service in the Armed Forces of RA, persons having disability of 1st or 2nd groups, and students up to 23 years full-time studying at educational institutions; headed by elderly persons (people of old pension age), where there is no other person of working age, except for persons doing compulsory military service in the Armed Forces of RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions; Households headed by persons with disability of 1st and 2nd group, where there is no other person of working age, except for persons doing compulsory military service in the Armed Forces of RA, persons having disability of 1st or 2nd groups, and students up to 23 years studying full-time at educational institutions, displaced families where all adult family members hold refugee status

76. For projects causing physical displacement<sup>26</sup>, the RP should include planning measures relating to the following, as relevant for project circumstances:
- a) Description of relocation arrangements, including options available to displaced persons, and including transitional support for moving or other expenses
  - b) Measures to improve living standards and otherwise address particular needs of relocating poor or vulnerable households, including measures to ensure that replacement housing is at least consistent with minimum community standards and is provided with security of tenure
  - c) Description of project design measures to improve living standards, access to or functioning of community services or facilities, or for providing other project-related benefits
  - d) Any measures necessary to address impacts of resettlement on host communities.
77. In the case of projects affecting livelihoods or income generation, the RP will include measures to allow affected persons to improve, or at least restore, their incomes or livelihoods.
78. Economically displaced persons who face loss of assets or access to assets will be compensated for such loss at replacement cost: (a) In cases where land acquisition or restrictions on land use affect commercial enterprises, affected business owners will be compensated for the cost of identifying a viable alternative location; for lost net income during the period of transition; for the cost of the transfer and reinstallation of the plant, machinery, or other equipment; and for reestablishing commercial activities. Affected employees will receive assistance for temporary loss of wages and, if necessary, assistance in identifying alternative employment opportunities; (b) In cases affecting persons with legal rights or claims to land that are recognized or recognizable under national law, replacement property (e.g., agricultural or commercial sites) of equal or greater value will be provided, or, where appropriate, cash compensation at replacement cost; and (c) Economically displaced persons who are without legally recognizable claims to land will be compensated for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land), at replacement cost.
79. For projects causing significant economic displacement,<sup>27</sup> the RP describes (as relevant):
- a) The scale and scope of likely livelihoods-related impacts, including agricultural production for consumption or market, all forms of commercial activity, and natural resource use for livelihoods purposes,
  - b) Livelihoods assistance options (for example, employment, training, small business support, assistance in providing replacement land of equivalent productive value, other) available to persons losing agricultural land or access to resources,
  - c) Assistance measures available to commercial enterprises (and workers) affected by loss of assets or business opportunities directly related to land acquisition or project construction,
  - d) Project measures to promote improvement of productivity or incomes among displaced persons or communities.

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<sup>26</sup> Additional details regarding planning measures for physical displacement are provided in ESS5, Annex 1, paras. 17–23.

<sup>27</sup> Consideration of scale of loss of productive assets as well as changes in institutional, technical, cultural, economic, and other factors may be important in determining the significance of economic displacement. In general practice, however, loss of 10 percent or more of productive land or assets from a household or enterprise often is considered significant. Additional details regarding planning measures for economic displacement are provided in ESS5, Annex 1, paras. 24–29.

## 4.4 Implementation of Resettlement Plan

80. The ATDF will establish/ appoint an entity to act as an RP Implementation Unit (RPIU) and to implement approved RP(s) for the Project. RPIU will work under the supervision of the ATDF and WB. All activities indicated in the RP shall be covered either from the RA state budget or the loan funds, and be completed prior to commencement of the civil works. The following actions will be carried out:
- Closely consult with PAPs and Local Authorities. Provide the public with necessary information, and ensure transparent and timely awareness-raising and communications around resettlement issues with all affected communities (not only PAPs);
  - Verify the RP census and asset inventory data;
  - Undertake cadastral and topographic surveys and ensure correction of data of measuring and inventory if required by possible design changes;
  - Prepare contracts and/or agreements to be signed by PAPs. Negotiate and agree them with PAPs;
  - Prepare documentation for registration of new land plots or cadastral registration of servitude writes for the land as needed;
  - Deliver compensation. Cash compensations will be paid by bank transfer. If PAP does not have bank account, it will be opened for him/ her by the Project free of charge.
  - Observe grievance procedures;
  - Court processing of cases where no agreement is reached;
  - Construction of infrastructure (in case the resettlement is necessary) and arrangement of relocation of PAPs;
  - Prepare RP Completion Report.
81. The acquisition of land and related assets will take place only after compensation in accordance with this ESS has been made available and, where applicable, displaced people have been resettled and moving allowances have been provided to the displaced persons in addition to compensation. In addition, livelihood restoration and improvement programs will commence in a timely fashion in order to ensure that affected persons are sufficiently prepared to take advantage of alternative livelihood opportunities as the need to do so arises<sup>28</sup>.
82. A table which provides an overview of steps and responsibilities for each proposed task/step of RP preparation and implementation is presented below.

**Table 4 – Summary of tasks for Preparation and Implementation of RP**

N	Action	Responsibility*
A	Preparation of Resettlement Plan	
3	Preparation of the survey instruments for census and detailed inventory of losses, timeline for RP preparation	RP Consultant/ATDF
4	Acquiring of cadastral information and maps	ATDF (RP Consultant, if needed)
6	Walk with community leaders and representatives of affected persons along the proposed alignment	RP Consultant/ATDF
7	Approval of the government decree for preliminary studies, if needed	GoA, TC

<sup>28</sup> ESS5, para 15

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8	Establishment of Cut-off date	Community, ATDF, GoA
9	Conducting of Public Consultation with PAPs	RP Consultant/ATDF
10	Conducting of the Census	RP Consultant
11	Verification of land ownership and identification of non-entitled land users, legalization of land where applicable	RP Consultant
12	Conducting of detailed measurement survey	RP Consultant/ATDF through licensed company
13	Conducting of the assets inventory	RP Consultant/ATDF through licensed company
14	Decree for Eminent Domain , if needed	GoA, to be prepared by TC
15	Conducting of the Valuation of the Affected Assets	RP Consultant/ ATDF through licensed company
16	Signing of the assets description protocols	RP Consultant /ATDF
17	RP report preparation	RP Consultant/ATDF
18	RP approval by WB	WB
19	Disclosure of the RP	ATDF/TC
20	Revision of the RP based on the comments of the stakeholders	RP Consultant/ATDF
21	WB final review and approval	WB
22	Submission of RP to Government of RA if needed or to the Local Authorities	TC/MoE
<b>B</b>	<b>RP implementation preparatory actions</b>	
1	Establishment of RP implementation unit	ATDF
2	Establishment of Grievance redress mechanism, including grievance redress committee	ATDF
3	Identification of the payment method as well as Commercial Banks, if any, for compensation disbursement/ transfer	ATDF
<b>C</b>	<b>RP implementation</b>	
1	Legal provisions/ signing of Land acquisition contracts	RP Consultant/ATDF
2	Compensation payments	ATDF/RPIU
3	Preparation of the Completion Report	ATDF
4	Approval of Completion report	WB
5	Commencement of civil works	Contractor
6	Post-RP social impact assessment (upon need)	ATDF
<b>D</b>	<b>Continuous tasks</b>	
1	Internal Monitoring of RP implementation	ATDF

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2	External monitoring and preparation of Compliance Report by an External Monitoring Agency (EMA)	EMA
3	Grievance Redress	ATDF
* Responsibilities can be revised based on the ToRs and Contracts of the respective consultants		

## 5. Consultation and Disclosure Arrangements

83. The Bank recognizes the importance of early and continuing engagement and meaningful consultation with stakeholders, including communities, groups, or individuals affected by proposed projects, and with other interested parties, through information disclosure, consultation, and informed participation in a manner proportionate to the risks to and impacts on affected communities.
84. The ATDF will conduct a public information and consultation campaign during all stages of the RP implementation process. Each affected household will receive leaflets with the cut-off date, eligibility criteria and entitlements, compensation modalities, and complaints and grievance redress procedures.
85. Resettlement plans will be developed and implemented in consultation with the PAPs. All consultations will be gender-sensitive and inclusive of vulnerable groups. Vulnerable and marginalized PAPs will be provided with the opportunities to express their views on project risks, impacts, and proposed resettlement mitigation measures, which will allow the ATDF to consider and respond to them. The affected parties will have an opportunity to present their ideas and suggestions as inputs into the planning and implementation of the resettlement activities.
86. The ATDF will disclose the draft RP to the affected persons (and the public) after Bank review and solicits comments from affected persons regarding the proposed plan. The ATDF will invite and engage different interested NGOs in the process of Public Consultations. ATDF will consult with PAPs and invite them, their local officials and relevant civil society organizations, to participate in public consultations at the initial stage of the process, as well as in public consultations during preparation and implementation of RP as described in previous sections. The RPs will be available in the LA's office with reliable information on the project, its impacts and the proposed mitigation strategies, livelihood restoration and economic rehabilitation activities.
87. The minutes of the consultations will be prepared to document the meetings held with affected persons (dates, locations, number of participants), including comments, questions, and concerns expressed by displaced persons during these meetings as well as responses provided to them. The information will be disclosed in relevant local languages and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project or groups of the population with specific information needs (such as, disability, literacy, gender, mobility, differences in language or accessibility). The personal data of the PAPs and that of participants of the consultation meetings will be hidden from the disclosed reports. In order to protect the privacy of the PAPs (Potentially Affected Persons) and the participants in the consultation meetings, any personal data belonging to them will be redacted or hidden from the reports that are made publicly available. Disclosure of the final RP will occur after considering received comments and the Bank's acceptance.

## 6. Monitoring and Evaluation

88. The ATDF will establish procedures to monitor and evaluate the implementation of the plan(s) and will take corrective action(s) as necessary during implementation to meet the objectives of the ESS5. The ATDF will arrange for internal monitoring of RP implementation and will submit semiannual monitoring reports to the Bank on the status of land acquisition and implementation of the RP (s).
89. If deemed necessary in an RP, an EMA will be involved to ensure independent monitoring of RP preparation and implementation activities, particularly for compliance review and reporting. The extent of monitoring activities will be proportionate to the project's resettlement risks and impacts. For all subprojects with significant involuntary resettlement impacts, like the case of Gyumri City old market rehabilitation subproject, the ATDF will retain competent resettlement professionals to monitor the implementation of resettlement plans, design corrective actions as necessary, provide advice on compliance with this ESS and produce periodic monitoring reports.
90. Resettlement activities in all components will be regularly supervised and monitored by personnel of the ATDF. Reporting on internal monitoring will be carried out by the ATDF and included in all regular Project Progress Reports. At the end of each RP completion, an RP Completion Report will be submitted to the WB. Internal monitoring and supervision will:
  - verify that the census of all PAPs has been carried out;
  - that the RP and baseline survey (as appropriate) have been prepared where it is required;
  - that property valuation and resettlement have been carried out following the provisions of this RF and the respective RP;
  - oversee that all resettlement measures are implemented as approved;
  - ensure that funds for implementing resettlement activities are provided promptly, sufficient for their purposes, and are spent by the provisions of this RF and the respective RP.
91. If deemed necessary in the RP an external monitoring entity will be engaged to carry out independent monitoring of resettlement activities. In addition to verifying the reports generated by internal monitoring, external monitoring will:
  - a) evaluate the social and economic impact of resettlement on the PAPs;
  - b) verify if the objective of enhancement or at least restoration of income levels and standards of living of the PAPs has been met; and
  - c) as needed, provide suggestions for improvement of resettlement implementation to ensure achievement of the principles and objectives set forth in this RF and respective RP(s).



## 7. Grievance Mechanism

92. To receive and facilitate the resolution of PAPs' and beneficiary community members' concerns, complaints, and grievances concerning the project performance, a grievance mechanism (GM) will be established to be used for addressing any complaints that arise during the design, RP preparation and construction phases.
93. The grievance mechanism will address affected people's concerns and complaints proactively and promptly, using an understandable, communicated, and transparent process that is gender responsive, culturally appropriate, and accessible to all segments of the PAPs and beneficiary community at no costs. It also builds trust and cooperation as an integral component of broader community consultation that facilitates corrective actions.
94. To ensure that displaced persons can raise complaints regarding the land acquisition process, calculation or payment of compensation, provision of assistance, or other relevant matters, the RP provides for an accessible and responsive grievance mechanism. During the screening process the vulnerable groups of the affected communities will be identified, for instance women-headed households, ethnic minorities, persons with disabilities, extremely poor households, etc. These groups need meaningful consultation. Meaningful stakeholder engagement will focus on consultations, collaboration and empowerment of stakeholders, and two-way communication. Special information and communication materials in Armenian in a format accessible to target groups including GM channels will be prepared and disseminated among these groups. The feedback, opinions and suggestions received from the stakeholders will be taken into account and reflected in Project activities.
95. The RP describes submission procedures, organizational arrangements, and responsive performance standards for handling grievances, and measures to be taken to inform displaced persons or communities about grievance initiation and response standards.
96. The mechanism will not impede access to the Country's judicial or administrative remedies. The Project Operations Manual for TRIP will also provide detail on the Grievance Mechanism.
97. The GM is an instrument with which:
  - Affected people can make a complaint or resolve any dispute that may arise during the course of the implementation of the Project;
  - The ATDF ensures that appropriate and mutually acceptable redress actions are identified and implemented to the satisfaction of complainants;
  - The ATDF supports accessibility and transparency in handling complaints and grievances;
  - The ATDF manages time factor (avoids the need to resort to judicial proceedings (at least as a first instance for the complainants to apply)).
98. Typical grievances under Component 2 pertaining resettlement may relate to:
  - Land acquisition and physical displacement;
  - Economic displacements and livelihoods;
  - Direct and/or indirect social - economic impacts.
99. GM will include the following Steps:

- Step 1: Submission of grievances either in writing or verbally via telephone hotline/mobile, mail, social media (FB etc.), website, and grievance logbook via a contractor organization and directly to the ATDF. The GM will also allow anonymous grievances to be raised and addressed.
- The grievances received by the community Grievance Focal Point (GFP) or by the Contractor's GFP will be recorded in GM log and will be submitted to the GM Coordinator at the ATDF. The GFPs' will be specially trained in handling grievances.
- Step 2: Recording of grievance, classifying the grievances based on the typology of complaints and the complainants in order to provide more efficient response, and providing the initial response immediately as possible. The typology will be based on the characteristics of the complainant (e.g., vulnerable groups, persons with disabilities, etc.) and also the nature of the complaint.

100. The ATDF will handle grievances related to resettlement implementation through the Grievance Redress Commission (GRC) which will be chaired by the TC. The GRC might have, but not be limited with, the following composition:

Representative of TC/MoE	GRC Chairperson
Representative of ATDF	Member, Committee Secretary
Representative of local government	Member
Representative of affected community	Member
Representative of Consultant/Contractor	Member
Representative of local NGOs/CSOs (optional)	Member

### **Grievance Focal Point (Stage 1)**

101. Stage 1 of the GM involves recording the complaint (whether written or oral) in the GM log which will be prepared and provided to the GFP. Community Liaison Officers will act as GFPs for clusters. Focal points at the community level will record the grievances. Once a standing grievance has been logged, it will be reviewed at the community level and if it is possible to be solved by the Contractor easily the grievance will be referred to the Contractor and to the ATDF. If the grievance needs a detailed study of the case and it cannot be resolved the PAP is informed about grievance resolution procedures of Stage 2. A PAP has the right to use the procedures of Stage 2 without applying to Stage 1 procedures. The time frame for resolving the stage 1 grievance is 7 days.
102. All recorded grievances at Stage 1 will be reported to the GRC. If the solution requires a detailed study of the case, it will be escalated to the GRC, and any activities at the local level will be stopped.

### **Grievance Resolution at Project Level (Stage 2)**

103. At this stage, the grievance will be reviewed at the ATDF level. Unsolved grievances at Stage 1, with the complainant's consent, will be sent to the ATDF in written form. Similarly, aggrieved complainants/PAPs dissatisfied with the resolved grievance at Stage 1, can escalate their grievances to the ATDF. The focal point from the community will assist him/her in lodging an official complaint. The GM coordinator at the ATDF will review the written complaints of PAPs, which were not satisfied at Stage 1, and send them internally to the Project Coordinator. In case of complicated grievances which require the involvement of different stakeholders, the ATDF will call for a GRC meeting. The GRC established by the TC will deal with the grievance.
104. The timeframe for referral is 10 days. The complainant shall be informed of the decision within a maximum of 30 days.

### **Closure of Grievances**

105. A grievance will be considered “resolved” or “closed” when a resolution satisfactory to both parties has been reached, and after corrective measures has been successfully implemented. When a proposed solution is agreed between the Project and the complainant, the time needed to implement it will depend on the nature of the solution. However, the actions to implement this solution will be undertaken within one month of the grievance being logged and will be tracked until completion. Once the solution is being implemented or is implemented to the satisfaction of the complainant, the status of the complaint in the GM log will be marked as “Closed”. The GM log will be submitted to the World Bank team.
106. In certain situations, however, the Project may “close” a grievance even if the complainant is not satisfied with the outcome. This could be the case, for example, if the complaint of the PAP is not justified and they are not eligible for the entitlement claimed. In such situations, the Project’s efforts to investigate the grievance and to arrive at a conclusion to reject the complaint. The status of the grievance in this case will be “Rejected”. The complainant will be notified about the decision within a month from the date of the grievance record.

### **Grievance Records and Documentation**

107. The ATDF will nominate a GM Focal Point to manage a grievance log to keep a record of all grievances received. The resettlement grievance log will be separate. The log will contain the name of the individual or organization lodging a grievance; the date and nature of the grievance; any follow-up actions taken; the solutions and corrective actions; the final result or status of the grievance.
108. Grievance monitoring and reporting will occur in the ATDF’s semiannual and annual progress reports to be prepared for the WB. GM log will be submitted to the Bank upon request.
109. The final RP in Armenian as well as the GM contact information will be available on the ATDF’s website and in the affected community administration. The contact information can also be obtained from the GM Focal Point.
110. The ATDF will keep a record of all complaints referred to the grievance mechanism, including a description of issues raised and the status or outcome of the review process.
111. The GM mechanism will not impede access to the Country’s judicial or administrative remedies.

## 8. Cost and Budget

112. Table 4 below presents the estimated budget for the implementation of resettlement activities under the TRIP. It primarily includes the costs for the preparation and implementation of the Resettlement Plan (RP) for the Gyumri marketplace, as well as for external monitoring. The budget will be sourced from loan funds.
113. Small-scale resettlement costs will be covered through municipal budgets, pending discussion and agreement with local municipalities. The resettlement implementation for the Gyumri Marketplace, which requires a larger budget, will be financed from the State Budget. The TC will negotiate with the Ministry of Finance for fund allocation.

**Table 4. Resettlement Preparation and Implementation Cost and Budget (US dollars)**

Activity	Piece/unit cost (US dollars)	Number	Total
Resettlement plan preparation and implementation consultancy for Gyumri marketplace	460 (per kiosk)	100	46000
External monitoring consultancy	5000 (per RP)	3	15000
Resettlement plan preparation and implementation consultancy	10000 (per RP)	2	20000
Total Sum			81000

### **Annex A. Grievance Redress Committee: Tasks and Composition**

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

- Representative of the Ministry of Economy (MoE),
- RPIU of ATDF,
- Representative of Local self-government bodies,
- Representatives of the relevant state authorities and/or Marzpetaran in the project area,
- Representatives of local NGOs/ if available.

The establishment of GRC for the Components with significant resettlement impacts is mandatory. The composition of the GRC will be shared with the WB team prior to commencement of RP preparation. A GRC will be headed and convened by MoE to resolve particularly complicated cases addressing complaints and grievances pertaining to resettlement.

Key responsibilities and functions of the GRC is as follows:

- Have meetings on monthly bases;
- Ensure that handling of grievances is in accordance with the GM procedure;
- Ensure that follow-up actions in response to grievances are taken within an agreed timeframe;
- Maintain a database of all registered grievances, along with details on the nature of the issues raised, the case history, and actions taken;
- Report on outstanding/resolved grievances to the Committee members;
- Coordinate with responsible state/local or other bodies for resolving the grievances;
- Ensure the availability of GM information in the project area;
- Coordinate with community representatives on the efficacy and usefulness of the GM; and recommend changes if any required;
- Undertake site visits to assess issues raised by those who lodge grievances, if necessary.

## **Annex B. 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;

### **DP incomes from other sources, including:**

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

## **Annex C. List of Data for Census Survey**

### **1. Background Information**

- Questionnaire code and date of survey
- Name of interviewer
- Name of province, district and village/hamlet

### **2. Household Census**

- Name of household head and all household members
- Relationship of household members to the household head
- Age and sex of each household member
- Information on ethnicity
- Education level of each member
- Primary occupation and monthly income of each member
- Incomes from secondary sources for each member
- Location of job or businesses as the case may be
- Length of stay on present location

### **3. Tenure Status**

Category of land

- Type of land ownership and the name of the owner/HH member
- Type of document possessed to certify ownership type
- If not owned, name and address of owner
- If informal use right, type of agreement
- Number of years used
- Rent per month paid by tenant
- 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 D. List of Data for Inventory of Losses****1. Land Use**

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

**2. Structures**

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

**3. Other Structures**

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

**4. Agricultural Products**

- Type of crops affected
- Owner of affected crops
- Total yearly production of crop on affected land
- Average yield of crop
- Any products that are sold at the market
- Number of employees/labor used for crop production
- Average value of crop



- Average yearly household income from agriculture

#### **5. Trees**

- Number and types of affected trees
- Age of tress
- Name of owner of trees
- Average yield of fruit bearing trees
- Average yearly income from fruit trees

#### **6. Business**

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

#### **7. Affected Public Utilities and Facilities**

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

#### **8. Preference for Relocation**

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

## Annex E. Valuation Methodologies of the Affected Assets<sup>29</sup>

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

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

### Regulating Documents

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

- 1) WB ESS5
- 2) The “RA Law HO-189-N on Real Estate Assessment Activities” adopted on 04.10.2005
- 3) The RA Government decree on "On setting the Evaluation Standards in the Republic of Armenia, as well as the requirements for the evaluator's behavior" dated August 24, 2022 N 1355-N.
- 5) The RA Urban Development Minister’s “Decree N 09-N (dated 14.01.2008) on Approving the Construction of Buildings, Structures in the RA Territory and the Collection of the Increased Indicators of the Construction Work Type Cost.”

Features to be considered

- Affected state lands are not assessed.
- In the case of affected community lands, only the affected portions of the lands are described and assessed.
- Gas pipes, water pipes, electrical wires and other communications not belonging to private owners are not assessed.
- In the presence of the certificate of ownership, the total area of the affected plot is taken to be the area indicated in the certificate.
- In the absence of a right registration certificate, the total area of the affected plot is taken as the area available in the cadastral map,
- In the valuation of gardens, the land is valued as arable land and the value of the trees existing on the land is added to the calculation.

### Valuation of the Land

Valuation of real estate and land plots is carried out based on the General Appraisal and Real Estate Appraisal Standards, which comply with international appraisal standards, as well as other requirements of the RA legislation and the requirements of the WB ESS5.

Classical approaches to land plot evaluation are:

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<sup>29</sup> Valuation methodologies presented here are subject to further review by valuation experts and updates

- a) Comparative approach, which is a valuation method according to which the value of real estate is determined by comparing it with similar and comparable real estate objects.
- b) Cost approach, which is a method of valuation in which the value of real estate is determined as the sum of the value of the land without improvements and the replacement cost of existing structures on the land, less accumulated depreciation.
- c) Income approach, it is a valuation method according to which the value of real estate is determined based on its ability to generate income.

The cost approach is not applicable because land is a natural resource that cannot be created or constructed. The income approach is not applicable due to the unreliability of lease transactions for privately owned land. In addition, the low efficiency of the use of such land plots in the territory of the Republic of Armenia is the cause of poor yield indicators, which is due to the small size of the land plots and the inefficiency of the agricultural machinery used to cultivate them. As a result, annual operating costs increase. Land valuation will be carried out at replacement cost based on market rates.

The market value assessment will be done using the comparative method. The main method of the comparative valuation approach is the comparable transaction method, also known as the benchmark transaction method, in which the value of real estate is determined by analyzing the market prices of real estate comparable to the appraised real estate and making appropriate adjustments. For the implementation of the approach, both real estate sold on an open and competitive market, as well as real estate publicly auctioned on the free market, can be selected as comparable real estate objects. In order to apply the comparative approach, it is necessary to have reliable information on at least three comparable real estate properties (from the point of view of reliability, the actual transaction is preferable). Information on the comparable real estate used for the comparative approach assessment must be included in the assessment report with location identifying data (a map section indicating the location of the comparable real estate).

### **Valuation procedure**

Real estate evaluation using the comparative approach is carried out in the following stages:

- 1) market research of similar and comparable objects,
- 2) collection of market data, processing and selection of reliable information for similar and comparable real estate,
- 3) determination of the appropriate unit of comparison,
- 4) separation of necessary elements of comparison,
- 5) adjustment of the value of the comparison units according to the comparison elements,
- 6) comparison of adjusted values of comparable real estate units and adjustment to one index or range (weighting).

### **Step 1: Information gathering**

To effectively analyze the market situation for comparable real estate, an appraiser typically utilizes a variety of reliable information sources. Here's a breakdown of the key sources:

#### **Public Sources:**

- **Professional Magazines:** These can provide insights into market trends, property values, and expert opinions on various real estate sectors.
- **Websites:** Online real estate platforms and market analysis sites can offer current listings, historical sales data, and market reports.
- **External Advertisements:** Advertisements from real estate agents and companies can provide additional context on pricing and market conditions.

**Personal Database:**

- Appraisers often maintain their own databases, compiling historical data and insights from past appraisals, sales, and trends to inform their current analyses.

**RA Cadastre Committee:**

- Access to electronic services provided by the RA Cadastre Committee allows appraisers to obtain official records, including property ownership details, zoning information, and transactional history.

By integrating information from these sources, the appraiser can build a comprehensive understanding of the market, assess property values accurately, and provide reliable appraisal reports.

**Step 2: Analyze of the information**

The appraiser analyzes the received information to identify the most comparable and reliable real estate data. This involves comparing three similar properties, focusing on key elements such as location, size, condition, and recent sale prices. The reliability of the data is assessed based on how closely the distinguishing characteristics of the subject property align with those of the comparable. The more similarities there are, the more confident the appraiser can be in the valuation outcome. This thorough comparison helps ensure that the final valuation is grounded in solid, relevant market data.

**Step 3: Units of comparison**

When implementing a comparative approach to land valuation, the price per unit of land area is generally chosen as the unit of comparison. In the implementation of the comparative approach for the evaluation of built-up plots, the units of comparison are mainly used as 1) the unit price of the plot area, 2) the price of the unit area or volume of buildings, 3) the price of the unit area or volume of buildings to be leased, 4) the price of the unit of the whole real estate or a certain part of the latter.

After the selection of the comparison units, the elements/factors affecting the market value of the property are separated/determined, based on which the value of the comparison units will be adjusted according to the comparison elements. Factors affecting the market value are divided into 2 groups:

- Market-related elements (offer and sale date, market conditions)
- Items directly related to real estate

Factors directly related to real estate may vary depending on the type of property.

1) The following factors may affect the value of the land plot (except for agricultural plots) according to Article 6, Part 1 of the Land Code of the Republic of Armenia.

- a) property rights (including development) and restrictions (including rights and use);
- b) objective and operational significance,
- c) availability and possibility of communications,
- d) development standards and restrictions,
- e) dimensions of the plot (surface, width, length, geometric structure, front part),
- f) location (location attractiveness),
- g) slope,
- h) availability and accessibility of transport hubs,

2) For agricultural lands.

- a) property rights and restrictions (including rights and use);
- b) plot, assessment group, availability of irrigation water,
- c) dimensions of the plot (surface, width, length, geometric structure),
- d) location, region of land evaluation,
- e) slope, rockiness,
- f) availability and accessibility of transport hubs.

#### **Step 5: Price Adjustments for Comparable Real Estate**

##### **Initial Adjustments:**

- Start with adjustments related to the offer and sale date, conditions, and market conditions.
- Each adjustment is applied sequentially, based on the previous result.

##### **Real Estate-Specific Adjustments:**

- Apply adjustments directly related to the characteristics of the properties.
- Order these adjustments based on their influence on property value, from highest to lowest impact.

##### **Correction Coefficients are:**

- Derived from the "Real Estate Analysis" directory published by the RA Cadaster Committee.
- Informed by the appraiser's own research and market analysis.

#### **Step 6: Final Value Determination**

The adjusted values of the comparable real estate units are weighted and consolidated into a single value indicator, unless otherwise specified in the assignment.

**Table 1. Calculation of the value of 1 square meter of the land plot**

Comparison element	Unit of measurement	Comparison plot N1	Comparison plot N2	Comparison plot N3
Source of data		CC Information Center	CC Information Center	CC Information Center
Timeline (month .year)		02.2023	01.2024	06.2023
Sales cost	AMD	2,500,000	400,000	100,000
Total area	Sq. m.	10000	4690	1100
Cost of 1 sq. m.	AMD	250	85	91
Correction according to market conditions, sales conditions and timing	%	6.8%	18.1%	12.5%
The coefficient was determined as a result of the market analysis for the given period, the basis is the "Real Estate Market Analysis" website published by the Cadastre Committee <a href="http://www.cadastre.am">www.cadastre.am</a> , the percentage was determined by the following formula: $\left(\frac{P_{lcac}}{P_{lcc}}\right) \times P_{la}$ (where $P_{lcac}$ - is the average market price of the plot as of the valuation date as analyzed by the Cadastre Committee, $P_{lcc}$ - The average market price of the plot of land as of the date of the comparative data, as analyzed by the Cadastre Committee, $P_{la}$ - is the selling price of the plot.				
Corrected price per square meter	AMD	267	101	102
Location		Address	Address	Address
Market correction by location	%	-10%	25%	25%
(market location) on the basis of market information, market research (observations in the given communities, analysis of market data, analyzes made by the Cadastre Committee) and the analytical experience of the appraiser, which can be up to 10-25%.				
Corrected price per square meter	AMD	240	126	128
Correction according to other pricing circumstances (availability of transport hubs and infrastructure)	%	0%	0%	0%

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On the basis of market information, market research (observations in the given communities and the study of sales data) and the analytical experience of the appraiser.				
Corrected price per square meter	AMD	240	126	128
Purpose, operational significance or terrain		agricultural, arable land	agricultural, arable land	agricultural, arable land
Correction by purpose, operational purpose or terrain	%	-30%	-30%	-30%
The cadastral values of RA agricultural plots based on the data of 1997 and the analysis of the 1997 Government Decree N237 averages 29.8-30.2%, The percentage was determined by the following formula $\left(\frac{P_{alcp}}{P_{pcv}}\right)$ , where $P_{alcp}$ – is the cadastral value of undrained arable land, $P_{pcv}$ – is the cadastral value of the pasture, and based on the analytical experience of the appraiser, it is 30%.				
Corrected price per square meter	AMD	168	88	89
The degree of inclination		flat	flat	flat
Correction according to the degree of inclination	%	-10%	-10%	-10%
Based on market information, market research (observations in the given communities and the study of market data) and the analytical experience of the appraiser (there are flat, weak, medium and strong slopes), which was up to 30%, the step 10%. In this assessment, 10 %.				
Corrected price per square meter	AMD	151	79	81
degree of stoniness		stone less	stone less	stone less
Correction by degree of stoniness	%	-20%	-20%	-20%
on the basis of market information, market research (observations in these communities and the study of sales data) and the analytical experience of the appraiser (there are stone less, weak, medium and strong stone ), which was up to 50%.				
Corrected price per square meter	AMD	121	63	64
Irrigation		Irrigated	Not irrigated	Not irrigated
Correction by irrigation	%	-30%	0%	0%
The cadastral values of agricultural plots of RA based on the data of 1997 and the analysis of the decision of the Government Decree N237 of 1997 are on average 30-60%, (The percentage was determined by the following formula `				

$\left(\frac{P_{cial}}{P_{cnial}}\right)$ , where $P_{cial}$ – cadastral cost of the irrigated arable land, $P_{cnial}$ – is the cadastral price of not irrigated arable land.) and based on the analytical experience of the appraiser, which is 30-40% in the Tranche-3 regions performed by us, 30% was accepted in this assessment.				
Corrected price per square meter	AMD	85	63	64
Position to the main road.		3rd line	2nd line	1st line
Correction by position relative to the main road.	%	10%	5%	5%
on the basis of market information, market research (observations in the given communities and the study of sales data) and analytical experience of the appraiser (there are 1st, 2nd, 3rd and more positions), which was up to 10%, the step is 5%.				
Corrected price per square meter	AMD	93	67	68
Estimated value of 1 square meter	AMD	76		

## BUILDING/STRUCTURE VALUATION METHODOLOGY

The valuation of buildings/structures will be carried out at +15% to replacement cost based on the methodology/criteria proposed by the Pricing Information and Calculation Center of the RA Urban Development Committee. Replacement cost is understood as the total cost to reconstruct a building/structure comparable in area, materials and features to the building/structure to be replaced, free of deductions for transaction costs and amortization. The calculation of the replacement cost is based on the following factors:

- 6) current market value of materials
- 7) current cost of transportation of materials
- 8) current labor costs, and
- 9) cost of specific structural/esthetic features of the affected building.

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

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

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



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

$$SE = DE + IE + BP, \text{ where}$$

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

**DE** - sum of direct expenses,

**IE** - sum of indirect expenses, and

**BP** - business (constructor's) profit.

Direct expenses included the following expenses directly associated with construction:

- 12) expenses for purchasing materials, products, engineering networks and systems, and constructors' salaries
- 13) expenses for operation of construction vehicles and machinery
- 14) expenses related to temporarily constructed structures, safety measures, other expenses considered the norm in the transport and local market
- 15) expenses related to financing the construction, and
- 16) contractor's overhead expenses and profit.

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

- 17) design, estimate preparation, technical and other control expenses
- 18) payments for consulting, legal, accounting and audit services
- 19) expenses related to advertising, marketing and object sale
- 20) entrepreneur's administrative and other expenses.

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

$$RE = BS \times SE \text{ where:}$$

**RE** - Structure reproduction (or replacement) expenses

**BS** – floor surface area of assessed buildings and structures

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

An example of building reproduction/replacement costs calculation is presented in Table 2.

**Table 2. Residential building's reproduction/replacement costs calculation example**

Building code/serial number	001
Name	Residential house

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Internal area (sq. m.)	140.42
<i>Certificate of ownership or measurement result</i>	
Internal area (sq. m.)	154.40
<i>Certificate of ownership or measurement result</i>	
Height (meters)	3.00
<i>Certificate of ownership or measurement result</i>	
Volume (depth)	463.20
<i>absolute size (outer area x height)</i>	
According to the EICV(enlarged indicators of the cost of works), 1 sq. m reproduction or replacement costs, (EICV 2009, Volume I, Section I, line 27)	205,120
Currency exchange rate	1.494
<i>EICV 2009, general provisions, clause 5 (L/305)</i>	
Correction factor for the degree of completion of the property	1.00
<i>EICV 2009, general provisions Clause 7</i>	
Coefficient according to the quality of finishing materials	1.00
<i>based on the assessor's analytical experience</i>	
Direct reproduction or replacement costs	43,031,608
<i>absolute size (interior area x EICV x currency ratio x property completion ratio x finishing materials ratio)</i>	
Overhead expenses	13.3%
<i>Order N41-N of the Ministry of Urban Development dated 16.06.2008</i>	
Business (Entrepreneurial) profit	10%
<i>Based on analysis of market information</i>	
VAT	20%
<i>EICV 2009, general provisions, point 3, June 16, 2008. Section 12 of Order No. 41-N, RA Law on Value Added Tax</i>	
Replacement costs	64,356,352
<i>absolute value (direct replacement or replacement costs x overheads x operating profit x VAT)</i>	
<b>15% added to reproduction or replacement costs</b>	<b>74,009,804</b>

## CROP VALUATION METHODOLOGY

The basis for determining the compensation value of crops is the data received from the Ministry of Agriculture, the Marzpetaran about the average yield for each community and the data

from the RA National Statistical Service ([www.armstat.am](http://www.armstat.am)) about the average market value of these crops. The following formula was used to estimate income from crops:

$$V_{crop.} = \sum_{i=1}^m S_i * A_i * V_{1kg}$$

Where:

$V_{crop.}$  – is the income from crops;

$S_i$  – is the area of the i-th cropping area;

$A_i$  – is the yield of the i-th crop (kg/m<sup>2</sup>)

$V_{1kg.}$  – is the cost of 1 kg of the i-th crop

A sample for crop value calculation is shown in Table 3.

**Table 3. A sample for crop value calculation**

Name	The area of the crop growing on the affected part of the land / sq. m.	The surface of the growing crop on the total surface of the land / sq. m.	Yield (kg/m <sup>2</sup> )	Harvest market price (Drams/kg)	Loss of income from the affected land (AMD)	Loss of income from the total plot (AMD)
wheat	1273.06	1,273.06	0.28	159.5	56,855	56,855

## FRUIT TREES VALUATION METHODOLOGY

Fruit-bearing trees are evaluated according to tree species and 3 age groups:

1. Newly planted
2. Not yet productive (medium)
3. Harvester

The value of newly planted trees is calculated based on the analysis of the prices of similar saplings sold in the market.

The value of trees not yet productive is calculated based on the replacement value, which is the value of the sapling plus the inputs (water and fertilizers) for the years it takes for the tree to reach the productive age.

The evaluation of productive trees is done by the following formula:

Estimated based on the lost income from the tree according to the following formula:

$$V_{fruit.} = \sum_{i=1}^m Q_i * A_i * T_i * V_{1kg}$$

Where:

$F_{ruit}$  – is the value of fruit trees

$Q_i$  – is the number of fruit trees of the i-th type

$A_i$  – is the productivity of fruit trees of the i-th type (kg/tree)

$T_i$  – is the number of years required for trees of the i-th type to bear fruit (number of years)

$V_{1kg}$  – is the value of 1 kg for the i-th species

The yield is calculated according to the 2013 data provided by the regional governors. based on yield.

The value of the unit is calculated from the website [www.armstat.am](http://www.armstat.am) (National Statistical Institute).

A sample calculation of loss from fruit bearing trees is presented in Table 4.

**Table 4. Sample calculation of loss from fruit bearing trees**

Table 4: Sample calculation of loss from fruit bearing trees

Fruit tree															
NN	kind	Saplings in the alienated land /item/	Saplings in the common plot /item/	Unit value / AMD AMD/	Immature harvester in alienated land /item/	Immature harvester in the common plot /item/	Yield /kg/	Price of 1 kg / AMD/	Average age of the tree	A mature harvester in the land to be alienated /item/	A mature harvester in the common plot /item/	Yield /kg/	Price of 1 kg/AMD/	Price per surface area (AMD)	Price from the total area ( AMD)
1	Apple			0				0			2	60	250	0	150,000
2	Cherry			0		11	30	200	3					0	198,000
3	Total													0	348,000

#### TIMBER TREES VALUATION METHODOLOGY

The following data is used in the assessment of timber trees:

1. Tree species;
2. Tree girth in cm, measured 1.3m above the ground, including bark;
3. Length (height) of the nest to be processed in meters.

For timber trees, the following formula applies:

$$T_{TT} = T_{TMP} \times T_V + T_{FW} \times T_{FWV} - Ex$$

Where:

$T_{TMP}$  – market value of timber trees,

$T_V$  – Market value of 1 square meter of plywood,

$T_V$  – volume of plywood,

$T_{FW}$  - market price of firewood per cubic meter,

$T_{FWV}$  – volume of the firewood,

Ex – gross expenses incurred until delivery to the sale point.

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Waste is the sum of the cutting residue and bark volume and is the total volume of trunk and bark, making up 10% of the calculated cost.

A sample calculation of timber yielding trees is presented in Table 5.

Calculation of timber trees (C < 41 cm and trunk height to be processed: < 1.0 meters and those timbers that are not suitable as construction timber)														
Name	Համ		D-diameter in m	Height of the tree trunk	Volume	Waste volume	Foliage volume	Volume to be assessed		Price of 1 c. m firewood	Total expenses ( AMD)		Total (AMD)	
	Total number on the plot	On the affected land plot						On the land plot	On the affected part		On the land plot	On the affected part of the land plot	On the land plot	On the affected part of the land plot
Willow	4	4	0.54	10	2.29	0.23	0.34	9.61	9.61	22100	7691	7691	204779	204779

### DECORATIVE TREES VALUATION METHODOLOGY

The value of decorative trees is calculated based on the analysis of the prices of similar trees sold in the market.

### CALCULATION OF TRANSPORTATION COSTS

The calculation of transportation costs will be made based on the results obtained from the market studies.

For the transportation of special equipment, an individual calculation of transportation costs will be made.

1 ticket (with a truck capable of transporting 1.5-2 tons of cargo) is intended for the transportation of economic and household properties in an area of up to 50 square meters, which includes the worker's salary.

### VALUATION OF IMPROVEMENTS ON THE LAND (EXCLUDING BUILDINGS/STRUCTURES, PLANTS AND TREES)

Improvements on land (excluding buildings/structures, crops and trees) are also calculated at replacement cost.