



GEOTEAM

Amulsar Gold Project
Community Development Plan (CDP)

Update V2.0
June 2016

 GEOTEAM	Community Development Plan	June 2016
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CONTENTS

GLOSSARY OF ACRONYMS	iv
1 Introduction and Scope of The Plan.....	1
2 Policy Framework	3
2.1 Guidelines and International Standards	3
2.1.1 World Bank Group – International Finance Corporation.....	3
2.1.2 International Council on Mining and Metals (ICMM)	5
2.2 National Legislation.....	5
2.3 Lydian Corporate Policies and Code of Conduct.....	5
2.3.1 Social Policy	5
3 Principles of the Community Development Plan	6
4 Community Development Efforts to Date.....	7
4.1 Community Context	7
4.2 Community Investment 2007-15	8
4.3 Gorayk	9
4.4 Saravan Village (Including the settlements of Saravan, Saralandj and Ughedzor).....	10
4.5 Gndevaz.....	11
4.6 Jermuk and Kechut.....	13
4.7 Regional Voluntary Contributions.....	14
4.8 Rationale behind Community Contributions	15
5 Community Development Plan.....	16
5.1 Commitments from the Impact Assessment	16
5.2 Beneficiaries	18
5.3 Development Needs Identification	18
5.4 Role of Development Partnerships	22
5.4.1 Partnerships with External Organisations.....	22
5.4.2 Beneficiaries as Development Partners	24
5.5 Community Development Target Areas	25
5.5.1 Improved rural infrastructure	27
5.5.2 Local capacity building	27
5.5.3 Economic Development	28
5.5.4 Education & Primary health care	29
5.5.5 Monitoring and Evaluation	29
5.6 Human and Financial Resources	30

5.6.1 Human Resources 30

6 NEXT STEPS..... 31

7 Authorization..... 31

TABLES

Table 5.1: Specific Infrastructure and Development Priorities as Identified through Surveys in 2009 -2016.....20

FIGURES

Figure 1: Organogram of Team Implementing Community Development Programmes 30

GLOSSARY OF ACRONYMS

CDT	Community Development Toolkit
CLC	Community Liaison Committee
CLO	Community Liaison Officer
CR	Commitments Register
CSR	Corporate Social Responsibility
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
CDP	Community Development Plan
ICMM	International Council of Mining and Metals
IEC	
IFC	International Finance Corporation
LRP	Livelihood Restoration Plan
PS	Performance Standards
RA	Republic of Armenia
SEP	Stakeholder Engagement Plan
SME	Small and Medium Enterprises
TOT	Training of Trainers
USAID	United States Agency for International Development
UNDP	United Nations Development Programmes
WBG	World Bank Group

1 INTRODUCTION AND SCOPE OF THE PLAN

Lydian International Ltd (Lydian) and its wholly-owned Armenian subsidiary, Geoteam CJSC (Geoteam), are developing the Amulsar Gold Project (the Project) in the central part of the Republic of Armenia (RA). The proposed Project will develop the gold deposit via open-pit mining and heap-leach processing using dilute cyanide solution.

Lydian International Limited (Lydian)¹ has developed this Community Development Plan (pCDP), as part of the Environmental and Social Impact Assessment (ESIA) process for the Amulsar open pit gold project (the Project) in the southern part of the Republic of Armenia (RA).

According to the International Finance Corporation (IFC), “community development programmes are programmes to promote sustainable economic growth, environmental protection, education, skills building and the health and welfare of people who live near or are affected by a company’s operations.”²

This document underlines Lydian’s commitment to community development and outlines the channels through which this will be pursued. The CDP is one of the management plans developed to implement the commitments defined in the ESIA, and focuses on sustainable long-term initiatives to support the adjacent communities of the project. Community development programmes are planned to contribute to maintaining a social licence to operate. The Company is fully committed to being a responsible mining company through quality management of core business operations including: the protection of the environment in the extraction of the resource; protection of worker and community health and safety; application of equal opportunity employment and training; transparent and timely payment of all project benefits (taxes, royalties, and community land payments, etc.).

Between 2007 and 2011 the Company implemented voluntary rural infrastructure and community development programmes as part of its social commitment. Since 2012 however, the Company has been working to make a distinction between *voluntary* rural infrastructure and community development and *mandatory* mitigation programmes needed to reduce

¹ Lydian and its local subsidiary Geoteam are considered to be the same entity for the purposes of this document.

² [http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_comdev/\\$FILE/CommunityGuide.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/p_comdev/$FILE/CommunityGuide.pdf)

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

negative impacts associated with the Project. Mandatory mitigation measures are described in more detail in the Project ESIA.

Lydian developed the ‘Amulsar Social Strategy 2012 – 2014’, including an annual work plan, comprised of strategic approaches and parameters for community development, outlining broad areas of intervention, as defined through various assessments, and identified partnerships as a key means for Lydian to achieve best practice in community development.

A new Social Investment Strategy was developed in late 2015 providing a brief summary of the social investment approach described in earlier Social Strategies. It is an internal document that has received Lydian Board approval in January 2016. The new Social Investment Strategy does not address broader social management issues, such as livelihood restoration, workforce training or transparency and governance issues which are addressed in other documents, nor does it encompass investments made for public relations purposes.

Lydian’s social investment strategy has been developed to be consistent with company policy, IFC/EBRD requirements and international good practice.

This CDP echoes the principles adopted within the Social Strategy and builds on it; it also elaborates how community development will be undertaken by the Company.

With the award of the Mining Right in late 2014, Amulsar is transitioning from an exploration and development project to a mine construction project. From a CSR and social development perspective, it is important to maintain the momentum of development programs gained in the past few years; while also capitalising on the long-term future of the company in the area. The suggested areas of involvement for 2016 and beyond will not change drastically from those summarized in 2015 Strategy (long-term economic development, skills development, local capacity building, small/medium business development, promotion of local supplies and services, etc.). However, approaches within those areas will be revised to better align with key project risks and to incorporate the key elements and directions supporting long-term development in the affected area. The approaches will include, for example, contributions from target communities on an ascending scale; targeting certain segments of population, setting replicable models for development; public private partnerships; seeking synergies or cost-sharing mechanisms with different entities.

In mid-2015, a Value Engineering (VE) and Optimization process was initiated, with Lydian commissioning Samuel Engineering Inc. (Samuel) and other consultants to perform engineering design on several identified VE and Optimization concepts. The objective was to

reduce capital expenditure without increasing operating costs or environmental and social impacts. The results from this work done in 2015, which were published in the NI “43-101 Technical Report: Amulsar Value Engineering and Optimization” in November 2015, included reduced capital and operational costs, making the Project more viable in a challenging economic environment.

Changes to the Project design as a result of the VE and Optimization work have resulted in the need to prepare a revision to the new EIA approved in October 2014 and amend the ESIA completed and disclosed in April 2015. The EIA was approved on 28th April 2016. The Project has also been subject to various health, safety, environmental and community/social (HSEC) commitments arising from the ESIA undertaken in compliance with the IFC PS and EBRD PR. The final version of the ESIA, denoted v10, published for public review and comment in June 2016, follows a series of public consultations and disclosure meetings in May & June 2016.

2 POLICY FRAMEWORK

2.1 GUIDELINES AND INTERNATIONAL STANDARDS

Lydian aims to align its community development efforts with international sustainable development initiatives, consistent with the local realities, culture and capacities. Two of the main international initiatives that have guided the development of the CDP are:

- World Bank Group (WBG) standards and guidelines; and
- International Council on Mining and Metals (ICMM) Community Development Toolkit.

It is equally important to learn from the international donor community (USAID, UNDP, European Union, etc.) that invest in large scale community development programmes in Armenia, including both public and private sector programmes, and focus on issues very relevant to Lydian, such as sustainability, and local capacity building.

2.1.1 World Bank Group – International Finance Corporation

In addition to the requirements set forth in the IFC Performance Standards (PS1, PS2 & PS5), the WBG provides best practice guidance to ensure that revenues from extractive industries

contribute to the development of surrounding communities, thereby helping to make a project socially sustainable. This body of guidance focuses on the following:

- Channelling government and private revenues into development or linkage projects for communities;
- Ensuring long-term environmental and social benefits, expanding links between large projects and small and medium enterprises (SMEs), promoting local procurement, supporting community development in line with the Company's corporate social responsibility (CSR);
- Capacity building at large, both at local government and community level, in the areas of healthcare, education, agricultural and agribusiness support, microenterprise development; information and awareness campaigns.

According to the IFC Performance Standards, "community development programmes are programmes to promote sustainable economic growth, environmental protection, education, skills building and the health and welfare of people who live near or are affected by a company's operations". Community development programmes (referred to as social investment programs in Lydian) are planned to contribute to maintaining a social licence to operate. The IFC handbooks 'Investing in People: Sustaining Communities through Improved Business Practice' and 'Strategic Community Investment: A Good Practice Handbook' embody additional practical advice to companies on developing corporate community development programmes³.

³ <http://www.ifc.org>

2.1.2 International Council on Mining and Metals (ICMM)

ICMM's vision is a viable mining, minerals and metals industry that is widely recognized as essential for modern living and a key contributor to sustainable development⁴. To this end, the ICMM published a community development toolkit (CDT) in 2005 which was updated and re-released in 2012. The CDT is comprised of various tools that companies can use to further community development goals. These tools and the advice within the toolkit indicate a set of clear directions for companies in the field of community development.

2.2 NATIONAL LEGISLATION

Although no stand-alone Armenian legislation has been identified directly relevant to the CDP, there are provisions on community in different pieces of legislation on local government, territorial administration, etc. As part of the ESIA process, the CDP is aligned with relevant Armenian legislation on mining (Mining Code, 2012) and EIA (EIA Law, 2014) to include subsequent amendments.

2.3 LYDIAN CORPORATE POLICIES AND CODE OF CONDUCT

Lydian's community development programmes will operate within the limits of the company's corporate governance framework and be compliant with the underlying Company Policies and Code of Conduct.

2.3.1 Social Policy

Lydian's social policy recognises good management of social considerations as a critical corporate priority. It highlights the company's commitment to build effective long-term relationships and develop partnerships with local communities, and to support relevant community projects.

Lydian's Community Policy notes:

- "Lydian recognizes good management of social considerations as [one] of [the] highest corporate priorities and is committed to the establishment of sustainable relationships with its stakeholders, in particular with those communities surrounding its projects. Lydian

⁴www.icmm.com

seeks relationships which demonstrate mutual respect and understanding, active partnership and long-term commitment...

- To maximise the benefit generated by its projects, the Company also seeks to support community-based projects that can make a difference in a sustainable way without creating dependency”.

3 PRINCIPLES OF THE COMMUNITY DEVELOPMENT PLAN

The Company has been supporting rural infrastructure and development projects since 2007 in nearby communities. It remains in Lydian’s interest to promote community development in the nearby communities, to have developed partners for long term cooperation, enhance local capacities and use their human capital at best. Since 2012 the Company has adopted a more strategic approach to link development initiatives with business priorities, such as training and building local capacities, health awareness, education, while also promoting development opportunities which the project’s presence can prompt.

The following principles underlie Lydian’s approach to community development:

- The benefits of Lydian’s community development work should provide equal opportunities for communities;
- The key priorities for community investments are defined through participatory processes, regular updates of community needs and wants & ongoing consultation with them;
- Clearly defined areas for interventions will be specified for a given time period, with a flexibility to adjust to new conditions or changes within wider environment;
- Working closely with partner organizations to jointly design and implement projects;
- Ensuring joint monitoring and oversight for community development and other projects with reporting system in place for partners and communities;
- Promoting gender equality and ensuring women’s inclusion in community development programmes as project participants;
- Developing private-public partnerships and synergies with international donors and local and international organisations with relevant mandates;
- Building local capacities, including capacity of local government, businesses, youth and community members, to properly manage increasing financial resources for land use,

minimise long term dependency on Lydian; combining capacity building with hands-on skills and practical know-how for application of the new knowledge;

- Requiring community and partner co-funding and contributions for each social activity on an ascending scale over time;
- Promoting ownership, proper maintenance and sustainability of completed projects by beneficiary communities.

Lydian's community development approach will strictly exclude:

- Paying salaries for government officials; and
- Payments for individual community members or leaders, political parties or religious organisations.
- Social programs seek to minimize, mitigate and compensate any adverse social impacts generated by its activities, and to enhance beneficial social impacts where possible and in accordance with internationally recognized business best practice. Specific measures have been identified through the ESIA and parallel studies (e.g., the livelihood restoration plan) to manage and address adverse impacts and the budget for these activities is managed external to the social investment strategy. The social investment programs which are the topic of this summary focus on those programs which are designed to enhance beneficial social impacts.

4 COMMUNITY DEVELOPMENT EFFORTS TO DATE

4.1 COMMUNITY CONTEXT

In terms of community context, the rural settlements of Gorayk and the Saravan village cluster (comprised of Saravan, Saralanj and Ughedzor villages) lie within 3-8 km from the Amulsar Project. The Project is located closest to the village of Gndevaz, which is approximately 1km to the north of the Heap Leach Facility. The town of Jermuk, with a population of approximately 4,000, lies approximately 10 km from the location of the proposed Tigranes/Artavazdes and Erato open pits. In addition to residents of the rural settlements, roughly 1,800 persons, there is a seasonally fluctuating population of migrant herders present in the area. In September 2012 a census of seasonal herders was conducted for the preliminary Project footprint, indicating that there are in the order of 58 seasonal herders who reside in the local area of influence during summer months. In summer 2014 and fall 2015 validation of data on herders

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

was done vis-à-vis the new mine design: most recent herder survey in fall 2015 identified approximately 40 herders in the license area.

Agriculture and animal husbandry are the main livelihoods in the nearby rural villages. All settlements and community groups in the area face economic and infrastructure challenges. Barriers to economic growth have been identified through surveys⁵ in the past, and range from low fertility of soils in some areas to the lack of dependable trading and storage facilities for produce; and very limited formal employment and/or access to technical assistance on new land or livestock management practices, equipment and agricultural inputs.

Economic activity in Jermuk town includes tourism, mineral water bottling and local services. Tourism development potential in Jermuk has been explored in a comprehensive assessment supported by US Agency for International Development (USAID). In December 2008 a Government Decree 1064-N was adopted to announce Jermuk City as a Tourism Centre. To support this proclamation, in 2010 a conceptual level Master Plan of Jermuk was developed by Swiss Consulting Company named “Tiger” which includes expansion of the skiing industry in the region and other tourism developments. This plan is as yet unfinanced. In February 2013 Geoteam conducted a qualitative tourism survey in Jermuk that documented the current trends in tourism, remaining challenges and limitations for tourism development, and validated the main areas needing major improvements as identified in the 2008 study. The Report developed a matrix to show comparative analysis of tourism challenges and progress between 2008 – 2013.

4.2 COMMUNITY INVESTMENT 2007-15

Between 2007 and April 2016, Lydian initiated at least 120 voluntary community development projects across Gorayk, Gndevaz, Jermuk and Saravan. A breakdown of Lydian’s specific community development projects over this period, in chronological order and grouped by community, is shown below:

⁵ See social baseline in Amulsar ESIA; last socio-economic survey was conducted in Gndevaz, in fall 2015.

4.3 GORAYK

	When	What
1	2008	Provision of water chlorinator to improve the water quality
2	2009	Facilitation of local television channel provision to homes in the area
3	2009	Kindergarten staff salaries paid
4	2010	Upgrade of internal drinking water system
5	2010	Upgrade of the internal water distribution pipeline
6	2010	Renovation of the community centre
7	2010	Provision of equipment to the health centre (x-ray machine and centrifuge)
8	2010 to date	Supporting students to study Geology and Mine Engineering
9	2010/2011	Improvement of village roads
10	2011	'Kinderwall' program, a free internet resource for children
11	2011	Construction of a playground for children
12	2011/12	Organisation of weekly garbage collection
13	2012	Full renovation and furnishing of the community library/learning centre
14	2012	Contribution for the Public school repair
15	2012	"Partnership for Improved Health" program: health education, awareness & improved health services
16	2012/13	"Improved Livelihood through New Technologies" income generation project
17	2012/13	"Schools for Sport & Peace" children/youth development program
18	2012/13	Market gardening programme years one and two
19	2014	Support for Greenhouse project
20	2014	Animal husbandry project
21	2014	Schools for sport & peace
22	2014	Environmental education for children through theatre & play

23	2014-2015/16	Health post repair including full renovation of a section for dentistry
24	2015/2016	Animal husbandry: artificial insemination, capacity building of local farmers
25	2015	Commercial production of broccoli, technical assistance in growing new crop
26	2015	Schools for sport & peace: youth program, summer camp, etc.
27	2015/2016	Wiki-media summer camp
28	2015/2016	Student support program
29	2015/2016	Weekly waste collection
30	2015	School-based environmental education on waste management
31	2015/16	Healthy communities foundation – supporting individual health needs
32	2016	Support to start a local folk dance group for children/youth
33	2016	Infrastructure: upgrade of community centre roof (used as Geoteam lab)
34	2016	Co-financing for World Bank-support drinking water upgrade

4.4 SARAVAN VILLAGE (INCLUDING THE SETTLEMENTS OF SARAVAN, SARALANDJ AND UGHEDZOR)

	When	What
32	2009	Repair of the irrigation internal system
33	2010 to date	Supporting students to study Geology
34	2011/2012	Support for natural gas supply for the entire village
35	2012	organization of weekly garbage collection
36	2012	“Partnership for Improved Health” program: health education, awareness & improved health services
37	2012/13	“Schools for Sport & Peace” children/youth development program

38	2014	School support program to include in-house sanitation and a new school canteen
39	2014	Starting a Dance group
40	2014	Environmental education for children through theatre & play
41	2015	Co-financing the upgrade of irrigation water system
42	2015	Children’s playground
43	2015	Local dance group establishment & continuous support
44	2015/16	Wiki-media summer camp
45	2015	School-based environmental education on waste management
46	2015/16	Student support program
47	2015	Primary health care for women (Breast light)
48	2015/16	Healthy communities foundation – supporting individual health needs
49	2016	Weekly waste collection
50	2016	Improved livelihoods through land management practices

4.5 GNDEVAZ

	When	What
49	2010 to date	Supporting students to study Geology
50	2011	Complete renovation of the kindergarten
51	2011	Established a tree nursery with 12 employees
52	2011	Continuing support of the Geoteam dance classes
53	2012	Started a 5-km tree alley
54	2012	Organization of weekly garbage collection
55	2012	“Partnership for Improved Health” program: health education, awareness & improved health services

	When	What
56	2012/13	“Schools for Sport & Peace” children/youth development program
57	2013	Tree Nursery project
58	2013/14	Continuing support of the Geoteam dance classes
59	2014	Fruit drying project: starting local Cooperative, providing equipment, technical assistance
60	2014	After-school “Young Technik” program
61	2014	Environmental education for children through theatre & play
62	2014	School sport support: building outdoor sport grounds for school
63	2014	A new Playground for the kindergarten
64	2015/16	Support to Fruit drying facility: cooperative, fruit drying operations
65	2015	Income generation through commercial greenhouse
66	2015/16	Wiki-media summer camp
67	2015	School-based environmental education on waste management
68	2015/16	Student support program
69	2015	Primary health care for women (Breast light)
70	2015/16	Healthy communities foundation – supporting individual health needs
71	2015/16	Continuous support to Gndevaz dance group
72	2015	Support renovation for Community Center & village sewage system repair
73	2015/16	School insulation program: replacement of 54 school windows

4.6 JERMUK AND KECHUT

	When	What
74	2011	Provision of a new ambulance for the town hospital
75	2013	Supporting Jermuk Head Doctor in acquiring new health service skills abroad
76	2011, 2012, 2013 & 2014	Supporting the Chess Federation and Chess Academy of Armenia: international, children and adult chess tournaments in Jermuk
77	2012/13	“Schools for Sport & Peace” children/youth development program
78	2013	Supporting Jermuk High school for an outdoor sport ground construction
79	2013	Renovation of Jermuk Kindergarten to accommodate additional children
80	2013	Renovation of Jermuk Art School
81	2013	Support for Jermuk ski infrastructure
82	2013	Contribution to Jermuk development foundation
83	2013	Asphalt repair project
84	2013	Improvements to Jermuk hospital capacity
85	2013	Musical instrument contribution
86	2014	Improvements to School #1 sanitation system & full repair of the canteen
87	2014	Starting Children’s choir
88	2014	Providing two snow blowers to the city Municipality
89	2014	Environmental education for children through theatre & play
90	2014	Support to Luis Foundation
91	2015	Jermuk Fire station repair
92	2015/16	Jermuk Children choir support

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

93	2015/16	Support to Chess Federation & Academy
94	2015/16	Wiki-media summer camp
95	2015	School-based environmental education on waste management
96	2015/16	From waste to souvenirs
97	2015	renovation of Jermuk Avag school sanitation
98	2015	Primary health care for women (Breast light)
99	2015	Healthy communities foundation – supporting individual health needs
100	2016	Community infrastructure upgrade
101	2015	support to Matenadaran (Yerevan)

4.7 REGIONAL VOLUNTARY CONTRIBUTIONS

In addition to the above, Lydian has made financial contributions towards regional development to the value of:

- 2008 - 5,000,000 Armenian Drams (USD \$12,200) to the Regional Development of Syunik Marz;
- 2011 - 500,000 Armenian Drams (USD \$1,220) to the Regional Development of Syunik Marz to support the Regional School Children’s contest of academic performance; 2013 – 10,000,000 Armenian Drams (USD \$24,400) to the Regional Development of Syunik Marz to support agricultural activities; and
- 2014 - 10,000,000 Armenian Drams (USD \$24,400) to Jermuk Development Fund to support community activities.

The Company provided this support to regional structures based on their requests to address certain community needs. Being quasi-government structures, they did not report to the Company and there was no mechanism in place to track the contributions (similar to land tax payments, where the Company does not have a means or right to control or monitor the actual use of these resources). Nevertheless, the Company is considering developing a project review process to gain confidence that the financial contributions are used for the intended purpose.

4.8 RATIONALE BEHIND COMMUNITY CONTRIBUTIONS

Lydian has considered various approaches to benefit sharing between local communities and has developed the working methodology and rationale summarized below.

- Varying development needs, community size and characteristics, and potential for specific types of economic development, as well commitment of target communities for co-funding are all important factors in the allocation of funds for the communities. For instance, Gorayk demonstrates the potential for animal husbandry, a notable source of income; Gndevaz on the other hand, has more potential for fruit orchards and fruit processing. Supporting specific sectors within each community has proven cost effective and targeted, rather than the application of an identical development approach in all communities. These priorities have been strongly informed by community consultation and participation;
- In a similar vein, the annual breakdown of resources between the affected communities and wider area is not a precise equal distribution process. Different communities are affected differently posing somewhat different activities and/or approaches; some projects are less costly to implement than others, some communities are more organized and willing to contribute than others, etc. The project allocation decisions emphasise a needs-based approach rather than a cost quota basis; Resource allocation per project or community is normally carried out annually, based on the respective needs and priorities in different communities, regions/marzes; consultation with communities; as well commitment level of local government for contributions;
- There are common development needs across the affected communities (rural infrastructure, primary health, children/youth education, capacity building. The Company is designing projects in these areas benefiting multiple communities. For example, “Primary health care” or “Schools for Sport & Peace” were carried out in 3-4 communities simultaneously;
- Lydian encourages a partnership approach with beneficiaries, affected communities and partner organizations. This means that beneficiary communities that commit to taking on project responsibilities, and contribute to the costs in cash or in kind, are prioritised for projects over other communities on an ascending basis over time; and
- Project allocation in terms of target communities as well as target sectors also relies on government agendas and emphasis, which is sometimes manifested as direct requests

from government representatives. This operates on local marz and the national government level.

Company efforts to balance the community development support between different communities are on-going, in cognizance of the factors listed above. All community development projects will be disclosed through regular progress and financial reporting.

5 COMMUNITY DEVELOPMENT PLAN

With the completion of the ESIA in early 2016, community development initiatives have been refocused to better align with key project risks. These risks (impacts) are described in detail in the project ESIA, and mitigation measures have been identified for each impact. The key project risks can be summarised as:

- Loss of land and land use leading to economic displacement;
- Project induced in-migration triggered inflation of goods and housing, and increasing demand for services;
- Direct and indirect employment opportunities;
- Loss of traditional lifestyles; and
- Increased revenue in village administration from land rental payments

It is not the role of community development activities to mitigate social impacts, however, in many cases, community investment can build upon mitigation programmes to deliver a positive benefit from an affected community. In each of the following sections, alignment between the community development approaches and the projects risks are highlighted.

5.1 COMMITMENTS FROM THE IMPACT ASSESSMENT

Various social and environmental commitments have been developed as part of the ESIA to manage and minimise potentially significant adverse effects to acceptable levels and to enhance Project benefits.

The ESIA is accompanied by a Commitments Register (CR) as an internal document which lists in one place all of the actions that need to be undertaken by the Project with respect to environmental and social issues. For the purpose of implementing community development activities, a number of commitments are listed below, which reflect relatively standard good

practice management measures, already included or to be included in the various social plans, biodiversity plans and environmental management plans per the ESMS. Key commitments from Lydian pertaining to the CDP are listed below:

- Support in-migration management planning with local village authorities and Marz level administrators as appropriate during the construction period when flow of people is expected from other communities.
- Food inflation in the study area will be monitored, with a specific focus on Jermuk and basic commodities in the other small towns. Basic and staple commodities will be used as key indicators.
- Support will be provided to technical assistance programmes targeted to local economic development initiatives that promote local agricultural (farming, livestock) practices to increase yields and boost economic returns through improved farming techniques.
- Access to markets for local produce will be promoted to support local livelihoods. This will stimulate local economic development and support food security.
- Training will be provided for local communities to increase their skills. Training is being designed to target operations roles, as these provide a longer-term opportunity than the short-term construction roles.
- Monitoring of demographic changes, including rural infrastructure, population, migration, etc., will be conducted in coordination with village Mayors through the “Village Passport” system.
- Assistance programmes targeted at non-industrial sector activities in the local communities will be supported by the Project to reduce the impact of economic inequality.
- The project will aim to support and promote, where possible, pasture management and improvement practices (e.g. by minimising access restrictions for herders), because of their role in maintaining natural habitat and associated species.
- Joint work with Gndevaz, Gorayk and Saravan village administrators to ensure that town planning includes for septic systems as the communities expand.
- Opportunities to support animal husbandry improvements in the region through technical assistance in enhancing milk and meat production and marketing will be reviewed in collaboration with herders and mayors.

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

The broader group of seasonal herders will be a target group for technical assistance programmes which will focus on increasing agricultural output and diversification of economic activities.

5.2 BENEFICIARIES

The socio-economic area of influence is defined at three levels. The national area of influence is the entire country. The regional area of influence includes the two Marzer (provinces) straddled by the mine layout and footprint, Vayots Dzor and Syunik. The local area of influence is defined at the settlements most likely to experience changes from environmental and social impacts. The local area of influence covers “project affected communities”, which refers to residents in the three closest rural settlements – Gorayk, Gndevaz and Saravan (including Saralanj and Ughedzor), the town of Jermuk (including Kechut) and seasonal herders resident on Project land during summer months. The ESIA provides more explicit details on how impacts may affect different settlements and individuals.

The beneficiaries of community development activities undertaken by Lydian International include the communities in the local area of influence. Regional community development activities will be explored when operations begin, and are likely to include areas beyond the local area of influence. While community investment will not be limited to project affected communities, they will be an important beneficiary group.

Among beneficiaries, Lydian has chosen to emphasise women, children and young people, to reflect their relative vulnerability and potential marginalisation from any benefits arising from the Project. Yet, in development programs beneficiaries are selected with certain selection criteria that not only include vulnerability but also a commitment to contribute to projects through attendance & participation in project activities, follow project requirements, as well contributing where necessary to promote vested interest.

5.3 DEVELOPMENT NEEDS IDENTIFICATION

Community involvement in identifying development needs has taken place as part of ESIA consultation and social baseline data collection.

In 2009, an Armenian consultancy MPG conducted a rapid needs assessment of the affected communities, compiling community profiles covering existing infrastructure, outstanding needs, development opportunities and other relevant data.

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

In 2010 a team from WAI attended meetings with village Mayors to start a dialogue, and compile data on community needs, wants and perceptions of the project. Further interactions took place in winter 2011-2012, including an independent health baseline study in November 2011, and a skills audit and an ethno-botanical study in January 2012. Other assessments include surveys with seasonal herders in June through to September 2012; tourism studies in March 2013; land use survey in summer 2013; skills survey in June 2014, a livelihood survey in June-July 2014; and an ecosystems services survey in 2014-2015; a livelihood survey with herders and vulnerable land owners in fall 2015; socio-economic survey in Gndevaz in 2015. In addition, the social team updates village passports annually that feed into respective chapters of ESIA. These surveys have also informed the identification of development challenges and areas of potential investment for the CDP.

These surveys, formal external and internal assessments, continuous interaction with stakeholders through variety of channels, including Community Liaison Committee (CLC); meetings with community representatives, Mayors, as well as Lydian social team’s local knowledge have informed development needs in the affected communities.

Specific infrastructure requests raised by community members through the ESIA process were also noted, as illustrated in Table 5.1: below.

Table 5.1: Specific Infrastructure and Development Priorities as Identified through Surveys in 2009 -2016

Gorayk	Saravan	Gndevaz	Jermuk
Asphalt surfacing of roads	Asphalt surfacing of roads	Asphalt surfacing of roads	Renovation of Jermuk Kindergarten
Restoration and repair of the Recreation centre	Irrigation water supply improvement	Upgrade of the irrigation water system	Upgrade of sanitation in Jermuk School #1
Rehabilitation and reopening of the kindergarten	Gas supply	Support existing small businesses	Renovation of Jermuk Art School
Establishment of a bulk purchase stock	Street lighting	Street lighting	repair of Avag school hall
Operation of any industrial plant in the community	Rehabilitation of the sewerage system	Food processing: fruit drying facility & operations	upgrade of Fire station; laboratory
Employment	Establishment of a purchase point	Employment for women	Support Jermuk hospital for equipment & expanded services
Waste collection and removal system (sewage)	Upgrade of the water system to provide water of better quality	Improved outdoor sport facility	support for Jermuk children's choir
Subsidies, support to the farmers for purchasing seeds and fertilizers	Milk collection point needed	Renovation of the Community Centre	skills learning; best use of plastic bags & other waste materials
Upgrade of potable water system	Primary health: screenings, treatment, etc.	support to children's art, culture & sport activities	support to children's art, culture & sport activities

Gorayk	Saravan	Gndevaz	Jermuk
Repair of the village School	Animal husbandry	family size greenhouses for income generation & land management practices	upgrade musical school in Kechut
Heating in village health post; establishing a dentistry clinic	Employment for women	animal husbandry, improved pasture use	employment for youth
Employment for women	Water supply in the health post	employment for youth	need to develop tourism
Need to improve cattle genetics	Renovation of the Community Centre	repair of school (insulation, upgrade)	Upgrade local lab (equipment, improved conditions)
Efficient use of land (address land degradation)	Increased primary health care services; provision of medical supplies	efficient use of local resources: land, etc.	
Local cheese production	Need for children/youth programs (summer camp, etc.)	Need for children/youth programs (educational, summer camp)	Need for children/youth programs (educational, summer camp)
Sport, art & education for children		Sport & education for children	

The Company develops an Annual Plan with a budget breakdown per community and sector, which is then discussed and approved by Lydian management and Board; it is discussed with the community and village Administration. Infrastructure projects will be considered in the context of project risks and the maintenance of a healthy and safe living environment for communities and workers alike. After the budget approval, the Company then finalizes these projects accordingly, followed by their implementation.

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

Needs identification will continue, with Lydian working alongside partner organizations and beneficiaries, to validate unmet needs, prioritize them and periodically identify the issues that can be addressed yearly. Options to develop a project selection committee within each village, building on the existing CLCs, are being investigated. Through this process, village members would gain a better appreciation of the need to prioritise their expectations and gain a greater sense of ownership of the projects which gain support from Lydian.

5.4 ROLE OF DEVELOPMENT PARTNERSHIPS

5.4.1 Partnerships with External Organisations

Lydian considers that as a mining company, it would be best to implement community development programmes in partnership with suitable local organisations that have greater experience in development activities. Effective partnerships with local government and other development-focused organisations, with the relevant experience and expertise, will be important to the successful implementation of these programmes. Lydian will act as a catalyst, coordinator and co-sponsor of relevant community development actions; monitoring and evaluating progress; building synergies with other players in the area; designing follow on programmes based on lessons learned.

Lydian is exploring opportunities for partnerships for the coming years in a proactive manner. All partnership projects are and will in future be formalized through written Agreements that have specific requirements for reporting, clear roles and responsibilities for both parties. The Agreements go with respective project proposals and budget, to help the Company track progress.

As a proviso in partnership Agreements, Lydian expects that their partners will share costs of projects or contribute in-kind, engage in project design and monitoring and reporting. An important advantage of such partnerships is that the implementing partners incorporate community mobilization and contribution during the project design and follow through for their implementation. However, Lydian will directly implement some small-scale programmes (education, awareness, small infrastructure). For wider coverage and greater outreach, working with partner organizations would be a preferred approach.

The Company is also seeking synergies with existing programs that are already funded by different sources, whereby, the parties agree on targeting certain segments or vulnerable groups in the given community to engage in community development programs (at no cost to

 GEOTEAM	Community Development Plan	June 2016
--	-----------------------------------	------------------

the Company): good examples are Eye Care program that will be providing eye screenings and treatment in Project affected communities through their funds from another source. Another good example, is livestock program where a local organization will include 2-3 affected communities in their program, already funded for few years.

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

5.4.2 Beneficiaries as Development Partners

Successful community development programmes require a high level of commitment from the beneficiaries, as well as development promoters and agencies. Lydian will only support programmes where there is a commitment on behalf of the beneficiaries to engage actively in and contribute to community development at individual and community level: there are already good examples of such contributions and partnerships whereby village administration, as well as individual beneficiaries are providing cash contributions to social projects: greenhouses (Gorayk and Gndevaz), summer camp (Gorayk), upgrade of irrigation (Saravan) and sewage system (Gndevaz), renovation of Community Centre (Gndevaz). This will help develop a sense of ownership and promote lasting and better quality of deliverables and outputs. For example, in a program increasing harvest yield in agriculture, beneficiaries and local administration contributed to the program. This development partner model is known to provide beneficiaries with a personal interest in the programme, which improves the likelihood of sustained levels of responsibility amongst beneficiaries. Local government bodies, too, are required to make contributions; in both cases, these can be in the form of cash and/or in-kind (labour, materials, volunteering, etc.), depending on the resources available. This message and requirement has been carefully and clearly communicated to the village authorities.

Lydian has already established relationships with the communities of Saravan, Gorayk, Gndevaz and Jermuk. The main vehicle for this relationship is the institution of Community Liaison Committee (CLC), a nominated representative group within each village and town. Lydian has selected representatives from various walks of life, including health, education, small businesses and local government. Lydian’s Community Liaison Officer (CLO) and the Social Development Manager meet with the CLC’s monthly in order to exchange key information, provide updates on environmental and social developments, collect feedback from them. The Geoteam local social program assistants, based in Gndevaz, Saravan and Gorayk, help organize and attend all CLC and other community meetings. All the CLCs have women representatives and strive to be a forum for free and open discussion, regardless of age, gender and background. Lydian works with the Mayors of each village and Jermuk town. Lydian is planning to hire an additional Local Assistant from Jermuk. The Local Assistants are tasked with several important functions: information dissemination (e.g. Community newsletters), organizing public discussions or meetings in respective villages, visiting partner organizations and tracking project progress, serving as data collectors during surveys. A good

example is the livelihood surveys conducted in summer 2014 and 2015, where Local Assistants interviewed households and captured the required data, following Lydian’s guidance and training. The intention is to build their capacity and over time delegate more responsibilities for field work.

5.5 COMMUNITY DEVELOPMENT TARGET AREAS

The development approach described above, the project risks and the identified community needs have informed the choice of community development target areas. The table below summarises the areas of involvement which have been identified by the Company, in coordination with affected communities, to focus upon during the construction and commissioning period. Where appropriate, multi-year (2-3 year) programs will be supported to increase the likelihood of sustainable benefits being delivered. All programs will also be designed to ensure that the Company can exit after a specified period of time (with projects either being handed over to other partners or ceasing upon Company exit).

Social Investment Programs - Focus Areas for Construction Period 2016-2018

Areas of involvement	Illustrative types of programs	Contribution to Amulsar Project
Improved rural environment	<p>Rural/social infrastructure aimed to raise living standards, improve lifestyle and conditions for given area.</p> <p>Longer term improvements in traditional livelihood areas:</p> <ul style="list-style-type: none"> pasture management and control improved infrastructure for livestock 	<p>Improved rural livelihoods will a) reduce the risk of a loss of traditional lifestyles (an impact identified in ESIA) and b) maintain and build a diversified economy in the affected areas.</p>
Local capacity building	<p>Capacity building & technical assistance (TA) in agriculture & related areas as key sectors to sustain & improve traditional livelihoods as a source of income and wellbeing.</p>	<p>Improved rural livelihoods will a) reduce the risk of a loss of traditional lifestyles (an impact identified in ESIA) and b) maintain and build a diversified economy in the affected areas.</p>

Support for the establishment of local organisations (e.g. Cooperatives, Associations, etc.)

The development of local organisations will facilitate engagement between the Company and the communities.

Provision of technical assistance to support development of small & medium size businesses (SMEs)

SMEs may be capable of becoming suppliers to the Project, potentially reducing Project operating costs.

Skills training and vocational learning related to agriculture and livestock and other topics as agreed

Economic development

Livestock development, cattle breeding to improve farming practices, enhance knowledge on animal health, nutrition, etc., aimed at increased milk production and improved genetics.

Contributing to economic growth in the affected communities will assist in the management of localized inflation and minimize the potential impact of Dutch Disease.

Tourism development: illustrative examples include supporting redevelopment of Jermuk town park; improving basic hotel services (English & computer language skills, etc.).

Education and Primary health care: community health, waste management, environmental awareness, etc.

Awareness Campaigns: primary health care Education Support: support for local students in technical education fields; and supporting school level education more generally. Children/youth education opportunities (art, sports, languages, computer skills, etc.).

Improved health in local communities will improve health of workforce, setting new health services (for example, dentistry); screenings of population in different areas: women & children health, etc.

Improved educational attainment amongst local schools will improve opportunities for local recruitment during operations.

Each area is described below.

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

5.5.1 Improved rural infrastructure

The Project strives to improve the quality of community life, to include basic services and social infrastructure, like waste management, internal road networks, kindergartens, community centre, health posts. Improved social infrastructure is critical both for improved life standards, and development initiatives. Services will also be closely monitored to ensure project induced in-migration demand is not overwhelming their capacity. As confirmed in focus group meetings, proper education for children, or having a functional health or cultural facility is as important as a development programme. Women, for example, are worried about their children and youth having decent schools, places for leisure, sport and cultural development. Equally, healthy and educated communities are to the success of local communities gaining employment opportunities (directly or indirectly) through the Project.

It is therefore, imperative to secure improved social infrastructure in the affected communities, which would:

- Create favourable conditions for livelihood, health and sanitation, business operations;
- Bring more visitors and tourists to the area without overwhelming local community services; and
- Enhance people's perception of their own community life motivate them to be active members of the community.
- Other component of this area is pasture management, improved rotational grazing, improved infrastructure and technical assistance in livestock – all aimed at long term development opportunities.

5.5.2 Local capacity building

By viewing community members as development partners, Lydian aims to integrate capacity building into its current and future community development efforts wherever possible. This will be done both at beneficiary level where all beneficiaries attend trainings and get continuous technical assistance; as well as at community level, where demonstration days are organized to teach new technologies and practical skills to groups of beneficiaries and other interested community members.

Lydian intends to work directly with local communities, alongside their development partners, in order to deliver specific and targeted capacity building, education and awareness modules, such as training events, workshops, awareness campaigns and educational events for schools.

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

The flagship training programme will be designed to assist local residents to be “job ready” when operational roles commence.

Capacity building will also be done through regular engagement of CLC and community members in different tasks within the environmental and social management and monitoring activities. Data collection relating to the ESIA has already involved some voluntary and paid work where significant time investment was required by members of the local community; e.g. skills audit, ethno-botanical survey, herders’ survey. Such experiences have given participants transferable skills in data collection and presentation. This principle would be carried through in future interactions with the community.

Lydian will make efforts in building the capacities of the local government authorities and staff: this is critical vis-a-vis the growing financial resources that are paid by the Company for the use of community lands. This should be an ongoing effort as the new social and economic dimension and trends in the communities require more progressive and advanced management skills in planning, administration, financial and human resource management, accountability and reporting.

5.5.3 Economic Development

Lydian’s Amulsar Project will strive to boost economic growth by providing support for economic development to traditional industries in the region (technical assistance in agriculture, animal husbandry, promotion of local production – cheese, milk, etc.). This target area is closely linked with mitigation measures that aim to provide technical assistance and skills learning to non-mining sectors. It is also important to design projects that attempt to efficiently use local resources and tackle economic challenges through new and best practices, skills learning, provision of equipment and technical know-how. Example may include improved land management practices, access to new technologies in agriculture and animal husbandry. The intention is to develop the existing untapped potential and resources in the affected communities. This includes a number of women who have shown enthusiasm towards becoming part of the Amulsar project. Projects of this nature will also help to minimise the risk of decline of the agricultural sector and traditional lifestyles in the project area.

In addition, Lydian will encourage small local businesses to provide supplies to the Amulsar project: start up support to small businesses, promoting local production, provision of high quality agricultural products to the mine camp. Lydian will also support local businesses that will in turn develop the existing agriculture industry; this could include transport, storage and

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

trading focused businesses. Successful encouragement of non-mining related businesses may assist in the management of potential inflationary pressures within the communities.

5.5.4 Education & Primary health care

In terms of public health, the Project will contribute to improving access to improved multi-disciplinary health services, enhancing local capacity and awareness on healthy life style and daily habits in wide population. Some projects will focus on women and child health issues given the limited or lack of certain medical services in the area (mammography, etc.). The 2012-13 primary health care project clearly demonstrated areas of gaps, services and health education that need further support and expansion: limited health services; poor supply of medicine; etc.

There are limited opportunities for children and youth development in the affected communities. This issue has been continuously raised in focus group discussions and meetings with communities. Geoteam is committed to children and youth development including: healthy life style through sport and arts, addressing sport infrastructure gaps, organizing sport and art activities in and between the villages.

Besides considering primary health care projects in communities, the Company has established a “Health Foundation” that aims to tackle certain health issues in the communities.

5.5.5 Monitoring and Evaluation

Lydian is and will continue monitoring individual projects periodically in order to evaluate the effectiveness of Lydian’s community development programmes. Monitoring will be performed by:

- Lydian’s internal staff, led by the Social Development Manager, focus on accomplishments; community participation and contribution, impact, lessons learned.
- Lydian’s partner organisations would each have their monitoring and evaluation plans including regular site visits, progress and financial reports, end of project evaluations; and
- Independent Monitoring and Evaluation would be carried out at four to five year intervals by an independent body, for quality management, verification and assurance purposes. Evaluation reports would contain recommendations for project design; implementation; impact; communities’ abilities to sustain and build on project gains.

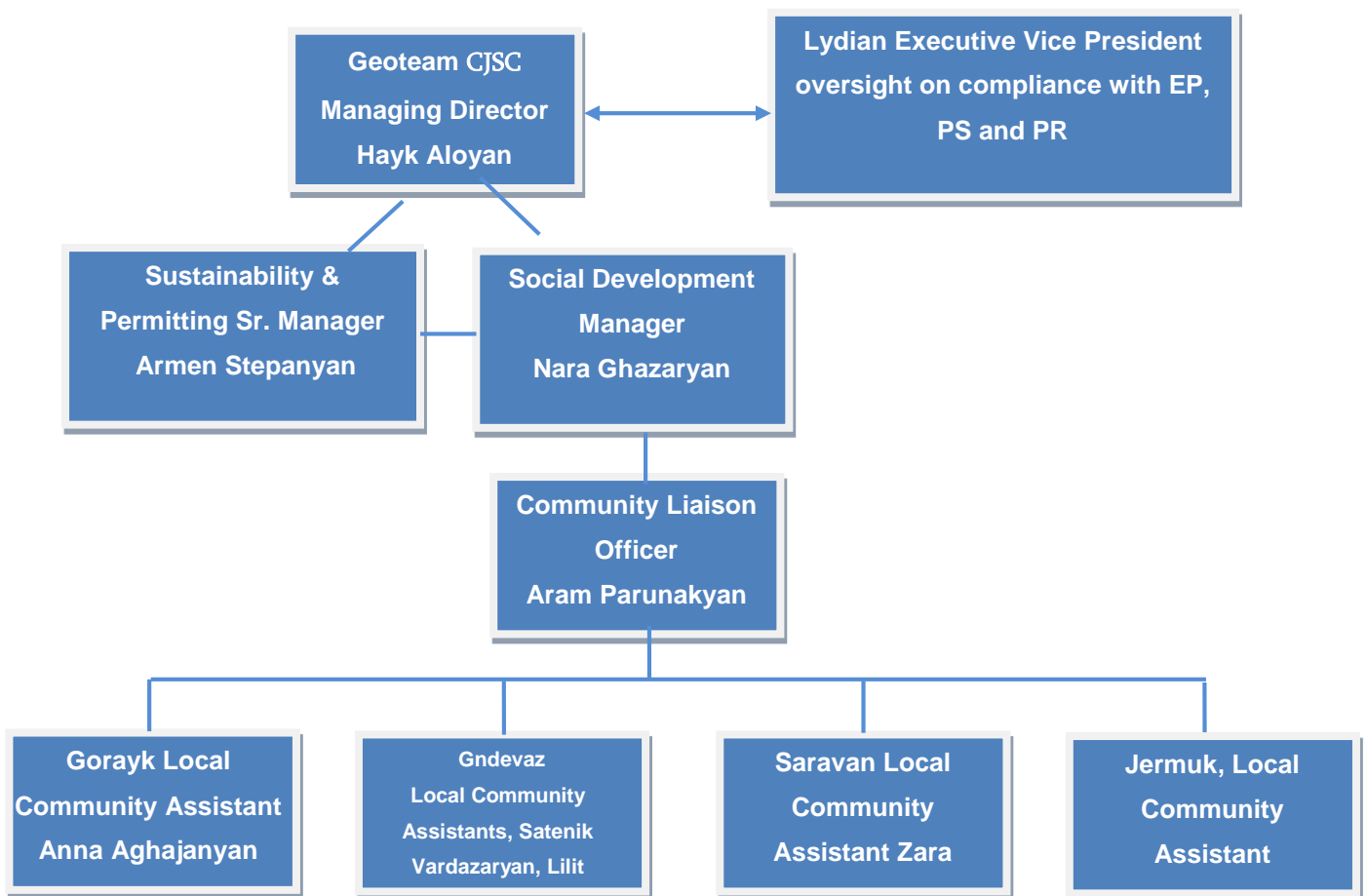
Monitoring methods will include: entrance and exit surveys, structured interviews with key stakeholders, local and regional statistics and records of community events. Participatory monitoring may also be implemented in some cases (e.g. infrastructure projects, projects involving capacity buildings for governance).

5.6 HUMAN AND FINANCIAL RESOURCES

5.6.1 Human Resources

The Amulsar Project will resource this CDP through their Social team, with support as required from other departments.

Figure 1: Organogram of Team Implementing Community Development Programmes



The above organogram shows the Project’s resourcing strategy for community development programmes and their oversight.

 GEOTEAM	Community Development Plan	June 2016
---	-----------------------------------	------------------

6 NEXT STEPS

This Community Development Plan meets the needs identified at this stage of the project, and is capable of being developed into a long term implementation guide and plan. The basic premise is that there would be a high level of community involvement in prioritising needs, designing programmes, contributing to the projects and overseeing their implementation.

7 AUTHORIZATION

Approved By: _____

Executive Vice President Sustainability

Date