

**ECONOMIC DEVELOPMENT AND RESEARCH CENTER**



**NORTH-SOUTH ROAD CORRIDOR INVESTMENT PROGRAM  
TRANCHE 2 (Ashtarak-Talin)**

**IMPLEMENTATION OF CORRECTIVE ACTION PLAN FOR NEWLY ACQUIRED LANDS  
UNDER LAND ACQUISITION AND RESETTLEMENT PLAN**

## **COMPLIANCE REPORT**

**March 11, 2019**

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## List of acronyms

ADB	Asian Development Bank
AHs	Affected Households
AMD	Armenian Dram
AP	Affected Person
CAP	Corrective Action Plan
DMS	Detailed Measurement Survey
EDRC	Economic Development and Research Center
EMA	External Monitoring Agency
GoA	Government of Armenia
GFP	Grievance Focal Person
GRG	Grievance Review Group
GRM	Grievance Redress Mechanism
IC	Implementing Consultant
LARF	Land Acquisition & Resettlement Framework
LARP	Land Acquisition & Resettlement Plan
LSGBs	Local Self- Governing Bodies
MTCIT	Ministry of Transport, Communication and Information Technologies
NGO	Non-Government Organization
NSS	National Statistical Service
TPIO	Transport Project Implementation Organization
RA	Republic of Armenia
SNCO	State Non-Commercial Organization
SPS	Safeguard Policy Statement
T2	Tranche 2 North-South Road Corridor Investment Program
T3	Tranche 3 North-South Road Corridor Investment Program

## I. Executive Summary

- The Government of Armenia is implementing the North-South Road Corridor Investment Program (hereinafter – the Program). Completion results of the Land Acquisition and Resettlement Plan (LARP) for the second tranche (T2) of the Program revealed the need for unanticipated acquisition of land plots in the affected communities, to decrease the negative impact on the archaeological sites in the acquisition area (Aruch Archaeological Complex, Hellenistic city remains in Agarak). To properly organize and implement this process, Corrective Action Plan (CAP) under the T2 LARP was prepared and implemented<sup>1</sup>.
- The T2 LARP implementation results also revealed the need for the provision of the new entitlement for non-residential illegal structures. In fact, in the frame of T2 LARP implementation, there were three cases under the expropriation, which have been related to the compensation issues of non-residential illegal structures. The expropriation process of the lands with above-mentioned structures lasted more than 1.5 years, which influenced the process of land acquisition and construction works. Therefore, the new entitlement on the provision of Rehabilitation Allowance to APs who constructed non-residential illegal buildings/structures (regardless the legalization), was introduced within the LARF 2017. Provision of this entitlement required formulation and implementation of relevant Corrective Measures (hereinafter, T2 LARP Corrective Measures). Thus, T2 LARP Corrective Measures were included in the CAP. More specifically, T2 LARP Corrective Measures are related to the provision of Rehabilitation Allowance to 3 informal tenant APs who constructed non-residential illegal structures on 3 community-owned lands.
- This Compliance Report was developed based on the results of the external monitoring and compliance review of the CAP implementation. In particular, this report covers both compliance review for the newly acquired land plots (Sections V-VIII are dedicated to that purpose) and compliance review of the implementation of the T2 LARP Corrective Measures (provided in Section IX).
- The CAP covers 33 land plots in four rural communities, of which only six plots are private. There are 16 affected households (AHs), including one vulnerable AH. In addition, there are one leaseholder and one informal tenant AHs. 9 AHs are severely affected (due to loss of 10% and more of productive assets) during Project implementation; none of them is vulnerable.
- Crops, trees and buildings/structures are also affected. There were no cases of business/employment loss, neither were relocation cases (no physical displacement). There were no cases of Expropriation.
- Compliance review covered CAP implementation processes, determination of impact scope and assessment of provided compensation.
- T2 CAP implementation processes comply with defined provisions and policy requirements. Compensations for the permanent loss of land, crops, trees, for being socially vulnerable, for the project's severe impact, as well as for the impact on movable improvements comply with the CAP/LARF provisions.
- A corrective measure is proposed, as the Rehabilitation Allowance for the loss of illegal non-residential structures to 1 Informal tenant AH in Kosh community exceeds amount stipulated in the CAP by AMD 13,542 (lot-code 02-061-0106-0012). The Transport Project Implementation Organization agreed to conduct the recommended corrective measure and call back AMD 13,542. To that end, the TPIO formally notified (in written form) the respective AP of the reasons that led to correction of the amount of Rehabilitation Allowance. The signed copy of the Supplemental Agreement and the copy of the payment order on the return of the excessive amount were provided to the EMA. (For more details on this particular corrective measure, please see Appendix 3.)
- Overall satisfaction from the CAP implementation processes is ranked as sufficiently high.

***Thus, according to the external monitoring results, the CAP implementation is effectively completed in compliance with the defined provisions and procedures with the satisfaction of the APs.***

<sup>1</sup> The final approved version of the CAP is dated July 2017. The CAP implementation started in September 2016 and completed in March 2019 (the date of the official letter by the TPIO on completion of implementation of the corrective measure).

## II. Introduction

### a) Background

1. The Government of Armenia is implementing the North-South Road Corridor Investment Program (hereinafter – the Program). Asian Development Bank (ADB) supports the Program implementation. In particular, the ADB has agreed to provide the Republic of Armenia with a US \$500 million Multi-Tranche Financing Facility to finance the Program. The Ministry of Transport, Communication and Information Technologies (hereinafter - MTCIT) of Armenia is the Program Executive Agency, while the Transport Project Implementation Organization SNCO (hereinafter - TPIO<sup>2</sup>) is the Implementing Agency of the Program.
2. The Program is implemented through several financing tranches. The Tranche 2 (hereinafter – T2 or Project) of the Program begins in Ashtarak – km 29+600 – and ends near Talin (km 71+500). The objective of T2 is to build a 4-lane dual carriageway road along the existing M1 2-lane highway compliant to international standards.

Figure 1. Tranche 2 Project Location



3. Construction works under T2 required massive land acquisition and relocation. The Government of Armenia approved the Land Acquisition and Resettlement Plan (LARP) for T2 (September 6, 2012, [Decree N1139-N](#)).
4. T2 construction works were planned to be implemented in 3 subsections, with the commencement to construction works possible only after full completion of LARP implementation in the respective areas. The LARP implementation started in October 2012. At present, the LARP is implemented and completed in all 3 subsections.

Table 1. Impact of the Tranche 2 in all 3 Subsections (Planned under the LARP)

Section	Communities, N	Total size of land take (sq. m.)	Plots, N	AHs, N	Severely AHs, N	APs, N
Ashtarak-Talin	15 rural and 1 urban	1,734,144	838	536	324	2,263

5. For all subsections Compliance Reports were prepared by the External Monitoring Agency (EMA) and approved by the ADB. Permission was given to the Contractor to start construction in all 3 subsections.

Table 2. Summary of T2 LARP implementation per subsections

LARP implementation Subsection	Communities, N	Total length of subsection, km	Date for the Completeness of implementation	Compliance Reports' approval by the ADB	Commencement to the Contractor
1 <sup>st</sup> subsection	5	9,236	Completed - Jan 2013	18.03.2013	26.03.2013
2 <sup>nd</sup> subsection	7	17,596	Completed - Aug 2013	07.08.2013	03.09.2013
3 <sup>rd</sup> subsection	4	15,068	Completed except the expropriation cases - Aug 2014. The expropriation cases have been completed by March 2016, and those sections also have been handed over to the Contractor.	15.10.2014	07.05.2014 <sup>3</sup> 24.03.2016 July, 2017

Source: CAP (July 2017), TPIO.

<sup>2</sup> The TPIO is the re-organized former “North-South Road Corridor Investment Project Organization” SNCO.

<sup>3</sup> The 1<sup>st</sup> commencement to the Contractor in the 3<sup>rd</sup> subsection was given for 5 kms and the 2<sup>nd</sup> for the remaining part (except the court cases), while the 3<sup>rd</sup> commencement was given for the court cases.

6. During the implementation, to decrease the negative impact of the Project on the archaeological sites a redesign of Agarakavan-Aruch interchange was made. As a result of redesign:
  - new land plots were included in the Project’s impact zone,
  - affected areas of some acquired land plots were changed.
7. Completion results of T2 LARP implementation thus revealed some new land plots subject to acquisition in the affected communities. To proper address the mentioned developments and implement the acquisition of newly identified affected land plots Corrective Action Plan (CAP) under the T2 LARP was prepared by the TPIO.

**Table 3. Impact planned under the CAP**

Communities, N	Total size of land take (sq. m.)	Plots, N	AHs, N	Severely AHs, N
6 rural	40,703	35	20	9

8. In the frame of Tranche 2 LARP implementation, there were three cases under the expropriation which have been related to the compensation issues of non-residential illegal structures. The expropriation process of the lands with above-mentioned non-residential illegal structures lasted more than 1.5 years, which influenced the process of land acquisition and construction works. Therefore, to avoid judicial disputes and further delays in Tranche 2 LARP implementation and construction process, the new entitlement on the provision of Rehabilitation Allowance to APs who constructed non-residential illegal buildings/structures (regardless the legalization), was introduced within the LARF 2017<sup>4</sup>. Provision of this entitlement required formulation and implementation of relevant Corrective Measures (hereinafter, T2 LARP Corrective Measures). To that end, T2 LARP Corrective Measures were included in the CAP. More specifically, T2 LARP Corrective Measures are related to the provision of Rehabilitation Allowance to 3 informal tenant APs who constructed non-residential illegal structures on 3 community-owned lands.
9. The compensation budget for the implementation of the CAP, including the registration costs, was covered from the contingency of T2 LARP budget.

## b) CAP Objectives and Scope

10. Corrective Action Plan (CAP) is prepared by the TPIO and approved by the ADB. MTCIT and TPIO are responsible for the CAP implementation. The CAP is prepared under Tranche 2 LARP, therefore it follows the same objective and methodology as was approved for the T2 LARP<sup>5</sup>.
11. The objective of the CAP is to identify and support the affected persons in order to restore their life quality and lifestyles and to bring them at least to respective pre-project levels.
12. The approved CAP covered the rights of persons who were affected through temporary or permanent losses of land, living or other building/structure, crops and trees, income, business and employment, as well as contains relevant provisions on Project severe impact, physical relocation, rehabilitation allowances, temporary and unforeseen impacts and compensations for improvements. The CAP also presents the scope of community rights in the case of community/public property loss.
13. The CAP assesses the Project impact and provides details on required compensation and restoration measures based on the final detailed road design under T2, Detailed Measurement Survey (DMS) for each affected land plot, Census of AHs and sample-bases Social-Economic Survey of AHs<sup>6</sup>.

<sup>4</sup> This new entitlement (to provide Rehabilitation Allowance for non-residential illegal buildings/structures) was approved by the RA Government in June 2017, [Government decree N 752-N](#).

<sup>5</sup> Land Acquisition and Resettlement Plan for the T2 was approved by the GoA in September 2012 (Decree N1139-N). Armenian version of the LARP is available at the TPIO web-site, <https://tpio.am/uploads/Social/bbb2.pdf>.

14. Thus, relocation, compensation and livelihood restoration shall be implemented in accordance with the approved CAP.
15. The CAP implementation started on 9<sup>th</sup> of September, 2016. From the perspective of external monitoring, the CAP implementation completion date is the date of the last compensation payment or the date of transferring the respective compensation amounts to court deposit accounts in compliance with the CAP provisions. In case the EMA reveals the need for corrective measures and recommends taking those measures, the date of an official letter by the TPIO on Implemented corrective measures will be considered the actual CAP completion date.

### c) Legal Framework and Regulations of Relocation Policy

16. The basis for resettlement planning and implementation is the RA Constitution and respective legislation derived from the Constitution. Since the Project is implemented in the frame of international agreement (loan agreement) with the ADB financing, the legal basis for the Project implementation contains the clauses of the ADB on involuntary resettlement policy.
17. Involuntary acquisition of property (for the society and public needs) in Armenia is feasible only in the case of GoA recognizing (by a Decree) it as exclusive prevailing public interest as prescribed by the legislation. The acquisition grounds, compensation procedures and other relevant provisions are defined by the RA Law on Property Alienation for the Public and State Needs. Notably, the Law covers properties of both physical and legal entities, as well as all property right objects that are owned by the communities (local governments).
18. The RA Law on Evaluation Procedure of Real Estate defines the bases for such activities in the RA and regulates the relations with respect to such type of activities.
19. According to the ADB Operational Manual (Operation Manual F1/OP (2013)), T2 is classified as a Category A project for involuntary resettlement safeguard: a project is considered significant if 200 or more persons will be physically relocated or lose 10% or more of their productive or income-generating assets.
20. Certain differences exist between the RA legislation and ADB policies (SPS – Safeguard Policy Statement 2009). In particular, ADB SPS envisages the right of compensation or at least restoration even in the cases when there is no property right on land plot, also for informal or non-registered inhabitants. RA legislation does not define recovery or compensation for the impact on those who use assets without legitimate use rights.
21. In all cases when the ADB SPS requirements are stricter than the RA legislation, requirements of ADB policies were applied. In order to overcome differences/gaps between the RA legislation and ADB policies, Land Acquisition and Resettlement Framework (LARF) was developed and adopted by the Government of Armenia<sup>7</sup>.
22. In preparing the T2 LARP MTCIT used as a model the Resettlement Safeguards under the Asian Development Bank (ADB) Safeguards Policy Statement (SPS 2009).
23. Consequently, the CAP is based on the LARF developed for the Project, respective Armenian legislation and regulations, as well as ADB SPS (2009).
24. The evaluation of land plots and structures affected by the Project is based on the principle of replacement cost.

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<sup>6</sup> The questionnaires developed for T3 LARP has been used for census/SES, as they have been improved based on the lessons learnt from T2 LARP.

<sup>7</sup> LARF was adopted in 2010, then it was revised in 2012 and 2015, and the final revised version was adopted by the Government in June, 2017, [Government decree N 752-N](#).

25. Thus, the following are eligible for compensation for project impact in compliance with Project LARF (2015 version):
- 1) For the loss of **land** – the land plot owners, legalizable persons, leaseholders or other property right holders (servitude, construction permit, loan, mortgage, use rights),<sup>8</sup>
  - 2) For the loss of **residential houses or structures** on land plots – all AHs regardless of the rights towards the building/structure; relocated tenants,
  - 3) For the loss of **non-residential buildings or structures** on land plots – owners, APs who constructed without a permit, relocated tenants only after proper legalization/registration of their rights towards the buildings/structures,<sup>9</sup>
  - 4) For the loss of **crops, trees and expected harvest** - all AHs regardless of the rights towards the land or any other property right holder,
  - 5) For the cases of **loss of business** – all APs regardless of the submission of a tax declaration,
  - 6) For the loss of **employment** – persons working in affected businesses or hired by individual entrepreneurs (IE) based on an employment contract,
  - 7) For the **severe Project impact** – All AHs/APs that lost 10% or more of agricultural land or were relocated, including those who do not have any residence status,
  - 8) For the loss of **public property** – the community,
  - 9) **Rehabilitation Allowances** – to all AHs below the poverty line, as well as headed by women, elderly or disabled,
  - 10) **Relocation Allowance** – all APs (transportation expenses for relocation and living expenses),
  - 11) For **temporary impact** – all APs,
  - 12) For **unforeseen impacts** – all APs/AHs eligible for compensation,
  - 13) For **improvements** – (not included in points above, but existing on the affected land plot (except for movable property) – all APs that made improvements.
26. Initially, the CAP was based on the provisions of LARF (2015), according to which, Illegal non-residential buildings/structures were entitled to compensation only in case of legalization. According to the new entitlement, adopted in the LARF (2017), illegal non-residential buildings/structures are subject to compensation regardless the legalization to APs who constructed them, in the form of Rehabilitation Allowance. As the final version of the LARF (July 22, 2017) has no retrospective power, its provisions have not been applied to those cases under the CAP, where acquisition contracts/agreements have already been signed at that moment. Hence, the mentioned new entitlement, adopted in the LARF 2017, was applied to all cases under the CAP with the acquisition contracts/agreements signed after the LARF 2017 has come into force.
27. Compensation rights are limited by the cut-off date, which is the date when the Description protocols on the acquired land are prepared (signing the Protocols by the APs, MTCIT and Acquirer)<sup>10</sup>. The Description

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<sup>8</sup> Informal tenants are entitled to compensation only for existing improvements on land.

<sup>9</sup> According to the new entitlement adopted in the LARF 2017, illegal non-residential buildings/structures are subject to compensation regardless legalization to APs who constructed them, in the form of Rehabilitation Allowance.

<sup>10</sup> According to the LARF, “No compensation is given for additional improvements made after the date of drawing up of the acquisition property description protocols, except in the cases provided by the Law and LARF.” However, for the following cases specified in the LARF, the cut-off date is different, particularly: (i) Cash compensation based on extent of the average month salary for 6 months will be provided to the workers permanently losing their job and working at least for 2 months before the Cut-off date, (ii) the AHs which will present relevant documents on their vulnerability before the date of land acquisition, they will be eligible to get Rehabilitation Allowance, (iii) The AHs which have been legalized and become owners/property right holders during the LARF implementation, are also eligible to get Rehabilitation Allowance as vulnerable AHs in case of providing the relevant documents.



protocols contain the data on Census, Detailed measurement survey (DMS) and Inventory of Assets. The cut-off date is July 4th, 2016.

**Table 4. Calculation of Monetary Compensation for Land**

Compensation Entity/Person	Calculation
Private or Community Land plots	Replacement cost +15%
Legalizable land user	Replacement cost +15% (after legalization)
Leaseholders (on community or state land plots) for the remaining years of lease	Up to 1 year - (replacement cost +15%) * 0.05
	Up to 15 years - (replacement cost +15%) * 0.14
	Up to 25 years - (replacement cost +15%) * 0.20
	25 years - (replacement cost +15%) * 0.25

Source: T2 LARP

#### d) Monitoring and Evaluation

28. CAP implementation is subject to both internal and external monitoring. Internal monitoring is carried out by the TPIO Social impact management service team.
29. External monitoring is carried out by an External Monitoring Agency. It implies compliance review and preparation and submission of Compliance Report.
30. The objective of the external monitoring is to verify that the compensation program was implemented in compliance with the T2 LARF/CAP stipulations, and in adherence of the SPS and ADB guidelines, and with the satisfaction of the APs, as well as corrective measures and recommendations were presented if and when necessary.
31. The “Economic Development and Research Center” (EDRC), which is an independent research institution specializing on public policy monitoring and evaluation<sup>11</sup>, served as an “External Monitoring Agency” (EMA) and carried out the External monitoring of the T2 and T3 LARPs.
32. External monitoring review included various methods of quantitative and qualitative research. Field and desk reviews were carried out. The next Section of the present Report covers the external monitoring methodology, while the subsequent Sections present the findings of external monitoring and main conclusions for the CAP. In particular, Sections V-VIII cover compliance review for the newly acquired land plots, while Section IX provides compliance review for the implementation of the T2 LARP Corrective Measures.

<sup>11</sup> For details on the Center please visit [www.EDRC.am](http://www.EDRC.am).

### III. EMA Methodology

33. The methodological basis for the Compliance Review was the approved EMA Inception Report. EMA has performed the full range of necessary activities stipulated by the methodology. Compliance review included mixed methods of quantitative and qualitative research. Desk reviews and field studies were carried out.
34. The EMA studied the approved LARF, T2 LARP and CAP, collected and collated necessary information, reviewed the Project related documents (financial and non-financial), analyzed the existing databases, carried out a sample household survey, organized Key Informant Interviews and direct contacts with APs.
35. 3 main methods were used for data collection:
- Database analyses and review of documents,
  - Key Informant Interviews,
  - Sample-based surveys of AHs.
36. During the desk reviews, the EDRC team collected and collated necessary data, studied and reviewed the financial and non-financial documentation (including ADB SPS-2009 Manual, LARF, T2 LARP and CAP), existing databases were analyzed.
37. During the performed desk reviews the following program documents were studied:
- **Description Protocols**, including the description of the affected assets for each AP, i.e. description of land plots and crops/trees; description of structures/buildings and real estate; description of business and company;
  - **Valuation Reports**, with detailed representation of the results of assets subject to acquisition by licensed valutors;
  - **Reports on Rehabilitation Allowance Size Determination**, where licensed valutors present the calculation of Rehabilitation Allowances for Severe Project impact and Socially vulnerable APs/AHs;
  - **Contracts on Acquisition of Property for Public and State Purposes**, where together with all the required provisions lot-code, surface, compensation amount and bank account, and the person's name (owner, leaseholder, informal tenant) are clearly mentioned;
  - **Payment documents for the Property Acquisition Contracts and Agreements** (Payment Agreements) indicating compensation objective, date, amount, bank account, person;
  - **Other documents and datasets.**
38. 100% of documents and profiles of APs, as well as 100% of payment orders of APs (and communities) included in the CAP were studied by the EMA.
39. The existing databases were analyzed, as well as data on assets and relating documents and information on AHs/APs were compared /reconciled.
40. Existence of all contracts, agreements and payment orders was checked. Moreover, data contained in them were checked for adequacy and compliance, in particular: i) signatures of all owners, ii) compliance of compensation and additional compensation amounts, iii) adequacy of bank accounts, iv) compliance of notary verification dates of documents (activities implementation) to the existing procedure (implementation schedule).
41. The process of consultations and APs' notification as well as Grievance redress mechanism, institutional organization, compensation calculation and payment processes were studied in detail through desk survey and subjective perceptions of APs.

42. Key Informant Interviews with TPIO staff, officials and consultants, as well as LSGB representatives were carried out during monitoring.
43. Face-to-face interviews were carried in all AHs (100% of AHs) included in the CAP by using the Compliance Review Survey Questionnaire<sup>12</sup>. The data was imputed in a database and analysed.
44. Data and information collected from various sources were analysed and collated: these allowed to evaluate the process, verify and cross-check the fact of compensation received, as well as identify existing problems and omissions. If necessary, the APs were directly contacted to make additional corrections.
45. The used methodology and the results of external monitoring allowed drawing conclusions on data accuracy, completeness and validity of APs and their assets, volumes of compensations and delivery process compliance and efficiency.
46. Relevant conclusions and recommendations were presented. Monitoring findings and results are presented in this Compliance Report.

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<sup>12</sup> The questionnaire developed for T3 LARP Compliance Review Survey has been used, as it has been improved based on the lessons learnt from T2 LARP. Minor changes were made to reflect the specifics of the CAP.

## IV. Implementation Procedures

### a) Institutional Framework and Management

47. The institutional framework for the CAP is the same as that of the T2 LARP. It includes a number of organizations and institutions, whose role and scope of responsibilities is provided in the T2 LARP and relevant Compliance reports.
48. CAP Implementing Consultant (Millennium Development Ltd and Uptime Ltd Joint Venture) is responsible for full implementation of the CAP, including the expropriation phase.
49. The TPIO has established a Resettlement Coordination Team<sup>13</sup> within its structure which is responsible for the coordination of Implementing Consultant's activities and submission of Internal Monitoring Reports on LARP/CAP implementation, as well as Semi-Annual Environmental and Social Monitoring Reports and Quarterly Progress Reports.

#### ***Key Findings***

***The Institutional framework and management of the CAP implementation are the same as that of the T2 LARP and comply with the CAP/LARF provisions.***

### b) Consultations and APs Awareness

50. Individual (face-to-face) consultations with the affected persons and awareness raising process started before the CAP implementation.
51. Overall, the TPIO has carried out two major rounds of individual consultations and awareness-raising events – before and during the CAP implementation – for every AH. All APs have been notified about procedures and conditions of acquisition process, LAR implementation course, stages, rights and responsibilities of APs, principles of compensation calculation. Grievance redress mechanism has also been disclosed to APs; monitoring process was presented.
52. Consultation and assistance were given to APs in all legal and organizational issues on day-to-day basis during whole Implementation process. In case of deceased owners: the issue of heritage right recognition and right registration was regulated. In case of absence of the owner from the country, the provision of power of attorneys was regulated, etc.
53. Actions taken as part of dissemination of information included the followings:
  - Notification of APs in accordance with the legislation: (i) provision of notification on recognizing the prevailing public interest, (ii) land plot layout, (iii) Description Protocol, (iv) draft Acquisition Contract, (v) provision of notification on depositing the amount of payment,
  - Development and dissemination of information leaflets (includes information of the rights and responsibilities of parties, compensation calculation principles, process of signing the contract and receiving compensation, acquisition process thought depositing the compensation amount, as well as grievance redress mechanism),
  - Publication and dissemination of Project Information Brochure<sup>14</sup>,
  - Publication of draft and final LARF and final T2 LARP<sup>15</sup>.
54. The abovementioned information was obtained and verified through: (i) desk review activities; (ii) Key informant interviews with the TPIO and IC representatives; (iii) Compliance review survey findings.

<sup>13</sup> Includes the following specialists and consultants 1) Legal and External Impact Officer, 2) External Impact and Resettlement Coordinator, 3) Social Development and Resettlement Specialist, 4) Environmental and Archaeological Specialist, 5) Senior Lawyer Claim and Dispute Management Specialist, 6) National Field Works Coordinator (consultant) and 7) LAR Legal Specialist (Consultant).

<sup>14</sup><http://northsouth.am/am/publications>

<sup>15</sup><https://tpio.am/en/safeguard/social-impact-and-resettlement/lar-documents>

According to the survey, 87.5% of all AHs were informed about the Consultation and notification events organized in their communities. 92.9% of informed AHs participated in the events; 7.7% of them considered the process very useful, and 92.3% - not so useful. All AHs confirmed they had been officially notified on compensation amount and principles; Detailed Measurement Survey and impact assessments documents were handed to the APs (Description Protocols, maps etc.). Compliance Survey findings are presented in Section VIII "Public Satisfaction".

**Key findings**

***Consultations and APs' awareness processes comply with the CAP/LARF provisions.***

### **c) Complaints & Grievance Redress Mechanism**

55. For effective and prompt resolution of disagreements and grievances regarding the CAP implementation, a Grievance redress mechanism (GRM) has been developed and presented to APs during individual consultations. The GRM is also described in the Project information brochure. The TPIO, Grievance Review Group (GRG) and the authorized government agency (MTCIT) were involved in the Grievance Redress mechanism.
56. The grievance mechanism is the same as that of the T2 LARP and it comprises the same three stages. During the CAP implementation, no grievances/written applications were submitted.

**Key Findings**

***Grievance Redress Mechanism and the Grievance Review Group have been put in place. The APs were informed about grievance mechanisms during individual consultations.***

***No grievances/written applications were submitted during the CAP Implementation.***

***Based on the results of the EMA's desk reviews and interviews, Grievance Redress Mechanism procedures are adequate.***

### **d) Process of Compensation Provision**

57. Payment of compensation is due to be made within 14 days of signing acquisition contracts. The amounts have to be transferred to the bank accounts of APs. According to the T2 LARP/LARF provisions, if an AP does not have a bank account, the bank account should be opened for him/her under the Project. As AraratBank OJSC proposed the most favourable terms and conditions (geographical location and absence of transaction charges), it was selected for CAP compensation payment<sup>16</sup>. At the same time, APs used their accounts as well, on request.
58. Actual compensation was provided within the defined time frame via direct transfer to bank accounts of APs opened by the TPIO. The last transfer under the compensation process was made in October 17, 2018.
59. According to the EMA Compliance Survey findings, the satisfaction of AHs with payment process is very high. In fact, only 1 AH, representing 6.3% of interviewed 16 AHs was partially satisfied with payment process, while 93.8% of the respondents were completely satisfied. Compliance Survey findings are presented in Section VIII "Public Satisfaction".

**Key findings**

***The compensation process to APs complies with the provisions of the CAP/LARF.***

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<sup>16</sup> The "Araratbank" has been selected as a commercial bank providing the best conditions for proper payment of compensation to APs with the following terms: a) the availability of branches; b) Lack of transaction fees and not application of the transaction fees towards the transferred compensation payments and account service of APs; c) Provision of easy and flexible compensation system for APs (subaccounts opening opportunity etc.); d) APs service convenience (geographical location and low transaction fees / and lack of such fees). The "Araratbank" is the same bank which was selected for the implementation of Tranche 2 LARP.

## e) Expropriation and Measures Taken

60. The land plots included in the CAP were not involved in the process of expropriation. All land plots, AHs and APs were compensated through direct contract signing process.
61. Meanwhile, there were 3 land plots (community-owned with informal tenants), which remained under the Expropriation process after T2 LARP implementation. All 3 cases were related to the compensation issues of non-residential illegal structures. Based on the newly introduced provisions of the LARF (2017), illegal structures are subject to compensation to APs who constructed them, regardless the legalization. Therefore, a separate chapter on LARP Corrective Measures related to the provision of the new entitlements to the abovementioned 3 cases under Expropriation was introduced in the CAP. The external monitoring results of the LARP Corrective Measures related to the expropriation cases are presented in Section IX of the present report.

### Key findings

***There were no cases of Expropriation under the CAP. The external monitoring results of the T2 LARP Corrective Measures related to the provision of the new entitlements are presented in separate section of the present report.***

## f) Legalization and Special Cases

62. In accordance with the Legalization Conditions of LARF, all those persons that do not have appropriate official documents verifying their ownership or any other property rights toward the affected land plot and structure/building attached to it, however do have certain legal expectations (arising from the Law or actual use and disposal of the property, or possibilities to obtain property rights are directly derived or are defined in the legislation of RA), shall obtain legal status.
63. Main types of legalization cases or specific procedures of dealing with such cases are: absent APs, cases with heritage recognition problems, (state) registration of ownership titles, issue of powers of attorney, as well as verification of translation thereof.
64. The following legalization actions were implemented for 6 land plots under the CAP: (i) notary verification of translation of powers of attorney for 9 absent APs; (ii) heritage recognition for 5 land plots; (iii) issue of a power of attorney for 1 land plot, (iv) registration of ownership title for 1 land plot.

### Key findings

***Legalization actions, which were implemented for 6 land plots, can be considered as compliant with the CAP/LARF provisions.***

## V. Determining the Actual Scope of the Impact<sup>17</sup>

### a) Permanent Loss of Land and Impact on Land Users

65. According to the CAP, the scope of Project impact entailed 35 land plots (including 3 state-owned, 26 community and 6 private plots) with the total size of land take for the Project needs 40,703 sq. m.
66. During external monitoring activities, it was revealed that the approved CAP indicators had some inaccuracies; namely, (1) one landowner AH was counted twice (lot-code 02-061-0150-002, Kosh), (2) the acquisition area of one community-owned land plot exceeded the relevant data in the Description protocol by 218 sq.m. (lot-code 02-0109-0238-001, Ujan), (3) 1 informal tenant AH was counted twice (lot-code 02-0109-0230-001, Ujan). The mentioned informal tenant had been compensated in the frame of the T2 LARP's Corrective Measures (see Section IX of this report and Appendix 1). Therefore, to avoid double counting, mentioned informal tenant should be excluded from the current part of the report, which relates only to compensation with regard to the acquisition of the newly identified land plots.

**Table 5. Correction of the CAP planned indicators**

Item: Permanent loss of land	Plots, N	Area, sq. m.	AHs, without double counting, N	Land Owner AHs, N	Leaseholder AHs, N	Informal Tenant AHs, without double counting, N
1	2	3	4	4.1	4.2	4.3
<b>a. Planned under CAP</b>	<b>35</b>	<b>40,703</b>	<b>20 (a)</b>	<b>17</b>	<b>1</b>	<b>4 (b)</b>
State land	3	975	2	0	0	2
Community land	26	36,999	4 (a)	0	1	4
Private land	6	2,728	17	17	0	0
<b>b. Corrected plan</b>	<b>35</b>	<b>40,485</b>	<b>18 (c)</b>	<b>16</b>	<b>1</b>	<b>3 (b)</b>
State land	3	975	2	0	0	2
Community land	26	36,781	3 (a)	0	1	3
Private land	6	2,728	16	16	0	0
<b>Difference (b-a)</b>	<b>0</b>	<b>-218</b>	<b>-2</b>	<b>-1</b>	<b>0</b>	<b>-1</b>
State land	0	0	0	0	0	0
Community land	0	-218	-1	0	0	-1
Private land	0	0	-1	-1	0	0
<b>a. Planned under CAP</b>	<b>35</b>	<b>40,703</b>	<b>20 (a, f)</b>	<b>17</b>	<b>1</b>	<b>4</b>
Agarak	2	1,839	1	0	0	1
Agarakavan	5	4,182	8	8	0	0
Aruch	4	934	5	5	0	0
Kaqavadzor	1	10	2	2	0	0
Kosh	21	26,926	3 (a, f)	2	1	2
Ujan	2	6,812	1	0	0	1
<b>b. Corrected plan</b>	<b>35</b>	<b>40,485</b>	<b>18 (a, f)</b>	<b>16</b>	<b>1</b>	<b>3</b>
Agarak	2	1,839	1	0	0	1
Agarakavan	5	4,182	8	8	0	0
Aruch	4	934	5	5	0	0
Kaqavadzor	1	10	2	2	0	0
Kosh	21	26,926	2 (a, f)	1	1	2
Ujan	2	6,594	0	0	0	0
<b>Difference (b-a)</b>	<b>0</b>	<b>-218</b>	<b>-2</b>	<b>-1</b>	<b>0</b>	<b>-1</b>
Agarak	0	0	0	0	0	0
Agarakavan	0	0	0	0	0	0
Aruch	0	0	0	0	0	0
Kaqavadzor	0	0	0	0	0	0
Kosh	0	0	-1	-1	0	0
Ujan	0	-218	-1	0	0	-1

**Note:** (a) a leaseholder AH is also an informal tenant on Community land; (b) 2 AHs are leaseholders on both State and Community lands; (c) 1 AH is an informal tenant on both State and Community lands; a landowner AH is also an informal tenant on both State and Community lands; (d) 1 AH is an informal tenant on both State and Community lands; (e) a landowner AH is also an informal tenant on both State and Community lands; (f) a landowner AH is also an informal tenant.

**Source:** EDRC, External Monitoring Results

<sup>17</sup> This section is devoted to the determination of the actual scope of impacts and cases subject for compensation. The fact of actual payment of compensation and its compliance to the entitlement matrix is discussed in the next section.

67. As a result of the corrections, (1) the total size of land take for the Project needs decreased by 218 sq.m. and totalled to 40,485 sq. m, (2) the number of landowner AHs decreased by 1 and totalled to 16 AHs, (3) the number of informal tenants decreased by 1 and totalled to 3 AHs (on 2 state and 3 community-owned land plots). Consequently, the total number of AHs decreased by 2 and totalled to 18 AHs (Table 5-1).

**Table 5-1. Affected Land plots and Affected Land users under the CAP**

Item: Permanent loss of land	Plots, N	Area, sq. m.	AHs, without double counting, N	Land Owner AHs, N	Leaseholder AHs, N	Informal Tenant AHs, without double counting, N
1	2	3	4	4.1	4.2	4.3
<b>a. Corrected plan</b>	<b>35</b>	<b>40,485</b>	<b>18 (c)</b>	<b>16</b>	<b>1</b>	<b>3 (b)</b>
State land	3	975	2	0	0	2
Community land	26	36,781	3 (a)	0	1	3
Private land	6	2,728	16	16	0	0
<b>b. Implementation tallies</b>	<b>33</b>	<b>38,636</b>	<b>16 (e)</b>	<b>15</b>	<b>1</b>	<b>1 (d)</b>
State land	2	710	1	0	0	1
Community land	25	34,847	2	0	1	1
Private land	6	3,079	15	15	0	0
<b>Difference (b-a)</b>	<b>-2</b>	<b>-1,849</b>	<b>-2</b>	<b>-1</b>	<b>0</b>	<b>-2</b>
State land	-1	-266	-1	0	0	-1
Community land	-1	-1,934	-1	0	0	-2
Private land	0	350	-1	-1	0	0
<b>a. Corrected plan</b>	<b>35</b>	<b>40,485</b>	<b>18 (a, f)</b>	<b>16</b>	<b>1</b>	<b>3</b>
Agarak	2	1,839	1	0	0	1
Agarakavan	5	4,182	8	8	0	0
Aruch	4	934	5	5	0	0
Kaqavadzor	1	10	2	2	0	0
Kosh	21	26,926	2 (a, f)	1	1	2
Ujan	2	6,594	0	0	0	0
<b>b. Implementation tallies</b>	<b>33</b>	<b>38,636</b>	<b>16 (f)</b>	<b>15</b>	<b>1</b>	<b>1</b>
Agarak	0	0	0	0	0	0
Agarakavan	5	4,182	8	8	0	0
Aruch	4	934	5	5	0	0
Kaqavadzor	0	0	0	0	0	0
Kosh	21	26,926	2 (f)	1	1	1
Ujan	3	6,594	1	1	0	0
<b>Difference (b-a)</b>	<b>-2</b>	<b>-1,849</b>	<b>-2</b>	<b>-1</b>	<b>0</b>	<b>-2</b>
Agarak	-2	-1,839	-1	0	0	-1
Agarakavan	0	0	0	0	0	0
Aruch	0	0	0	0	0	0
Kaqavadzor	-1	-10	-2	-2	0	0
Kosh	0	0	0	0	0	-1
Ujan	1	0	1	1	0	0

**Note:** (a) a leaseholder AH is also an informal tenant on Community land; (b) 2 AHs are leaseholders on both State and Community lands; (c) 1 AH is an informal tenant on both State and Community lands; a landowner AH is also an informal tenant on both State and Community lands; (d) 1 AH is an informal tenant on both State and Community lands; (e) a landowner AH is also an informal tenant on both State and Community lands; (f) a landowner AH is also an informal tenant.

Source: EDRC, External Monitoring Results

68. During the Implementation, certain changes in indicators took place:

- The total number of affected land plots, as well as the total number of AHs decreased by 2 due to the following two changes:
  - (i) Due to design adjustments, 3 land plots (1 State, 1 community and 1 private) subject to acquisition were excluded from the Project's impact area and were not acquired. Consequently, the total number of affected land plots decreased by 3. Moreover, there were 2 landowner AHs and 1



informal tenant AH associated with the mentioned land plots, therefore, the total number of AHs also decreased by 3.

(ii) 1 new private land plot emerged during the Implementation, as a part of a community-owned land plot was re-classified into private-owned. In particular, 1 AH (who was not mentioned in the CAP) registered his ownership rights towards the part of the land plot, which had been mentioned as community land under the CAP. The new AH is entitled to compensation as a landowner in accordance with the CAP/LARF entitlements. Consequently, the total impact area of private lands increased by 360 sq.m, while the impact area of community lands decreased by the same amount.

- Due to design adjustments, the total area subject to acquisition under the CAP decreased by 1,849 sq.m.<sup>18</sup>, as 3 land plots were excluded from the Project’s impact area.

69. According to the Implementation results, the scope of Project’s impact entailed 33 land plots (including 2 state-owned, 25 community and 6 private plots) with total size of land take for Project needs 38,636 sq. m (see Table 5). As a consequence, the Project affected 16 AHs which are entitled to compensation in accordance with the CAP/LARF provisions.

70. Under the CAP, 1 AH was recorded as a leaseholder on community land with the lease term up to 15 years. Implementation tallies remained the same: the leaseholder AH is entitled to compensation.

71. As per the CAP (corrected data), 3 AHs were informal tenants (non-registered users) on 5 land plots (2 state-owned and 3 community). Meanwhile, the Implementation tallies differ from the planned once due to the following two changes:

(i) following the verification of cadastre maps, it was revealed that an AH which was mentioned as both a leaseholder and an informal tenant AH in the CAP, actually was only a leaseholder (Kosh community). Therefore, the number of informal tenants decreased by 1, while the total number of AHs remained unchanged.

(ii) 1 AH, which was mentioned as an informal tenant on both state-owned and community land plots (Agarak community), was excluded from the acquisition area after the mentioned land plots were excluded from the acquisition area (see para 64).

72. As a consequence, the number of informal tenants decreased by 2 and totalled to 1 AH (on 1 state-owned and 1 community land plots), which is entitled to compensation in accordance with the CAP/LARF provisions.

73. 15 AHs are the owners of 6 private land plots subject to permanent loss of land.<sup>19</sup>

**Table 6. Impact on Private land plots and landowners under the CAP**

Item: Permanent loss of land	Private Land Plots, N	Area, sq. m.	Land owner AHs, N
a. Corrected plan	6	2,728	16
b. Implementation tallies	6	3,079	15
Difference (b-a)	0	350	-1

Source: EDRC, External Monitoring Results

74. As it was already mentioned, due to design adjustments 1 private land plot (10 sq.m.) with 2 landowner AHs was excluded from the acquisition area, while 1 new private land plot (360 sq.m.) with 1 landowner AH emerged during the Implementation (see para 64). Consequently, the total area of land take for the Project needs for private land plots increased by 350 sq.m., while the total number of land owner AHs decreased by 1, leaving the total number of acquired land plots unchanged.

<sup>18</sup> Of which, area of state-owned land plots decreased by 266 sq.m, community land plots – by 1,574 sq.m. and private land plots – by 10 sq.m.

<sup>19</sup> The number of AHs is higher than the number of land plots since in some cases several AHs are co-owners of the same land plot.

## b) Impact on Crops and Trees

75. As per the CAP, 9 AHs were entitled to compensation for the loss of crops from 1 community (1,573 sq. m) and 2 private (1,543 sq. m) land plots. 8 out of 9 AHs are land owners and 1 AH is a leaseholder on community land.
76. As per the Implementation results, the number of AHs subject to compensation for the loss of crops remained unchanged. All AHs are entitled to compensation.

**Table 7. Affected crops under the CAP**

Item: Affected crops	Plots, N	Area, sq. m.	AHs, N	Leaseholder AHs, N
1	2	3	4	4.1
<b>a. Planned under CAP</b>	<b>3</b>	<b>3,116</b>	<b>9</b>	<b>1</b>
Community land	1	1,573	1	1
Private land	2	1,543	8	0
<b>b. Implementation tallies</b>	<b>3</b>	<b>3,116</b>	<b>9</b>	<b>1</b>
Community land	1	1,573	1	1
Private land	2	1,543	8	0
<b>Difference (b-a)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Community land	0	0	0	0
Private land	0	0	0	0

Source: EDRC, External Monitoring Results

77. As per the CAP, 6 AHs were listed as entitled to compensation for the loss of trees from 1 State (32 fruit trees), 1 private (50 fruit trees) and 2 community (48 trees o/w 32 fruit, 13 wood and 3 decorative) land plots. 4 AHs out of 6 were land owners, 1 was a leaseholder AH on community land, and 1 - an informal tenant AH on both state and community lands plots.
78. During the implementation, certain changes in indicators took place (see previous section). In particular, due to design adjustments 1 state and 1 community land plots subject to compensation were removed from the Project's acquisition area. Consequently, 1 informal tenant AH associated with both land plots also left the acquisition area.

**Table 8. Affected trees under the CAP**

Item: Affected trees	Plots, N	Trees, N	AHs, N	Land Owner AHs, N	Leaseholder AHs, N	Informal Tenant AHs, N
1	2	3	4	4.1	4.2	4.3
<b>a. Planned under CAP</b>	<b>4</b>	<b>130</b>	<b>6*</b>	<b>4</b>	<b>1</b>	<b>1*</b>
State land	1	32	1	0	0	1
Community land	2	48	2	0	1	1
Private land	1	50	4	4	0	0
<b>b. Implementation tallies</b>	<b>2</b>	<b>69</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>0</b>
State land	0	0	0	0	0	0
Community land	1	19	1	0	1	0
Private land	1	50	4	4	0	0
<b>Difference (b-a)</b>	<b>-2</b>	<b>-61</b>	<b>-1*</b>	<b>0</b>	<b>0</b>	<b>-1*</b>
State land	-1	-32	-1	0	0	-1
Community land	-1	-29	-1	0	0	-1
Private land	0	0	0	0	0	0

Note: \* without double counting. Source: EDRC, External Monitoring Results

79. As per the Implementation results, the number of AHs entitled to compensation for the loss of trees under the CAP decreased by 1 and totalled to 5 AHs (4 land owners, 1 leaseholder on community land and 1 informal tenant on community land).

## c) Impact on Buildings/Structures and Movable Improvements

80. In accordance with the CAP, there were 5 illegal non-residential structures in the Project acquisition area on 1 state-owned and 2 community land plots.
81. Initially, the CAP was based on the provisions of LARF (2015), according to which, Illegal structures were entitled to compensation only in case of legalization. According to the new entitlement, adopted in the LARF (2017), illegal structures are subject to compensation regardless the legalization. LARF (2017) came into force on July 22, 2017 ([Government Decree N752-N](#)), and the new entitlement was applied to all cases under the CAP with the acquisition contracts (agreements) signed after the LARF (2017) has come into force.

**Table 9. Illegal structures under the CAP**

N	Community	Type of structure	Lot-code	Note
1	Ujan	Support structure	02-0109-0230-001	Included in the T2 LARP Corrective Measures, provision of the new entitlement (see Section IX)
2	Ujan	Stone fence		
3	Kosh	Part of public irrigation system (basement)	02-061-0026-0022	Subject to restoration
4	Kosh	Part of public irrigation system (Concrete septic hole)		Subject to restoration
5	Kosh	Stone toilet	02-061-0106-0012	Subject to compensation

Source: EDRC, External Monitoring Results

82. During external monitoring activities, it came clear that 2 illegal structures constructed by the same informal tenant on Ujan community land (lot-code 02-0109-0230-001) have been reported twice in the CAP. In fact, in Chapter 3 of the CAP, these structures were mentioned as being constructed on newly identified land-plot, while in Chapter 4 – on the land plot, which remained under the Expropriation after T2 LARP implementation. In accordance with the clarifications, provided by the TPIO (see Appendix 1, point 5), the mentioned structures are subject to compliance review within the implementation of the T2 LARP Corrective Measures. Therefore, to avoid double counting, the EMA presents the results of the compliance review for the mentioned structures in Section IX of this report.
83. During the Implementation, 2 structures on 1 community land plot were legalized by Kosh community. In fact, the mentioned 2 structures are the part of public irrigation system, and according to the LARF, public utilities are subject to restoration after the construction (where needed). Therefore, the mentioned 2 structures are not subject to compensation.
84. During the Implementation, 1 out of 3 illegal structures in Kosh has not been legalized. In particular, a stone toilet located on state-owned land in Kosh has not been legalized (1 Informal tenant AH, 02-061-0106-0012). As the acquisition agreement with the user of the mentioned structure was signed after the LARF (2017) came into force, the mentioned illegal structure is subject to compensation at full replacement cost minus legalization cost of respective structure. As per the Implementation results, an informal tenant AH is entitled to Rehabilitation Allowance for 1 illegal structure.
85. As per the CAP, 1 private and 1 community land plots are entitled to Relocation Allowance for movable improvements<sup>20</sup>. In particular, for concrete curbstone (21.7 m) and 4 metal lamps on 1 private land plot; for concrete curbstone (21.7 m) and 6 metal lamps on community land plot. The mentioned moveable improvements can be shifted without damaging of the property. During the Implementation, these numbers remained unchanged.

<sup>20</sup> As per the Entitlements Matrix, for the movable property on the land or in the buildings the owners are entitled to Relocation Allowance to cover transportation expenses related to the shift of the movable property without damaging it.

## d) Impact on Business and Employment

86. No cases of business/employment loss cases under the CAP.

## e) Relocation

87. No cases of physical relocation under the CAP.

## f) Impact on Socially Vulnerable and Severe Impact

88. According to the CAP, 1 AH was given vulnerability status (female headed, landowner AH). As per the Implementation results, the number of vulnerable AHs entitled to Rehabilitation Allowance remained unchanged (see Table 10).

**Table 10. Impact on Vulnerable and Severely AHs**

	Vulnerable AHs, N	Severely AHs, N
<b>a. Planned under CAP</b>	<b>1</b>	<b>9</b>
Community land	0	0
Private land	1	9
<b>b. Implementation tallies</b>	<b>1</b>	<b>9</b>
Community land	0	0
Private land	1	9
<b>Difference (b-a)</b>	<b>0</b>	<b>0</b>
Community land	0	0
Private land	0	0

Source: EDRC, External Monitoring Results

89. The planned number of severely AHs was 9 (all land owners) all eligible for compensation. As per the Implementation results, the number of severely AHs entitled to compensation remained unchanged (see Table 10).

90. Thus, according to the external monitoring, the total number of AHs under the CAP is 16, including 15 landowners (o/w 1 AH is also an informal tenant on community land), and 1 leaseholder on community land. 9 AHs were severely affected. 1 AH is vulnerable AH (land owner AH).

**Table 11. CAP implementation by the types of AHs (N)**

Community	Total AHs, without double counting	Land owners	Leaseholders	Informal Tenants	Severely AHs	Total Vulnerable AHs	Female headed AHs	Poor AHs	Elderly headed AHs	Disabled headed AHs
Agarakavan	8	8	-	-	8	1	1	-	-	-
Aruch	5	5	-	-	1	-	-	-	-	-
Kosh	2	1	1	1	-	-	-	-	-	-
Ujan	1	1	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16</b>	<b>15</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: EDRC, External Monitoring Results

### Key findings

***Under the CAP, the Project affected 2 state, 25 community and 6 private land plots in 4 communities. The number of AHs equals 16, including 1 vulnerable household. Also, there are 1 informal tenant and 1 leaseholder AHs. 9 AHs are severely affected by the Project; none of them are vulnerable.***

***There are cases of loss of crops, trees and impact on structures.***

***There are no cases of physical relocation or business/employment loss.***

***The actual Project impact deviates from the CAP planned indicators as a consequence of design adjustments, cadastre maps verification and legalization actions. Compensation program shall correspond to the actual) impact identified by the EMA (mentioned above).***

## VI. Assessment of Provided Compensation

### a) Compensation for the Loss of Land

91. Compensation for permanent loss of land is based on the replacement cost which is calculated as the higher of land market value or cadastral value plus its 15 percent (see Table 4)<sup>21</sup>. The agricultural, as well as non-agricultural lands were compensated on the basis of replacement cost based on the market value. The unit rates of compensation were estimated by a qualified independent valuator.
92. 15 AHs were eligible to be compensated for the loss of 6 private land plots. Compensation process is successfully completed for all land plots and AHs: in total, AMD **3,999,735** has been transferred. Calculation of compensation complies with the CAP/LARF provisions<sup>22</sup>. All land plots were compensated through direct contract signing process.

**Table 12. Compensation for permanent loss of private land under the CAP**

Item: Permanent loss of private land	Private land plots, N	Area sq. m.	Land owner AHs, N	Compensation, AMD
<b>Total</b>	<b>6</b>	<b>3,079</b>	<b>15</b>	<b>3,996,735</b>
Actually compensated	6	3,079	15	3,996,735
Compensated via Contract	6	3,079	15	3,996,735
Compensated via Expropriation Process	0	0	0	0
Ongoing acquisition	0	0	0	0

Source: EDRC, External Monitoring Results

93. In case of leaseholder, compensation for the loss of land has been calculated on the basis of market value taking into account the remaining years of lease term (see Table 4). The only leaseholder under the CAP was compensated for the loss of land. The total amount of compensation to leaseholder equals AMD 40,926 and complies with the CAP/LARF provisions.

**Table 13. Compensation of leaseholder for the loss of land under the CAP**

Item: Leaseholder Permanent loss of land	Leaseholder AHs, N	Compensation, AMD
Compensated via Contract	1	40,926

Source: EDRC, External Monitoring Results

94. 4 communities were entitled to compensation for permanent loss of land for 25 community land plots. Acquisition of all community land plots is completed. Calculation of compensation complies with the CAP/LARF provisions.

**Table 14. Compensation for permanent loss of community land under the CAP**

Item: Permanent loss of community land	Community land plots, N	Area sq. m.	Compensation, AMD
<b>Total</b>	<b>25</b>	<b>34,847</b>	<b>11,053,872</b>
Actually compensated	25	34,847	11,053,872
Compensated via Contract	25	34,847	11,053,872
Compensated via Expropriation Process	0	0	0
Ongoing acquisition	0	0	0

Source: EDRC, External Monitoring Results

### **Key findings**

**Compensation program for permanent loss of land under the CAP is fully completed for 6 private and 25 community land plots. All 15 land owner AHs, a leaseholder AH and 4 communities were compensated in accordance with the CAP/LARF provisions.**

<sup>21</sup> The 15 % of addition to the market price is defined by the “RA Law on alienation of property for public and state purposes” and was accordingly included in the Project LARF.

<sup>22</sup> The EMA checked correctness of calculation and not valuation of the compensation, which is licensed activity.

## b) Compensation for Crops

95. Compensation for the loss of crops was envisaged as cash compensation at current gross market rate (inclusive of inputs) value of 1 year’s harvest by default. The average price and yield data on each crop for 3 consecutive years are used as a basis for the determination of the compensation amount. Notably, yield data varies across communities.
96. Losses of crops both on private, leased and informally used land are eligible for compensation.
97. As per the Implementation results, all 9 AHs, eligible for compensation for the loss of crops, were compensated. Compensation unit rates and amounts for all AHs comply with the CAP/LARF provisions. All AHs were compensated through direct contract signing process.

**Table 15. Compensation for affected crops under the CAP**

Item: Affected crops	Plots, N	Area, sq. m.	AHs, N	Leaseholder AHs, N	Compensation, AMD
1	2	3	4	4.1	5
<b>Total</b>	<b>3</b>	<b>3,116</b>	<b>9</b>	<b>1</b>	<b>118,787</b>
Community land	1	1,573	1	1	41,030
Private land	2	1,543	8	0	77,757
<b>Actually compensated</b>	<b>3</b>	<b>3,116</b>	<b>9</b>	<b>1</b>	<b>118,787</b>
Compensated via Contract	3	3,116	9	1	118,787
Compensated via Expropriation Process	0	0	0	0	0
<b>Ongoing acquisition</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: EDRC, External Monitoring Results

### Key findings

**Compensation for the loss of crop under the CAP is fully completed: 9 AHs were compensated in accordance with the CAP/LARF provisions.**

## c) Compensation for Trees

98. According to the CAP/LARF Entitlements, monetary compensation for trees and harvest was calculated at market prices based on the type, age and yield of trees. Informal tenants on community land are entitled to full compensation for trees based on the reference from the community (landowner) proving the usage.
99. Based on Project implementation results 5 AHs eligible for compensation for the loss of 54 fruit, 12 wood and 3 decorative trees were compensated. All AHs were compensated through direct contract signing process. Unit rates and compensation amounts comply with the CAP/LARF provisions.

**Table 16. Compensation for affected trees under the CAP**

Item: Affected trees	Plots, N	Trees, N	AHs, N	Leaseholder AHs, N	Compensation, AMD
1	2	3	4	4.1	5
<b>Total</b>	<b>2</b>	<b>69</b>	<b>5</b>	<b>1</b>	<b>1,818,660</b>
Community land	1	19	1	1	349,660
Private land	1	50	4	0	1,469,000
<b>Actually compensated</b>	<b>2</b>	<b>69</b>	<b>5</b>	<b>1</b>	<b>1,818,660</b>
Compensated via Contract	2	69	5	1	1,818,660
Compensated via Expropriation Process	0	0	0	0	0
<b>Ongoing acquisition</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: EDRC, External Monitoring Results

### Key findings

**Compensation for the loss of trees under the CAP is fully completed: 5 AHs were compensated in accordance with the CAP/LARF provisions.**

## d) Compensation for Buildings/Structures and Movable Improvements

100. As per the Implementation results, an informal tenant AH, entitled to compensation for the loss of buildings/structures (1 structure), received Rehabilitation Allowance. The mentioned AH was compensated through direct contract signing process.

101. Rehabilitation Allowance in case of illegal structure should be equal to full replacement cost minus legalization cost of respective structure. In fact, the amount of compensation paid to the informal tenant did not comply with the LARF (2017) provisions and exceeded the amount stipulated in the CAP by AMD 13,542 (i.e. by the amount equal to the legalization cost of the structure, which in case of the illegal structures should be deducted from the replacement cost). The EMA suggested the implementation of corrective measure, in particular to call back the exceeded amount of compensation. The TPIO agreed to implement the proposed adjustment, and provided documents confirming the implementation of the corrective measure. In particular, the TPIO formally notified (in written form) the respective AP of the reasons that led to correction of the amount of Rehabilitation Allowance. The signed copy of the Supplemental Agreement and the copy of the payment order on the return of the excessive amount were provided to the EMA. (For more details, please see Appendix 3.)

**Table 17. Compensation for buildings/structures loss under the CAP**

Item: Buildings & Structures	Plots, N	Buildings / structures, N	Informal tenant AHs, N	Compensation, AMD
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>64,768</b>
State-owned land	1	1	1	64,768
<b>Actually compensated</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>78,310</b>
Compensated via Contract	1	1	1	78,310
Compensated via Expropriation Process	0	0	0	0
<b>Ongoing acquisition</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Suggested adjustment</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-13,542</b>

Source: EDRC, External Monitoring Results

102. Regarding the compensation for movable improvements, the situation is as follows. 1 AH is entitled to compensation (Relocation Allowance) for movable improvements he made on 1 private and 1 community land plots, acting as a landowner and an informal tenant, respectively. As per the Implementation results, the mentioned AH was compensated for both private and community land plots (through direct contract signing process). Unit rates and compensation amounts comply with the CAP/LARF provisions.

**Table 18. Compensation for movable improvements under the CAP**

Item: Movable improvements	Plots, N	AHs, N	Compensation, AMD
<b>Total</b>	<b>2</b>	<b>1</b>	<b>353,520</b>
Community land	1	1	181,760
Private land	1	1	171,760
<b>Actually compensated</b>	<b>2</b>	<b>1</b>	<b>353,520</b>
Compensated via Contract	2	1	353,520
Compensated via Expropriation Process	0	0	0
<b>Ongoing acquisition</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: EDRC, External Monitoring Results

### Key findings

*The compensation for the loss of buildings/structures paid to 1 AH exceeded the amount stipulated in the CAP, which is adjusted by calling back (AMD 13,542).*

*Compensation for movable improvements is fully completed: 1 AH was compensated in accordance with the CAP/LARF provisions.*



## e) Compensation Entitlements for Vulnerable Groups

103. As per the approved CAP, additional allowances were envisaged for vulnerable groups, particularly for female-headed AHs, elderly-headed AHs, disabled-headed AHs, as well as for AHs, who are registered in the Family Benefit System (FBS) and eligible for family benefit allowance under the FBS. The Rehabilitation Allowance for vulnerable group is the equivalent to 6 months of minimum salary<sup>23</sup>.

**Table 19. Allowances for socially vulnerable AHs under the CAP**

Item: Vulnerability	Poor AHs, N	Female headed AHs, N	Elderly headed AHs, N	Disabled headed AHs, N	Total Vulnerable AHs, N	Compensation, AMD
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>330,000</b>
<b>Actually compensated</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>330,000</b>
Compensated via Contract	0	1	0	0	1	330,000
Compensated via Expropriation Process	0	0	0	0	0	0
<b>Ongoing acquisition</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: EDRC, External Monitoring Results

104. As per the Implementation results, 1 vulnerable AH (land owner AH) received Rehabilitation Allowance and was compensated in accordance with the entitlements stipulated in the CAP/LARF (AMD 330,000). The mentioned AH was compensated through direct contract signing process.

### Key findings

**Compensation for Vulnerable groups is fully completed: 1 AH was compensated in accordance with the CAP/LARF provisions.**

## f) Entitlements for the Cases of Severe Impact

105. According to the CAP/LARF provisions, cash assistance was envisaged for severely AHs. AHs losing 10% and more of their agricultural lands are entitled to one additional crop compensation (or harvest compensation in case of trees & vineyards) covering 1-year's yield.

106. As per the Implementation results, all 9 severely AHs (land owner AHs) were compensated. Compensation complies with the CAP/LARF provisions. All AHs were compensated through direct contract signing process.

**Table 20. Allowances for severe impact under the CAP**

Item: Severe Impact	Plots, N	Land owner AHs, N	Compensation, AMD
<b>Total</b>	<b>3</b>	<b>9</b>	<b>407,758</b>
<b>Actually compensated</b>	<b>3</b>	<b>9</b>	<b>407,758</b>
Compensated via Contract	3	9	407,758
Compensated via Expropriation Process	0	0	0
<b>Ongoing acquisition</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: EDRC, External Monitoring Results

### Key findings

**Compensation for severe impact is fully completed: 9 AH were compensated in accordance with the CAP/LARF provisions.**

<sup>23</sup> The minimum salary is AMD 55 thousand per month.

## VII. CAP Implementation Budget

107. The table below summarizes the CAP implementation indicators, as well as presents comparison of planned and actual CAP implementation budget.
108. According to External Monitoring results, total actual amount of compensation program equalled AMD **19,575,069**. Upon completion of Corrective Measures (AMD **13,542** to be called back), total budget will equal AMD **19,561,526**.

**Table 21. Comparison of CAP planned and corrected budget versus the actual implementation tallies**

Item	Planned under CAP	Corrected CAP	Implementation tallies	Adjustment required	Adjusted Implementation tallies	Difference	Note
	a.1	a.2	b.	c.	d.	d – a.2	
<b>No</b>							
Total land plots	35	35	33	0	33	-2	
State land plots	3	3	2	0	2	-1	1
Community land plots	26	26	25	0	25	-1	1
Private land plots	6	6	6	0	6	0	
Total affected area, sq.m	40,703	40,485	38,636	0	38,636	-1,849	1
<b>Compensation, AMD</b>							
Land compensation	14,226,587	14,198,020	15,050,607	0	15,050,607	852,587	
Community land plots	11,437,344	11,408,777	11,053,872	0	11,053,872	-354,905	1
Private land plots	2,789,243	2,789,243	3,996,735	0	3,996,735	1,207,492	1
Leaseholders (for land)	40,926	40,926	40,926	0	40,926	0	
Crops	118,787	118,787	118,787	0	118,787	0	
Trees	6,992,080	6,992,080	1,818,660	0	1,818,660	-5,173,420	1,2
Structures and buildings	360,601	360,601	78,310	-13,542	64,768	-295,833	3
Transportation	353,520	353,520	353,520	0	353,520	0	
Business	0	0	0	0	0	0	
Employment	0	0	0	0	0	0	
Relocation	0	0	0	0	0	0	
Vulnerability	330,000	330,000	330,000	0	330,000	0	
Severe impact	407,758	407,758	407,758	0	407,758	0	
Registration services	1,386,500	1,386,500	1,376,500	0	1,376,500	-10,000	1,4
Court services	140,000	140,000	0	0	0	-140,000	5
<b>Total (AMD)</b>	<b>24,356,759</b>	<b>24,328,192</b>	<b>19,575,069</b>	<b>-13,542</b>	<b>19,561,526</b>	<b>-4,766,666</b>	

Source: EDRC, External Monitoring Results

Note 1: Due to design adjustments, 1 state, 1 community and 1 private land plots were excluded from the Project's impact area. Meanwhile, 1 new private land plot emerged during the implementation, as a part of a community-owned land plot was re-classified into private-owned. As a result, the total area of land take for the Project needs decreased by 1,849 sq.m, of which the area of state-owned lands decreased by 265 sq.m, community-owned lands – by 1,934 sq.m., while the area of private lands increased by 350 sq.m.

Note 2: Compensation amount decreased by AMD 5,173,420, as 1 state-owned and 1 community-owned land plots with 61 trees were excluded from the acquisition area.

Note 3: Compensation amount decreased by AMD 295,833: 1) 2 structures were legalized by Kosh community for which AMD 282,291 was envisaged as compensation under the CAP. The mentioned 2 structures are the part of public irrigation system; they are not subject for compensation, but further restoration where needed. 2) 1 structure for which AMD 78,310 was envisaged as compensation under the CAP in case of legalization, was not legalized. Therefore, during the Implementation it was compensated at full replacement cost minus legalization cost, which equals AMD 64,768. Consequently, the compensation amount decreased by AMD 13,542.

Note 4: Compensation amount decreased by AMD 10,000, as 1 private-owned and 1 community-owned land plots were excluded from the acquisition area.

Note 5: AMD 140,000 was envisaged for court services under the CAP. As no court cases were registered under the CAP, the mentioned amount was not spent.

## VIII. Public Satisfaction

During the external monitoring, based on a questionnaire prepared in advance, face-to-face interviews were held with all AHs included in the CAP (see Table 22). Interviews were successfully completed with all 16 AHs. Data received were compared with the results of desk reviews, in some cases AHs, representatives of the LSGBs and the TPIO were contacted to verify and cross-check the data and information. The interviews also provided a general insight into AHs' satisfaction with the LAR process.

**Table 22. AHs participated in the Compliance Review Survey of the T2 CAP**

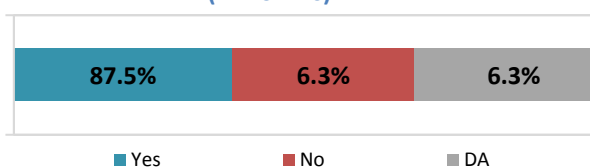
Community	All AHs under the CAP
Agarak	-
Agarakavan	8
Aruch	5
Kaqavadzor	-
Kosh	2
Ujan	1
<b>Total</b>	<b>16</b>

Source: EDRC, 2018

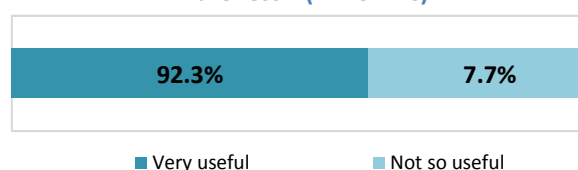
According to the Survey, 87.5% of AHs (14 AHs, of which 1 AH is vulnerable) were informed about the Consultations and APs' notification events, 6.3% (1 AH) have difficulty in answering, and another 6.3% (1 AH) noted that no such events were ever organized.

92.9% of informed AHs or 81.3% of interviewed AHs (13 AHs, of which 1 vulnerable AH) participated in the Consultations and notification events. The remaining 7.1% (1 AH) did not participate (as they found participation unnecessary). 7.7% of participated AHs (1 AH) believed the events were very useful, while 92.3% (12 AHs) - not so useful. All the AHs who were aware of consultations events noted that they were introduced to grievance/written complain submission procedure.

**Figure 2. Level of awareness on Consultations among AHs (N=16 AHs)**



**Figure 3. Evaluation of Consultations and Awareness<sup>24</sup> (N=13 AHs)**



Source: EDRC, External Monitoring Results

All AHs noted that they had been officially notified on the size and principles of compensation; the respective documents were handed to the APs. All AHs agreed with the description/measurement data on land and other losses provided in the Description Protocols.

All AHs have signed the acquisition contracts, and confirmed the receipt of compensation amount.

**Table 23. Satisfaction of AHs from the CAP preparation and implementation processes (% N=16 AHs)**

	Completely satisfied	Partially satisfied	Not quite satisfied	Dissatisfied	Very dissatisfied	DA	Not applicable
General processes of the measurement and Description Protocol formulation	93.8	6.3	-	-	-	-	-
Valuation of assets and property	93.8	-	6.3	-	-	-	-
Additional compensation amount (crop, trees and allowances)	81.3	-	-	-	-	-	18.8
Total amount of compensation	68.8	25.0	6.3	-	-	-	-
Payment (transaction) procedure (process)	93.8	6.3	-	-	-	-	-
Program management and organization level (TPIO, Implementing Consultant, etc.)	93.8	6.3	-	-	-	-	-

Source: EDRC, External Monitoring Results

<sup>24</sup> Based on opinion of AHs, who participated in Consultations.

Overall satisfaction from the CAP implementation processes is very high (see Table 23). According to subjective evaluations of AHs, percentage of respondents who are completely satisfied with the CAP preparation and implementation processes varies from 68.8 to 93.8. None of respondents were dissatisfied or very dissatisfied. Instead, 6.3% of the respondents (1 AH) were not quite satisfied with valuation of assets and property, as well as the total amount of compensation. These respondents did not lodge the complaints, as they considered the problems insignificant to waste their time.

None of interviewed AHs have complaints or disagreements related to the CAP preparation and implementation processes.

**Key findings**

***Overall satisfaction from CAP implementation processes is ranked as sufficiently high.***

## IX. Compliance review of the implementation of the T2 LARP Corrective Measures

109. Based on the results of T2 LARP implementation, there were a number of cases under the expropriation process all related to the compensation issues of non-residential illegal buildings. According to the CAP, compensation of illegal structures, which remained under the expropriation process after the T2 LARP implementation, is based on the provisions of LARF (2017).
110. According to the LARF (2017), illegal structures are subject to compensation regardless the legalization in the form of Rehabilitation Allowance (equal to full replacement cost minus legalization cost of respective structure). In particular, there were 9 illegal non-residential structures of 3 Informal tenant AHs on 3 community-owned land plots under the expropriation process.
111. To that end, chapter 4 of the CAP included LARP Corrective Measures associated with the provision of Rehabilitation Allowances to informal tenant AHs who constructed/used non-residential illegal buildings/structures. The external monitoring results thereof are presented below in this Section.
112. As per the Implementation of the T2 LARP Corrective Measures by the TPIO, the Rehabilitation Allowances have been compensated to 3 informal tenant AHs through the expropriation process.
113. The amount of compensation paid to 1 informal tenant for 3 illegal structures on Aruch community-owned land (lot-code 110-014) - a total of AMD 10 million – has been debated as it deviated from the planned one (in fact, it was less than the valuated one by AMD 1,042,185). According to the official clarifications provided by the TPIO, agreement with the mentioned AH has been reached prior to the CAP approval through the settlement (on June 24, 2016), and later was approved by the Court of General Jurisdiction of Aragatsotn Marz (the case number of the judicial act is ARAD 1085/02/14, September 28<sup>th</sup>, 2016) (for more details on TPIO’s clarifications see Appendix 2). As no appeal was lodged, the Rehabilitation Allowance for the illegal structures was transferred to the AP.
114. The compensation unit rates and amounts for the remaining 2 informal tenants are in compliance with the CAP/LARF provisions.

**Table 24. Compensation for buildings/structures loss within the Expropriation Process**

Item: Buildings & Structures	Plots, N	Buildings / structures, N	Informal tenant AHs, N	Compensation, AMD
<b>a. Planned under LARP Corrective Measures</b>	<b>3</b>	<b>9</b>	<b>3</b>	<b>22,051,321</b>
<b>b. Actually compensated (Expropriation)</b>	<b>3</b>	<b>9</b>	<b>3</b>	<b>21,009,136</b>
Aruch, 110-014	1	3	1	10,000,000
Ujan, 217-001	1	4	1	2,431,433
Ujan, 230-001	1	2	1	8,577,703
<b>Difference (b-a)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,042,185</b>
<i>Adjustment to compensation amount for Aruch, 110-014</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-1,042,185</i>

Source: EDRC, External Monitoring Results

115. The EMA directly contacted the APs who confirmed the receipt of compensation.

### **Key findings**

***Compensation for the loss of buildings/structures which remained under the Expropriation after the T2 LARP implementation is considered fully completed and compliant with the CAP/LARF provisions.***

## X. EMA Conclusion

During the external monitoring of North-South Road Corridor Investment Program Tranche 2 CAP implementation, all activities envisaged by the methodology were carried out, including a number of quantitative and qualitative research techniques. The level of confidence of collected data and accuracy of results is quite high and allows drawing conclusions. In particular, the followings are identified:

- 1) Impact area covered **33** land plots in **4** rural communities (including **2** state, **25** community and **6** private land plots) with total area of **38,636** sq. m. 16 households were affected, including 8 in Agarakavan, 5 in Aruch, 2 in Kosh and 1 in Ujan communities. 15 AHs out of all in the affected area were the owners of private lands (o/w 1 AH was also an informal tenant on community land), while 1 AH was affected as a leaseholder on community land.
- 2) 1 AH was vulnerable (female headed AH). 9 AHs were severely affected.
- 3) Crops, trees as well as structures were affected. There were no cases of business or employment loss, neither were relocation cases.
- 4) Planned and implementation indicators of CAP mostly coincided. One-off Rehabilitation Allowance for the loss of illegal structure to 1 Informal tenant on Kosh community land (lot-code 02-061-0106-0012) had exceeded the amount stipulated in the CAP by AMD 13,542.
- 5) Institutional structure and management of CAP implementation comply with defined provisions. Satisfaction from Project management and organization level is sufficiently high among AHs.
- 6) Individual consultations and APs awareness raising processes were organized in line with the T2 LARP/LARF provisions – prior to the start date of CAP Implementation. 87.5% of all AHs have mentioned that they were aware of Consultations, and 81.3% of all AHs have participated in the events.
- 7) Grievance Redress Mechanism and Grievance Review Group were established. No complaints were submitted. CAP was implemented under circumstances of quite high satisfaction level of AHs.
- 8) Expropriation process related to the provision of the New Entitlement under the LARF (2017) and compensations paid in the frame of the LARP Corrective Measures are also compliant with the defined provisions.

***Based on the abovementioned findings, we believe that the CAP implementation is effectively completed in compliance with the defined operational procedures and provisions, and with the satisfaction of the APs.***

## **Appendixes: Clarifications and explanations provided by TPIO regarding the compensation of illegal structures in Ujan, Aruch and Kosh communities<sup>25</sup>**

### **Appendix 1: Clarifications regarding the compensation of illegal structures in Ujan community**

During the implementation of CAP, there was a change occurred regarding the illegal structures, namely, a support structure and a fence, constructed by the Informal tenant (1 AH) on Ujan community land, particularly:

1. Initially in the T2 LARP the captioned illegal structures have been identified on the community-owned land plot with cadastral code of 669-001. The land plot has been acquired through expropriation as has been reported by EMA in the Compliance report for 3<sup>rd</sup> subsection. The illegal structures were not been compensated, as they have not been legalized.
2. Later, the mentioned illegal structures have been approved by special Gov. decree to be compensated via Rehabilitation Allowance (compensation minus legalization cost) without legalization (the [Government decree N 752-N](#) and chapter 4 of the CAP).
3. Meantime, in the CAP, the other community owned land plot with cadastral code of 230-001 has been included as subject for acquisition which is adjacent to the above 669-001 land plot.
4. During the implementation of CAP, it has been identified by the DMS specialist (from Consultant's staff), that the illegal structures reported to be located on 669-001 land plot, actually are located on 230-001 land plot (and only the small part of the structures are located on 669-001). In terms of land acquisition and localization of the structures it has been decided that the illegal structures constructed by the Informal tenant has to be compensated in the frame of acquisition of 230-001 land plot to ensure the further proper documentation in cadaster.
5. Thus, the illegal structures mentioned on the 230-001 land plot in chapters 3 and 4 of the CAP are the same structures which are subject to compliance review within the implementation of the Corrective Measures related to Expropriation cases under Tranche 2. The latter cases are presented in chapter 4 of the CAP.

### **Appendix 2: Reference on the amount of compensation for the loss of illegal non-residential structure located on Aruch community's 110-014 land plot**

Provided as separate pdf file (in Armenian).

### **Appendix 3: Reference on the return of excessively paid amount of Rehabilitation Allowance on Kosh community's 02-061-0106-0012 land plot**

Provided as separate pdf file (in Armenian).

### **Appendix 4: Official notification letter from the TPIO, Supplemental Agreement and payment order; Aruch community, 110-014 land plot**

Provided as separate pdf file (in Armenian).

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<sup>25</sup> The clarifications are provided by the TPIO.