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EUROPEAN COMMISSION FOR DEMOCRACY THROUGH LAW
(VENICE COMMISSION)

ARMENIA

**Draft law on making supplements and amendments to the
“Law on expropriation of property for ensuring overriding public
interests” along with supplementary legislation
and the explanatory note**

LAW
OF THE REPUBLIC OF ARMENIA

Adopted on 27 November 2006

**ON EXPROPRIATION OF PROPERTY FOR
ENSURING OVERRIDING PUBLIC INTERESTS**
(Title edited by HO-405-N of 24 October 2018)

Article 7. Decision of the Government on recognising as overriding public interest

(Title amended by HO-405-N of 24 October 2018)

1. The property is expropriated for ensuring the overriding public interests only in case the Government recognises the goal of expropriation as an overriding public interest. The Government may define a methodology for recognising the goal of expropriation as an overriding public interest and rendering Decisions of the Government On recognising as overriding public interest.
2. The following shall be indicated in Decision of the Government "On recognising as overriding public interest":
 - (a) overriding public interest for which the property should be expropriated;
 - (b) the acquirer of the expropriated property;
 - (c) objects of rights of ownership subject to expropriation (addresses or location or other data, distinguishing this property from other property);
 - (d) the deadline for commencing the process of property expropriation. The deadline for commencing the process of property expropriation may not be set for more than a year, and in the case of immovable property or property rights in the immovable property — for more than five years, starting from the date of entry into force of Decision of the Government "On recognising as overriding public interest";
 - (e) The state body that co-ordinates the execution of the expropriation function concerned, and where the acquirer is the state, also the state body responsible for the execution of functions of property expropriation (hereinafter referred to as "authorised body");

(f) the deadline for achieving the goal of expropriation;

(g) other required data.~~other required data.~~

The Government of the Republic of Armenia has the right to delegate the function of the authorised body provided for by point "e" of this part with regard to expropriated property located in the administrative territory of the city of Yerevan to Mayor of Yerevan as a delegated power.

2.1. In cases provided for by point 11 of part 1 of Article 66 of the Land Code of the Republic of Armenia or point 3 of part 3 of Article 22 of the Law "On state property management", Decision of the Government of the Republic of Armenia "On recognising as overriding public interest" shall also contain the following:

- (1) substantiation of the necessity of direct sales of state-owned land parcel or other state-owned property;
- (2) data on state-owned land parcel or other state-owned property.

3. Where the acquirer is not the state, the contract concluded between the state administration body in the relevant field and the acquirer, which defines the rights, duties and liability of the state and acquirer in the process of property expropriation, shall be attached to Decision of the Government "On recognising as overriding public interest".

When the acquirer is not the Yerevan community, and when the property to be expropriate is located in the administrative territory of the city of Yerevan, the Government of the Republic of Armenia shall have the right to reserve the power to conclude a contract on behalf of the state provided for by this part to the Mayor of Yerevan, as a delegated power. The contract shall enter into force from the moment of entry into force of Decision of the Government "On recognising as overriding public interest".

When the acquirer is Yerevan community, and when the property to be expropriated is located in the administrative territory of the city of Yerevan, the contract with the community provided for by this part shall not be concluded, and the rights, liability and responsibilities of the acquirer — Yerevan community, are defined by Decision of the Government of the Republic of Armenia "On recognising as overriding public interest".

4. In order to ensure the overriding public interests, the restrictions provided for by Article 15 of this Law on the property expropriated in accordance with Decision of the Government "On recognising the land parcel or other real estate or other property subject to mandatory or voluntary state registration as overriding public interest", shall be subject to registration in the manner prescribed by law within a 15-day period following the entry into force of

the Decision of the Government.

5. Decision of the Government "On recognising as overriding public interest" shall be properly sent — within a period of 7 days following the entry into force of the Decision of the Government — to the owner of the property being expropriated and holders of property rights in the property being expropriated, having state registration, as prescribed by Article 17 of this Law.
6. The authorised body shall, following the entry into force of Decision of the Government "On recognising as overriding public interest", through the procedure and within the time limits defined by the Government, draw up a record on description of the property being expropriated ; in this process, the acquirer, the owner and persons holding property rights towards the property shall have the right to participate, if the record was not drawn up during the preliminary examination of the property. When drawing up the record on description of the property subject to be expropriated, the list of technical devices, procedure for use whereof and the methodology for drawing up the description of the property being expropriated shall be defined by the Government. The owner of the property to be expropriated or the person actually disposing of that property is obliged to allow the authorised body to draw up the record on description of the property being expropriated.

Where the owner of the property subject to expropriation or the person actually disposing of that property hinders the activities for drawing up the record on description of property, the authorised body shall draw up the record on description of property based on the opportunity available, with the participation of at least two attesting witnesses which shall be a basis for evaluating the improvements.

The record on description of the property being expropriated shall include an indication on having been executed in conditions of hindering its drawing up by the owner of the property being expropriated.

In cases provided for by this part, a natural person having active legal capacity, who is not interested in the expropriation of the property subject to expropriation, who is able to fully and correctly perceive the actions carried out in his or her presence, may be an attesting witness. The attesting witness shall familiarise with the record on description of property and sign it, by stating his or her remarks, where available, as well as submitting information on his or her relations with the owner of the property being expropriated, other holders of property rights and the acquirer.

In case the owner of the property subject to expropriation or the person actually disposing of that property hinders the process of drawing up the record on description of property, the record on description of property and/or the equivalent amount of compensation for the property being

expropriated determined on the basis of that record may not be challenged and declared as invalid upon the ground of failure to meet such requirements while drawing up the record of description of property.

A copy of the record on description of property being expropriated shall be sent to the owner and holders of property rights in the property not later than within three days after it is drawn up, who have the right to appeal it to the authorised body or the court within a month after receiving the record.

7. Decision of the Government "On recognising as overriding public interest" is subject to mandatory publishing in the "Official Journal of the Republic of Armenia" and mass media outlet with a print run of at least 3000 copies.

(Article 7 supplemented by HO-121-N of 19 May 2009, amended by HO-405-N of 24 October 2018, supplemented by HO-274-N of 4 June 2021)

Article 9. Appealing against Decision of the Government "On recognising as overriding public interest" or "On preliminary examination of the property"

(Title amended by HO-405-N of 24 October 2018)

1. Decision of the Government "On recognising as overriding public interest" may be appealed by the owner of the property to be expropriated or other interested party to the court, within one month following the entry into force of Decision of the Government "On recognising as overriding public interest". The challenging of the decision shall not suspend its enforcement, except for the cases provided for by the Administrative Procedure Code of the Republic of Armenia.
2. Decision of the Government "On examination of the property" may be appealed by the owner of the property to be examined or other interested party to the court, within two months following the entry into force of Decision of the Government "On examination of the property". The challenging of the decision shall not suspend its enforcement, except for the cases provided for by the Administrative Procedure Code of the Republic of Armenia.

(Article 9 amended by HO-405-N of 24 October 2018)

Article 10. Expropriation of property according to the contract

1. The acquirer shall be obliged to properly send the draft contract on property expropriation (hereinafter referred to as "expropriation contract") to the owners of property being

expropriated and persons holding property rights towards the property being expropriated no later than three months prior to the deadline for commencing the process of expropriation of property defined by Decision of the Government "On recognising as overriding public interest", unless another time limit is prescribed upon the Decision of the Government "On recognising as overriding public interest".

2. The owner of the property being expropriated shall, within a two-week period after receipt of the draft expropriation contract, be obliged to notify the acquirer about persons holding other property rights towards the property to be expropriated, which have not been registered in a state body as prescribed by law or have not been subject to state registration. Where the owner of the property being expropriated, within the period mentioned in this part, fails to notify the acquirer about persons holding property rights towards the property being expropriated that lack state registration, the owner of the property being expropriated shall bear the responsibility for damages caused due to expropriation of property without participation of those persons holding property rights.
3. The owner of the expropriated property or persons holding property rights towards the property being expropriated shall have the right to- within a period of two weeks, ~~properly~~ submit in writing and reasoned objections or proposals with regard to draft expropriation contract.

The acquirer has the right to conduct negotiations with the owner of the expropriated property or persons holding property rights towards the property being expropriated aimed at concluding a contract.

4. The property may be expropriated pursuant to the contract concluded between the acquirer and the owner of property subject to expropriation. In this case, the size of the equivalent compensation being provided for the property being expropriated, which may not be less than the size prescribed by part 1 of Article 11 of this Law, whereas in the existence of the grounds prescribed by part 1.1 of the same Article — less than the size prescribed by part 1.1, as well as the, form, procedure, terms, conditions of the equivalent compensation being provided for the property being expropriated and the responsibilities of parties shall only be determined upon consent of parties. If there are holders of property rights known to the acquirer in relation to property being expropriated, the holders of property rights towards the property being expropriated shall also be party to the expropriation contract.

(Article 10 amended by HO-405-N of 24 October 2018)

Article 11. Compensation for the property being expropriated for ensuring overriding public interests

(Title amended by HO-405-N of 24 October 2018)

1. An equivalent compensation shall be paid to the owner for the property being expropriated. A compensation is deemed to be equivalent is the amount that is fifteen percent higher than the market price of the expropriated property, except for the case prescribed by part 1.1 of this Article.
- 1.1. Where the owner of the property subject to expropriation does not hinder the drawing up of the record on description of property being expropriated and concludes the contract prescribed by part 4 of Article 10 of this Law with the acquirer, the equivalent compensation paid to the owner shall be deemed to be the amount thirty percent higher than the market price of the property being expropriated.
2. The market value of the property being expropriated is the most probable price for the sales of the property between a seller of owned property and buyer in an open and competitive market, subject to the conditions of fair trade and as a result of conscious legal actions. Where there is no relevant open and competitive market for the property being expropriated, the market price of the property shall be determined through a calculation method deemed fair by the court.
3. The methodology of evaluation of the market price of property being expropriated, including immovable property or property rights to the immovable property, and the procedure for conducting evaluation shall be prescribed by the Government. The evaluation reports prescribed by this part may not be a subject of examinations by the professional commission prescribed by the Law of the Republic of Armenia "On evaluation activities". ~~Evaluation of the market price of immovable property or property rights towards the immovable property shall be carried out in accordance with the procedure defined by the Law of the Republic of Armenia "On real property appraisal activities".~~
4. The market price of the property being expropriated should not include any reduction or increase of property value, which is conditioned by one of the following reasons:
 - (a) purpose for which the property is expropriated;
 - (b) fact of expropriation of property for ensuring overriding public interests;
 - (c) any preliminary action of the acquirer related to property expropriation for ensuring the overriding public interests (including the preliminary examination);

(d) property rights towards the property.

4.1. When determining the market price of property being expropriated, unauthorised buildings or constructions not record-registered as prescribed by the legislation of the Republic of Armenia shall not be taken into account (evaluated).

4.2. When determining the market price of property being expropriated, reductions may be made on the basis of the wear of that property in the amount of no more than 30 percent of the market price of the property concerned (not taking into account the wear).

5. The acquirer shall be responsible for compensating the financial liabilities (taxes, duties and mandatory payments) imposed by state bodies or local self-government bodies on the owner of the property being expropriated with regard to expropriation of property.

6. Compensation shall be provided to holders of property rights towards the property being expropriated, from the compensation amount provided for the property being expropriated.

(Article 11 amended by HO-405-N of 24 October 2018)

Article 12. Expropriation of property by depositing the amount to be compensated

1. Where, within three months after sending the draft expropriation contract to the owner of the property being expropriated and persons holding property rights towards the property being expropriated no contract is concluded, the acquirer shall be obliged to transfer, within a period of one month, the amount to be compensated for expropriation of property and an additional amount in the amount of ten percent thereof, which must not be less than the amount determined pursuant to the procedure prescribed by this law, to the deposit account of the court or notary (hereinafter referred to as "deposit"), by informing, as prescribed by Article 17 of this Law, ~~properly informing~~ the owner of the property being expropriated and holders of property rights in the property being expropriated, known to the acquirer thereof, within the three-day period. Calculation of the compensation amount must be made not earlier than a week before its depositing.

2. When depositing the compensation amount, the acquirer shall be obliged to indicate all owners entitled to receive compensation known thereto, and all holders of property rights. The damage caused by the acquirer to the owner or holder of property rights due to violation of this requirement shall be borne by the acquirer.

3. Where all the owners of property being expropriated and holders of property rights in the property being expropriated receive in the manner prescribed the deposited amount after

the acquirer sends the information on depositing the compensation amount to the owner of property being expropriated and holders of property rights towards the property being expropriated and before the state registration of the right of ownership of the acquirer over the property being expropriated~~before the court delivers a judgment on property expropriation~~, the property expropriation contract shall be considered as concluded with the conditions mentioned in part six of Article 13 of this Law. Moreover, the statement of information indicating the withdrawal of the amount from the deposit account by the judge or notary, shall serve as a ground for property expropriation.

4. Where several persons are entitled to receive the deposited amount, the amount from deposit account shall be provided only in accordance with the agreement concluded between those persons and certified by the notary, which should contain the amount to be paid to each person entitled to receive the funds.
5. Where the owner of the property being expropriated and holders of property rights to the property being expropriated do not receive the deposited amount within a period of two weeks after being duly notified, as prescribed by Article 17 of this Law, that the acquirer has transferred the compensation amount to the deposit, the right of ownership of the property being expropriated shall be transferred to the acquirer by virtue of law, on the thirtieth day following the day of depositing the amount subject to compensation. In the given case, the Decision of the Government "On recognising as overriding public interest", the statement of information issued by a notary or a court on depositing the compensation amount, which shall also include the certification of the notary or the court to the effect that the owners of the property being expropriated and the holders of property rights to the property being expropriated have not received the compensation amount after it has been deposited, shall serve as a ground for the state registration of the right of ownership of the acquirer over the property being expropriated.
6. The owners of the property being expropriated and holders of property rights to the property being expropriated shall be obliged to transfer the expropriated property to the acquirer within two months following the state registration of the right of ownership of the acquirer, whereas in case the property being expropriated is immovable property — vacate the immovable property being expropriated and transfer it to the acquirer. Where the previous owner fails to transfer the expropriated property within the period provided for by this part, eviction of the previous owner from the territory of the immovable property shall be carried out (intrusion shall be eliminated) or the expropriated property shall be taken from the previous owner and transferred to the new owner as prescribed by law.

**Article 13. Challenging the size of the compensation for expropriation
Expropriation of property for ensuring overriding public interests
through judicial procedure**

(Title amended by HO-405-N of 24 October 2018)

1. The owner of the property being expropriated or the holder of property rights to the property being expropriated shall have the right to apply to the court within a period of three months following the state registration of the right of ownership of the acquirer on the basis of part 5 of Article 12 of this Law with the claim to challenge the size of the compensation for expropriation of property. The case prescribed by this part shall be examined through the special proceedings prescribed by the Civil Procedure Code of the Republic of Armenia. Where, within seven days after the acquirer deposits the compensation amount, the expropriation contract is not concluded or the property is not expropriated pursuant to Article 12 of this Law, the acquirer shall, within a period of one month, be obliged to file a claim of property expropriation with the court. In this case, the court may only consider the issue related to the size of compensation amount.
- 1.1. Submission of the claim provided for by part 1 of this Article, as well as of any other claim relating to the Decision "On recognising as overriding public interest" and other actions deriving therefrom, including related to the registration of the right of ownership of the acquirer to the property being expropriated shall not and may not suspend the enforcement of the Decision of the Government "On recognising as overriding public interest" with regard to the relevant property, including the expropriation of the property and the process of registration of the right of ownership of the acquirer to the property, and no such measure of securing the claim may be imposed during the examination of such claims which would lead to the prohibition, suspension or termination of the Decision of the Government "On recognising as overriding public interest", the actions deriving therefrom, state registration of the right of ownership of the acquirer or other actions deriving therefrom or of activities having served as a ground for expropriation of property with a view to ensuring overriding public interest.
2. Where, it has been recorded upon a court judgment rendered as a result of examination of the claim prescribed by part 1 of this Article, having entered into legal force, that after determining the size of the amount to be compensated, the court finds that, if:
 - (a) the compensation amount deposited by the acquirer is equal or greater than the compensation amount for property expropriation as of the date of depositing, the amount deposited by the acquirer for the expropriation of property shall be deemed

~~to be equivalent compensation, whereas the property is expropriated through a judicial procedure with compensation in the size of the deposited amount, while the surplus amount deposited is not returned to the acquirer;~~

- (b) the amount deposited by the acquirer is less than the equivalent compensation amount for property expropriation as of the date of depositing, the court shall calculate the compensation amount as of that day. The court judgment should specify the additional compensation amount to be paid to deposit account, as well as all the persons having the right to receive the additional amount subject to compensation, where the amount of compensation defined by the court for the property being expropriated must be given to more than one owner or holders of property rights to the property being expropriated as well.

(c) ***(Point repealed by HO-105-N of 21 June 2014)***

3. ~~A judgment, which has entered into legal force, on the compensation size for property being expropriated by the court shall serve as a ground for expropriation of property in the size of compensation defined by the court and with conditions stipulated in part six of this Article.~~

~~Where the compensation amount for property being expropriated must be given also to several owners or holders of property rights towards the property being expropriated, the court judgment shall indicate all holders of compensation right.~~

4. ~~The owner's right of ownership to the property being expropriated through the judicial procedure shall terminate, and the acquirer's right of ownership to that property shall arise from the moment the court judgment enters into legal force and the surplus compensation amount, if any, prescribed by the court, is transferred to the deposit account, while the rights to the property subject to state registration, as derived from the court judgment, arise only from the moment of their state registration. The court judgment on the compensation size of property being expropriated, having entered into legal force, and statement of information issued by the court regarding the transfer of the surplus compensation amount, if any, prescribed by the court, to the deposit account of the court, shall serve as grounds for the state registration of rights to proper~~

5. Where the additional compensation amount prescribed by the court for property being expropriated should be provided to several owners or holders of property rights in the property expropriated, the compensation amount from the deposit account shall be provided only in accordance with an agreement concluded by all persons entitled to receive compensation and certified by notary.

Disputes arising between the persons entitled to receive compensation shall be resolved through a judicial procedure.

6. In the case prescribed by point "b" of part 2 of this Article, the acquirer shall be obliged to deposit the additional compensation amount, if any, prescribed by the court, within seven days following the entry into legal force of the court judgment. In case of failure by the acquirer to voluntarily enforce the court judgment within a period of three months following its entry into legal force, the State shall bear subsidiary liability for paying the additional compensation amount to the owner and other holders of property rights with respect to the amount exceeding the amount deposited by the acquirer on the basis of part 1 of Article 12 of this Law.~~The property is considered as expropriated through a judicial procedure in the following cases:~~
- (a) ~~the acquirer is obliged to deposit the surplus compensation amount, if any, prescribed by the court, within seven days following the entry into legal force of the court judgment;~~
- (b) ~~the owner is obliged to transfer the expropriated property to the acquirer within five days after entry into legal force of the court judgment and transfer of the surplus compensation amount (if such an amount is provided for by the court) by the acquirer to the deposit account, and within the period mentioned in the second part of Article 14 of this Law, if it is an immoveable property.~~
7. Where the previous owner fails to transfer the expropriated property within the period provided for by point "b" of part six of this Article, eviction of the previous owner from the territory of immovable property shall be carried out or the expropriated property is taken from the previous owner and transferred to the new owner in accordance with the procedure prescribed by law.
8. The court must examine the case on challenging the compensation amount~~establishing the compensation amount for expropriated property~~~~property being expropriated~~ in accordance with the procedure prescribed by this Article and shall render a judgment within a period of two months from the date of receipt of the claim.

(Article 13 supplemented, amended by HO-105-N of 21 June 2014, amended by HO-405-N of 24 October 2018)

Article 14. Rights and guarantees of the owner of the property being expropriated for ensuring overriding public interests

(Title amended by HO-405-N of 24 October 2018)

1. The owner of the property being expropriated shall, before the expropriation of property or state registration of the rights arising from expropriation, be entitled to possess, use and dispose the property, as well as make only such improvements, that ensure use of the given property in accordance with its purpose.
- ~~2. The owner of the immovable property expropriated through a judicial procedure, as well as other holders of rights to immovable property shall be entitled to gratuitous use of the expropriated immovable property within two months starting from the day the property is expropriated.~~
3. From the moment of expropriation of property for ensuring the overriding public interests based on a contract or through another procedure prescribed by this Law~~judicial procedure~~, the owner of the property being expropriated shall be released from the liability for non-fulfilment or improper fulfilment of his or her obligations assumed by the transactions concluded for expropriated property, where the non-fulfilment or improper fulfilment of obligations is due to expropriation of property.

From the moment of expropriation of property for ensuring the overriding public interest all property rights in the expropriated property shall be terminated, unless otherwise provided for by the contract on expropriation.

(Article 14 amended by HO-405-N of 24 October 2018)

Article 16. Invalidity of Decision on recognising as overriding public interest

(Title amended by HO-405-N of 24 October 2018)

1. Where the acquirer fails to send the draft expropriation contract to the owner of the property being expropriated and holder of a property right within the period defined by part one of Article 10 of this Law, or to transfer the compensation amount to the deposit account within the period defined by part one of Article 12 of this Law, or fails to file an application for state registration of the right of ownership as prescribed by this Law after depositing the compensation amount~~to bring an action to the court with a claim for expropriation of property within the period defined by part one of Article 13 of this Law, or fails to transfer the surplus compensation amount determined by the court to the deposit account within the period defined by part six of Article 13 of this law~~, it shall be considered that the acquirer refuses to acquire the given property, and all legal documents with regard to recognising the property as overriding public interest shall be considered as repealed~~invalid~~.
2. The acquirer shall be obliged to compensate the damage caused to the owners of property

being expropriated, as well as holders of property rights in that property due to violation of the requirements of part one of this Article.

The state shall bear a subsidiary liability for damages caused due to violation by the acquirer of the requirements of part one of this Article.

3. If the expropriated property is not used by the acquirer or its use is impossible or inexpedient for the purpose of ensuring the overriding public interest defined by Decision of the Government "On recognising as overriding public interest", and if the Government fails to establish other overriding public interest for use of the given property by its Decision, the expropriated property shall be expropriated thereto at a price calculated in accordance with the procedure established by parts 2-4 of Article 11 of this Law at the request of its previous owner.
4. Where within two years after expropriation of the property the acquirer fails to commence the activity serving as a basis for expropriation or makes violations leading to declaring the contract concluded between the state and the acquirer as invalid or early termination of that contract or circumstances serving as a ground for declaring as invalid the expropriation of property established by court judgment or for early termination or fails to complete the achievement of the goal of expropriation within the time limit prescribed by the Decision of the Government "On recognising as overriding public interest", Decision on recognising as overriding public interest may be deemed as repealed with respect to the acquirer upon decision of the Government or through judicial procedure, by the claim of the interested person, and the expropriated property shall become the ownership of the Republic of Armenia and~~invalid with respect to the acquirer upon decision of the Government or through judicial procedure, by the claim of the interested person~~, and the expropriated property shall be subject to expropriation to other persons under the competition procedure. Where Decision on recognising as overriding public interest is deemed as invalid by Decision of the Government, the competition is held in accordance with the procedure established by the Government, and if the decision on recognising as overriding public interest is deemed as invalid through judicial procedure, then the competition is held in accordance with the procedure established by the court.

(Article 16 amended, edited by HO-405-N of 24 October 2018)

Article 17. Proper implementation of documents and notifications provided for by this law

1. Notifications and documents (documents, applications, recommendations, etc.) provided

for by this law shall be considered to be properly sent to the addressees thereof, if these are sent by registered letter with acknowledgement of delivery or by use of other means of communication ensuring the formulation of a message or handed with a receipt.

2. The notifications or documents provided for by this Law shall be sent, by the following addresses, to:
 - (a) owners of immovable property or holders of property rights in immovable property to the address where the immovable property is located and to the record-registration address of owners or holders of property rights to the immovable property, where different from the address of location of the immovable property;
 - (b) owners of moveable property or holders of property rights in moveable property:
 - to natural persons, to the address of record-registration, and if they do not have a place of record-registration, to the address where they have resided for the last three months;
 - to the address of the organisation's location indicated at the place of state registration or record-registration of the organisation.

2.1. Where the address of the owner of the property or the holder of property rights is unknown, the notifications provided for by this Law must be sent:

- (1) in case of a natural person — to the record-registration, know work address of that person and the head of the relevant community or administrative district of the last known place of residence of the person, and in case of availability of other addresses of the natural person, including data on electronic mail with the notifier — to those addresses as well;
- (2) in case of a legal person — to the address of location of the permanent body of that person, and in case of availability of other addresses of the legal person, including data on electronic mail with the notifier — to those addresses as well.

2.2. The subpoena shall be posted on the official website for public notifications of the Republic of Armenia concurrently with carrying out the actions prescribed by part 2 of this Article. A person shall be deemed notified on the seventh day after carrying out the actions provided for by this part.

3. Where the participant in the property expropriation process has provided, in writing, ~~provided~~ another participant or participants with an address for communication not prescribed by this Law, that party shall be obliged to send communications to the address

for communication it has received.

LAW
OF THE REPUBLIC OF ARMENIA

Adopted on 9 February 2018

CIVIL PROCEDURE CODE
OF THE REPUBLIC OF ARMENIA

Article 129. Measures for Securing a Claim

1. The measures for securing a claim are as follows:
 - 1) Imposing an attachment on the defendant's property to the extent of the claim amount.
 - 2) Prohibiting the defendant from performing certain actions.
 - 3) Prohibiting other persons from performing certain actions related to the subject of the dispute.
 - 4) Compelling the defendant or other persons to perform certain actions related to the subject of the dispute.
 - 5) Suspending the alienation of property if a claim is filed to remove the attachment on the property.
 - 6) Imposing an attachment on the plaintiff's property located with the defendant.
 - 7) Other measures for securing a claim as provided by law.
2. If necessary, the court may apply multiple measures for securing a claim.
3. The measure applied to secure the claim must be proportional to the submitted demand and the purpose pursued by the securing of the claim.
4. The measure applied to secure the claim must not result in the actual impossibility of the legal entity's operations, create significant obstacles to its operations, or lead to violations of the requirements established for the legal entity by the laws of the Republic of Armenia. In disputes related to procurement governed by the Republic of Armenia's Law "On Procurement", cases on challenging the size of compensation for property expropriation and under other cases related to the process of expropriation, provided for by the Law of the

Republic of Armenia "On expropriation of property for ensuring overriding public interests", as well as disputes related to the procedure for selecting a private partner under the Republic of Armenia's Law "On Public-Private Partnership," no measure for securing a claim may be applied that would suspend the procurement process, the conclusion or execution of a procurement contract, Decision of the Government "On recognising as overriding public interest", state registration of the right of ownership of the acquirer or other actions arising therefrom, activities serving as a basis for the expropriation of property for ensuring overriding public interest, the private partner selection procedure, or the implementation of the PPP program.

(Article 129 amended by HO-286-N of 30.06.21 and HO-7-N of 21.01.22)

Article 202. Cases Examined Under the Special Claim Procedure

1. The court examines the following cases under the special claim procedure:

- 1) Family-related cases.
- 2) Cases concerning the return of a child unlawfully transferred to or unlawfully retained in the Republic of Armenia.
- 3) Cases involving specific labor disputes.
- 4) Cases involving corporate disputes.
- 5) Cases examined based on a class action claim.
- 6) Appeals against decisions of the Central Bank of the Republic of Armenia and temporary administrations of insolvent banks, credit organizations, investment companies, investment fund managers, and insurance companies.
- 7) Cases concerning protective orders provided for under the Law "On Prevention of Domestic Violence and Protection of Persons Subjected to Domestic Violence."
- 8) Disputes related to procurement as defined by the Republic of Armenia's Law "On Procurement."
- 9) Cases concerning the challenge of the legality of a notary's actions.
- 10) Cases on the size of compensation for the property being expropriated, prescribed by the Law of the Republic of Armenia 'On expropriation of property for ensuring overriding public interests.

(Article 202 supplemented by HO-367-N of 12.07.18, HO-7-N of 21.01.22, amended by HO-171-N of 12.04.24, and supplemented by HO-222-N of 02.05.24)

CHAPTER 27.4

**PROCEEDINGS FOR CASES ON CHALLENGING THE SIZE OF COMPENSATION FOR
PROPERTY BEING EXPROPRIATED, PRESCRIBED BY THE LAW
OF THE REPUBLIC OF ARMENIA "ON EXPROPRIATION OF PROPERTY
FOR ENSURING OVERRIDING PUBLIC INTERESTS"**

Article 234.19. Disputes related to challenging the size of compensation examined under special adversary proceedings and the time limit for resolution thereof

1. The Court shall, in the manner prescribed by this Chapter, examine and resolve the cases on challenging the size of compensation for property being expropriated, prescribed by the Law of the Republic of Armenia "On expropriation of property for ensuring overriding public interests".
2. The owner of the property being expropriated or the holder of property rights to the property being expropriated, provided for by the Law of the Republic of Armenia "On expropriation of property for ensuring overriding public interests", shall have the right to file a claim on challenging the size of compensation prescribed by this Chapter within a period of three months following the state registration of the right of ownership of the acquirer to the property being expropriated.
3. Disputes provided for by this Article shall be examined and resolved within two months following the acceptance of the statement of claim for proceedings. Upon a reasoned decision of the court, the time limit provided for by this part may be extended once for up to ten calendar days.

Article 234.20. Subject matter of the claim in disputes related to challenging the size of compensation, examined under special adversary proceedings

The subject matter of the claim under cases on challenging the size of compensation for property being expropriated, prescribed by the Law of the Republic of Armenia "On expropriation of property for ensuring overriding public interests", may only be challenging the size of equivalent compensation determined as prescribed by the Law of the Republic of Armenia "On expropriation of property for ensuring overriding public interests". Under the cases provided for by this Chapter,

the subject matter of the court examination may only be the issue of adequacy of the size of compensation.

1. Under the cases provided for by this Chapter, no security of the claim may be filed regarding challenging the Decision of the Government “On recognising as overriding interest” or such a measure of securing the claim which may lead to the prohibition suspension or termination of the Decision of the Government “On recognising as overriding public interest”, state registration of the right of ownership of the acquirer or other actions deriving therefrom, and activities serving as a ground for expropriation of the property with a view to ensuring the overriding public interest.

Article 234.21. Consequences of filing a statement of claim in disputes related to challenging the size of compensation, examined under special adversary proceedings

1. Filing any other claim related to challenging the size of compensation for the property being expropriated, prescribed by the Law of the Republic of Armenia “On expropriation of property for ensuring overriding public interests” and expropriation of property carried out on the basis thereof, as well as the Decision “On recognising as overriding public interest” rendered by the Government, provided for by this Chapter, shall not suspend the enforcement of the Decision of the Government “On recognising as overriding public interest”, state registration of the right of ownership of the acquirer or other actions deriving therefrom, and activities serving as a ground for expropriation of property with a view to ensuring the overriding public interest either in full or only in respect of the property encumbered by the right of ownership or other property rights of the plaintiff.

Article 234.22. Judicial act in disputes related to the size of compensation examined under special adversary proceedings

1. As a result of examination of the statement of claim filed under the cases provided for by this Chapter, the Court shall render one of the following decisions:
 - (1) on granting the claim and establishing a new size of equivalent compensation, by calculating the compensation amount as of the date of rendering the judgment;
 - (2) on rejecting the claim.
2. The judgment on granting the claim, rendered as a result of examination of the disputes provided for by this Chapter, must specify the additional compensation amount to be paid by the respondent to the deposit account, as well as all the persons entitled to receive the additional compensation amount, where the compensation amount established by

the court for the property being expropriated must be provided to more than one owners or holders of property rights to the property being expropriated.

LAW
OF THE REPUBLIC OF ARMENIA

Adopted on 5 December 2013

ADMINISTRATIVE PROCEDURE CODE
OF THE REPUBLIC OF ARMENIA

Article 141. Procedure for Case Examination in the Court of Appeal

1. Appeals against a judicial act resolving the merits of the case shall be examined and decisions shall be made by a collegial panel of 3 judges, and appeals in cases challenging the legality of regulatory legal acts and challenging the lawfulness of the Decisions of the Government of the Republic of Armenia “On recognising as overriding public interest” by a panel of 5 judges.
2. Appeals against interim judicial acts of the Administrative Court shall be examined and decisions shall be made by a single panel, and appeals against interim judicial acts of the Administrative Court in cases challenging the legality of regulatory legal acts and challenging the lawfulness of the Decisions of the Government of the Republic of Armenia “On recognising as overriding public interest” by a panel of 5 judges.
3. Appeals against interim judicial acts of the Administrative Court shall be examined and decisions shall be made without convening a court session.

(Article 141 supplemented by HO-312-N of 30.07.21)

CHAPTER 27.1

PROCEEDINGS IN CASES ON CHALLENGING THE LAWFULNESS
OF THE DECISION OF THE GOVERNMENT “ON RECOGNISING AS OVERRIDING
PUBLIC INTEREST”

Article 200.1. Proceedings in cases on challenging the lawfulness of the Decision of the Government “On recognising as overriding public interest”

1. Peculiarities of examination of cases on challenging the compliance of secondary regulatory legal acts of the Government on recognising as overriding public interest with regulatory legal acts having comparatively higher legal force (except for the Constitution) shall be defined by this Chapter.

Article 200.2. Right to apply to the Administrative Court

1. Each natural or legal person who meets one of the conditions specified in Article 192 of this Code may apply to the Administrative Court under the cases provided for by Article 201.1 of this Code.

Article 200.3. Time limits for applying to the Administrative Court

1. Natural and legal persons may apply to the Administrative Court under the cases provided for by this Chapter within a period of one month following the entry into force of the Decision of the Government of the Republic of Armenia “On recognising as overriding interest”.

Article 200.4. Requirements for the application

1. In addition to the requirements prescribed by parts 1, 2, 4-7, 9 and 10 of Article 73 of this Code, the application with regard to cases on challenging the lawfulness of regulatory legal acts of the Government of the Republic of Armenia on recognising as overriding interest must include the data prescribed by points 2-4 of part 1 of Article 194 of this Code.
2. Copies of the texts of the regulatory legal acts specified in points 2 and 3 of part 1 of Article 194 of this Code, as well as the original of the document confirming the payment of the state duty in the manner and in the amount prescribed by law or the relevant code confirming the transfer of the state duty to the relevant treasury account, issued by a payment and settlement organisation, and where the law provides for a possibility of partial payment of the state duty or postponement or deferral of payment thereof — the relevant motion thereon shall be attached to the application.

Article 200.5. Securing the application by the decision of the Administrative Court

1. Acceptance of the application on challenging the lawfulness of the Decision of the Government of the Republic of Armenia "On recognising as overriding public interest" for proceedings shall not suspend the enforcement of the Decision of the Government of the Republic of Armenia "On recognising as overriding public interest", except for the cases prescribed by part 2 of this Article.
2. After accepting the case for proceedings, the Administrative Court may, upon the motion of the applicant or upon its own initiative, suspend the challenged decision (the challenged provision thereof) until the completion of the trial in the case only with respect to the provisions relating to the right of ownership of the applicant, where the failure to render a decision on suspension may lead to irrevocable or dire consequences concurrently both for the applicant and the public.
3. The decision on suspension of the decision of the Government of the Republic of Armenia (the challenged provision thereof) shall enter into force from the moment of publication on the official website for public notifications (www.azdarar.am).

Article 200.6. Composition of the Administrative Court in and time limits for examination of cases on challenging the lawfulness of the Decision of the Government "On recognising as overriding public interest"

1. The Administrative Court shall examine and dispose of the cases provided for by this Chapter by a panel of 3 judges.
2. The Administrative Court shall examine the cases provided for by this Chapter and render a judgment within a period of two months after the day of accepting the application for proceedings.

Article 200.7. Procedure for examination of cases on challenging the lawfulness of the Decision of the Government "On recognising as overriding public interest"

1. The Administrative Court shall examine the cases provided for by this Chapter under the written procedure, except for the cases when the given case has gained wide publicity in the assessment of the Administrative Court, or the oral trial therefor will contribute to the quicker disclosure of the circumstances of the case.

Article 200.8. Peculiarities of rendering a judicial act in cases on challenging the lawfulness of the Decision of the Government "On recognising as overriding public interest"

1. The peculiarities prescribed by Article 198 of this Code shall apply to the judicial act in the cases provided for by this Chapter.

Article 200.9. Judicial acts of the Administrative Court in cases on challenging the lawfulness of the Decision of the Government "On recognising as overriding public interest", the nature and legal consequences thereof

1. The Administrative Court shall render one of the following judicial acts in cases provided for by this Chapter:

(1) on declaring the challenged regulatory legal act or the challenged provision thereof as complying with the regulatory legal act having higher legal force;

(2) on declaring the challenged regulatory legal act, with respect to the right of ownership of the applicant, or the challenged provision thereof as invalid;

(3) on declaring the challenged repealed regulatory legal act, with respect to the right of ownership of the applicant, or the challenged provision thereof as unlawful.

2. The judicial acts prescribed by part 1 of this Article shall enter into force from the moment of promulgation.

3. The judicial acts of the Administrative Court on declaring the Decision of the Government of the Republic of Armenia "On recognising as overriding public interest" as fully or partially invalid shall be mandatory for everyone throughout the entire territory of the Republic of Armenia from the moment of their official promulgation.

4. The decision of the Government of the Republic of Armenia declared as invalid shall be repealed with respect to the part declared as invalid from the moment of the official promulgation of the judicial act of the Administrative Court on declaring it as invalid (*ex nunc*), except for the case provided for by part 6 of this Article.

5. The Decision of the Government of the Republic of Armenia, provided for by this Chapter, may be declared as fully or partially invalid by the Administrative Court from the moment of the entry into force of the given act, where the failure to render such a decision may entail irreversible consequences for the public and the State.

6. Other regulatory legal acts rendered on the basis of the regulatory legal act declared as

fully or partially invalid from the moment of the entry into force (ex tunc) or the relevant part thereof or those reproducing the content thereof shall also be repealed concurrently with the repealing of the act declared as invalid.

7. The Administrative Court may postpone the time limit for fully or partially repealing the regulatory legal act declared as fully or partially invalid thereby as prescribed by this Chapter, where it finds that the repealing of that act at the moment of entry into force of the decision of the Administrative Court will inevitably entail such gaps of legal regulation which will disrupt the legal security to be established at the given moment by the abolishment of that act. The postponement of the time limit for repealing may not exceed 3 months.
8. From the moment of entry into legal force of the decision on declaring the regulatory legal act provided for by this Chapter as fully or partially invalid, the legal status having existed before the entry into force of the decision of the Administrative Court or of those acts, respectively, shall be restored.

Article 200.10. Official promulgation of judicial acts of the Administrative Court

1. The final part of the judicial act of the Administrative Court on declaring the challenged regulatory legal act, rendered in the cases provided for by this Chapter, as fully or partially invalid or unlawful shall — no later than 30 days after the day of entry into legal force of the given act — be forwarded by the Court to the Ministry of Justice of the Republic of Armenia for implementing the official promulgation thereof on the unified website for publishing regulatory legal acts."

LAW
OF THE REPUBLIC OF ARMENIA

Adopted on 6 December 1985

ADMINISTRATIVE OFFENCES CODE
OF THE REPUBLIC OF ARMENIA

Article 152.4. Violation of the time limits for achieving the goal of expropriation by the acquirer of property being expropriated for ensuring overriding public interests

1. Failure by the acquirer of property being expropriated for ensuring overriding public interests as prescribed by law (unless the acquirer is the Republic of Armenia) to start achieving the goal of expropriation of the property within the time limit prescribed by the Law of the Republic of Armenia "On expropriation of property for ensuring overriding public interests" shall:

entail imposition of a fine in the amount of four-thousand-fold to five-thousand-fold of the defined minimum salary for each expropriated property.

2. Failure by the acquirer of property being expropriated for ensuring overriding public interests as prescribed by law (unless the acquirer is the Republic of Armenia) to complete the process of achieving the goal of expropriation of the property within the time limit prescribed by the Decision of the Government of the Republic of Armenia "On recognising as overriding interest" shall:

entail imposition of a fine in the amount of four-thousand-fold to five-thousand-fold of the defined minimum salary for each expropriated property.

3. The state administration body in the relevant sector, having concluded a contract with the acquirer as prescribed by the Law of the Republic of Armenia "On expropriation of property for ensuring overriding public interests", shall examine the administrative cases prescribed by this Article and impose administrative penalties.

LAW
OF THE REPUBLIC OF ARMENIA
"ON EVALUATION ACTIVITIES"

Adopted on 4 October 2005

Article 23. Authorized Body for Regulating, Supervising, and Certifying Activities in the Valuation Sector

1. The Cadastre Committee is the authorized body responsible for regulating and supervising the valuation sector and conducting the professional certification of individuals in the field of valuation.
2. The authorized body shall:
 - 1) Establish a professional commission and approve its individual composition. The professional commission shall include two representatives of the authorized body and five appraisers with at least two years of appraisal experience, nominated by self-regulating organizations of appraisers on a rotational basis for a maximum term of one year. Each self-regulating organization must propose one candidate who meets the requirements of this clause to be included in the commission. If no appraisers are proposed, fewer than five candidates are nominated, or the candidates do not meet the requirements, the authorized body shall independently include appraisers with at least two years of experience. The Government defines the charter of the professional commission and the procedure for conducting valuation report reviews.
 - 2) Approve the annual schedule for professional reviews of valuation reports prepared by appraisers. An appraiser may not be included in the annual schedule more than once every two years, except by a justified proposal from the professional commission and an order of the head of the authorized body.
 - 3) Approve the questionnaires, questions, and tasks for certification exams.
 - 4) Approve the form of the certification certificate.
 - 5) Organize and conduct professional qualification exams for appraisers.
 - 6) Within three working days of becoming aware of grounds specified in Parts 9 of Article 20, Parts 2, 4, and 6 of Article 21, and Part 1 of Article 22 of this Law, issue a decision on issuing, reissuing, or revoking the certification certificate or its duplicate. If no

decision is made within this period, the decision is deemed to be made.

- 7) Through the professional commission, monitor compliance with the requirements of this Law, Armenian legislation, and normative legal acts by valuation organizations and appraisers, including:
 - a. Conducting professional reviews of valuation reports based on applications from valuation subjects and stakeholders, on the initiative of the authorized body, or according to the approved annual review schedule. These reviews result in relevant conclusions, including on the credibility of the appraised value and compliance of the valuation report with Armenian legislation and valuation standards. **Valuation reports on expropriated property provided for by the Law "On expropriation of property for ensuring overriding public interests" may not be a subject of professional examinations by the professional commission.** The cases in which the authorized body initiates professional reviews are defined by the procedure for conducting valuation report reviews.
 - b. In case of discrepancies identified in valuation reports, provide a copy of the professional conclusion regarding the report to the valuation subjects and stakeholders within three working days.
- 8) Provide the manager of a valuation organization and appraisers with usernames and passwords for access to the Registration Program.
- 9) Approve training programs for appraisers upon the proposals of self-regulating organizations of appraisers.
- 10) Publish on its official website the lists of individuals holding appraiser qualifications, persons whose certification has been suspended (including the legal grounds and the name of the valuation organization), appraisers registered with the authorized body, valuation organizations, and self-regulating organizations of appraisers. The contact information is published with their consent. The published lists are updated within three working days following the emergence of the legal basis for the changes.
- 11) Perform other functions related to valuation as defined by Armenian legislation.

(Article 23 amended by HO-363-N of 02.10.24)

(The transitional provisions of HO-363-N of 02.10.24 apply.)

LAW
OF THE REPUBLIC OF ARMENIA
" ON STATE REGISTRATION
OF RIGHTS OVER PROPERTY "

Adopted on 4 April 1999

Article 47.2. Peculiarities of state registration of the right of ownership of the acquirer over the property being expropriated for ensuring overriding public interests

1. The contract concluded between the acquirer and the acquirer and the owner of the property subject to expropriation, as well as between the holders of property rights to the property being expropriated (where any) shall serve as a ground for the state registration of the right of ownership of the acquirer based on the contract concluded between the acquirer and the owner as prescribed by the Law of the Republic of Armenia "On expropriation of property for ensuring overriding public interests".
2. The Decision of the Government "On recognising as overriding public interest" and the statement of information issued by a notary or a court on crediting the compensation amount to the deposit, which shall also include the certification of the notary or the court to the effect that all the owners of the property being expropriated and the holders of property rights to the property being expropriated have not received the compensation amount within a period of two weeks after it has been deposited, shall serve as a ground for the state registration of the right of ownership of the acquirer over the property being expropriated upon the ground of transfer of the compensation amount by the acquirer to the deposit in the cases prescribed by the Law of the Republic of Armenia "On expropriation of property for ensuring overriding public interests"

JUSTIFICATION ON THE DRAFT LAWS

“On the Amendments and Additions to the Law of the Republic of Armenia on “Expropriation of Property for Ensuring Overriding Public Interests”, On the Additions to the Civil Procedure Code of the Republic of Armenia, On the Additions to the Administrative Procedure Code of

the Republic of Armenia, On the Additions to the Code of Administrative Offenses of the Republic of Armenia, On the addition to the Law on “Valuation Activity”, and On the additions to the Law on “State Registration of Rights to Property”.

1. Current Situation and the Necessity of Adoption of the Draft

The Law of the Republic of Armenia on "Expropriation of Property for Ensuring Overriding Public Interests" was adopted in 2006.

Prior to that, the legal relationships concerning the expropriation of property to ensure overriding public interests in the Republic of Armenia were first regulated by the 1990 “Law on Property in the Republic of Armenia”. Article 59 of that law guaranteed the stability of property relationships defined under the law, stipulating that if legislative acts adopted by the Republic of Armenia resulted in the termination of property rights, the damages caused to the owner as a result of such acts would be fully compensated by court decision at the expense of the state.

Article 31 of the 1991 Land Code of the Republic of Armenia stipulated that land owned by citizens could be expropriated in cases of extreme necessity, in which case the citizen would be provided with full compensation or equivalent land.

Subsequently, the relationships regarding the expropriation of property for ensuring overriding public interests received constitutional regulation under the 1995 Constitution of the Republic of Armenia. Article 28 of the Constitution stipulated that property expropriation for the needs of society and the state could be carried out only in exceptional cases, based on the law, and with prior equivalent compensation.

Article 218 of the Civil Code of the Republic of Armenia, adopted on May 5, 1998, established the possibility of expropriating land from an owner for state or community needs by compensating its price. It also stipulated that the decisions to expropriate land for state or community needs were to be made by the state body.

During the same period, the relationships in question were also regulated by the Land Code of the Republic of Armenia, adopted by the National Assembly on May 2, 2001. Article 104 of the Land Code stipulated, among other things, that the price (purchase price), deadlines, terms, and conditions for land expropriated for state or community needs were to be determined by agreement with the landowner, and in the case of disagreement, through court proceedings. Article 108 stipulated that land belonging to citizens and legal entities could be expropriated for state or community needs in accordance with the Civil Code, with prior equivalent compensation.

However, the Constitutional Court of the Republic of Armenia, by Decision No. SDO-630

dated April 18, 2006, recognized the aforementioned provisions as contradictory to the Constitution and invalid. As a result, the Law on "Expropriation of Property for Ensuring Overriding Public Interests" (hereinafter also referred to as the Law) was adopted on November 27, 2006.

In 2009, the Constitutional Court of the Republic of Armenia, by Decision No. SDO-815, addressed the constitutionality of several provisions of the Law. It concluded that they were consistent with the Constitution within the framework of the legal positions expressed in Decisions No. SDO-630 of 2006 and No. SDO-815 of 2009. The Constitutional Court further emphasized that the Constitution imposes a specific condition: public and state needs must be justified solely by exceptional overriding public interests.

At the same time, the Constitutional Court noted that the Law had not implemented the legal position stipulated in Paragraph 13 of Point 10 of Decision No. SDO-630 of April 18, 2006. According to this position, the Law must also provide that a contract is concluded between the owner and the state (through its authorized body) for the expropriation of property and equivalent compensation due to overriding public interest. The contract should clearly outline the mutual obligations derived from the above-mentioned requirements and stipulate that compensation provided under such a contract cannot be considered as taxable income.

The part 5 of Article 60 of the Constitution, amended on December 5, 2015, refined the regulation of property expropriation to ensure overriding public interests, stipulating that such expropriation shall be carried out only in exceptional cases and under the procedures prescribed by law, and only with prior and equivalent compensation.

In accordance with the Constitutional amendments and the positions expressed earlier by the Constitutional Court, the Law was subsequently revised. Its current version regulates relationships related to the expropriation of property for ensuring overriding public interests, defining the principles for determining public interest, the requirements for a Government decision on the recognition of overriding public interest, the preliminary examination, evaluation of property subject to expropriation, the rules for sending the draft contract to the property owners, conducting negotiations, concluding contract, and for applying to court to determine the amount of compensation in case of failure to conclude a contract.

Based on the provisions of Article 60 of the Constitution, which states that property expropriation for ensuring overriding public interests is carried out only in exceptional cases and procedures prescribed by law, the Law primarily establishes the principles and objectives for recognizing overriding public interest, including:

1. The principles for determining the overriding public interest are as follows:

- (a) public interests should override the interests of the owner of the expropriated property;
- (b) the effective realisation of the overriding public interest may not be ensured without the expropriation of this property;
- (c) proceeding of the property expropriation should not cause unreasonable damage to the owner;
- (d) public interest is recognised as overriding by the Government decision;
- (e) the fact of existence of overriding public interest may be contested through judicial procedure.

2. The overriding public interest may pursue the following goals:

- (a) ensuring the protection of state, safety of state and society;
- (b) ensuring the fulfilment of obligations provided for by international treaties of the Republic of Armenia;
- (c) ensuring the creation or protection of historical and cultural values or monuments of international and national significance, as well as specially protected natural territories;
- (d) ensuring environmental protection;
- (e) ensuring the development of education, health, sports, as well as science or culture;
- (f) ensuring the implementation of the programmes of republican, communal or inter-communal significance in the fields of energy, telecommunication, water supply, water disposal, heat supply, urban development, subsoil exploration, subsoil use, transport, communication channels or development of infrastructures of settlements;
- (g) protection of the life, health or ownership of persons;
- (h) prevention of emergency situations, mitigation of possible consequences of emergency situations, elimination of consequences of emergency situations.

Based on a comprehensive analysis of the Law, the process of expropriating property to ensure overriding public interests can be divided into the following stages:

1. Adoption of a Government decision on recognizing as overriding public interest.

2. Preliminary examination of the property (optional stage).
3. Preparation of a description of the property to be expropriated.
4. Valuation of the property to be expropriated.
5. Submission of the draft contract for expropriation to the owner and other parties holding property rights.
6. Negotiation and signing of the contract.
7. Payment of equivalent compensation into a notary's or court's deposit if no agreement is reached through negotiations.
8. Filing a claim in court by the acquirer to determine the amount of equivalent compensation.
9. Registration of the acquirer's ownership rights based on the court decision determining the compensation amount.

Although the above regulations in the Law reflect the main conditions for property expropriation established by the Constitution for ensuring overriding public interests, practical implementation in recent years has revealed several problems. These regulations fail to adequately safeguard the rights of property owners while also not maintaining the necessary balance between public and private interests during the expropriation process, where the essence and purpose of expropriation inherently involve prioritizing public interest over private interest in certain situations.

The primary issues revealed in the practical application of the Law are as follows:

1. Lack of a methodology for determining the presence of overriding public interest when adopting a government decision to recognize such interest, leading to unpredictability and inconsistent interpretation for property owners.
2. Incomplete regulation of property valuation during the expropriation process, where improper valuation of expropriated property is the predominant cause of legal disputes and disagreements.
3. Incomplete regulation of the process for making the description of the property to be expropriated, affecting the subsequent accuracy of property valuation.
4. Absence of mechanisms to encourage property owners and holders of other property rights to conclude expropriation contracts with the acquirer. This results in owners rationally refusing to accept the proposed compensation in hopes of delaying the expropriation of their property.

5. Lack of specific rules in procedural legislation for examining claims related to the determination of compensation amounts and challenging Government decisions on recognizing for overriding public interest, resulting in inconsistent judicial practices and inadequate protection of the rights of property owners and acquirers during litigation.
6. Requirement for the acquirer only to file a court case in case of disagreement with the proposed compensation and expropriation of the property only after the court's decision enters into legal force, even though the scope of litigation is only limited to determining the amount of the equivalent compensation.

The deficiencies in regulating property valuation relationships in the expropriation process primarily pertain to the following: According to Article 11 of the Law, the property owner receives equivalent compensation for expropriated property. Equivalent compensation is defined as an amount that is 15% higher than the market value of the property. Furthermore, under Paragraph 3 of the same Article, the market value of immovable property or property rights over such immovable property is assessed in accordance with the procedure established by the Law of the Republic of Armenia on Real Estate Valuation Activities.

However, in practice, numerous issues have been identified concerning property valuation, which influence or may influence the ability of property owners to receive fair compensation for their property. More specifically:

1. there are no unified methodologies or standards for property valuation specifically for the expropriation process;
2. in the absence of distinct methodologies and criteria, factors directly impacting the property's value for the owner—such as the property being their sole source of income—may not be considered in the valuation process;
3. the Law does not mandate civil liability insurance for valuers (valuation specialists). Consequently, there are no mechanisms to hold valuers accountable in cases where the valuation report is deemed unreliable or where court proceedings determine a compensation amount that significantly deviates from the initially appraised value.

On the other hand, by failing to include mechanisms that incentivize property owners to voluntarily accept the proposed compensation amount during the expropriation process, the current legal framework often leads to situations where property owners, lacking confidence in the accuracy of their property's valuation, and without incentives to agree to the proposed compensation, tend to remain inactive and waiting until the acquirer initiates court proceedings to determine the amount of compensation in the court. In practice the adjudication of such cases is being delayed.

Further, court proceedings to determine the compensation amount have irreversible consequences for the implementation of urban development projects that the Government has declared as overriding public interest. Lack of agreement regarding the proposed price for even a single property compel the acquirer to file a court case, halting the implementation of the entire project. In such instances, the acquirer cannot take any action concerning the property, as the Law stipulates that the property may only be expropriated after the issuance of a final court decision in the relevant case.

Despite the provision in Part 8 of the Article 13 of the Law, which stipulates that the court must examine and decide cases concerning the determination of compensation for expropriated property within two months after receiving the claim, and despite part 1 of the same Article, which states that the court's examination in such cases is limited solely to the issue of determining the amount of compensation, a different reality has emerged in current judicial practice. Courts are unable to adhere to the two-month case adjudication timeframe stipulated by law due to objective procedural delays such as the appointment of expert evaluations, the submission of appeals, and other factors. Meanwhile, from the other side, the disproportionate delays in these cases are often caused by counterclaims filed by respondents (owners of the expropriated property), as well as other claims unrelated to the determination of compensation. In addition to these, courts are generally overloaded, further compounding these delays. This situation is also a result of the lack of specific procedural rules in the Civil Procedure Code of Armenia for the examination of such cases. Consequently, these circumstances prolong the judicial process of expropriation and artificially generate additional cases, leading to disproportionate and unjustified use of judicial resources. Such claims raise requests that could have been addressed within the scope of objections to the original claim filed by the acquirer.

Specifically, counterclaims or separately initiated claims often challenge the justification of the public interest decision, the legality or justification of the acquirer's actions prior to filing the claim (e.g., disputes over the property description, compensation amount, valuation justification, or compliance with legal requirements of providing documents and information to all persons with property rights). This is also, among other things, a consequence of the fact that the law does not establish separate procedural rules for addressing these issues. Meanwhile, certain procedural rules are outlined in the Law on Expropriation of Property for Overriding Public Interest, such as the procedure for filing claims, the scope of issues subject to review, and the time limits for examination. However, such specific rules are not provided for in the Civil Procedure Code of the Republic of Armenia.

Furthermore, the regulatory framework for challenging decisions on recognizing public interest in the Administrative Court is also severely deficient. The Administrative Procedure Code of Armenia does not provide any special procedures for examining such claims, which are instead reviewed under the procedures for challenging normative legal acts. This approach is

problematic, as many rules governing the review of normative legal acts are inapplicable to disputes over decisions recognizing public interest. This situation leads to unnecessary delays of court cases, disproportionate restrictions on the rights of both property owners and acquirers, and unpredictability in the duration and outcomes of judicial processes.

Thus, under the current regulations, there are risks that fail to fully guarantee the provision of equivalent compensation to property owners for their property. As a result, property owners remain dissatisfied and continue to fight for the protection of their rights. This is further evidenced by numerous judgments issued by the European Court of Human Rights (ECHR) against Armenia over the years, particularly:

In the case of *Minasyan and Semerjyan v. Armenia*, the ECHR Chamber, citing and relying on the Constitutional Court's Decision No. SDO-92 of February 27, 1998, recognized violations of the right to property. The violations were based on the grounds that the applicants' property expropriation occurred arbitrarily and unlawfully, failing to be "based on law" because "the entire expropriation process, including the procedure for determining compensation, was carried out through Government decrees."

In the case of *Hovhannisyan and Shiroyan v. Armenia*, the ECHR Chamber recognized violations of the right to property protection, stating that the termination of the applicants' property rights occurred arbitrarily and unlawfully. It was based on norms that were inapplicable to the legal relations concerning the termination of their rights of use. This resulted in unforeseeable or arbitrary outcomes for the applicants and deprived them of effective protection of their rights.

Similarly, in the cases of *Danielyan and Others v. Armenia*, *Tunyan and Others v. Armenia*, *Ghasabyan and Others v. Armenia*, *Gharibyan and Others v. Armenia*, *Vardanyan and Nanushyan v. Armenia*, and *Hakobyan and Amirkhanyan v. Armenia*, the ECHR recognized violations of the right to property protection. It noted that in multiple similar complaints and objections against Armenia, including references to the *Minasyan and Semerjyan v. Armenia* and *Tunyan and Others v. Armenia* cases, it had concluded that the property expropriation during the relevant period did not occur "based on law." In these cases, the ECHR saw no reason to deviate from this conclusion.

All conclusions reached by the European Court of Human Rights in the aforementioned cases pertained to violations of the right to property, including the right to "prior and equivalent compensation," occurring during the time period already examined by the Constitutional Court. These violations were systemic in nature and, in the ECHR's assessment, resulted in arbitrary and unlawful interference under the specific circumstances of the referenced cases.

At the same time, considering that one of the most critical requirements for the legality of property expropriation for overriding public interest is ensuring a fair balance between the interests of the

property owner and the public (see, inter alia, *Vistiņš and Perepjolkins v. Latvia* [GC], no. 71243/01, §94), the problems existing in regulatory and judicial practice regarding expropriation also need to be identified from the point of view of ensuring public interests. Specifically, despite the fact that the Government's decision to recognize the purpose of expropriating property as an overriding public interest precedes the examination of issues related to determining the amount of compensation, even after that decision is made and a number of actions are taken based on it, the acquirer often remains unable to begin implementing the planned project for an extended period. This delay occurs solely due to disagreements over the amount of compensation. Consequently, the process of determining compensation enters the judicial phase, where the interests of both parties continue to clash. Courts, burdened by systemic overload and committed to their mission of fully protecting individual rights, tend to examine such cases for years, assign expert assessments, and carry out various procedural actions. As a result, in the light of ensuring a more coordinated protection of the rights of the owner, goals driven by public interests, such as urban development programs, remain unrealized, often even for such a long period of time that, as a result, the Government's decision to recognize the overriding public interest is being declared invalid on the grounds provided for in Article 16 of the Law.

As a consequence, the mentioned situation creates significant economic and political risks for the state as well. Under such conditions, it leads to a scenario where the protection of the rights of citizens, property owners, and acquirers of expropriated property in the Republic of Armenia is disputed. Further, it undermines the protection of the investment environment. In such circumstances, the current legislation regarding this mechanism becomes problematic for individuals, businesses, and the State.

Nevertheless, according to Article 60 of the Constitution of the Republic of Armenia, the conditions for the expropriation of property for ensuring overriding public interest are:

1. expropriation of property only in exceptional cases,
2. expropriation of property based on law,
3. expropriation of property with prior adequate compensation.

Thus, it is evident that the Constitution does not establish any mandatory requirement for property expropriation to be carried out based on a court decision. In this context, the further improvement of the Law should proceed along the path of ensuring fuller compliance with the above-mentioned three conditions, while also ensuring a fair and reasonable balance between public and private interests.

An analysis of the legislative regulations on determining the amount of compensation reveals that the sole purpose and subject of judicial proceedings on the amount of compensation is to

establish the amount of compensation for the expropriated property. These proceedings cannot, in any way, lead to a finding that the property cannot be expropriated or that the purpose of the expropriation is illegitimate. This is because the Law itself provides an opportunity to raise such claims within the framework of challenging the Government's decision on recognizing overriding public interest. As specified in the Law, the sole purpose of the judicial process at hand is to determine the amount of compensation.

The opportunity to challenge the decision recognizing overriding public interest is granted to property owners from the very beginning, at the initial stage. Specifically, according on the law, after the Government decision is made, individuals can challenge it in the Administrative Court under the procedure for disputing normative legal acts. However, in practice, property owners often do not utilize this legal mechanism at the outset, or, if they do, they fail to succeed. As a result, disputes, including those regarding the presence or absence of overriding public interest related to specific properties, are shifted to the stage when the actual expropriation process has already commenced. At this point, property owners, unable to reach an agreement with the acquirer, compel the acquirer to resort to the courts to determine the amount of compensation.

This situation disrupts the logic of the Law. The determination of the compensation amount affects an entire process intertwined with the interests of property owners, developers, and the State. This process harms all parties involved, leading to multiple disruptions of the necessary balance between these interests.

Moreover, property owners who have voluntarily accepted the proposed compensation and signed agreements are also significantly disadvantaged, because even the disagreement of a single owner regarding the proposed compensation halts the entire urban development process. This leaves owners who have acted in good faith facing uncertainty. However, in the context of challenging the amount of compensation and when the implementation of the goal recognized as an overriding public interest has been launched, no harm shall be inflicted on any person, because simply only the amount of compensation can be the subject of consideration within the discussed proceedings, and the court's decision in these cases cannot, in any way, establish the absence of overriding public interest or the illegitimacy of the expropriation.

Based on all of the above, it is evident that there is a need to improve the legislative regulations on property expropriation for the purpose of ensuring overriding public interest. This includes enhancing procedural guarantees, addressing the peculiarities of examining such cases, refining the methodology for making Government decisions on recognizing overriding public interest, and improving the regulations related to property valuation, description, and other processes. These improvements will ensure the realization of the true objectives of the Law and maintain a reasonable balance between individual and public interests.

Taking this logic into account, the Draft proposes, among other things, not to link the continuity

of the expropriation process with the judicial process of discussing and determining the amount of compensation. It aims to establish mechanisms that ensure the uninterrupted, timely, and complete implementation of objectives recognized as overriding public interest, while simultaneously providing property owners with more comprehensive regulations for property valuation, new guarantees, and a more robust toolkit for judicial protection of their rights. Ultimately, this approach ensures the aforementioned lawful and reasonable balance between public and individual interests.

It is noteworthy that the suggested approaches are directly in line with the positions of the ECHR made in cases both against Armenia and other countries. Specifically, in the aforementioned case of *Vistiņš and Perepjolkins v. Latvia* [GC], no. 71243/01, the Court addressed the prerequisites for the expropriation of property to ensure overriding public interests, highlighting the following conditions:

1. expropriation must be carried out based on conditions prescribed by law,
2. there must be a public interest,
3. a balance must be ensured between public and private interests.

Thus, despite the fact that the current regulations of the Law may be considered lawful and sufficient in terms of the first two conditions mentioned above, both the current regulations and the practice of their application are highly problematic in terms of ensuring the third condition—the balance between public and private interests.

Notably, the study of international experience also demonstrates that, while many countries provide effective mechanisms for property owners to protect their rights, they do not tie the moment of transfer of ownership rights to judicial proceedings. Instead, they establish the payment of compensation into a deposit as the basis for the transfer of ownership rights. Specifically, such regulations are provided in the German Federal Development Code (Articles 85-122), the Netherlands' Expropriation Act (Articles 54 and 57), which stipulate that, after an independent assessment of the compensation amount, its deposit into the relevant account serves as the basis for immediate transfer of ownership, while allowing the property owner to challenge the amount of compensation in court. Similar regulations exist in the UK's Compulsory Purchase Act (Chapters 9-12), France's Code of Expropriation for Public Utility (Articles L321-2 and L322-1), as well as in Italy, Spain, Australia, and several other countries.

At the same time, considering that in cases where the amount of compensation is disputed, there may be a discrepancy between the assessed value and the deposit paid by the acquirer and the compensation determined by the court, it is essential to ensure additional mechanisms to guarantee the rights of property owners in all such cases.

In addition to the above, there is a need to address properties already recognized as serving an overriding public interest and the projects resulting from their expropriation that took place before the proposed amendments are implemented. Notably, since the proposed regulations have an improving nature in several aspects—particularly regarding the improvement of property valuation criteria and methodology, the presence of incentive mechanisms, and the possibility of providing higher compensation—it is proposed to give retroactive effect to the relevant regulations in the Draft Law. At the same time, it will also be necessary to regulate the fate of pending cases currently under consideration by the courts.

Thus, based on all of the above, there is a need to amend and supplement the Law and related legislation governing the process of property expropriation for the purpose of ensuring overriding public interests

2. The Nature of the Proposed Regulation

Taking into account the aforementioned considerations, the package of draft amendments proposes the following:

1. Establish regulations aimed at enhancing the justification of Government decisions on recognizing overriding public interest. This includes, among other things, authorizing the Government to define the purpose of the expropriation for recognizing overriding public interest and to establish a methodology for making decisions on recognizing overriding public interest. Additionally, the requirements for the content of such decisions shall be improved by mandating the inclusion of a deadline for commencing the implementation of the expropriation's purpose.
2. Provide property owners with incentive mechanisms to agree to the compensation amount proposed by the acquirer. Specifically, offer an opportunity to receive compensation that is 15% higher than the current regulation allows (in fact, 30% above the market value).
3. Enhance regulations on property valuation by setting requirements for valuers, specifying the factors to be considered during valuation, simultaneously improve the property valuation methodology and criteria, aligning them as closely as possible with international valuation standards. As a result, the valuation amounts of property owners' property will increase, ensuring maximum protection of property rights.
4. Fully regulate the process of making descriptions of properties, which are being expropriated. This includes provisions for using advanced technical tools during the description process and addressing situations where the property owner obstructs the drafting of the description. In such cases, the process can be

conducted in the presence of witnesses and other regulations.

5. Improve the regulations regarding challenging Government decisions on the recognition of overriding public interest in the Administrative Court by clarifying the time limits for challenging decisions. Regulate the relationships regarding the challenge of decisions mentioned in the Administrative Procedure Code in a separate chapter, including, among other things, the consequences of accepting an application into proceedings, including the possibility of suspending or declaring invalid the challenged decision only in relation to specific property, and establishing the peculiarities of examining such cases. It is also proposed to clarify the basis for suspending the normative legal act challenged in such cases, with the aim of ensuring a fair balance between public and private interests within the scope of examining the suspension request, by providing as such a basis the irreversible consequences for the public and the individual.
6. Define the moment of transferring ownership rights over the expropriated property to the acquirer as the signing of the corresponding contract. If the contract is not signed voluntarily, the ownership rights are transferred if the acquirer deposits the compensation amount with a notary or court and notifies the owners thereof. If, after notification, the owners collect the deposited amount within the prescribed timeframe, the expropriation contract is considered concluded. If the notified owner does not collect the deposited amount within the prescribed timeframe, the property is transferred to the acquirer (new owner).
7. Simultaneously the previous owner has the opportunity to file a lawsuit in court and challenge the deposited amount of compensation, with full procedural guarantees. For this purpose, Draft regulates the proceedings for disputing the amount of compensation as a separate special procedure under the Civil Procedure Code of the Republic of Armenia, which will ensure a higher level of protection for the rights of both the owner as the claimant and the acquirer as the respondent. This includes defining the subject matter of the claim, the examination timeframes, and the peculiarities of securing the claim. At the same time, it establishes a prohibition against applying such measures of claim security during the examination of these cases that would result in the suspension of the Government's decision on recognizing overriding public interest, the state registration of the acquirer's ownership rights, or other actions derived from it, or the suspension of activities serving as the basis for the expropriation of property for ensuring the overriding public interest.
8. Compared to the current legislation, introduce an additional obligation for the

acquirer: in cases where no contract is concluded with the owner, to deposit an amount 15% higher than the currently defined value. This will ensure that, in case the court subsequently recognizes the amount of compensation as inadequate, the deposited amount will allow for the full payment of compensation to the owner.

9. In cases where the court determines an amount exceeding the deposited sum as adequate compensation, provide for the subsidiary liability of the Republic of Armenia to pay the compensation amount to the owner. This ensures an additional guarantee for the owner.
10. Establish administrative liability for the acquirer, including fines as an administrative penalty, for failing to commence the implementation of the purpose of property expropriation within the timeframes defined by the Law on Expropriation of Property for Ensuring Overriding Public Interests and failing to complete it within the deadlines set by the Government of the Republic of Armenia. This aims to adequately address violations of these deadlines while ensuring a reasonable and fair balance between the interests of individuals, the State, and the public.
11. Establish that within six months after the amendments come into force, acquirers under previously adopted Government decisions on recognizing overriding public interest, where the purpose (project) of the expropriation of the property has not yet been implemented, have the right to resume or continue negotiations with the owners of the properties subject to expropriation. During the negotiations, the market value of the property is re-evaluated in accordance with the new procedures and standards. If an agreement is reached as a result of the negotiations, the new regulations apply to the amount of compensation for the expropriated property (the compensation amount is revised).
12. To implement this process, transitional provisions in the Law shall stipulate that, following the amendments, courts, upon motions by the parties, will suspend the examination of cases initiated prior to the amendments for a period of six months to facilitate reconciliation negotiations between the parties. If no reconciliation agreement is reached within the prescribed period, the court will resume the proceedings, continuing to examine the case under the special procedural rules established by the new amendments. Furthermore, to ensure the practical application of the proposed new regulations for ongoing public purposes, it is stipulated that the court's decision to resume the proceedings together with the Government's decision on recognizing overriding public interest and the notary's or court's certificate on the deposit of adequate compensation for the disputed

property's expropriation shall serve as the legal basis for the expropriation of the disputed property to the acquirer by the virtue of law and for the registration of the acquirer's ownership rights over the property. At the same time, the amount of compensation for the expropriation of the property will still remain subject to examination within the framework of the relevant judicial proceedings to determine the final amount of adequate compensation. It is also established that, by the court's decision to resume proceedings, previously applied measures of claim security within the case will be annulled. These regulations shall serve as transitional provisions and will apply to judicial cases initiated prior to the entry into force of the Law.

3. Institutions Involved in the Drafting Process

The draft was developed by the Ministry of Justice of the Republic of Armenia.

4. On the impact on State Budget Revenues and Expenditures in connection with the adoption of the laws

The adoption of the drafts does not necessitate an increase in expenditures for the budgets of state or local self-government bodies

5. Alignment with Strategic Documents: Government Program 2021–2026, Sectoral and/or Other Strategies

The adoption of the proposed amendments stems from the need to implement Action 2.6. of Annex 1 and Action 3.14 of Annex 3 of the Government Decision No. 1978-L of December 26, 2019, on "Approval of the National Strategy for the Protection of Human Rights and the Resulting Action Plans for 2020–2022 and 2023–2025".