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High Voltage Electric Networks

Caucasus Energy Network Project

400 kV Transmission Line Project Ddmashen S/S to Ayrum S/S and 500 kV to Georgian Border



Draft Final Resettlement Screening and Policy Framework (RPF) Deliverable 02

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ABBREVIATIONS AND ACRONYMS

| | |
|------|---|
| ADB | Asian Development Bank |
| CC | Construction Contractor |
| EMF | Electric and Magnetic Fields |
| ESIA | Environmental and Social Impact Assessment |
| ESMP | Environmental and Social Management Plan |
| HVEN | High Voltage Electric Networks |
| KfW | Kreditanstalt für Wiederaufbau (German Bank for Reconstruction and Development) |
| kV | Kilovolt |
| KWh | Kilowatt-hour |
| MW | Megawatt-hour |
| MENR | Ministry of Energy and Natural Resources of RA |
| MLSI | Ministry of Labor and Social Security |
| 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 |
| OHL | Overhead Transmission Line |
| PAP | Project Affected Person |
| PCR | Physical Cultural Resources |
| 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 |
| WB | World Bank |
| WWF | World Wide Fund for Nature |

1. Summary

The present Resettlement Screening and Policy Framework (RPF) has the objective to clarify resettlement principles and organizational arrangements for the planned new construction of the 400 kV transmission line Ddmashen-Ayrum including the substations of Ddmashen and Ayrum/Chochkan.

The project components are new constructions of Transmission Line and Substations (S/S) and therefore resettlement impacts in terms of land acquisition, compensation and relocation need to be considered.

The present RAP-Screening and 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 project component (T-Line sections and S/S) 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 were encountered, where villages are affected by the line and planned bypasses needed to be revised. These impacts were discussed with representatives of HVEN and are tried to be avoided through appropriate design measures and if this is not possible mitigated to the greatest extent. A thorough Option comparison has led to the selection of a routing that does not cross the Dilijan National Park and that minimizes impacts in sensitive areas (e.g. forest lands, agriculture lands, natural habitats). 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. 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 have been reviewed and adapted for the purpose of the Project.

The ESIA shall be conducted in line with national laws and regulations as well as in line with international environmental and social safeguard standards (including EU regulations and the EU EIA Directive 201/92/EU). For the Project, EBRD Environmental and Social Performance Requirements (<http://www.ebrd.com/who-we-are/our-values/environmental-and-social-policy/performance-requirements.html%20>) would be the recommended standards.

For the ESMP, national standards and legislation, relevant EU standards as well as WB/IFC EHS Guidelines and the WB/IFC EHS Guidelines for Power Transmission and Distribution have to be applied (always the most stringent provision). For labor and working conditions, the provisions of IFC PS 2 have to be applied (as per Human Rights Guideline of the German Federal Ministry for Economic Cooperation and Development). In case of involuntary resettlement, in addition to national legislation and international standards (here: EBRD Standards) the UN Basic Principles and Guidelines on Development Based Evictions and Displacement have to be adhered to.

The Resettlement Action Plan or a Land Acquisition and Compensation Plan has to be established in line with national legislation and with the requirements of EBRD PR 5 as well as in line with the UN Basic Principles and Guidelines on Development Based Evictions and Displacement

2. Introduction

2.1 Project Description and Rationale

In 2007, in order to support the efforts taken with regards to regional cooperation, the German government has initiated the “Regional Power Transmission Extension Plan” (RTEP) which is designed to establish a concept for the development of an Extra High Voltage (EHV) interconnected system. In essence, the system should allow for flexible and mutually profitable cross-border energy exchange between Georgia and Armenia, which ultimately should assist in the efficient utilization of the respective energy resources of the two countries (Fichtner has conducted Study in 2007; later updated in 2009). Although the RTEP focused on the interconnection between Georgia and Armenia, Fichtner has considered the power networks of their neighboring countries, Iran as well as Turkey, as well.

Armenia wishes to stay synchronized with Iran. Only after implementation of upgrades in power system control and implementation of various agreements on power system operation and control a direct high voltage alternating current (HVAC) link can be established. Since this may take 7 to 10 years, it has been decided to take the short term option of an interconnection of the Armenian and Georgian power systems.

The purpose of the Project is to achieve an asynchronous power connection between Georgia and Armenia and thereby provide a reliable, flexible and mutually profitable cross-border energy exchange not only between Armenia and Georgia but within the South Caucasus and beyond with other regions.

The Caucasus Energy Network Project aims to provide a reliable, flexible and mutually profitable cross-border energy exchange within the South Caucasus by connecting the Armenian and the Georgian power grid via 500/400/220 kV High Voltage Direct Current BtB Converter Station (HVDC BtB) in Ayrum and therefore will represent a regional integration of energy systems among Georgia, Iran, and Russia.

The connection from the Georgian side will be effected via a 500 kV OHL from the new substation Marneuli, the connection from the Armenian side via a 400 kV OHL from new substation Ddmashen (at the first stage via the existing 220 kV line from Alaverdi-2 substation).

The interconnecting scheme is expected to provide the following:

- develop cross-border power exchange between Armenia and Georgia and their neighboring countries, like e.g. Iran, Russia, etc.
- match individual countries future needs, assets and shortcomings
- facilitate electricity market operations

- optimize dispatch of active and reactive power and efficient transfer of power between generating and load centers within and between the countries
- improve structural and operational reliability of the networks and security of supply
- improve static and dynamic stability of the network
- improve and maintain voltage profiles according to technical standards
- reduce technical losses
- facilitate parallel operation of the Armenian and Georgian power systems with their respective neighboring systems and
- provide due consideration to existing trade-offs between technical and economic aspects (cost-effectiveness).

2.2 Description of the Project Components for which Land Acquisition and Relocation are possible

A) Construction of a 400 kV transmission line Ddmashen S/S - Chochkan/Ayrum S/S and Construction of 500 kV transmission line from Chochkan/Ayrum S/S to Georgian Border

The transmission lines will be constructed in a new corridor of 75 m width¹ (no replacement of existing 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

¹ Technical regulations on safety zones for electric networks of Armenia define a distance of 20 m on each side from 110 kV, 25 m from 220 kV, and 30 m from 400 kV and 500 kV OHLs as a buffer zone (GRA 2009) from the outer lines. Additionally, the clearance between the conductors (depending on the final design of the towers) has to be considered. Thus, a total ROW width of 75 m for 400/500kV Interconnector OHL is taken as basis for this study (tower plus safety distance from outer conductors).

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 report.

B) Construction of Substations Ddmashen S/S and Chochkan/Ayrum S/S:

Land acquisition: The land for both substations has already been acquired by HVEN as confirmed by local residents of both affected communities.

Additional Land acquisition may be required for construction of new access roads (if applicable). Existing access roads will be used for most of the distance, but partly need to be rehabilitated and also partly extended. New construction of access roads in Ddmashen and Chochkan/Ayrum is possible on short sections. Some additional land acquisition may therefore be necessary. Use of the existing access roads is not expected to restrict access to agricultural lands.

The S/S will need to be fenced and will need an access road around the fence. 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 settlements and agricultural fields.

Physical Displacement: There are no houses on the land of the substations (former agricultural land) and no houses will be affected by construction of access roads.

For more details please refer to the respective ESIA/ ESMP report.

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 will be performed by the constructor before execution of physical works. Also the design and construction of access roads is among the responsibilities of the CC.

No resettlement impacts are currently expected to arise from the S/S constructions, the land is already acquired by HVEN and owners have been compensated.

In order to support the project implementer to prepare for the detailed RAP activities, the present RAP screening and RPF has been formulated. The purpose of the screening is to identify the relevant resettlement impacts (land-acquisition, physical displacement, compensation of lost assets and livelihood restoration) and the policy framework is to clarify resettlement principles, entitlements and organizational arrangements as well as design criteria to be applied during project implementation.

The RPF contains information that will later go into the detailed 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.

2.4 Principles and Objectives Governing Resettlement Preparation and Implementation

Previous RPFs and RAPs for HVEN OHL-projects were made according to World Bank's OP 4.12. With KfW financing any Resettlement Action Plan or a Land Acquisition and Compensation Plan has to be established in line with the requirements of EBRD PR 5 as well as with the UN Basic Principles and Guidelines on Development Based Evictions and Displacement as international safeguards. Generally all resettlement provisions have to be in line with national legislation, with the more stringent of both, international or national safeguards prevailing.

The objectives of EBRD PR 5 do not differ fundamentally from WB OP 4.12. The objectives of PR 5 are: "1) to avoid or, at least minimize involuntary resettlement wherever feasible by exploring alternative project designs 2) to mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of and access to land by: (i) providing compensation for loss of assets at replacement cost; and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected to improve or, at a minimum, restore the livelihoods and standards of living of displaced persons to pre-project levels, through measures that can be enterprise based, wage-based and/or enterprise based, so as to facilitate sustainable improvements to their socio-economic status to improve living conditions among displaced persons through provision of adequate housing with security of tenure at resettlement sites."

EBRD PR 5 further states that the client will "consult with affected persons and communities, including host communities, and facilitate their early and informed participation in decision-making processes related to resettlement." Consultation will continue during the implementation, monitoring, and evaluation of compensation payment and resettlement so as to achieve outcomes that are consistent with the objectives of EBRD PR 5.

An abbreviated Resettlement Action Plan (RAP) will be prepared for each sub-project 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. 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 to respect the requirements of Aarhus Convention esp. article 6 (see also ESIA).

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. In line with the provisions of EBRD PR 5, PAPs without land titles or other registration details (e.g. informal dwellers or land users) and PAPs the informally occupy houses (e.g., squatters) will receive monetary compensation to cover their relocation expenses and to compensate for the cost of any investments they have made during their the time of their informal occupancy (e.g., building that have constructed or renovations/improvements they have made to existing buildings). Vulnerable and severely affected PAPs shall be provided special assistance.

The grievance mechanism to be established by the client in accordance with EBRD PR 10 will be set up as early as possible in the process, consistent with this PR, to receive and address in a timely fashion specific concerns about compensation and relocation that are raised by displaced persons and/or members of host communities, including a recourse mechanism.

2.5 Resettlement Screening

The following resettlement screening was made for the optimized Option 4a.

Table 2-1: Resettlement Screening Table

| No | Location | Resettlement Impact | Comment / Mitigation |
|-----------|---|--|--|
| 1 | Ddmashen-Zovaber 38T483160.00 mE 4490607.00 m N | Crossing of one building | Bypass to avoid building, or over-spanning of uninhabited / industrial building Can be avoided |
| 2 | Private lands between Ddmashen 38T483160.00 mE 4490607.00 m N and Kakavadzor 38T479610.00 mE 4494239.00 m N | Land acquisition for tower foundations (14x14m = 200m ²) for double circuit 400 kV tower Destruction of crops during construction | 7.5 km of cultivated private and community lands, approx 20 tower foundations, 0.4 ha of land to be acquired Use of fallow period for construction activities, otherwise compensations for crops |
| 3 | Community meadows and forest near Gugark-1 line 38T477979.67 mE 4495588.47 m N | Crossing of forest area parallel to Gugark-1 line 600 m | No resettlement impact, for other impacts see ESIA, access roads on community lands, length and location of new access roads is tbd |
| 4 | Mountain pastures between 2000 m – 2600 m a.s.l. on 10 km above Meghradzor village (in 6.5 km distance) 38T477155.02mE 4498903.04 m N | No settlements, no forests, access road from Meghradzor | No resettlement impacts |
| 5 | Margahovit State Sanctuary is crossed at narrowest extent 38T476959.00 mE 4506470.00 m N South of village Fioletovo Traverse of Valley East of Fioletovo at the level of "waste-hill" 38T477686.33 mE 4507401.64 m N | Road crossing at 1650 m a.s.l., Agricultural fields, mostly unused land, with this route Rose-Bay Sanctuary not affected | No resettlement impacts, potentially road improvement near Fioletovo settlement below Margahovit Sanctuary |
| 6 | Traverse of mountain meadows / mountain pastures after Fioletovo 38T 476429.58mE 4516922.03mN | Mountain pastures are crossed avoiding 2 settlements on a length of 22 km between 2200 m - 2650 m a.s.l., no private lands | Avoid settlements on the high mountain pastures, use existing access roads wherever possible Use ROW / OHL corridor as access road during construction to minimize damages No resettlement impacts |

| No | Location | Resettlement Impact | Comment / Mitigation |
|----|--|--|---|
| 7 | Highlands above village Aghnidzor (3.7 km) and Atan (1.5 km distance to the line corridor) 38T489027.20 mE 4528396.82 m N | High mountain pastures / community lands between 2300 m - 2000 m a.s.l. on 11.5 km, No trees | No resettlement impact Use existing access roads wherever possible |
| 8 | Highlands above Atan and Shamut 4.3 km distance) 38 T487995.59mE 4534457.49 m N | High mountain pastures between 2300 m – 2000 m a.s.l. on 7.86 km, No trees | Avoidance of summer settlements, careful line routing design Use existing access roads wherever possible No resettlement impact |
| 9 | Valley above village Gomshavar, sensitive passage on 1.75 km 485028.87 mE 4538423.81 m N | Crossing of a forested slope, Several settlements, farms, 1800m - 1500 m a.s.l. | Avoid settlements, existing access roads from Gomshavar No further resettlement impacts |
| 10 | Mountain pasture crossing on 5.5 km, non sensitive 38T484264.23 mE 4541614.23 m N | Routing on uninhabited soft ridge 1600 m - 1900 m a.s.l. | Avoidance of farms and settlements, Use existing Access roads, No resettlement impacts. |
| 11 | Crossing of settlement area and forest above Teghut Mining Area on 3.3 km 38T483834.00 mE 4546104.00 m N | Routing between settlements and forests, Existing access roads | Careful line routing to avoid settlements. Compensation for temporary destruction of crops / pastures |
| 12 | Forest crossing above Teghut Mining 38T484346.09 mE 4548678.28 m N | Dense forest, steep slope between 1600 m and 950 m a.s.l., shortest forest crossing of all options, very sensitive area, cumulative impacts with mining site ! | Careful line routing, over-spanning of trees where possible, entering Vallex territory, complicated access route construction No resettlement impacts / other impacts: see ESIA. |
| 13 | Crossing of Vallex Mining Area along Rain Water Channel on 3.5 km (option was suggested by Vallex engineer) 38T484939.70 mE 4550554.27 m N | Vallex Area, to be discussed, crossing above tailings reservoir, below forest and above channel | Careful routing design in cooperation with Vallex Mining, Existing access road. No resettlement impacts |

| No | Location | Resettlement Impact | Comment / Mitigation |
|----|---|--|---|
| 14 | Crossing meadows of Shnogh village and Debed river gorge 38T484837.31 mE 4555101.49 m N | Tower erection on private agriculture lands, River crossing, proximity of new 110 kV line (Mining site) | Careful routing design, use existing access roads |
| 15 | Crossing agricultural Lands south of Mets Ayrum (250 m) and Chochkan (300 m distance) Villages Substation Site: 491109.52 m E 4561221.12 m N | Presence of other HV - lines, Agricultural fields, private lands | Careful line routing between existing lines, existing access roads, put towers at the edges of fields, limit destruction of crops during construction. Land acquisition: 10 km / approx. 25 towers, 200 m ² per tower, 0.5 ha |
| 16 | From S/S Chochkan/Ayrum to Haghtanak, River Debed Crossing 38T491776.50mE 4562130.35 m N | River crossing Debed (width 670 m), meadows, agricultural land | Careful line routing to avoid settlements in Debed Valley. Potential land acquisition for tower foundations (if on private land) Compensation for destroyed crops |
| 17 | From Haghtanak to Deghzavan (770 m) and Georgian Border Few Houses (170 m distance) 38T491796.00mE 4566273.00 m N | Crossing private and community agricultural lands | Careful line routing to avoid a few houses and use existing access roads Land acquisition for tower foundations 7km / 18 towers / 0.36 ha of land Compensation for temporary disturbances |

Compensation will be required for:

- land required for the construction of temporary access roads
- land acquisition will be required for the construction of tower foundations, for new access roads (if necessary)
- land with building permission to be transformed into agricultural land (plus additional compensation for the owner).
- 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.
- full livelihood restoration for houses to be resettled from ROW (if any; depending on final design by CC).

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

A detailed 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. The detailed RAP will be prepared by HVEN in collaboration with the construction contractor before the start of construction activities.

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 will be included in the RAP. 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 to respect the requirements of Aarhus Convention esp. article 6 (see ESIA Section 4.1.)

The land for substations has already been compensated, however it should be determined whether local farmers are allowed to use the land temporarily (e.g. for haymaking) as long as the construction was not started. All land for substations has already been acquired by HVEN.

Table 2-2: Resettlement Impact Summary

| Impact | Scope | Mitigation Measure |
|--|--|---|
| Land Acquisition for Tower Foundations | Approx. 255 towers/ 200 m ² foundation each = max. 5 ha land | Compensation at Replacement Cost |
| Land Acquisition for Access Roads | No land acquisition for access road construction | Use of existing roads where possible, For new roads private terrain to be avoided. |
| Land Acquisition for Substations | For both substation HVEN has already acquired the land in negotiated settlement (compliant with EBRD PR 5) | No mitigation necessary. Interviewed residents report being satisfied with the offered amount (higher than market price) |
| Compensation of Crops | Temporary destruction of crops in agricultural areas, notably around village Chochkan. Limited potentially affected area | Existing access roads to be used, lay down areas not on cultivated land, use fallow period for construction. Compensation of all destroyed crops. |

| Impact | Scope | Mitigation Measure |
|------------------------|--|--|
| To be resettled Houses | No Houses in the Line routing Corridor | Construction of all suggested bypasses to avoid settlements. |
| Community Development | Affected communities along the line routing would benefit from development measures as road improvements, water supply infrastructure, waste management etc. | Not covered by the project framework and KfW financing |

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 (220kV)
- overhead high-voltage transmission line (400kV/220kV).

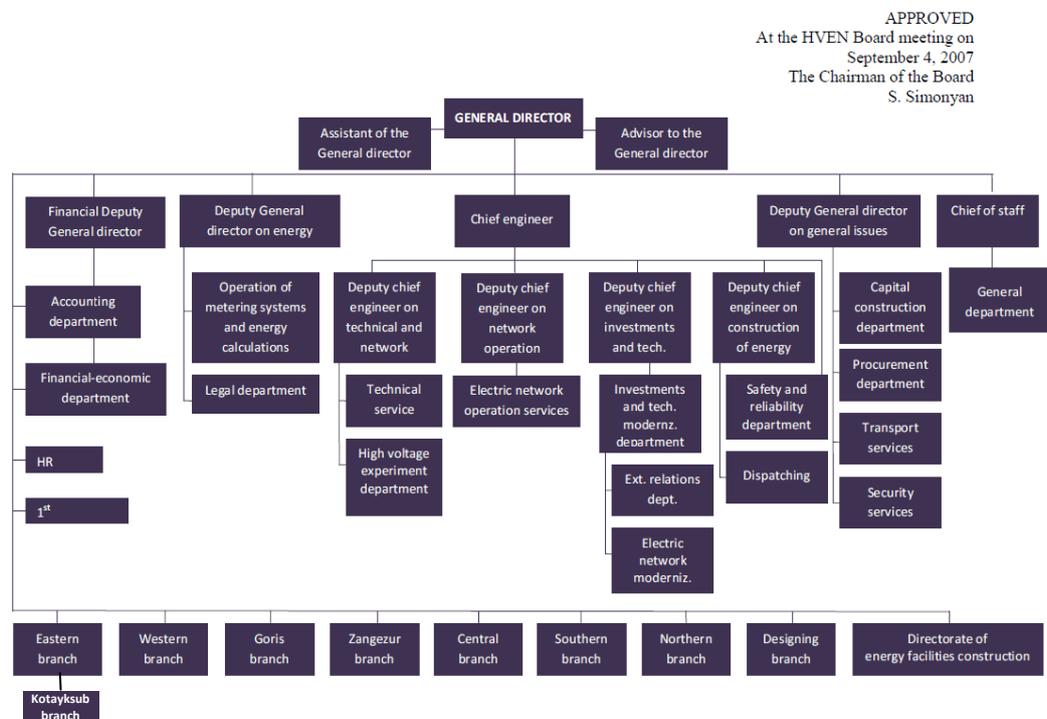


Figure 3-1: Organization chart of HVEN

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.

Since 2014 HVEN has employed a Social Specialist for 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. So far, there is no permanent Environmental specialist within HVEN.

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

Regional Administrations:

- Local Cadastre Offices of Gegharkunik, Kotayk, Tavush and Lori Marzes
- Environmental Departments of Gegharkunik, Kotayk, Tavush and Lori Marzes
- Departments of the Protection of Monuments of Kotayk, Tavush and Lori Marzes

Affected Local Communities:

Table 3-1: Affected local Communities

| No. | Name | Marz |
|-----|------------|-------------|
| 1 | Ddmashen | Gegharkunik |
| 2 | Zovaber | Kotayk |
| 3 | Kakavadzor | Kotayk |
| 4 | Fioletovo | Lori |
| 5 | Margahovit | Lori |
| 6 | Aghnidzor | Lori |
| 7 | Atan | Lori |
| 8 | Gomshavar | Tavush |
| 9 | Teghut | Lori |
| 10 | Shnogh | Lori |
| 11 | Archis | Lori |
| 12 | Mets Ayrum | Lori |
| 13 | Chochkan | Lori |

| No. | Name | Marz |
|-----|-----------|------|
| 14 | Haghtanak | Lori |
| 15 | Deghzavan | Lori |

Universities / Research Institutions:

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

NGOs:

- WWF Armenia
- Armenia Tree Project (ATP)
- Women's Resource Centre
- Association of Women with University Education.

Gegharkunik Marz

- Aarhus Centre Tavush branch and member NGOs

Tavush Marz

- Aarhus Centre Tavush branch and member NGOs

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:**Table 3-2: 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 prepare the RAP and 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, accompany land acquisition process |
| 12 | NGOs (i.e. WWF, Armenia Tree Project, regional NGOs, Aarhus Centers) | Advocacy for PAPs and Environmental Good Practice; Implementation of Tree Planting Project 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 (in case of resettlement) |
| 15 | KfW Development 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. |

| No. | Stakeholder | Role / Responsibility |
|-----|------------------------------|---|
| 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 (if different line sections) that will be prepared under the project, in accordance with this RPF |
| 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”.

3.4 Comparison of Armenian Laws and international Safeguards for Involuntary Resettlement

Table 3-3: Comparison of National and International laws

| | Armenian Laws and Regulations. The law on EPPSP is applied. (see also para. 3.2) | EBRD PR 5 | Application |
|-------------|---|---|--------------------|
| Land owners | Land compensation only for titled landowners. | Recommends land-for-land compensation for displaced persons whose livelihoods are land based, whether or not they are titled landowners. Where equivalent land is not available, cash compensation replacement cost is an option. | EBRD PR 5 applies |
| Land users | Land compensation only for registered land users. | Lack of title is not a bar to compensation and/or rehabilitation. Land users who do not possess a recognizable legal right or claim to the land they are occupying shall receive relocation assistance and, if applicable, compensation for investments they have made in the land. Land users who do not have formal legal rights to land at the time the census begins but have a claim to such land will be assisted in completing the registration procedure and will then be compensated as land owners. | EBRD PR 5 applies |

| | Armenian Laws and Regulations. The law on EPPSP is applied. (see also para. 3.2) | EBRD PR 5 | Application |
|------------------------------------|--|---|---|
| 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' income must be restored to pre-project levels at least. Replacement land will be provided if that will be needed to restore PAPs' the pre-project levels of income. | EBRD PR 5 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. | EBRD PR 5 includes compensation for unregistered non-commercial and commercial structures as well, not only for registered buildings. | EBRD PR 5 applies |
| Land valuation | Land valuation based on current market value plus 15% of the assessed value. | Land valuation based on current market rate; actual compensation is based on replacement cost (i.e., including any associated taxes, fees or other transfer costs) | Armenian Legislation and EBRD PR 5 both apply The 15% increment will be provided in addition to the project covering any taxes or other transfer fees and costs. |
| Public Consultation and Disclosure | Within seven days after the entry into force the Decree for Eminent Domain should be submitted to all legal owners. The Decree shall be published in the media. 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. Public Consultation and Disclosure Plan to be developed together with RAP. Grievance Mechanism according to PR 10. | Both EBRD PR 5 and Armenian Legislation (Law on EPPSP) apply |

3.5 Gap Analysis

The main difference of the legal framework of the RA and EBRD PR 5 is related to the compulsory ownership status of affected land and dwellings in Armenian law, whereas PR 5 grants compensation and relocation support even if legal land titles are absent. For the planned project PR 5 must be applied. This means that if the requirements of PR 5 are more stringent than the national legislation, then the more stringent requirements of PR 5 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 PR 5 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 and WB Hrazdan-Shinouhair 220 kV rehabilitation 2013-15.

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 non-agricultural 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 one 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 EBRD PR5. 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 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 Figure 6-1 and Figure 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.

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

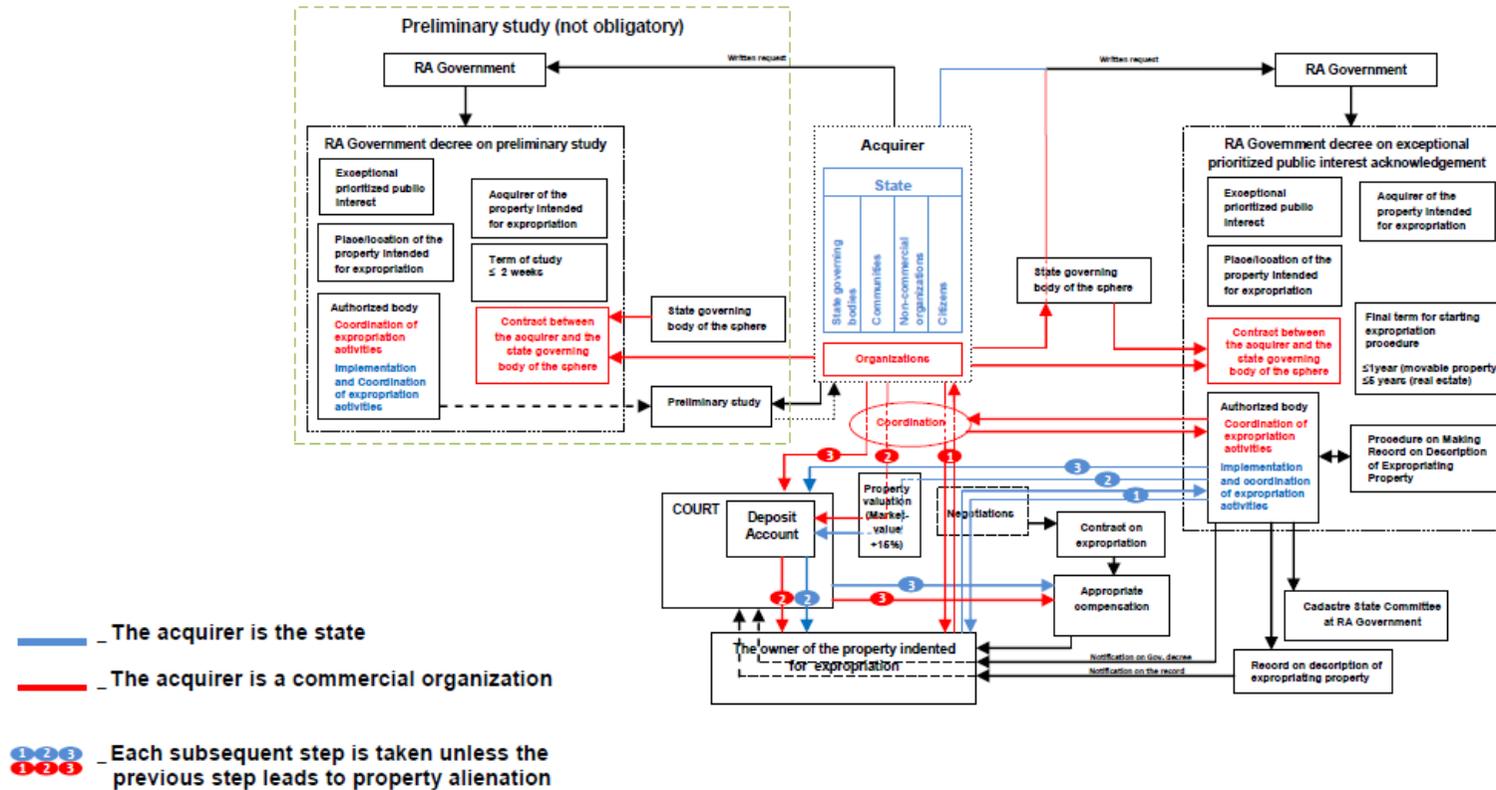


Figure 6-1: Actions in expropriation of property for public and state purposes

TERMS/TIMING OF ACTIONS UNDERTAKEN IN EXPROPRIATION OF PROPERTY FOR PUBLIC AND STATE PURPOSES

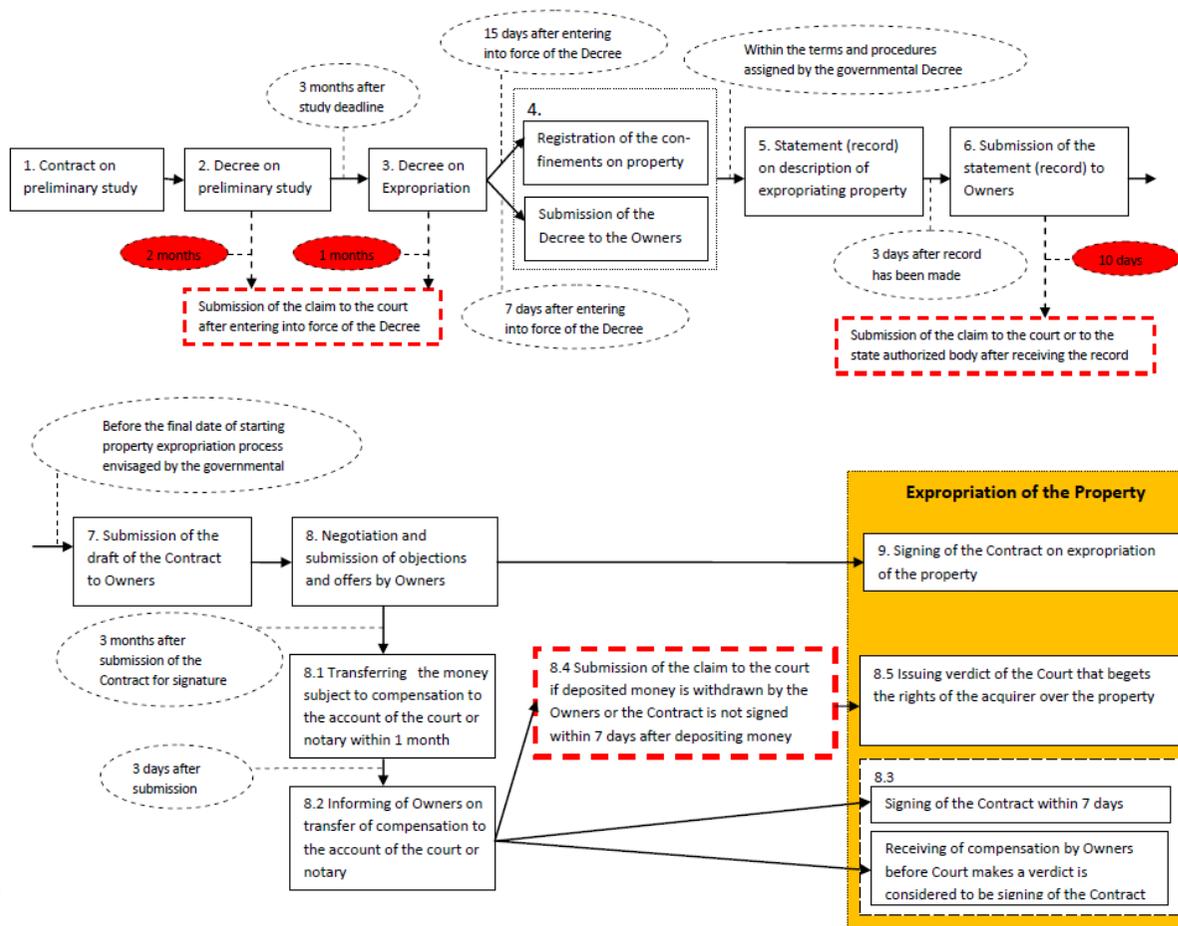


Figure 6-2: Terms and timing of actions in expropriation of property for public and state purposes

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, then 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 Figure 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 Figure 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 those 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):

Table 6-1: Tasks of resettlement Action Plan

| 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 |

| Step | Action | Responsibility |
|------|--|---------------------------------------|
| 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 / KfW |
| 6 | KfW Review and Approval | KfW |
| 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 made 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 Cadastre 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 not-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.

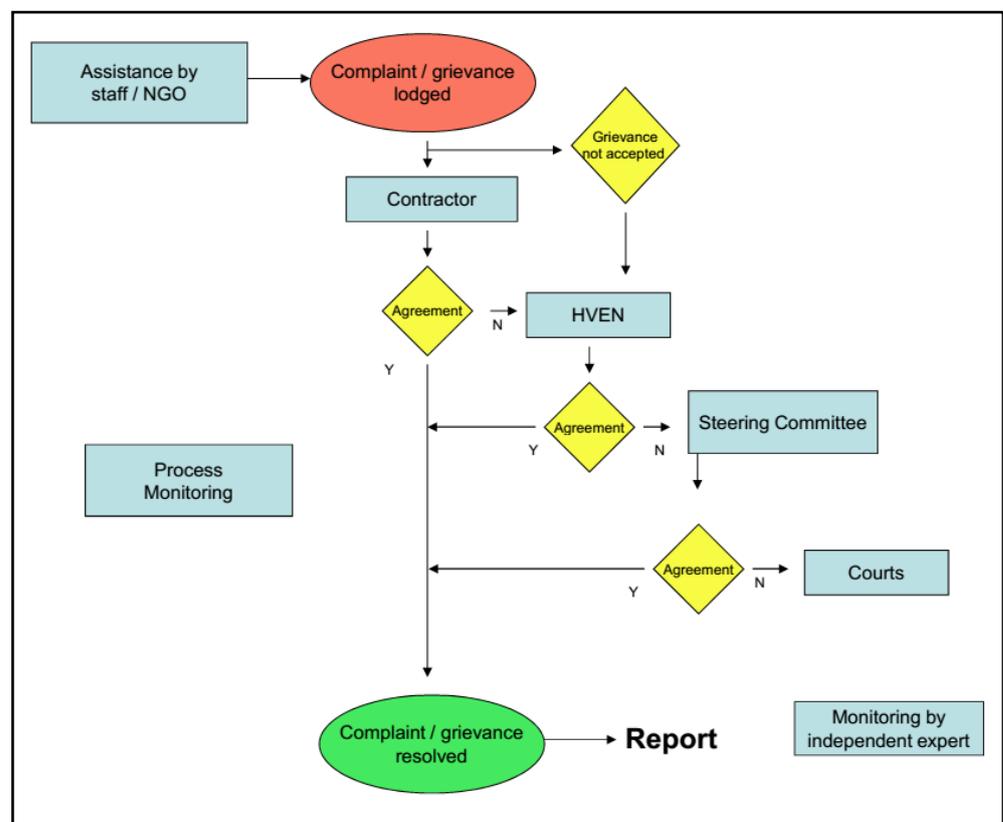


Figure 6-3: Grievance Mechanism Flow Chart

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.

KfW 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. Staff has some experience with resettlement implementation processes from prior World Bank Projects (e.g. Harzdan-Shinouhair 220 kV), however not involving physical displacement and associated livelihood restoration / community programs.

Under the turnkey arrangement, it is proposed that detailed Resettlement Action Plans shall be prepared as needed as part of the detailed design process.

Trainings shall be focused on the application of international safeguards (EBRD PR5 / OP 4.12) and the Guidelines on how to prepare a Resettlement Action Plan (RAP). 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
- external RAP 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 KfW Development Bank and 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 RAP completion 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 Equator Principles, all RAPs must be prepared through a process of public consultation with all interested affected parties. According to EBRD PR 5 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.

Preliminary Consultations were made for the optimization of line routing in most of the following communities (some communities were not reached due to snow conditions and will have to be consulted by HVEN at a later stage and when line routing will be defined):

Table 7-1: Potentially affected communities and comments from Community consultation

| No. | Name | Marz | Comment |
|-----|------------|-------------|--|
| 1 | Ddmashen | Gegharkunik | The Substation is located on territory of Gegharkunik Marz / land acquisition completed Consultation was made, No objections, participants are satisfied with prior compensation process for land of substation |
| 2 | Zovaber | Kotayk | No separate consultation was made, degree of affectedness depends on option to be defined |
| 3 | Kakavadzor | Kotayk | No separate consultation as routing needs to be defined, village not directly affected |
| 4 | Fioletovo | Lori | Consultation with village head was made, No objections |
| 5 | Margahovit | Lori | Consultation with village head |
| 6 | Aghnidzor | Lori | Consultation with village head and residents, No objections, wish for jobs |
| 7 | Atan | Lori | Consultation with village head and residents, No objections, wish for jobs |
| 8 | Gomshavar | Tavush | Mountain Pastures in Tavush region are crossed on 3.5 km if border mapping is correct, could not be accessed due to snow condition |
| 9 | Teghut | Lori | Consultation with village head and residents in 2013, community has experienced Vallex expropriation process, wish for timely compensation, minimization of forest cutting |

| No. | Name | Marz | Comment |
|-----|------------------------------------|--------|---|
| 10 | Shnogh | Lori | Consultation with village head and residents in 2013 and in 2016, community has experience with expropriation through Vallex Mining Project, suffering from impacts but benefit for jobs, however no objection against project, but wish minimization of forest cutting and land take and suitable compensation |
| 11 | Archis (depending on line routing) | Tavush | (depending on Option for Teghut Mining Area), Minimization of agricultural land |
| 12 | Mets Ayrum | Lori | (depending on Option for Teghut Mining Area) |
| 13 | Chochkan | Lori | Consultation was made, Wish for minimization of land take of agricultural land, timely compensation, involvement of the community during definition of tower positions together with CC, S/S should be renamed after Chochkan village (not Ayrum) |
| 14 | Haghtanak | Tavush | Line routing to be defined, avoidance of agricultural land, avoidance of quarry after S/S Chochkan/Ayrum |
| 15 | Deghzavan | Tavush | Georgian border area, after S/S Chochkan/Ayrum, no separate consultation was held, border area |

Community leaders of all affected villages have to be consulted during 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.

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 displaced by the project (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. Following the RAP screening this is not expected.

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.

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

The budget for compensation and resettlement will be included in the project as KfW Development Bank`s loan to the Ministry of Finance, which will internally provide the funds as a subsidiary loan to the HVEN transmission company.

Table 8-1: Estimated Budget for implementation of RAP

| Activity | Estimated Cost in US \$ | Responsibility |
|---|-------------------------|------------------------------------|
| <p>Land acquisition for tower foundations replacement cost 200 AMD/m² / 0.4 US \$/ m² (amount paid for compensation of lands at substation sites</p> <p>For entire line: 102 km OHL, tower every 400 m, max. 200m² per tower foundation = 5 ha=20,000 Euro</p> <p>If only private lands to be compensated amount of to be acquired land is estimated to be less than 1.5 ha.</p> | 20,000 | HVEN |
| <p>Land acquisition for access roads</p> <p>Mostly on community lands, in some cases private agricultural / pasture lands if not avoidable. General Provision</p> | tbd | HVEN |
| Compensation for crops (only for few tower foundations) | 5,000 | HVEN |
| Physical resettlement / No resettlement needed | n.a. | HVEN / Final Design by CC |
| Vulnerability allowance | n.a. | |
| Severe impact allowance | n.a. | |
| Moving allowance | n.a. | |
| RAP Study | 50,000 | HVEN |
| Public consultations and info material | 10,000 | HVEN and CC |
| External RAP audit | 50,000 | External RAP Monitoring Consultant |
| Total | 135,000 | |

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. |

| No | Impact Category | PAP Category | Compensation |
|----|---------------------------|---|--|
| 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). |
| 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 EBRD PR 5. 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 the minimum salary. |

| No | Impact Category | PAP Category | Compensation |
|----|--|--------------|---|
| 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 Ministry of Labor and Social Issues (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: ԱԵԱ եկամուտները այլ աղբյուրներից, ընդգրկում են .

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

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

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9.4 Sample Census Format

| Household (HH) Socio-Economic Census Form | | | | | | | |
|---|-------------------------------|-------------------------|---------------------|---|-----------------------|---|------------------------|
| Name of Asset Owner: | | Name of Village: | | Map Location: GPS Coordinates | | Asset Affected: (add description i.e. 2has of rainfed agriculture) | |
| Household Composition | | | | | | | |
| Name of HH Member | Sex | Age | Relation to HH Head | Primary Occupation | Secondary Occupation | Highest Level of Education | Illness or Disability |
| 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 |
| Productive Assets Owned (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 | Temp- orary | 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 | |
| | | 2.) Vineyard | 300 m ² | 100 m ² | | | | | | | | | | | | | | no |
| | | | | | | | | | | | | | | | | | | |
| Example 4 | 5 | Construction land | 200 m ² | 200 m ² | | | | | | | | | | no | | | yes | |