

July, 2015

**Transmission Line Reconstruction Project
Hrazdan to Shinuhair Corridor, Armenia**

and

**Rehabilitation of HaghTanak, Charentsavan-3
and Vanadzor-1 substations, Armenia**

and

**Reconstruction of Lalvar and Noyemberyan 110-
kV Transmission Lines**



Resettlement Policy Framework (RPF)

Final Report

Table of Contents

1. Summary	1
2. Introduction	2
2.1 Project Description	2
2.2 Description of the project components for which land acquisition and relocation are possible:	5
2.3 Rationale for Preparation of a Resettlement Policy Framework (RPF)	6
2.4 Principles and objectives governing resettlement preparation and implementation	7
2.5 Scope of Resettlement within the Project	9
3. Institutional and Legal Framework	11
3.1 Institutional Framework	11
3.2 Legal Framework	16
3.3 Comparison of Armenian Laws and the Policy for Involuntary Resettlement of the World Bank	18
3.4 Gap Analysis	19
4. Eligibility and Entitlement Framework	20
4.1 Eligibility	20
4.2 Entitlement Framework	20
4.3 Methods for Valuation of Assets	24
5. RAP Preparation, Review and Approval	27
6. Implementation Process	29
6.1 RAP Implementation Process	29
6.2 Grievance Mechanism	36
6.3 Institutional Capacity	40
6.4 Monitoring	40
7. Public Consultation and Disclosure	43
8. Costs and Budget	46
9. Annexes	47
9.1 Entitlement and Compensation Matrix	47
9.2 Checklist for Census Information	50
9.3 References	51

9.4	Sample Census Format	53
9.5	Sample Inventory of Losses Format	54
10.	Minutes Of Public Consultations	55

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
CC	Construction Contractor
EBRD	European Bank for Reconstruction and Development
EMF	Electric and Magnetic Fields
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESREE	Electricity Supply Reliability and Energy Efficiency Project
ESRP AF	Additional Financing for Electricity Supply Reliability Project
HVEN	High Voltage Electric Networks
kV	Kilovolt
IUCN	International Union for Conservation of Nature
KWh	Kilowatt-hour
MW	Megawatt-hour
MENR	Ministry of Energy and Natural Resources of RA
MNP	Ministry of Nature Protection of RA
MOC	Ministry of Culture of RA
MOTC	Ministry of Transport and Communication of RA
NGO	Non-Governmental Organization
PAP	Project Affected Person
PCR	Physical Cultural Resources
R2E2 Fund	Renewable Resources and Energy Efficiency Fund
RA	Republic of Armenia
RAP	Resettlement Action Plan
ROW	Right of Way
RPF	Resettlement Policy Framework
SEA	Strategic Environmental Assessment
SEI	State Environmental Inspectorate
SNCO	State Non-commercial Organization
TOR	Terms Of Reference
UNDP	United Nations Development Program
WB	World Bank
WWF	World Wide Fund for Nature

Definitions

Resettlement, in Bank terminology, covers all direct economic and social losses resulting from land taking and restriction of access, together with the consequent compensatory and remedial measures. Resettlement is not restricted to its usual meaning—physical relocation.

Resettlement can, depending on the case, include (a) acquisition of land and physical structures on the land, including businesses; (b) physical relocation; and (c) economic rehabilitation of displaced persons (DPs), to improve (or at least restore) incomes and living standards.

Project affected persons (PAPs) means persons who suffer from a direct economic or social adverse impact of the project, through

- loss or damage of assets
- land expropriation
- involuntary displacement
- adverse effect on right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed (temporarily or permanently);
- adverse effect on access to productive assets (temporarily or permanently); or
- adverse effect on business, occupation, work or place of residence or habitat.

Resettlement Policy Framework (RPF) is a resettlement document to be prepared if the extent and location of resettlement cannot be known at appraisal because the project has multiple components or if the final design (as in this case) is determined at a later stage (final design during construction process). The policy framework establishes resettlement objectives and principles, organizational arrangements, and funding mechanisms for any resettlement operation that may be necessary during project implementation. The framework also estimates the probable number of affected persons and resettlements, and especially for financial intermediary projects, assesses the institutional capability to design, implement, and oversee resettlement operations. When during project implementation the extent of resettlement in any subproject becomes known, a RAP (or an abbreviated RAP, depending on the scale and severity of impacts) is prepared before the investment is approved for funding (OP 4.12, paras. 29–30).

Resettlement Action Plan (RAP) is a resettlement document to be prepared when the exact location of the project i.e. final detailed line routing and exact tower locations are identified. If the final line impacts settlements below the safety distance specified in the law, land acquisition leads to physical displacement of persons, and/or loss of shelter, and /or loss of livelihoods and/or loss, denial or restriction of access to economic resources. RAPs are prepared by the party impacting on the people and their livelihoods. RAPs contain specific and legally binding requirements to be abided by to resettle and compensate the affected party before

implementation of the project activities causing adverse impacts. RAPs contain a census of PAPs, including cadastral information and a detailed inventory of losses.

Compensation means the payment in kind, cash or other assets given in exchange for the taking of land, or loss of other assets, including fixed assets thereon, in part or whole.

Land acquisition means the taking of or alienation of land, buildings or other assets thereon for purposes of the Project.

Replacement cost for agricultural land means the pre-project or pre-displacement, whichever is higher, value of land of equal productive potential or use located in the vicinity of the affected land, plus the costs of: preparing the land to levels similar to those of the affected land; any registration, transfer taxes and other associated fees.

Replacement cost for houses and other structures means the prevailing cost of replacing affected structures of the quality similar to or better than that the affected structures, in an area. Such costs shall include:

- a) building materials
- b) transporting building materials to the construction site;
- c) any labor and contractors' fees; and
- d) any registration costs.

Cut-off date is the date of commencement of the census of PAPs within the project area boundaries. It is the date from which onwards, any occupation or purchase of land that is used for the project, will not be eligible for compensation.

Vulnerable Groups refers to people who cannot cope with crisis or shock situations to maintain their livelihood. In practice, these are often:

- widows, the disabled, marginalized groups, low income households and informal sector operators;
- incapacitated households – those no one fit to work and;
- child-headed households and street children.

This group is among other things, characterized by low nutrition levels, low or no education, lack of employment or revenues, old age, ethnic minority and/or gender bias.

1. Summary

The present Resettlement Policy Framework (RPF) has the objective to clarify resettlement principles and organizational arrangements for the planned replacement of the 220 kV transmission line Hrazdan-Shinuhair and replacement of the 110 kV transmission lines Lalvar & Noyemberyan as well as the rehabilitation of Haghtanak, Charentsavan-3 and Vanadzor-1 substations (SS) (ESRP-AF).

As the line is a subject of complete replacement, and for technical reasons will have to be shifted 50 m to one side, and several bypass areas are constructed, and key transmission assets at Haghtanak, Charentsavan-3 and Vanadzor-1 substations are subject to rehabilitation/replacement, the necessity for land acquisition, compensation and relocation needs to be considered. The present RPF seeks to support the development of a subsequent Resettlement Action Plan (RAP) and to support HVEN with the task of planning and implementing compensation and relocation provisions. For each section of the line a specific RAP may be prepared.

For the preparation of the present document a field survey of the entire line and substations sites has been undertaken, including discussions with representatives of potentially affected population and stakeholder interviews in the affected regions.

Several sensitive areas, where villages are affected by the line and planned bypasses needed to be revised have been encountered and discussed with representatives of the HVEN. The flexibility of the design-phase has been appreciated as an advantage in order to avoid settlements and other high impact areas (see ESIA Report).

An in-depth public consultation and socio-economic survey, including census, cadastral information inventory of losses will have to be made when the final design is prepared.

The field research has been complemented by a detailed analysis of satellite images as well as an analysis of the legal and institutional framework by a local legal expert. A focus has been placed on the analysis of existing practices of land acquisition / expropriation for public interest, the valuation methodologies and the entitlement framework. Existing experiences from other sectors than the electricity transmission sector have been reviewed and adapted for the purpose of the Project.

2. Introduction

2.1 Project Description

A) Replacement of the 220 kV transmission line Hrazdan-Shinuhair

The Government of the Republic of Armenia has requested financial assistance from the World Bank (WB) to perform the environmental due diligence process for the Electricity Supply Reliability and Energy Efficiency Project (ESREE). Besides the component of energy efficiency, ESREE implies an electricity transmission component aiming at a complete replacement of the around 230 km long high-voltage transmission line from Hrazdan substation (in the north-east of Armenia) to Shinuhair substation (in the south of the country) to enhance the reliability and capacity of the transmission network and to close the power supply gap in Armenia.

The power transmission rehabilitation component (named “the Project” in the following) comprises the five separate sections Noraduz (45 km), Lichk (25 km), Vardenis (45 km), Vayk (70 km) and Vorotan 1 (40 km) from the central regions (Kotayk Marz), via the city of Vayk, to Southern Armenia (Syunik Marz, City of Goris). Total length of the line is 232,5 km. Substations and power plants are located in Hrazdan (Hrazdan Thermal Power Plant), Gavar, Lichk, Yeghegnadzor, Shaghat village (Spandaryan Hydro Power Plant) and Shinuhair. The Project will include the erection of new towers/pylons including foundations, replacement of existing conductors, insulators and other key pieces of infrastructure and equipment.

The new transmission line will run mostly parallel to the old one (50 m distance). It will mainly follow the existing Right of Way (ROW) with some deviations to bypass settlements, cultural sites, difficult terrain etc.

The existing line has been commissioned in 1956 and is at the edge of its life span and technically not up to date anymore. In the course of this replacement the diameter of the conductors being 300 mm² today will be augmented to 400 mm² in order to increase capacity and reliability of power transport.

Important parts of the land within the corridor (ROW) are private and municipally owned lands that are used for agriculture, horticulture and livestock grazing or forage making. A very small area is forested land.

The present line traverses a relatively high number of villages and towns, where it is not possible to shift the ROW 50 m to the side without affecting settlements. For this reason bypass sections have been chosen to avoid settlements and involuntary relocation.

It is expected that the number of persons to be relocated is minimal, if all the bypasses are constructed as planned in the pre-design / feasibility design phase.

A further additional component (ESRP) is the:

B) Lalvar & Noyemberyan 110 kV lines:

The proposed Lalvar & Noyemberyan 110 kV OTL with a length of approx. 25 km is planned as double circuit in a new corridor 50 m next to the existing line.

The line starts at Alaverdi-2 substation (about 960 m a.s.l.) and ends at Noyemberyan substation. Starting from Alaverdi-2 it runs across the grass-plain of Sanahin high above the river Debed. It crosses two canyons, passes on the edge of village Haghat, crosses further plains and traverses the steep forested slopes of right side of Debed River Gorge, where a T-Off to the railway station Akhtala is planned. At the valley of Neghots it over-spans the gorge -at the bottom of which the settlement is located- and continues along the forest slopes. The line continues still on the right river side but soon crosses road and river to gain the left river side and the grass plains of Pokr Ayrum (on top of the Debed Gorge). From there it follows the edge of the gorge on the fields and grass plains of Pokr Ayrum and Mets Ayrum, over-spans one more canyon and reaches the substation shortly after crossing Debed River and the road at village Haghtanak.

C) Rehabilitation of Haghtanak, Charentsavan-3 and Vanadzor-1 substations

Additional Financing for the Electricity Supply Reliability Project (ESRP AF), requested by the Government of Armenia, intends to increase the reliability and capacity of the transmission network through rehabilitation/replacement of key transmission assets. To achieve this objective, the ESRP AF will include complete rehabilitation and expansion of Haghtanak substation (SS), complete rehabilitation of Charentsavan-3 substation and rehabilitation of Vanadzor-1 substation. The scope for Component 1 of this project is as follows:

- Haghtanak substation: The substation was commissioned in 1988 and has not been rehabilitated since then. The key equipment and supporting structures need replacement because of lack of maintenance parts and erosion of concrete foundations and steel supports. The poor condition of equipment will increase the frequency of outages due to equipment failure. The rehabilitation would include: (a) complete replacement of 220 kV Open Switch Yard (OSY); (b) replacement of two 220 kV Main Transformers (MTRs); (c) replacement of 10 kV cubicles and the associated building; (d) installation of SCADA system and replacement of protection relay equipment; and (e) construction of a new building for control and dispatching center. HVEN also proposed to construct a new 110 kV OSY with four overhead transmission lines (OTLs) to reduce the load of Shahumyan-2 substation (SS) feeding the Western parts of the city of Yerevan in order to improve reliability of supply. All of these activities will take place within the existing territory and footprint of the substation.

Haghtanak substation is located in the Western part of the capital city of Yerevan. The construction site has flat topography and is surrounded by small-scale vineyards to the south and south-east and by small production units to the west and south-west. The vineyards are owned by the residents of neighboring rural communities and are cultivated by them for personal use. An undeveloped land is located to the north of the substation. The closest residential area is about 300 m away from the substation fencing.

- Charentsavan-3 substation: The substation was commissioned in 1985 and has not been rehabilitated since then. The poor conditions of equipment causes supply failures not only to customers supplied by this substation, but also other substations because Charentsavan-3 plays the switching station role with eight 110kV OTLs. The rehabilitation would include: (a) complete replacement of 110 kV OSY; (b) replacement of two 110 kV MTRs; (c) replacement of 10 kV cubicles and the associated building; (d) installation of SCADA system and replacement of protection relay equipment; and (e) construction of a new building for control and dispatching center. All of these activities will take place within the existing territory of the substation.

The Charentsavan-3 substation is located in the north-east of the city of Charentsavan (Kotayk region), in north-western part of Armenia. The substation site has flat topography and is surrounded by wheat fields to the north and north-east and by raspberry plantation to the south-east; these cultivated lands are private. There are hayfields to the north-west and apple, apricot and cherry trees as well as small haricot plantation to the west, south-west and south of SS, cultivated on public lands; land use is unregistered. All crops are grown by the residents of neighboring communities for personal use. The closest residential area is about 1 km away from the substation fencing.

- Vanadzor-1 substation: The substation was commissioned in 1933 and partial rehabilitation was performed in 1960s. About half of 110 kV section of the substation was rehabilitated in 2008-2010 under KfW financed project, including rehabilitation of one transmission line bay, two main autotransformer bays, and the associated main bus bars. However, the remaining sections of the substation require rehabilitation. The rehabilitation would include: (a) remaining 110 kV bays and main bus bars; (b) two voltage transformer bays; and (c) 6 kV and 10 kV sections with associated SCADA and protection relays. All of these activities will take place in the area of an already existing SS.

Vanadzor-1 substation is located in the city of Vanadzor (Lori region), in the north-western part of Armenia. The SS site has nearly flat topography and is surrounded by Chemical Combine to the east, south and south-west. There are traction substation and fuel station to the north and north-east of the SS on the other side of the adjacent road. The closest residential house is about 150 m away from the substation fencing.

2.2 Description of the project components for which land acquisition and relocation are possible:

A) Replacement of the 220 kV transmission line Hrazdan-Shinuhair

As the transmission line will not be replaced in the same ROW of the existing transmission line, land acquisition is required for all components that have a permanent impact on land and land use (subject to height limitations). Relocation of houses will be required if houses are located in the ROW of the new line and minimum safety distances are not met.

Land acquisition will be required for:

- construction of tower foundations
- new land for resettlement of households to be relocated

Relocation will be required for:

- houses that are located in the final ROW and for which safety distances / EMF safeguards cannot be respected .

Compensation will be required for:

- damages to crops / trees during land survey
- damages to crops / land for construction of access roads
- damages to crops for lay down areas and during stringing procedure.
- land required for the construction of temporary access roads

Agriculture (with height limitations) and livestock grazing will be possible in the ROW with exception of permanently sealed land at tower foundations.

For more details please refer to the respective ESIA and ESMP reports.

B) Reconstruction of Lalvar & Noyemberyan 110 kV transmission lines:

The rehabilitation of 110 kV OTL Lalvar & Noyemberyan (running from s/s Alaverdi 2 to s/s Noyemberyan) will be a line construction in a new corridor, separated from the old line by 50 m in most parts, but sometimes further deviations from the line will be required in order to avoid houses, forests etc. The line routing features several wide over-spans of canyons (between 400 and 600 m width). As the line will have a new corridor an environmental examination will be necessary according to Armenian Law. Physical Relocation of houses may totally be avoided by optimizing technical design. The project is supposed to be Category B, however final design is not yet available to confirm this assessment.

For more details please refer to the respective ESIA and ESMP reports.

C) Rehabilitation of Haghtanak, Charentsavan-3, Vanadzor-1 substation:

Rehabilitation and expansion of Haghtanak substation:

The public road near the S/S entrance will be used to access the site from the north. There are also access roads around the S/S fencing. Use of the access roads is not expected to restrict access to agricultural lands. All construction machinery and equipment will be parked inside the SS fencing area. The project implementation is not expected to have any temporary or permanent impacts on neighboring small factories/workshops.

Rehabilitation of Charentsavan-3 substation:

The public road near the S/S entrance is of high quality and will be used to access the site from the north-east during construction activities. Moreover, the S/S plot is very large and would be expected to fully accommodate the storage of all construction materials, machinery and equipment. The project implementation is not expected to have any temporary or permanent impacts on neighboring land owners.

Rehabilitation of Vanadzor-1 substation:

The public road near the substation entrance will be used to access the site from the north. No private plots will be crossed by the construction vehicles during rehabilitation works. All construction machinery and equipment will be parked inside the SS fencing area. The project implementation is not expected to have any temporary or permanent impacts on the Chemical Combine adjacent to SS fencing.

If for any reason, it becomes necessary to use any private lands for access to any of the three SS sites or for equipment storage, then the HVEN will develop an abbreviated site-specific Resettlement Action Plan which complies with the provisions of this RPF, and furnish a report on the implementation of the RAP to the World Bank prior to construction commencing. However, this is an outside case and no such resettlement impacts are expected.

For more details please refer to the respective ESMP reports.

2.3 Rationale for Preparation of a Resettlement Policy Framework (RPF)

At the present stage of the Project the formulation of a Resettlement Action Plan (RAP) is not possible, as the final design of the line routing has not been fixed yet. Tower locations will be fixed during the land survey, which is performed by the constructor before execution of physical works. Moreover, no resettlement impacts are currently expected to arise from the SS rehabilitations. In order to support the project implementer to prepare for RAP activities, the present RPF has been formulated. The purpose of the policy framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects to be prepared

during project implementation. The RPF contains information that will later go into the RAP. The RAP or Abbreviated RAP (as appropriate) will then need to be complemented with a detailed census, including cadastral information, an inventory of losses and an enhanced involvement and participatory consultation of PAPs. The possibility to prepare section specific RAPs for the individual line sections and/or substations exists.

2.4 Principles and objectives governing resettlement preparation and implementation

OP 4.12 states that “involuntary resettlement should be avoided where feasible, or minimized, exploring all viable alternative project designs” (para. 2a). This fundamental policy objective reflects the recognition that resettlement can be severely harmful to people and their communities.

For Hrazdan Shinuhair 220 kV OTL the choice of bypasses of populated areas / use of old ROW in minimum three locations (see Section 2.5) has been made to avoid resettlement. It is crucial to follow this principle during the final design and construction of the transmission line also for Lalvar & Noyemberyan 110 kV OTLs. The impact assessment (ESIA/ESMP) and recommendations in this RPF are made for this alternative.

A Resettlement Action Plan (RAP) will be prepared covering land acquisition, compensation (e.g. damages to crops) and relocation issues, and PAPs will be assisted in regaining or improving their standard of living at least to pre-project level since no PAP should be worse off through the impact of the project.

For Lalvar/Noyemberyan 110 kV OTL Physical Relocation of houses may totally be avoided by optimizing technical design. The project is supposed to be Category B, however final design is not yet available to confirm this assessment.

Compensation will be required for:

- damages to crops / trees during land survey
- damages to crops / land for construction of access roads
- damages to crops for lay down areas and during stringing procedure.
- land required for the construction of temporary access roads
- land acquisition will be required for the construction of tower foundations, for new access roads, and for additional equipment to be placed near to substation Noyemberyan (200- 300 m²)
- land with building permission to be transformed into agricultural land (plus additional compensation for the owner).
- full livelihood restoration for houses to be resettled from ROW

Agriculture (with height limitations) and livestock grazing will be possible in the ROW with exception of permanently sealed land at tower foundations.

A Resettlement Action Plan (RAP) will be prepared covering land acquisition, compensation (e.g. damages to crops) and relocation issues, and PAPs will be assisted in regaining or improving their standard of living at least to pre-project level since no PAP should be worse off through the impact of the project.

Consultation with PAPs on compensation, disclosure of resettlement information to PAPs will be ensured beyond pure legal notification of expropriation decree. The Compensation & Resettlement Action Plan (RAP) will be disclosed in Armenian Language. Early notification, disclosure of planned resettlement issues in an appropriate time-frame and the possibility to choose between several options is a question of human dignity that should not be violated by the project. A Public Consultation and Disclosure Plan (PCDP) will be prepared during the early stage of RAP preparation. Public Consultation will include participatory involvement of directly affected persons as well as community representatives, and will include awareness raising about grievance mechanism, options for legalization of land titles and other legal assistance. Public consultation steps have respect the requirements of Aarhus Convention esp. article 6 (see ESIA Section 3.1.)

People in rural areas, especially poorer sections do often not possess legal land titles for their dwellings or agricultural land, as traditional use-rights have been sufficient for them or privatization process has passed beyond their consideration. OP 4.12 considers them equal to land owners with legal land titles. PAPs without land titles or other registration details (e.g. informal dwellers or land users) will receive a monetary compensation instead of land and will be fully compensated for losses. For loss of houses (e.g. squatters) PAPs will receive full relocation package, since vulnerability status will mostly be stated. Vulnerable and severely affected PAPs will be provided special assistance.

Census surveys and valuation procedures may have ambiguities and errors, land owners might not understand the legal procedures and the supremacy of the national interest etc. There are many issues for conflict and complaints. Instead of addressing the court directly, a grievance mechanism is put in place to settle complaints quickly and give PAPs who may not have experience and faith in court procedures, the opportunity to get their issue settled. This is why appropriate grievance redress mechanisms to solve PAPs grievances will be established and accessible to PAPs. A grievance monitoring survey will round up the resettlement provisions.

2.5 Scope of Resettlement within the Project

Four project alternatives have been considered related to their scope of involuntary resettlement for transmission line reconstruction. Land acquisition for tower construction and necessary relocation of houses / resettlement of households are the main social impacts focused for the present Resettlement Policy Framework.

A) Hrazdan-Shinouhair 220 kV transmission line:

Alternative 1: “Use of the old ROW and replacement of the line on the tower foundations of the old line”. This alternative would not cause significant expropriation of land and relocation of households as the tower foundations are already state property and in use, and there are only few settlements in the present ROW. In a few cases, the ROW has been used for new construction, mainly of storage houses or stables and in a few cases houses stand below the lines in a safety distance. However, due to technical reasons (long power cuts, stability of the electrical network), Alternative 1 is not chosen.

Alternative 2: “Replacement of the line next to the old ROW (distance of 50 m)”. This alternative means a new construction next to the old line. Acquisition of partly private lands would be necessary for all tower construction sites. The impact on settlements would be significant as the line traverses towns and villages, where distances of settlements to the old ROW are minimal. At least 100 households including various apartment blocks would have to be relocated. Considering the important social impact on involuntary displacement this alternative was not chosen.

Alternative 3: “Replacement of the line in a distance of 50 m of the old ROW and additional new bypasses around settlements, as well as use of the old corridor / old tower foundations in minimum three locations (two in town of Gavar (Gegharkunik Marz), one at village Malishka (Vayots Dzor Marz).” Acquisition of partly private lands would be necessary for all tower construction sites as well as for the construction of new access roads especially for bypasses and unusable old access roads.

Alternative three is chosen with the objective not to cause the necessity to relocate households; however, the final design is not yet available. With careful design it should be possible to construct the line without causing the need to relocate any households. If all suggested bypass options are realized, relocation can be totally avoided. However, when it comes to technical project realization a few households might be affected. As the final design is not available yet, it is estimated that less than 20 households will have to be relocated. The old line shall be completely dismantled and not left standing to serve as a spare parts reservoir. Alternative 3 is the recommended alternative.

Alternative 4: No re-construction of the 220 kV line (No Project). This alternative would not result in any resettlement activities. However this

alternative is rejected due to the life-span of the old line that is coming to an end.

B) Lalvar/Noyemberyan 110 kV OTL:

For the replacement of Lalvar & Noyemberyan OTL, a new double circuit 110 kV line will be constructed in a parallel new corridor. The old unused lines and towers will have to be dismantled afterwards and effective dismantling has to be monitored. Land for towers has to be acquired. In most cases resettlement impacts will be limited to land acquisition and compensation of disturbances. However, some physical resettlement is expected, especially in village Haghat 3 houses and village Neghots about 8 houses, if the present line routing is realized. Alternatives are suggested in the ESIA.

Overall the project is expected to have a limited resettlement impact. However, as the detailed design is not available it is not excluded that some houses will need to be resettled due to lack of safety distances from the line corridor. Also, land acquisition needs may occur for tower foundations that are changed to avoid resettlement. According to the requirements an (abbreviated) RAP needs to be prepared for the entire line after the completion of the project's final design.

C) Rehabilitation/expansion of Haghtanak, Charentsavan-3 and Vanadzor-1 substations will not cause expropriation of land and relocation of households as the planned activities take place in the area of already existing S/S and all impacts will be confined to the existing S/S yards.

3. Institutional and Legal Framework

3.1 Institutional Framework

The HVEN, a state-owned transmission company established in 1998, is responsible for operation, construction and maintenance of the high voltage power transmission network in the country. The implementation of this component of the project as well as overall HVEN operations will be overseen by the Management Board of the HVEN, chaired by the Minister of Energy and Natural Resources and consisting of eight members representing the HVEN, the Government and power sector companies.

The legal basis of the establishment of HVEN was the Government decree No. 450 adopted 20 July 1998. HVEN was reorganized as a closed joint stock company on 21 August 1998. HVEN's charter is approved by the RA Ministry of Energy Decree No. 254-GM, dated 14 August 1998.

The sole stock owner of the HVEN is the Republic of Armenia. The management of the stock is delegated to the RA Ministry of Energy in accordance with the RA Government Decree No. 1694-N dated 6 November 2003.

The HVEN's principal activities are:

- Electricity transmission
- Electricity production (wind farm)
- Construction, reconstruction, modernization, renovation of energy facilities
- Construction of high voltage grids
- Research and development works of energy facilities.

Operating principles:

As per Article 23 of the Energy Law (Licensing of Operations in the Energy Sector) transmission (transportation) of electricity, as well as construction of transmission (transportation) networks in electric energy is a licensed activity in Armenia. Only the Licensees holding adequate Operational Licenses in compliance with the EL may engage in electric and thermal power and natural gas sale/purchase (purchase with intent to sell) activities, in accordance with the License conditions and Market Rules.

In addition to that as per Article 36 (Transmission (Transportation) Licenses) of the EL the electrical energy Transmission Licensee is granted the right to provide electricity (capacity) transmission service throughout the Republic of Armenia and the right to transmit electricity (capacity) through the territory of the Republic of Armenia to third countries. The Electricity (capacity) Transmission Licensee shall comply with the market rules and contracts.

Functional Principles:

The HVEN performs design, operation and maintenance of existing high-voltage electrical network and facilities, including but not limited to:

- High voltage substations (220 kV/110 kV/35 kV/6 kV)
- Overhead high-voltage transmission lines (330 kV /220 kV/110 kV)
- Wind power plant installed on Pushkin pass area (2.64 MW of installed capacity).

The HVEN implements also investment projects on new construction, including but not limited to:

- High voltage substations (220 kV)
- Overhead high-voltage transmission line (400kV/220 kV).

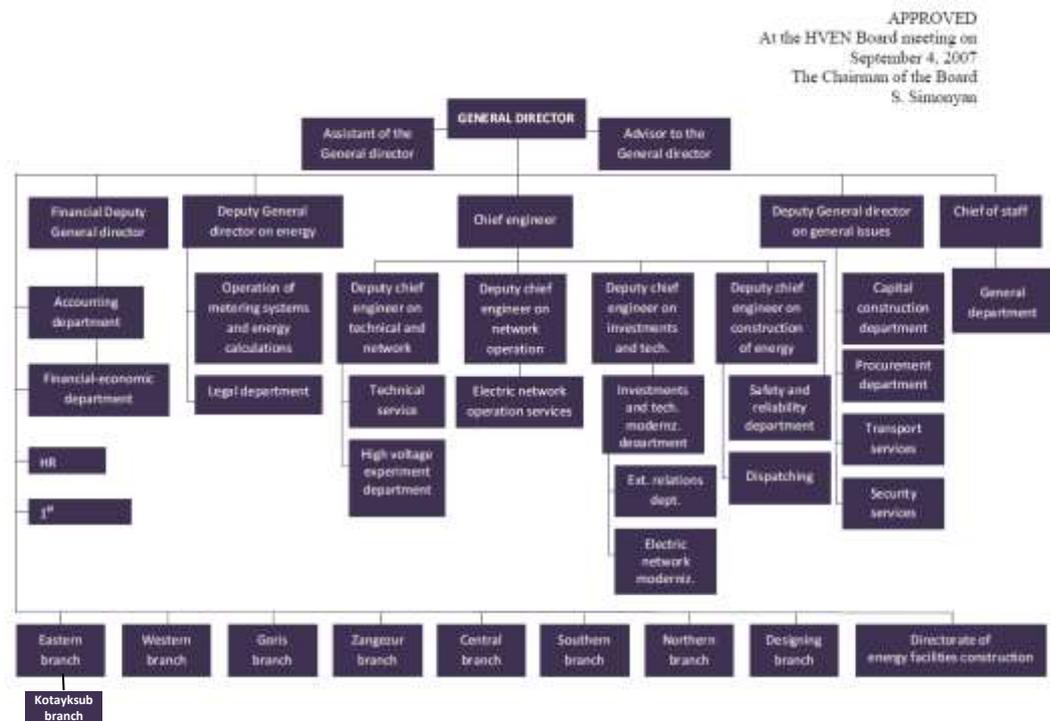


Fig. 3-1: Organization chart of HVEN

Source: HVEN Operations Manual, Chapter 3

Environmental and Social Department:

With the implementation of ESMP and RPF/RAP a new range of tasks is coming under the responsibility of the HVEN. For the time being the institution has not sufficient specially qualified employees to cover the tasks. The creation of an Environmental and Social Department with qualified and well paid staff is highly recommended. Subsequently, training of the staff should be undertaken by experienced trainers on international safeguards and implementation procedures.

With the employment of a Social Specialist at HVEN the task to update the recommendations of the Resettlement Policy Framework and to prepare the (abbreviated) Resettlement Action Plan (RAP) (i.e. census, detailed

inventory of losses, socio-economic survey, public consultation and disclosure) can be done by HVEN with some additional consultant support for RAP implementation.

Other Stakeholders:

Other Stakeholders of the project within the Government of RA and the non-governmental sector of RA are:

Government of RA:

- Ministry of Energy and Natural Resources
- Ministry of Nature Protection:
 - Department of Protected Areas
 - Environmental Expertise SNCO
- Ministry of Agriculture:
 - Hayantar SNCO (Forest)
- Ministry of Culture:
 - Agency of History and Cultural Monuments Protection
 - National Cadastre

Local Administration:

- Local Cadastre Offices of Gegharkunik, Vayots Dzor and Syunik Marzes
- Environmental Departments of Gegharkunik, Vayots Dzor and Syunik Marzes
- Departments of the Protection of Monuments of Gegharkunik, Vayots Dzor and Syunik Marzes
- Sevan National Park Administration.

Universities / Research Institutions:

- American University of Armenia (AUA), Acopian Centre for the Environment of AUA
- National Academy of Science (NAS) of RA , Institute of Archeology and Ethnography of NAS.

NGOs

- WWF Armenia
- Women's Resource Centre
- Association of Women with University Education.

Other Local NGOs as derived from REC regional reports status 2007 are:

- Gegharkunik Marz:
 - "Barekamutyun" National minorities and women council of Gegharkunik region, NGO
 - Martuni women community council

- Armenian Red Cross Gegharkunik region branch
- “Erkir Molorak” human and environmental advocacy support / legal support NGO
- Martuni “Tatev” NGO
- “Kaputachya Sevan” NGO
- “Areguni” NGO
- “Geghama” young regional association NGO

- Vayots Dzor Marz:
 - Women's Regional Council of Vayots Dzor Marz, Yeghegnadzor
 - Plants cultivation and animal husbandry agricultural systems
 - Hrachya Mkrtchyan “Shogh” Society development support NGO
 - Consumer rights protection” center
 - Vayots Dzor Marz's youth center
 - Greens' Union of Armenia Vayk branch, Vayq town
 - “Aroghj @ntaniq” NGO, Shatin village

- Syunik Marz:
 - “Peras“ environmental NGO
 - “ Club of Environmentalists-Ecologist“ environmental NGO
 - “ITEK“ NGO
 - “GEA“ environmental NGO
 - “LAS“ NGO
 - “Ekosis“ environmental NGO
 - “Social Fund of Millennium Development“ Fund

- Lori Marz:
 - Aarhus Centre Lori branch and member NGOs

Construction Contractor

The construction contractor is responsible to:

- Update the RAP (in coordination with HVEN) for any modifications made during final design.
- Implement RAP / RPF provisions due to modifications and impacts occurring during pre-construction and construction process related to disturbances and resulting compensation payments, respect of suitable construction periods in agriculture areas (to minimize destruction of crops) in addition to implementation of ESMP etc.
- Implement and operate grievance redress mechanism in coordination with HVEN. Provision of legal services to vulnerable PAPs through an NGO (e.g. Aarhus Centre) / independent lawyers.
- Implementation of continuous Public Consultations prior to and during physical works.

A selection of national and local stakeholders was consulted on the ESIA and RPF and participated in consultation workshops.

A selection of national and local stakeholders has been contacted for consultation on the ESIA / RPF and participation in consultation workshops.

Key Stakeholder Matrix:

No.	Stakeholder	Role / Responsibility
1	HVEN	Overall responsibility for the Project including preparation, implementation and financing of all compensation and resettlement tasks and cross-agency coordination, public consultations, hiring of consultants etc. HVEN's Social and Environmental Unit / HSE department will coordinate RAP implementation.
2	Ministry Nature Protection / Environmental Inspectorate	Member of Steering Board; Controls Environmental Compliance of Construction Activities
3	SNCO for Environmental Expertise	Provides Environmental Permit
4	Ministry of Energy and Natural Resources	Member of Steering Board
5	Ministry of Finance	Provides the budgets for implementation
6	Ministry of Agriculture / SNCO Hayantar	Consults on Forest replanting and nursery
7	Ministry of Culture / Department for the Protection of Monuments	Accompanies design team to ensure that cultural heritage sites are bypassed or over-spanned
8	The State Committee of Real Property Cadastre of the Government of RA	Responsible for providing information about the status of real estate ownership, and is in charge of the state registration of ownership
9	Local Courts	Review the cases of expropriation issues, carry out a hearing and decide whether the land can be expropriated and at what price
10	Independent Asset Valuers	Accredited private firms who are hired to evaluate the affected assets
11	Community leaders of all affected villages	Accompany design team to design bypasses of settlement areas
12	NGOs (i.e. WWF, Social and Environmental Association, regional NGOs, Aarhus Centers)	Advocacy for PAPs and Environmental Good Practice; Participation in Public Consultation
13	Women's organizations / Women's Regional Council	Consult on RAP, support women headed vulnerable households
14	Social Workers / Legal experts	Support vulnerable households / support households without legal land titles in legalization procedure
15	World Bank	Monitoring of Safeguard compliance; supervision of project, initiate and review RAP and provide clearance to contract awards and signing / initiation of civil works to the Project.
16	RAP Monitoring Consultant	The RAP monitoring consultant will be responsible for the preparation of a RAP-Implementation-Compliance Report for each of the RAPs that will be prepared under the project, in accordance with this RPF

No.	Stakeholder	Role / Responsibility
17	Construction Contractor (CC)	<p>Update RAP (in coordination with HVEN) for any modifications made during final design.</p> <p>Implementation of RAP / RPF provisions due to modifications and impacts occurring during pre-construction and construction process related to disturbances, respect of suitable construction periods in agriculture areas (to minimize destruction of crops) in addition to implementation of ESMP.</p> <p>Implementation of Grievance Redress Mechanism in coordination with HVEN.</p> <p>Implementation of continuous Public Consultations prior to and during physical works.</p>

3.2 Legal Framework

In Armenia, the relationship on expropriation of property for public and state purposes is regulated by RA Constitution, RA Law on Expropriation of Property for Public and State Purposes and other legal acts. According to the point 3 of Article 31 of RA Constitution, the private property may be alienated (expropriated) for the needs (purposes) of the society and the state only in exclusive cases of prevailing public interests, in the manner prescribed by the law and with prior equivalent compensation. The constitutional base for the expropriation of property for public and state purposes is the exceptional prioritized public interest.

Constitutional conditions for the expropriation of property for public and state purposes are:

- a) Expropriation should be provided within law regulation.
- b) The equivalent compensation against expropriated property should be provided in advance (hereinafter referred to as Compensation).

RA Law on Expropriation of Property for Public and State Purposes (Law on EPPSP) envisages the base, regulation on expropriation of the property for public and state purposes, regulation of the compensation given for the alienated property, the definition of the exceptional prioritized public interest and the regulation of its affirmation. That law applies to all objects (immovable and movable property, property rights, securities etc.) (hereinafter referred to as the Expropriated Property) that belong to the physical person and legal entities as well as communities (hereinafter referred to as the Proprietors) by ownership right, which are situated in RA or are officially registered or recorded in RA in accordance with the law.

Exceptional prioritized public interest may pursue maintenance of state protection, public and state security; maintenance of projects of community or intercommunity significance in the field of the development of

communication substructure, transport, energy, land use, land study, city construction, energy supply, water supply; maintenance of protection of the environment.

Land Code of the Republic of Armenia: According to Article 66 of the Land Code, state and community/municipal lands can be alienated to persons licensed in the distribution of electricity in the case of the provision of land for the construction of buildings and facilities provided by the design documentation of electricity supply systems. For such cases the Land Code of RA defines the price of alienation equal to the cadastral price of the land. The land can be alienated to HVEN only after the communities have changed the lands category to the category of energy, transportation, communications, utilities infrastructure, and the lands will be alienated by price equal to the cadastral price of the lands with category of energy, transportation, communications, utilities infrastructure.

RA law On the Real Estate Assessment Function was adopted in 2005. The law defines the fundamentals of real estate assessment function and regulates the relationships concerning real estate assessment. The article 6 defines the objects of real estate assessment.

According to the law (article 8) the real estate assessment is obligatory for the following cases:

- a) alienation of real estate that belongs to state or communities, save for privatization of state property and alienation of state or community lands,
- b) expropriation of property for public and state purposes,
- c) investment of real estate in capital stock of a legal entity or fund,
- d) realization of real estate as a result of exemption,
- e) other as may be defined by the law of RA.

The activity of real estate assessment requires licensing (article 9); accordingly the activity must be exercised by legal and natural persons after acquiring a license for real estate assessment as prescribed by RA law “On Licensing”.

3.3 Comparison of Armenian Laws and the Policy for Involuntary Resettlement of the World Bank

	Armenian Laws and Regulations	World Bank OP 4.12	Application
Land owners	Land compensation only for titled landowners	Recommends land-for-land compensation. Other compensation is at replacement cost.	WB OP 4.12 applies
Land users	Land compensation only for registered land users	Lack of title is not a bar to compensation and/or rehabilitation. Non-titled land users also shall receive rehabilitation. They are entitled to some form of compensation whatever the legal recognition of their occupancy is.	WB OP 4.12 applies
Land users	Crop losses compensation provided only to registered land users (landowners and legal tenants)	All land users (legal or illegal) are entitled to compensation for crops. Land users may be entitled to replacement land and income must be restored to pre-project levels at least.	WB OP 4.12 applies
Houses & other structures	All affected houses/buildings are compensated for buildings damages/demolition caused by a project, with the exception of unregistered commercial structures	World Bank Policy includes compensation for unregistered commercial structures as well.	WB OP 4.12 applies
Land valuation	Land valuation based on current market value plus 15% of the assessed value.	Land valuation based on current market rate/replacement value	Armenian Legislation applies / <u>Law on EPPSP (see 3.2.)</u>
Public Consultation and Disclosure	Information on impacts quantification/costing, entitlements, and amounts of compensation and financial assistance are to be disclosed to the PAPs prior to the date defined in the Government Decree for Eminent Domain/ on Preliminary Study.	Public Consultation and Disclosure in participatory manner with affected people on community level. PCDP to be developed together with RAP.	Both WB OP 4.12 and Armenian Legislation apply (Law on EPPSP)

	Armenian Laws and Regulations	World Bank OP 4.12	Application
Livelihood Restoration	No provision for income/livelihood rehabilitation measure, allowances for severely affected PAPs and vulnerable groups, or resettlement expenses	The World Bank requires rehabilitation for income/livelihood, for severe losses, and for expenses incurred by the PAPs during the relocation process	WB OP 4.12 applies
Loss of Land Value in ROW	No provision for the loss of land value under the conductors (e.g. no construction possible)	Owners of lands that are earmarked as construction land by the community will receive compensation for loss of value.	WB OP 4.12 applies

3.4 Gap Analysis

The main difference of the legal framework of the RA and OP 4.12 is related to the compulsory ownership status of affected land and dwellings in Armenian law, whereas OP 4.12 grants compensation and relocation support even if legal land titles are absent. For the planned project OP 4.12 must be applied. This means that if the requirements of OP 4.12 are more stringent than the national legislation, then the more stringent requirements of OP 4.12 are to be applied.

Other issues arise when it comes to implementation and monitoring, where Armenian legal framework tends to be vague and sometimes ambiguous. There is a considerable gap between enforcement of the law and OP 4.12 safeguards. HVEN will be responsible for preparation of RAP, public consultation support, training of social and environmental staff and monitoring is suggested to bridge the gap.

An external monitoring consultant will also be responsible for the preparation of a RAP Implementation Compliance Report for each of the RAPs that will be prepared under the project, in accordance with this RPF.

4. Eligibility and Entitlement Framework

4.1 Eligibility

PAPs entitled for compensation or relocation provisions under the Project are:

- (a) All PAPs losing land either covered by legal title/traditional land rights, land that can be legalized, or land without legal status;
- (b) Tenants and sharecroppers whether registered or not;
- (c) Owners of buildings, crops, plants, or other objects attached to the land; and
- (d) PAPs losing business, income, and salaries.

Compensation eligibility will be limited by a cut-off date on the day of the detailed census and inventory of losses. New settlement, improvement or start of activity in the affected areas after the cut-off date will not be eligible for compensation.

PAPs however will be given sufficient advance notice and requested to vacate premises. Affected people will get the opportunity to dismantle affected structures prior to project implementation; however they won't have to bear the cost of total demolition. Construction materials that PAPs chose to re-use will not be confiscated and they will not pay any fine or suffer any sanction. Remaining structures and unused material will be dismantled by the implementing agency.

PAPs having to relocate will be given new land, supported with registration of legal land title and building of new house. PAPs will be involved in all decisions related to their relocation and be given different options for choice. Livelihood restoration measures will be financed to improve PAPs livelihoods and living conditions or at least restore them to pre-displacement levels.

4.2 Entitlement Framework

Entitlement provisions for PAPs losing land, houses and other structures as well as income, rehabilitation subsidies will include provisions for permanent or temporary land losses, buildings losses, crops and trees losses, a relocation subsidy, and a business loss allowance based on tax reports and/or lump sums. As there are no recent experiences from transmission line construction rehabilitation entitlements have been based on experiences from the road infrastructure sector, i.e. MoTC RA / ADB, Dec. 2010.

PAPs may be classified in one of the following three groups:

- (a) **Legal owners:** those who have formal legal rights to land (including customary and traditional rights recognized under the laws of the country);

(b) **Legalizable PAPs:** those who do not have formal legal rights to land at the time the census begins but have a claim to such land or assets--provided that such claims are recognized under the laws of the Republic of Armenia or become recognized through any legal steps necessary to ensure the effective implementation of resettlement activities under the project, including, as appropriate, a process for recognizing claims to legal rights to land--including claims that derive from customary law and traditional usage.

(c) **Non-legalizable PAPs:** those who have no recognizable legal right or claim to the land they are occupying.

4.2.1 Land

The entitlements are detailed below:

- Legal owners of agricultural land will be compensated at either (i) in cash at market or cadastral value (whichever the highest) plus a 15% allowance. When there are no active land markets cash compensation will be based on the value of a replacement plot within the same village acceptable to the PAP plus 15% allowance or (ii) through replacement land within the same village equal in value/productivity to the plot lost acceptable to the PAPs. Non-directly affected sections of a plot which become inaccessible or unviable for cultivation or any use after the impact will be included in the affected land. When >10% of a PAP agricultural land is affected, PAP (owners, leaseholders and sharecroppers) will get an additional severe impacts allowance (see definition on page 21). Compensation will be free of deductions for transaction and registration costs.
- Legal owners of nonagricultural land will be compensated in cash at market value plus a 15% allowance. If there is no market rate, compensation will be the provision of a replacement plot acceptable to the PAP within the same village or cash compensation based on the cost of replacement land plus 15% allowance. Non-directly affected sections of a plot which become inaccessible or unviable for cultivation or any use after the impact will be included in the affected land. Land that is earmarked for village development/residential land shall be avoided wherever possible and needs to be compensated with the appropriate value. PAPs will be consulted on the choice of location of alternative plots and will be given a plot in a location as close as possible to the original site, or if this is not possible cash compensation will be paid. Compensation will be free of deductions for transaction and registration costs.
- Legalizable PAPs will be legalized as Legal owner and paid as Legal owner.
- Non-legalizable PAPs will be compensated with one time allowances in order to relocate to another location. They are also entitled to

rehabilitation allowance if they belong to the category of vulnerable people as well as to relocation allowance in case of relocation.

- Leaseholders will get legal ownership and be compensated as full owners or will be given a new lease. If this is not possible (If in accordance with RA law the leaseholder cannot get legal ownership or he / she refuses to get legal ownership and receive a new lease and prefers to get compensation) he / she will receive compensation in cash equal to the market or cadastral value (whichever the higher) of the affected land.

4.2.2 State and Community/Municipal lands

- State and community/municipal lands will be alienated in accordance with subparagraph 7 of paragraph 1 of Article 66 of the Land Code of RA and only after the communities have changed the lands category to the category of energy, transportation, communications, utilities infrastructure. In accordance with paragraph 2 of Article 66 of the Land Code of RA the lands will be alienated by price equal to the cadastral price of the lands with category of energy, transportation, communications, utilities infrastructure. The costs connected with the category changing of state and community lands will be paid by HVEN.

4.2.3 Structures

- Residential Buildings will be compensated to all PAPs irrespective of the house registration status in cash at replacement cost plus a 15% allowance. Compensation will be free of deductions for depreciation, transaction costs, registration costs and salvageable materials. In case of partial impacts or unwillingness of the owner to relocate, building impacts will cover only the affected portion of a building and its full rehabilitation to previous use. Relocated renters will be given all relocation and severe impacts allowances (see below).
- Non-Residential Buildings will be compensated in the same fashion as residential buildings only to those PAPs who have registered legally their property (see above). However PAPs without registration will be compensated, only after legalization. To legalize their buildings the PAPs without registration shall pay necessary sums for registration. Vulnerable AH will get support in legalization of their buildings (All fees for legalization will be paid by the Project). Relocated renters will be given all relocation and severe impacts allowances.

4.2.4 Other compensations and allowances

- Crops: Cash compensation at current market rates for the gross value of 1 year's harvest by default. Crop compensation will be paid both to landowners and tenants based on their specific sharecropping agreements. Non-legal land users are also eligible for crop compensation according to OP 4.12. at the same terms as tenants.

- Trees: Cash compensation at market rate based on type, age and productivity of trees. Cash compensation for private wood producing trees and productive (fruit / nut) trees. Re-plantation of twice the amount of saplings in suitable locations in case of state owned / community trees.
- Businesses: Permanent losses for business activity will be compensated in cash equal to a 1-year net income based on tax reports; temporary losses will be compensated in cash equal to the monthly income based on tax reports multiplied with the number of months of business stoppage. In absence of tax reports (mostly in the case of informal / small businesses) these PAPs will be compensated as above but based on the minimum non-taxable salary (minimum salary defined in RA legislation). This is adopted in the case of informal businesses that usually operate at profit levels below the minimum non-taxable salary, so that the livelihood restoration principles of the policy will be respected.
- Permanent business workers and employees: Indemnity for lost wages for the period of business interruption up to a maximum of 6 months.
- Relocation allowance: PAPs forced to relocate (including renters) will receive a relocation allowance sufficient to cover transport costs and living expenses for 1 month.
- Community Structures and Public Utilities: Will be fully replaced or rehabilitated so as to satisfy their pre-project functions.
- Severe impacts allowances: AH losing 10 % or more of agricultural land or AHs that are forced to relocate (including relocated tenants) will get severe impacts allowance for a 6 months period in the monthly amount of AMD 50 000 (equal to 6 months minimum salary defined in RA legislation).
- PAPs will receive the following financial assistance:
Costs/fees related to acquisition and compensation payment that include:
 - Costs/fees for power of attorney (provided from abroad/local);
 - Costs/fees associated with national passport (ID card) update in case the data expired;
 - Costs/fees associated with the adoption of the inheritance;
 - Cost for transaction taxes and fees connected with land acquisition will be covered by the Project Funds as a part of the compensation.

Compensation to Vulnerable People:

Vulnerable people (PAPs below poverty line and widows or elder headed households) will be given a rehabilitation allowance equal to 6 months at minimum salary and priority in employment in project-related jobs. Women headed households, households with elderly, destitute or disabled people are

counted among the vulnerable households. Vulnerable people shall receive a one-off allowance for 6 months in the monthly amount of AMD 32,500 (the minimum salary).

Vulnerable people are considered:

- (i) Poverty -stricken households, which are registered in the Family Benefit System of the MLSI of RA and receive corresponding allowance according to the order, set forth under RA legislation.
- (ii) Households, headed by lonely, widowed or with lost breadwinner women, where there is no other working age person, except the one of pension age, the one passing his mandatory service in the armed forces of RA, holding 1st or 2nd degree of disability or a full-time student of up to 23 years.
- (iii) Households, headed by people of the pension age (elderly), where there is no other working age person, except the one of pension age, the one passing his mandatory service in the armed forces of RA, holding 1st or 2nd degree of disability or a full-time student of up to 23 years.

Support for households below the Poverty Line:

If during drafting of descriptions, consulting companies of the PIU reveal that the affected household is poor, yet has not been involved in the Family Benefit System, then the PIU shall inform the MLSI of RA and body providing social services for the given region to involve given households in the Family Benefit System, according to the order, established under the Law. Households below the poverty line are to be considered as vulnerable people and are eligible for vulnerability allowance additionally to the support to register with the Family Benefit System. Those PAPs that for some reasons cannot be registered with the Family benefit System will thus still receive the vulnerability allowance (and all other compensations that they are eligible to receive).

4.3 Methods for Valuation of Assets

The activity of real estate assessment requires licensing (article 9); accordingly the activity must be exercised by legal and natural persons after acquiring a license for real estate assessment as prescribed by RA law “On Licensing”.

The legal basis for orders with respect to real estate assessment is a civil contract on rendering services concluded in accordance with RA Civil Code (article 9). In addition, article 10 of the law enumerates the essential provisions that the parties must cover in the mentioned contract.

The assessment of real estate is carried out in accordance with standards of property assessment that is defined by the Government of RA (article 7). The latter has to cover:

- a) the rights with regard to real estate, quantitative and qualitative description,
- b) the methods of real estate assessment,

- c) the requirements for formulation of the outcomes of real estate assessment,
- d) references of other legal acts,
- e) the requirements for the behavior of the person carrying out real estate assessment.

Based on this provision of the law, on 8 June 2006, RA Government adopted decree “On Defining the Standard of Real Estate Assessment in the Republic of Armenia”. Amongst other things, the decree assigns the Ministry of Trade and Economic Development (now the Ministry of Economy) to define and, starting from 01 September 2006, put into legal force the Standard of Real Estate Assessment in the Republic of Armenia.

Assessment of the real estate values will be based on the procedure defined in the Law of the Republic of Armenia on Assessment of Real Estate as follows:

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

Source: MoTC RA/ADB, Dec. 2010

The unit compensation rates will be assessed by a certified independent evaluator based on clear and transparent methodologies.

After assessment of real estate, the evaluator comes out with the report on real estate assessment (article 11). The law indicates the obligatory scope of the report. For instance, in addition to other data and information, the report also has to contain references of three classic methods of real estate assessment to the standards of assessment and, in case the application of one or two classic methods is impossible for the real estate concerned,

substantiated reasons for that. General requirements for the report on real estate assessment are defined by the standard of real estate assessment. Three classic approaches are: 1.) Generated income from the assessed good, 2.) Market price and 3.) Replacement cost.

The problems concerned with the data covered by the valuation report, as well as the trustworthiness of the real estate market-price can be solved based on the written request of the subjects of real estate assessment activity to the authorized body or upon the initiative of the authorized body. In case of disputes, the matter can be solved in the court of law.

Note: In case of need to assess the business and compensation for the business, lost profit, resettlement etc. the stated law is not entirely applicable and there will be need to contract the persons with specific knowledge on defining the value of business lost or affected etc.

5. RAP Preparation, Review and Approval

With finalizing of detailed design of the new transmission line corridor including all parallel sections and bypasses, a census of Project Affected Persons (PAP) can be started, including a preliminary cadastral survey of affected property and their owners and not-entitled users. Following this survey the Government enacts the decree declaring the Project as a public interest project (see Fig. 6-1 and Fig. 6-2). After issuing the decree, the selected Consultants of the Construction Contractor / HVEN will conduct the detailed surveys in the field, which are the detailed census of Project Affected Persons (PAPs) and the detailed inventory of losses i.e. all land and non-land impacts.

An independent assessor will then carry out the valuation of all affected assets. This will enable the establishment of a budget for compensation payments, relocation and livelihood restoration. A socio-economic survey will be carried out for the affected households in order to understand the socio-economic aspects of PAPs livelihoods (i.e. sources of income, poverty status, ethnicity, education, health situation, land holding, house type and value etc.) and to find out any vulnerability situation of PAPs that would require special livelihood restoration measures. On the basis of these survey data the Resettlement Action Plan will be compiled. PAPs will be informed continuously about the course of the project and the establishment of grievance redress mechanism and the RAP will continuously be updated. The RAP will have to be approved by the Funding Agency.

Legalization of land users without land-titles:

In principle all occupants of untitled-plots can be legalized as long as they do not occupy areas classified as "Red Zones" (areas that are officially reserved for specific public use such as military areas, hospital areas, school areas or areas that are not fit for settlement like river beds, radioactive terrains or other dangerous or ecological unfit lands) (See Land Code of the Republic of Armenia, article 60). To be legalized, the PAPs will have to initiate a legalization process in accordance to pertinent administrative regulations. HVEN will assist PAPs seeking legalization and will facilitate their cases. This may involve contracting legal and technical experts to assist in the process, and if necessary the provision of financial assistance to pay the necessary fees. In practice, this will mean that HVEN will ensure that the Contractor responsible for RAP preparation and implementation will recruit the necessary expertise (e.g. lawyers, property surveyors) to assist PAPs in the legalization process. For some PAPs this will merely involve providing guidance on the relevant procedures to follow, while other more vulnerable PAPs may need more intensive hand-holding and guidance through each step of the process. Ultimately, the contractor should also identify which PAPs will be eligible for financial assistance (in terms of fees for legalization etc.) on the basis of their ability to pay. These will be identified as part of the socio-economic census and inventory of losses and on this basis, specific eligibility criteria for different types of assistance will be specified in the Resettlement Action Plan.

Livelihood improvement measures:

In line with World Bank OP 4.01 and OP 4.12 it is good practice to implement additional livelihood improvement measures for the project affected people (PAP) in order to restore livelihoods at pre-project level or improve livelihoods to reduce vulnerability.

- Savings- & Microcredit program for compensation management. This program should help people to cope with difficult periods and support development of investment opportunities to secure livelihood strategies instead of using money received as compensation for short-term needs.
- The improvement of social services and legal support especially for women headed households has to be especially considered. The improvement of access and control by women over additional financial resources i.e. through compensation payments should be a further central objective.

Coordination with existing projects by national organizations and international donors to use of synergy effects should be considered.

6. Implementation Process

6.1 RAP Implementation Process

The RAP implementation process will have to be completed before the start of the civil works. Four phases can be distinguished:

1.) RAP preparation

RAP preparation starts with the provision of institutional capacities to carry out RAP and the review of recommendations given in the RPF and decision-making process for a CC to support HVEN with the task of RAP finalization.

2.) RAP finalization

This phase will be carried out together with the detailed design. It includes the census of PAPs and detailed inventory of losses as well as a socio-economic survey to determine how livelihoods can be restored to pre-project level and vulnerability avoided.

3.) RAP implementation

This phase will start when the final RAP is approved. The compensation negotiations with PAPs will be started during this phase. It includes the land valuation and acquisition procedure as well as the effective payment of compensations, livelihood restoration measures and relocation procedures. It ends after compensations have been fully paid to all PAPs.

4.) Start of Civil Works

Civil works will only start after compensation of all affected households has been accomplished and relocation of PAPs is at least well under way. A compliance report by an independent monitoring will be necessary.

Continuous RAP tasks as grievance redress & monitoring will go on during the phase of civil works in order to assure timely response to PAPs requirements and to assure correct implementation of resettlement procedures.

ACTIONS UNDERTAKEN IN EXPROPRIATION OF PROPERTY FOR PUBLIC AND STATE PURPOSES

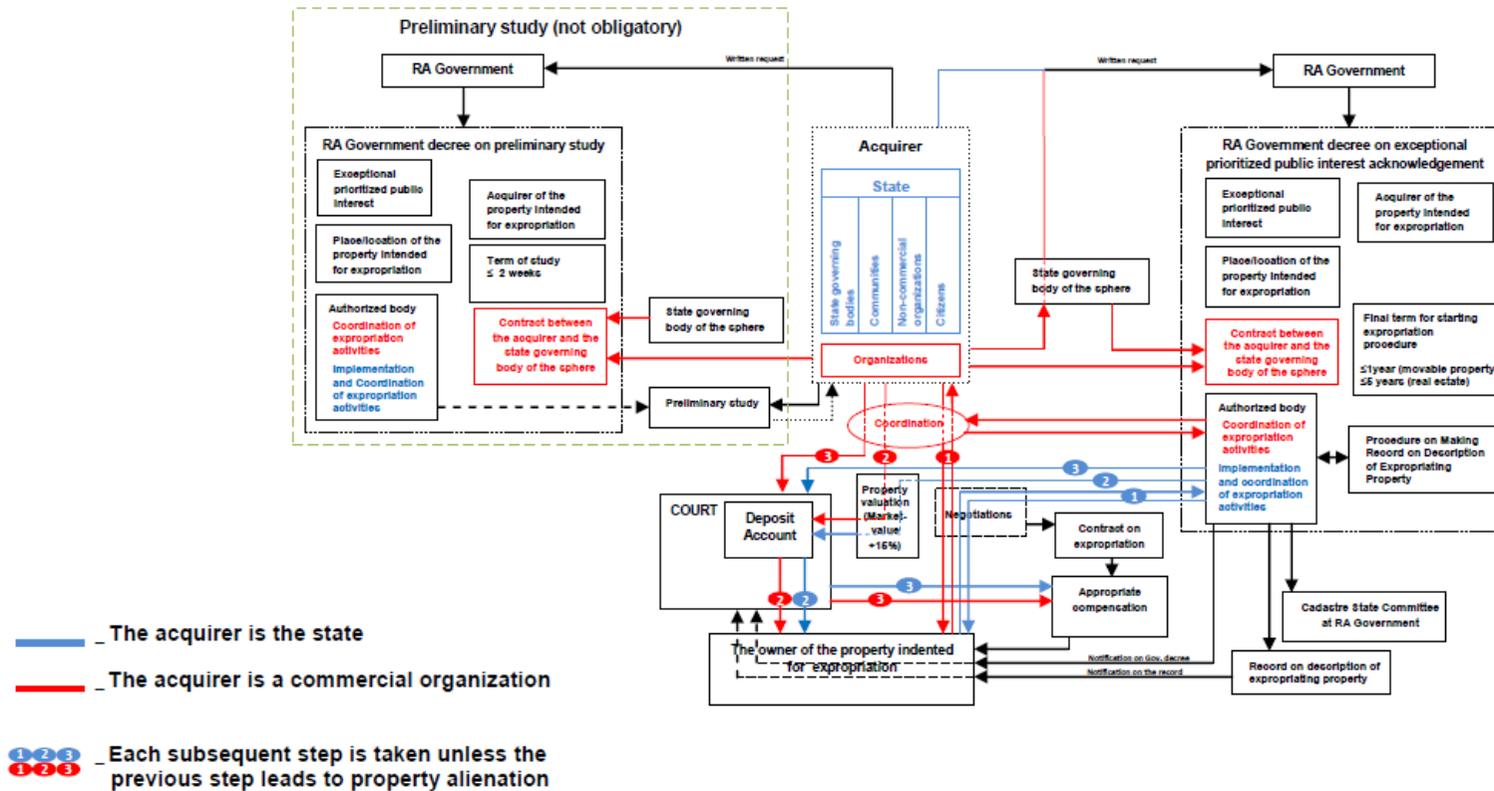


Fig. 6-1: Actions in expropriation of property for public and state purposes

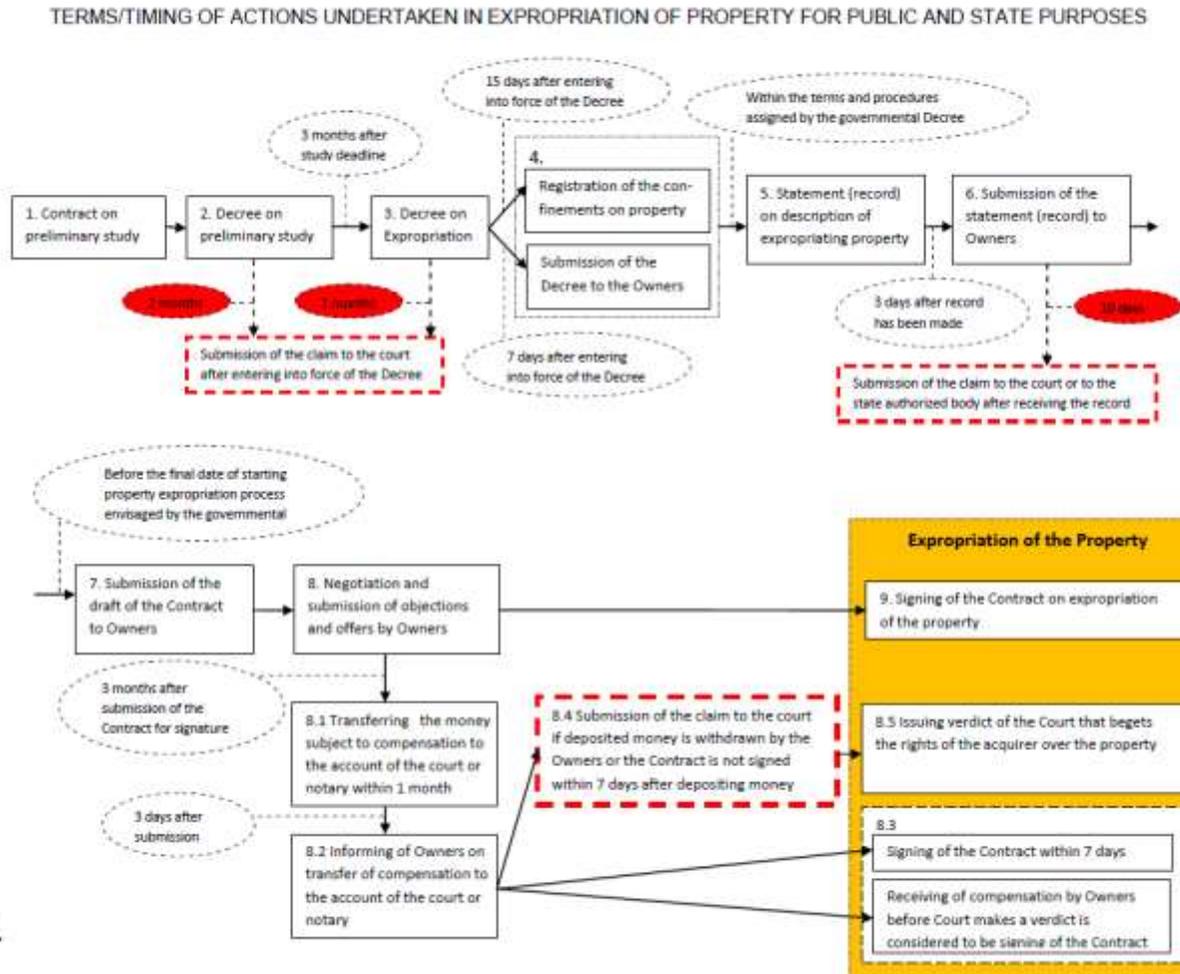


Fig. 6-2: Terms/Timing of Actions in expropriation of property for public and state purposes

The law allows the acquirer to apply to the Government for carrying out a preliminary study of the property intended for expropriation before requesting expropriation of property for public and state purposes. If this option is taken the acquirer have to send a written request to the Government on its intention to carry out a preliminary study of the property. If the government finds the information provided in the request (Law “On Expropriation of Property for Public and State Purposes”, article 7, part 2) satisfactory a decree “On Preliminary Study of Property Subject to Expropriation” is adopted.

The decree must define:

- Exceptional prioritized public interest
- Place/location of the property intended for expropriation
- Authorized body
- Acquirer of the property intended for expropriation
- The period of study that must not be longer than 2 weeks from the time the decree enters into legal effect,

The Contract concluded between the acquirer and the state governing body of the sphere is included in the decree as an annex. This contract acquires legal effect together with the decree.

The Authorized body may, among others, take part in the study. After conducting preliminary study (depending on outcomes) or without that the acquirer may send a written request to the Government for expropriation of property for public and state purposes and upon consideration of the information provided by the acquirer (Law “On Expropriation of Property for Public and State Purposes”, article 6, part 4) the government may adopt a decree on exceptional prioritized public interest acknowledgement with regard to the property in question.

The Government decree includes statements on the following:

- Exceptional prioritized public interest
- Acquirer of the property intended for expropriation
- Place/location of the property intended for expropriation
- Final term for starting expropriation procedure, which must not take longer than 1 year in case of movable property and 5 years if the property intended for expropriation I real estate.
- Authorized body
- Procedure on making record on description of expropriating property

The Contract concluded between the acquirer and the state governing body of the sphere is included in the decree as an annex. This contract too acquires legal effect together with the decree.

It is worth mentioning that the missions of the authorized body are different depending on who is the acquirer. Thus, if the acquirer is a commercial organization then the authorized body is to coordinate activities concerning

expropriation of property. On the other hand, if the acquirer is the state, than the authorized body takes on implementation of activities regarding to expropriation of property in addition to their coordination.

The expropriation of property consists of three consecutive/alternative stages where each following stage substitutes the preceding one in case the transaction does not take place. In the first stage the acquirer tries to negotiate with the owner sending a draft contract on alienation of property and in case he is successful, the amount of compensation is paid according to the contract concluded between the acquirer and owner. In case of failure in negotiations the acquirer has to carry out valuation of the property (when dealing with real estate) for what he has to sign a contract of rendering services with a licensed valuator and transfer the market-price determined by the valuator to the deposit account of the court or notary. This amount is for the owner's encashment and if the latter does not withdraw money from the account within seven days, the acquirer has to apply to the court. In such lawsuits the court will not hear any claims except those relating to the amount of the compensation and in its decision will state what the just amount for the specific case is. The court's verdict puts end in alienation process (see Fig. 6-2).

Special attention should be paid to the government decrees adopted based on articles 6 and 7 Law "On Expropriation of Property for Public and State Purposes". In addition to what is illustrated in Fig. 6-1, these decrees may contain other critical provisions including some alternative measures. In essence, such alternative measures are stipulated impliedly. In such cases, the Decree envisages a regulations and rules on rights, duties and obligations of the acquirer, owners and state authorized bodies. The regulations and rules may provide cases and targets of negotiations for reaching acceptable compensation prices and/or settlement scopes and other expenses occurring as a result of property expropriation. The following provisions may be incorporated in the decree for maintenance of the procedures of expropriation:

- Assignment of deadlines:
 - i) for development of the statement (record) on description of expropriating property,
 - ii) for provision of study and analysis of implementing projects
 - iii) for provision of study and analysis of expropriating property, property owners and other property right holders as well as evaluation of social status of that persons,
 - iv) for appropriate information provision and organization of discussions via mass media,
 - v) for starting construction works,
- Assignment of responsible state authorized body and/or state entity for coordination and provision of expropriation procedures as well as for development of the statement (record) on description of expropriating property
- Assignment of responsibilities of governmental and local self-governing bodies for provisions of expropriating property

- Organization of advising body that will include members of stakeholders
- Scope and specific issues that must be articulated by statement (record) on description of expropriating property
- Reporting, monitoring and supervision systems
- Assignment of the principles and scope of expropriation and compensation as well as cases of settlement
- Scope and steps of negotiation between owners and acquirer
- Procedures and bodies for discussion of the statements, offers and objections of the Owners.

Tasks of Resettlement Action Plan (RAP):

Step	Action	Responsibility
A)	Preparation of Resettlement Action Plan (RAP)	
1	Assessment and Update of ESMP / RPF	Construction Contractor (CC) / HVEN
2	Finalization of Detailed Design	HVEN / CC
3	Prepare survey forms for Census and Detailed Inventory of Losses, PCDP and Timeline for RAP	HVEN
4	Acquire Cadastral Information and Land Parcel Maps	HVEN / CC
5	Coordination with local Government	CC/ HVEN
6	Consult and Transect Walk with Community Leaders and representatives of affected persons	HVEN
7	Government Decree	HVEN
8	Conduct Socio-Economic Census	HVEN
9	Public Consultation with PAPs	HVEN
10	Verify land ownership and identify non-entitled land users to get support by independent legal experts for legalization of land titles	HVEN / licensed official valuator
11	Valuation of Assets	Licensed official valuation specialists
12	Integrate data from Census in Resettlement Plan	HVEN
13	Submission of RAP to Government of RA	HVEN
14	Public Consultation and Disclosure	HVEN
B)	Finalization of RAP	
1	Review of impacts and lists of PAPs based on detailed design	HVEN / RAP Monitoring Consultant
2	Review of prices based on updated rates	HVEN / RAP Monitoring Consultant
3	Socio Economic Survey of vulnerability situations, Assignment of Social Workers for affected vulnerable households	CC / HVEN
4	Legalization of land where applicable	HVEN / Local and National Cadastre
5	Final RAP disclosure and approval	HVEN / WB

Step	Action	Responsibility
6	WB Review and Approval	WB
C)	RAP implementation	
1	Consultation with PAPs	CC / HVEN / RAP Monitoring Consultant
2	Distribution of relocation/land acquisition notices	HVEN
3	Compensation payments	HVEN
4	Preparation of a Compliance report	HVEN / RAP Monitoring Consultant
5	COMMENCE CIVIL WORKS	Contractor
6	Repeat Socio-economic Census	RAP Monitoring Consultant
D)	Continuous tasks	
1	Monitoring of RAP implementation	HVEN / RAP Monitoring Consultant
2	Grievance Redress, Law suites	HVEN / CC / Courts
3	External Audit and preparation of a RAP Implementation Compliance Report	HVEN / RAP Monitoring Consultant

Disbursement of compensations:

Compensations will be included under the project and will be paid by the HVEN. The following process and procedure has been preliminarily established for disbursement of compensation cheques to the PAPs, relying on the experience of other projects in Armenia i.e. ADB/MoTC:

- (i) Verification of PAPs: Verification of PAPs: Verification of the PAPs will be made through his/her Passport. All PAPs must bring copy of their original Passport at the time of receiving cheques.
- (ii) Payment of Compensation: Payment to PAPs will be paid in 7-15 days, Payment will be paid through crossed cheques.
- (iii) Vacation of Site: Notices will be issued to vacate the site with request to PAPs by sending written invitations to receive the compensation cheques along with time schedule and venue etc and a vacation notice to vacate the site within specified days.
- (iv) Absent PAPs: Absent PAPs may receive the compensation after the notified schedules of payments after production of a genuine proof of their absence on the due dates.

In cases of relocation, payment of compensation will be made no later than 30 days prior to the actual possession of the acquired lands or structures. In cases without relocation, payment of compensation will be made no later than 10 days prior to the actual possession of the acquired lands or structures. No land will be possessed by the Project Implementing Agency

for commencement of construction works without full payment of due compensations to the affected landowners and their tenants. However, in case of a dispute, the assessed/allocated amount of compensation will be pledged in the names of the concerned PAPs, pending a decision by the court. In such cases, the project may possess the land before payment of compensation. Civil works can start after the court decision enters into force and the affected assets are re-registered in the State Cadaster in the name of HVEN, and following completion of the RAP compliance report.

The HVEN is responsible for financing the compensation, allowances, and administration of compensation and resettlement funds, its implementation and timely allocation of sufficient resources. Allocations will be reviewed on quarterly basis based on the budget requirements indicated by the RAP.

As per the flow of Compensation and Resettlement finances it is noted that the budget for land and crop compensation will be disbursed by HVEN. The compensation funds for other items such as documented structures (houses, shops, etc.), house restoration, shops, employment, income loss, etc. will be disbursed by the project implementation department of HVEN.

The contractor who will be hired to do detailed design and installation (it would be one turn-key contract for the entire segment of the line) will be in charge of preparing, disclosing the site-specific RAPs and organizing the consultations.

6.2 Grievance Mechanism

In the course of the construction process, people affected by the project may feel treated unjustly. This might happen for various reasons: the contractor does not adhere to sound construction principles, the damages to crops are not paid for, resettlement measures have not been implemented, people have been forgotten during land survey or simply misunderstandings have arisen and so forth. This may also be disagreement with procedures of consultation, notification or valuation.

When this happens people are encouraged to lodge their complaints. The grievance mechanism is implemented, so that people can get their problems solved and grievances redressed in a timely and effective manner without directly addressing the court.

During consultation, survey and compensation the AP shall be notified orally or in a written form about their rights and the procedure of complaints introduction. Local NGOs e.g. via the local Aarhus Centre can inform communities about the possibility to raise complaints and how and where to address them. The grievance mechanism has to be locally implemented at the level of village institutions and local self-government as well as bundled on national level at HVEN. Local Aarhus Centre representatives are aware of the projects and have participated in public consultations.

Grievances can be addressed at the local community level ("*marzpet*"), where the grievance is recorded and forwarded to HVEN grievance committee responsible for decision on grievance redress.

Grievances that are addressed to the Construction contractor during the execution of civil works shall also be forwarded to HVEN grievance committee. Even if the constructor decides to settle the grievance on the spot, the documentation of the grievance settlement procedure needs to be documented at the HVEN grievance committee / focal point.

Also, all project related complaints can be directly addressed to HVEN grievance committee via phone, e-mail or grievance form. A project grievance hotline shall be made available by HVEN for direct complaints (at national level) and all received grievances shall be recorded in a grievance log-book.

The HVEN grievance committee then decides whether to settle directly, call for grievance committee meeting or go to court. The decision has to be taken within 15 days.

In case of major grievances, that cannot be directly settled, permanent and non-permanent members of the grievance committee will be called for a meeting.

In case of failure of the grievance redress system, the PAPs can submit their case to the appropriate court of law.

The Committee will be composed of permanent and non-permanent members.

Permanent members: HVEN, the contractor and a lawyer.

Non-permanent members: Appropriate *marz* representative, community representative and NGO representative. Non-permanent members will be notified of the date and venue of the meeting 10 days before the meeting. Absence of non-permanent members cannot be the reason for the cancellation of the meeting. A lawyer can represent one of the permanent members.

The contractor is obliged to carry out the work in accordance with the contractual requirements that include:

- A person of staff responsible for grievance procedure who will provide technical assistance to HVEN in handling any grievances that may arise during RAP preparation and implementation;
- Preparation of regular monitoring reports on the status of RAP preparation and implementation, including details of any complaints that arose and how they were handled;
- If vulnerable affected people are identified following census completion, then the contractor will appoint professional advocates (social workers / legal experts) to assist those people during the

entire process, and to act as independent advocates for them should any grievances arise;

- Arbitration of grievances with HVEN and PAP.

HVEN will carry out works that include:

- A person of staff responsible for grievance procedure coordination, hereby referred to as grievance coordinator (including first contact, periodical site visiting of mitigation measure to be implemented by contractor);
- A telephone line, e-mail address and contact name on project boards;
- Arbitration of grievances with contractor and PAP.
- Liaison with court.

However PAPs have the option to choose a different representative or directly liaison with HVEN staff, responsible for grievance redress. Vulnerable households will have the support of their individual social worker and legal support.

Additionally, legal experts will support PAPs who are not registered land owners with legalization of land titles.

NGOs, e.g. Aarhus Centre or local member organizations will monitor grievance redress negotiations, assist with grievance arbitration, raise public awareness. PAPs need to be informed that in case of conflict with the community leader they can address NGO staff to follow up their complaint. NGOs will monitor relationship between PAPs and community leader.

The aggrieved person (PAP) is encouraged to proceed in the following way:

- a) Contact the contractor's designated grievance staff during periodical site visits in person or via designated telephone number or the community leader or NGO staff
- b) Lodge complaint and provide information on the case
- c) Agree with the contractor on mitigation measure
- d) Agree with the contractor on time limit for grievance settlement. Grievances have to be settled within two weeks, or otherwise specified in scheduled agreement.
- e) Sign if the mitigation measure has been implemented as agreed
- f) Seek redress from HVEN if not satisfied with above mentioned procedure
- g) Seek redress from World Bank if not satisfied with response by HVEN
- h) involve appropriate NGOs
- i) seek redress from court if all else fails.

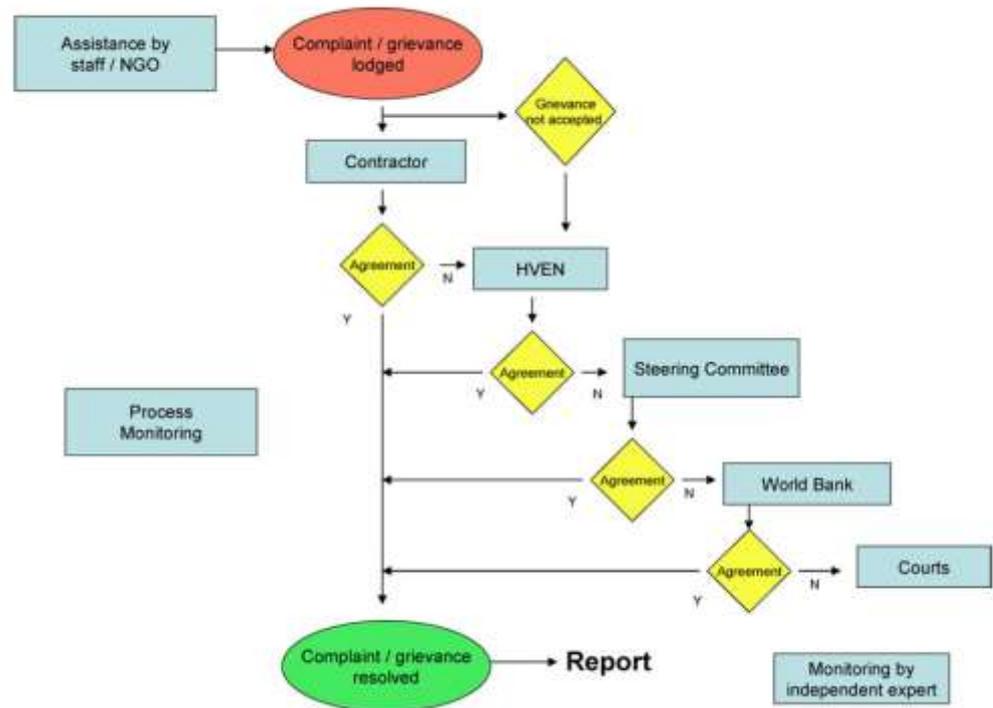


Fig. 6-3: Grievance Mechanism Flow Chart

Nevertheless, the above mentioned grievance mechanism does not limit the citizen's right to submit the case straight to the court of law just in the first stage of grievance process. The grievance mechanism is designed to avoid lengthy court procedures.

The World Bank is not directly a part of the Grievance procedure but should receive reports which complaints were received and how they have been followed up / mitigated.

Special consideration has to be taken for PAPs living in remote areas and vulnerable people as complaint mechanisms may be unusual and contact with legal procedures let alone courts of law may appear not very promising from their experience. This would prevent the most disadvantaged persons from addressing their grievance.

A close monitoring on village level by an independent social expert during the implementation of the project and a personal contact with PAPs is therefore recommended.

Vulnerable PAPs (all women headed households and all households below the poverty line) will be entitled to a legal aid / social worker to support them with complaints procedures.

6.3 Institutional Capacity

HVEN has recently employed a social specialist for establishment of site specific resettlement plans, however the social specialist will require consultant support for substantial RAP activities e.g. if houses are affected.

Under the turnkey arrangement, it is proposed that Resettlement Action Plans shall be prepared as needed as part of the detailed design process. Internationally experienced resettlement experts should be recruited by the contractor to support HVEN with the preparation and implementation of resettlement and livelihood restoration.

Trainings shall be focused on the application of OP 4.12 safeguards and the Guidelines on how to prepare a Resettlement Action Plan (RAP). A resettlement plan has been prepared for ESRP project that can be referred to. Training on grievance resolution and response to complaints at HVEN shall be part of the capacity building activities.

Thematic focus of trainings could be put on:

- Survey Methodologies (Census and Inventory of Losses)
- Livelihood Analysis to recognize PAPs perspectives and vulnerability context
- Institutional setup and process for Land Acquisition and Compensation Payments
- Grievance Mechanism and Grievance Redress Committees
- Resettlement process and setup of Resettlement Committees
- Legal support and PAPs difficulties to have access to legal support
- Social workers for vulnerable PAPs
- Opportunities and Implementation of specific Livelihood Restoration Measures as a compensation and local development option
- Internal and External Monitoring / Audit

6.4 Monitoring

The monitoring measures are designed to ensure the effective and timely implementation of compensation and resettlement activities.

As there is not enough similar experience with the construction or rehabilitation of transmission lines and rehabilitation of substations in Armenia since Soviet times, the implementation of compensation and relocation activities in compliance with Armenian law and international safeguards will have to be closely monitored.

Limitations are foreseen concerning asset valuation mechanisms/licensing procedures, timely compensation payments and prior information,

consultation and participation of project affected people. The enforcement of the existing laws is considered to be a major gap between the national framework and the international safeguards. A further issue is the eligibility status of un-registered land users. Here, the safeguards of the World Bank have to be applied and all affected land-users fully compensated.

Armenian law does not foresee a monitoring system of compensation payments. So far, monitoring has been done as a follow up of complaints and law suits by PAPs. In order to correspond to international standards, it is recommended to have compensation procedures and payments monitored by a qualified international monitor who is familiar with the local context.

The monitoring activities should review the project progress in three steps:

1. Before the start of the final design / land survey

- Communication and division of tasks between institutions on ministerial, national and district level involved in the compensation process;
- Process of public information and consultation on the regional and local levels (Marzes);
- Process of expropriation incl. land acquisition contracts and expropriation records as well as valuation and negotiation mechanisms;
- Criteria which determine the necessity of resettlement.

2. After land survey and before the start of the construction work (Performance monitoring)

- Timeliness of compensation payments to all affected persons;
- Effectiveness of linkages with savings and investment program as well as revolving fund program in order to prevent increased vulnerability;
- Existence and functioning of the grievance mechanism;
- Information campaign and consultation with PAPs;
- Status of land acquisition and payments on land compensation;
- Compensation for affected structures and other assets;
- Payments for loss of income;
- Selection and distribution of replacement land areas; and
- Income restoration activities.

3. After the completion of the construction work (Impact monitoring)

- Effective implementation of resettlement activities (Resettlement Action Plan) and relocation of PAPs;
- Effective implementation and results of the grievance mechanism; monitoring of complaints received during implementation and how they were resolved

- Post-displacement livelihood situation;
- Effective implementation of livelihood improvement measures.
- Social survey / repeat of census in order to determine if people have been enabled to restore their livelihoods

After the completion of the construction work, an independent audit should be carried out by an international auditor in order to check out the adequacy of the compensation payments and the effectiveness of the resettlement. If the livelihood of resettled people has not been restored an additional program for livelihood restoration should be implemented.

7. Public Consultation and Disclosure

According to OP 4.12. “the borrower informs potentially displaced persons at an early stage about the resettlement aspects of the project and takes their views into account in project design.” According to Equator Principles, all RAPs must be prepared through a process of public consultation with all interested affected parties.

As soon as the decision to undertake the final land survey is taken, the process of public information and the involvement of PAPs are expected to start. At this moment, the activity to prepare the Resettlement Action Plan (RAP) should also be started. Within the early steps of RAP preparation a Public Consultation and Disclosure Plan (PCDP) has to be prepared.

The administrations of the concerned regions, towns and villages have to be informed about the project. It is important to check the human resources available for the project related activities and if necessary to increase staff and/or give trainings.

- PAPs opinions, concerns and suggestions for mitigation related to the project have to be taken into account.
- Community leaders have a crucial role in the project. They have to be informed about all relevant steps of the project, accompany the designer and should be members of the resettlement committees and grievance redress committees. However information should not be limited to Community leaders alone, but also use channels that are independent of village hierarchies.
- Final design will have to be discussed in every concerned village during design procedure and transects to be made with stakeholders.
- PAPs will be informed about health and safety issues i.e. risks of electrocution and electric and magnetic fields (EMF) and minimum distances to be respected (ROW 20 m from outer conductor for 110 kV OTL; min. EMF safety distance 7 m).
- Information about the project should be shared with all concerned staff within the administration (local heritage department, environmental department, agriculture department, cadastral office etc.).
- The public awareness and information activities should be carried out together with the final design and followed by detailed census and inventory of affected property / inventory of losses.
- PAPs have to be informed about Cut-Off-Date procedure, in order to know that new constructions in the corridor of the line will not be eligible for compensation.
- Further, PAPs have to be informed about the grievance redress procedure.
- PAPs have to receive a written summary of their rights for compensation and resettlement provisions, entitlements under resettlement, their options for cash or land compensation and who they can complain to.

- Vulnerable PAPs (all households headed by women or elderly persons, and all households below the poverty line) are entitled to an individual case worker (either legal specialist/lawyer or social worker). These persons will have to be selected and introduced to PAPs without any further steps to be taken by PAPs.

Copies of the RAP have to be translated in Armenian language and made available to PAPs and other stakeholders in appropriate, accessible locations especially in the project area. The municipalities of the concerned regions / marzes and the concerned villages are suggested as suitable locations.

Project Affected Villages of Hrazdan Shinouhair OTL:

Region of RA	Villages/Towns affected by the Project
Kotayk Marz	Village Jrarat Town Charentsavan
Gegharkunik Marz	Village Lchashen Village Lchap Village Hayravank Town Gavar Village Karmirgyugh Village Yeranos Village Vardadzor Village Dzoragyugh Village Tzovasar Village Lichk Village Verin Getashen Village Madina Village Lernakert Village Yanegh
Vayots Dzor Marz	Village Aghnjadzor Village Taratumb Village Karaglukh Village Salli Village Shatin Village Getap Town Yeghegnadzot Village Agarakadzor Village Malishka Town Vayk Village Saravan Village Gorhayk Village Sarnakunk
Syunik Marz	Village Shagat Village Angeghakot Village Shaki
Lori Marz	Town Vanadzor
Armavir Marz	Village Paraqar

Project Affected Villages of Lalvar/Noyemberyan OTL:

Region of RA	Villages / Towns in the vicinity of the Project
Lori Marz	Village Sanahin Village Haghpat Village Neghots Village Akhtala Village Pokr Ayrum Village Mets Ayrum Village Chochkan Village Haghtanak

Community leaders of all affected villages have to be consulted during design and implementation of the project. Information includes all documents and maps as well as information brochures. Focus groups with PAPs and other stakeholders are suggested in severely affected villages.

Documents have to be disclosed for a period of minimum 20 days, which will allow time for all interested and affected parties to submit their comments and concerns about the RAP.

8. Costs and Budget

OP 4.12 states that “the full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project. The costs of resettlement, like the costs of other project activities, are treated as a charge against the economic benefits of the project; and any net benefits to resettlers (as compared to the "without-project" circumstances) are added to the benefits stream of the project. Resettlement components or free-standing resettlement projects need not be economically viable on their own, but they should be cost-effective” (OP. 4.12).

The budget for compensation and resettlement will be included in the project as World Bank loan to the Ministry of Finance, which will intern provide the funds as a subsidiary loan to the transmission company.

9. Annexes

9.1 Entitlement and Compensation Matrix

No.	Impact Category	PAP Category	Compensation
1	Agricultural Land	Legal Owners	(i) in cash at market or cadastral value (whichever the highest) plus a 15% allowance. When there are no active land markets cash compensation will be based on the value of a replacement plot within the same village acceptable to the PAP plus 15% allowance or (ii) through replacement land within the same village equal in value/productivity to the plot lost acceptable to the PAPs. Compensation will be free of deductions for transaction, registration costs.
		Legalizable PAPs, Customary Users	Will be legalized as Legal owner and paid as Legal owner
		Non-legalizable PAPs	Will be compensated with one time allowances in order to relocate to another location. They are also entitled to rehabilitation allowance if they belong to the category of vulnerable people as well as to relocation allowance in case of relocation.
2	Non-Agricultural Land (Residential or Commercial Land)	Legal Owners	Market value plus a 15 % allowance in cash. If there is no market rate, compensation will be the provision of a replacement plot acceptable to the PAP within the same village or cash compensation based on the cost of replacement land plus 15 % allowance.
		<u>Legalizable PAPs</u>	Compensation as Legal owner / Leaseholder
		<u>Non Legalizable PAPs</u>	Will be compensated with one time allowances in order to relocate to another location. They are also entitled to rehabilitation allowance if they belong to the category of vulnerable people as well as to relocation allowance in case of relocation.
3	<u>State / Community / Municipality Land</u>	State RA	In the cases where the legal owner is the state /community (village, town or RA) lands will be alienated by a price equal to the cadastral price of the lands with category of energy, transportation, communications, utilities infrastructure. The costs connected with the category changing of state and community lands will be paid by HVEN.
4	Residential Buildings	All PAPs	Will be compensated to all PAPs irrespective of the house registration status in cash at replacement cost plus a 15 % allowance. Compensation will be free of deductions for depreciation, transaction costs, registration costs and salvageable materials. In case of partial impacts or unwillingness of the owner to relocate, building impacts will cover only the affected portion of a building and its full rehabilitation to previous use. Relocated renters will be given all relocation and severe impacts allowances (see below).

No.	Impact Category	PAP Category	Compensation
5	Non-Residential Buildings	All PAPs	Will be compensated in the same fashion as residential buildings only to those PAPs who have registered legally their property. PAPs without registration will be compensated, only after legalization (in accordance with RA legislation). All fees for legalization will be paid by the Project Funds. Non-legalizable PAPs will be compensated in cash at market price value
6	Crops	All PAPs	Cash compensation at current market rates for the gross value of 1 year's harvest by default. Crop compensation will be paid both to landowners and tenants based on their specific sharecropping agreements. Non-legal land users are also eligible for crop compensation according to OP 4.12. at the same terms as tenants.
7	Trees	All PAPs	Cash compensation at market rate based on type, age and productivity of trees. Cash compensation for private wood producing trees and productive (fruit/nut) trees. Re-plantation of twice the amount of saplings in suitable location in case of state owned/community trees.
8	Businesses	All PAPs	Permanent losses for business activity will be compensated in cash equal to a 1-year net income based on tax reports; temporary losses will be compensated in cash equal to the monthly income based on tax reports multiplied with the number of months of business stoppage. In absence of tax reports (mostly in the case of informal/small businesses) these PAPs will be compensated as above but based on the minimum non-taxable salary (minimum salary defined in RA legislation). Indemnity for lost wages for the period of business interruption up to a maximum of 6 months.
9	Physical Relocation	All relocated PAPs	PAPs forced to relocate (including renters) will receive a relocation allowance sufficient to cover transport costs and living expenses for 1 month.
10	Severe impacts allowances	Severely Impacted PAPs	When >10% of a PAP agricultural land is affected, PAP (owners, leaseholders and sharecroppers) will get an additional severe impacts allowance for agricultural income losses equal to the market value of a year's gross yield of the land lost. All valuations will be done by licensed valuation consultant based on the assets inventory and measurement data of agricultural land plots.
11	Vulnerability Allowance	Vulnerable PAPs / PAPs below Poverty Line	Vulnerable people (PAPs below poverty line and widows or elder headed households) will be given a rehabilitation allowance equal to 6 months at minimum salary and priority in employment in project-related jobs. Women headed households, households with elderly, destitute or disabled people are counted among the vulnerable households. Vulnerable people shall receive a one-off allowance for 6 months in the monthly amount of AMD 32500 (the minimum salary).
12	Community Structures and Public Utilities / Structures	State RA	Will be fully replaced or rehabilitated so as to satisfy their pre-project functions.
13	Other State Property / e.g. Trees	State RA	Re-plantation of twice the amount of saplings in suitable location and 3 years nursery.

Vulnerable people are considered:

- Poverty -stricken households, which are registered in or eligible for the Family Benefit System of the MLSI of RA and receive corresponding allowance according to the order, set forth under RA legislation.
- Households, headed by lonely, widowed or with lost breadwinner women, where there is no other working age person, except the one of pension age, the one passing his mandatory service in the armed forces of RA, holding 1st or 2nd degree of disability or a full-time student of up to 23 years.
- Households, headed by people of the pension age (elderly), where there is no other working age person, except the one of pension age, the one passing his mandatory service in the armed forces of RA, holding 1st or 2nd degree of disability or a full-time student of up to 23 years.

9.2 Checklist for Census Information

Persons:

Aggregate number of individuals and households in each affected category
Age, gender, occupation of every individual (see list of PAP categories
vulnerable to census exclusion)

Property:

- Personal property including details of ownership of:
- structures: houses, farm buildings, shops, industrial structures, grain drying area, latrines
- land and type: irrigated or non-irrigated land, woodlots, grassland, unused land, etc. A description and estimate of the value of standing crops on land
- other: livestock, wells, trees

Public and common property:

- land: village common lands, gathering and foraging areas, fishing areas, etc.
- structures and facilities: schools, health facilities, burial grounds, community centers, public transport, banks,
- infrastructure: drinking and other water systems, access and internal roads, electricity and other power sources

PAP incomes from other sources, including:

- farm-based income
- off-farm labor
- informal sector activities

Source: India Resettlement Handbook, World Bank, 1995, p. 39

9.3 References

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9.4 Sample Census Format

Household (HH) Socio-Economic Census Form							
<i>Name of Asset Owner:</i>		<i>Name of Village:</i>		<i>Map Location:</i> GPS Coordinates		<i>Asset Affected:</i> (add description i.e. 2has of rainfed agriculture)	
<i>Household Composition</i>							
<i>Name of HH Member</i>	<i>Sex</i>	<i>Age</i>	<i>Relation to HH Head</i>	<i>Primary Occupation</i>	<i>Secondary Occupation</i>	<i>Highest Level of Education</i>	<i>Illness or Disability</i>
Example 1	Male	34	Head of Household	Farmer	Seasonal Work	Secondary School	None
Example 2	Female	25	Wife	Trader	None	Primary School	None
Example 3	Female	7	Daughter	Student	None	None	None
Example 4	Male	5	Son	Student	None	None	None
<i>Productive Assets Owned</i> (all assets owned, not just those lost to transmission line)							
Rainfed Land (ha's)	Tenure status	Irrigated Land (ha's)	Tenure Status	Number of fruit trees	Number of other trees	Commercial structures owned and operated	Other structures owned
3has	Owner	0.5ha	Owner	20	2	None	1 Stable
Overall Annual HH Revenue	Source of Income (Percentage)						
100,000 AMD	Rainfed Agr.	Irrigated Agr.	Remittances	Livestock	Trade	Seasonal Labor	Woodlots
	40%	20%	10%	5%	10%	10%	5%

9.5 Sample Inventory of Losses Format

Name	Family members/ Employees	Land affected			Buildings affected			Trees affected		Businesses affected			Resettled		Vulnerable PAP allowance		Severe Impact Allowance	
		Type	Area owned	Area Affected	Type	No. of floors	Area Affected	Type	No.	Type	Per- manent	Tem- porary	Yes	No	Yes	No	Yes	No
Example 1	6	Potato field	500 m ²	100m ²				Apricot	3					no	yes		yes	
Example 2	4				Stone	1	100			Small Shop	yes		yes		no		yes	
Example 3	2	1.) Potato field	10.000 m ²	60 m ²										no		no		no
		2.) Vineyard	300 m ²	100 m ²														
Example 4	5	Construction land	200 m ²	200 m ²										no			yes	

10. Minutes Of Public Consultations

Environmental Management Plans and Resettlement Policy Framework for the rehabilitation of Haghtanak, Charentsavan-3 and Vanadzor-1 substations

Introduction

The Environmental Management Plans (EMPs) and the Resettlement Policy Framework (RPF) for rehabilitation of Haghtanak, Charentsavan-3 and Vanadzor-1 substations - both in English and Armenian languages - were published to solicit public feedback. The timeframe of March 21, 2014 to April 1, 2014 was allowed for ascertaining concerns and obtaining comments/responses from concerned persons via regular mail (full address of HVEN was provided), email and corporate telephone number, which was available from 9 AM to 6 PM on business days.

Materials and Methods

The English and Armenian versions of the EMPs and RPF were posted on the web sites of the Ministry of Energy and Natural Resources of Armenia (<http://www.minenergy.am/en/en/investment-projects/high-voltage-network>) and High Voltage Electric Networks CJSC (http://hven.am/events_34_2.html).

Hard copies of EMPs and RPF were also submitted to the following state authorities:

- Malatia-Sebastia Administrative District of the Yerevan city – Mr. A.Alexsanyan, Head;
- Charentsavan city Municipality – Mr. H.Shahgaldyan, Mayor; and
- Vanadzor city Municipality – Mr. S.Darbinyan, Mayor.

Brief information on rehabilitation works, locations (web site addresses and municipality/administrative district) of disclosed EMPs and RPF documents, and HVEN's contact information (including full address, email, telephone number, and contact person's name) were placed at each substation's entrance/fencing to allow people to express any questions or concerns regarding the documents.

The electronic copies of the EMPs and RPF were also submitted to the following non-governmental organizations:

- Acopian Center for the Environment, American University of Armenia – Mr. A.Amirkhanian, Director;
- “Association of Energy Service delivery Enterprises of Armenia” Union of Legal Entities for the Development of Energy Sector of Armenia – Mr. M.Martirosyan, President;
- Transparency International Armenia – Ms. S.Ayvazyan, President;
- “Energy Saving Alliance” Armenian Branch – Ms. A.Pasoyan, Director; and
- Pure Lori NGO – Mr. V.Buniatyan, President.

Conclusion

Over the public consultation period no concerns, questions, or comments have been received on the EMPs and RPF from any individual or a legal entity. Therefore, these documents are considered final in their present iteration.

PHOTO DOCUMENTATION

Notifications placed at Haghtanak substation



Notifications placed at Charentsavan-3 substation



Notification placed at Vanadzor-1 substation



Environmental and Social Impact Assessment and Resettlement Policy Framework for the Replacement of Lalvar and Noyemberyan OTLs

The Draft ESIA and RPF Reports to the ‘Replacement of Lalvar and Noyemberyan OTLs’ have been disclosed on 16th June 2015. The documents were published on the HVEN website in both Armenian and English, and Armenian hard copies were submitted to all affected communities.

The Public Consultation meeting has been conducted in Alaverdi municipality on 01st July 2015. Respective announcements were sent to local authorities via email and posted on the announcement desk of the municipalities two weeks before the Public Consultation meeting. Local NGOs were informed via emails and directly contacted through Aarhus Center.

At the public consultation meeting, the Consultant held a non-technical introduction (with slides) presenting the results of ESIA and RPF. This introduction was held with simple, non-technical words understandable also for not highly educated people. It was held in English and translated consecutively in Armenian language. All questions raised in Armenian were translated into English language; the answers to these questions were also translated consecutively into Armenian. The slides to the presentation were given in Armenian.

This introduction presented a project description, stated who did the investigation, and it gave information about the method of investigation and the method of assessment. Environmental and social impacts of the Project were communicated and some examples were shown in detail, measures for mitigation and their monitoring were introduced, and recommendations were presented. The ESMP and Grievance Redress Mechanism were also introduced and the provisions of the Resettlement Policy Framework explained. After the introduction the discussion started. The questions raised and the corresponding answers of the meeting are given in the following.

Question / Concerns	Participant	Answers
In HaghTanak there is a house over-spanned by an existing line near to the substation. The house is not legalized, because it is not allowed to build houses within the line corridor. In the reports the situation regarding this house is not considered. Is it possible that the house will be out of the new line corridor?	Vahram Sharoyan HaghTanak Community Leader	As the technical details of the infeeding of the line to Noyemberyan substation are not fixed yet, it is not clear if this house will be located in the line corridor. However, the contractor will have to keep to the requirements of World Bank which say that resettlement shall be avoided, wherever possible. This requirement will be part of the contract for design and construction.

Question / Concerns	Participant	Answers
Does the land owner have the right to refuse to sell the land?	Suren Matosyan Haghpat Community Leader	Land owners will be asked to sell the land required for the tower location at the market price plus 15%. In case of failure, the Government Decree on Eminent Domain and the method of involuntary land acquisition will be used. The market price will be evaluated by a licensed valuator that will be hired by HVEN / Contractor. (Mets Ayrum, Neghots and Haghtanak community leaders offered their assistance in the design stage to bring the impacts to the minimum),
During projects implemented by other companies on the territory of Mets Ayrum, there were a lot of infringements regarding the land acquisition issue. How is it possible to ensure that these infringements will not take place during this project?	Sahak Nazaryan Mets Ayrum Community Leader	HVEN experience from other ongoing and completed projects shows that the current procedure for land acquisition, as well as the grievance mechanism are very efficient and allow addressing the needs of all the affected people. Community leaders are encouraged to express their concerns at an early stage of design works in order to develop a good cooperation.
There was a case during a project implemented by another company when during land acquisition the adjacent land became non-usable, but this fact was ignored by the company. How to ensure that this would not happen during this project?	Sahak Nazaryan Mets Ayrum Community Leader	According to the Armenian legislation, the land which became non-usable is also subject to acquisition by the HVEN.
Who are the land owners and how will they receive compensation?	Suren Matosyan Haghpat Community Leader	The project will be implemented based on the RA Laws and World Bank guidelines, as well as based on the Resettlement Policy Framework. For each community, a Resettlement Action Plan will be prepared. When the line corridor will be approved, the impacted lands will be specified, and at this stage public hearings with affected communities will be organized. NGOs will be also invited to participate in these public hearings. All impacted people have a right to compensation irrespective if they are titled owners or lease-holders or have customary land use rights. All the works will be monitored in parallel.

Question / Concerns	Participant	Answers
Is it possible to provide the land for rent instead of selling it?	Spartak Begjanyan Neghots Community Leader	No, according to the project the land should be acquired by the HVEN.
Houses in Neghots shall not be over-spanned in order to avoid any resettlement.	Spartak Begjanyan Neghots Community Leader	It is one of the main objectives of World Bank Policies that involuntary resettlement should be avoided, wherever feasible. Thus, bypassing the Neghots village is recommended in the ESIA study. However, it depends on the final technical design, if this will be feasible.
Construction works shall be adjusted to harvesting period in order to avoid damages to crops.	Spartak Begjanyan Neghots Community Leader	This concern will be added to the Final ESIA study. In any case, damages to crops during final land survey, construction and maintenance works, have to be compensated, which will be fixed in the Resettlement Action Plan.
Who will deal with the trees to be cut down within the corridor?	Anush Evoyan Aarhus Center (NGO)	During project implementation all the local legislation points shall be followed up. According to national legislation, the wood of State Forests belongs to the Forest Department. In Community Forest the community has to decide about sharing of the wood.
How and when biodiversity surveys and investigations will be organized? Concerning birds and bats: apart of the mitigation measures introduced in the presentation, will any other measures be introduced as a result of the surveys and investigations?	Anush Evoyan Aarhus Center (NGO)	The surveys should be conducted after the design and should include also results of site investigations with available data from official organizations. After the survey experts might have other suggestions or additional mitigation measures which will have to be considered in the ESMP.
Will experts involved in surveys and site investigations be of Armenian nationality?	Anush Evoyan Aarhus Center (NGO)	It will be more effective to hire local experts, because they have better knowledge of local conditions and occurring species.

The Participants at Alaverdi Public Consultation Meeting

No.	Name	Institution
1	Anush Evoyan	Aarhus Center (NGO) Alaverdi
2	Spartak Begjanyan	Neghots Community Leader
3	Vahram Sharoyan	Haghtanak Community Leader
4	Sahak Nazaryan	Mets Ayrum Community Leader
5	Suren Matosyan	Haghatpat Community Leader
6	Jora Andreasyan	Chochkan Community Employee
7	Sergey Cherchinyan	Chochkan Community Leading Specialist
8	Hrayr Nazaryan	Alaverdi Municipality Employee
9	Detlev Paulsch	Fichtner, Environmental Specialist
10	Lusine Zaqaryan	HVEN Sociologist
11	Pavel Hovhannisyan	EA Energy Advisory, Project Coordinator
12	Miqayel Tevosyan	EA Energy Advisory, Environmental Expert

Conclusion

The Public Consultation meeting was successfully conducted with a good participation. From the affected communities nearly all were represented by their community leaders or their representatives. The local branch of the NGO Aarhus Center participated actively in the discussion.

Recommendations from the Public Consultation Meeting

- Community leaders expressed the wish that bypasses shall be implemented at villages (especially Neghots and Haghtanak) in order to avoid any physical relocation.
- Community leaders offered their assistance in the design stage to bring the impacts to the minimum.
- Construction works shall be adjusted to harvesting period in order to avoid damages to crops.

Photos from Public Consultation Meeting at Alaverdi



