

## CONTENTS

<b>4.11 SOCIAL POLITICAL .....</b>	<b>4.11.1</b>
4.11.1 Introduction .....	4.11.1
4.11.2 Socio-economic Setting.....	4.11.1
4.11.3 Socio-economic Baseline Methodology.....	4.11.1
4.11.4 National Socio-economic Overview .....	4.11.5
4.11.5 Administrative Structure.....	4.11.6
4.11.6 Local Government Structure.....	4.11.8
4.11.7 Service Provision Responsibilities .....	4.11.9
4.11.8 Local Government Budgets.....	4.11.11
4.11.9 Community Social Structure and Organisation.....	4.11.12
4.11.10 NGO's and Other Institutions.....	4.11.12

## TABLES

Table 4.11.1: UN HDI Comparison with Neighbouring Countries.....	4.11.6
Table 4.11.2: UN HDI Trends.....	4.11.6
Table 4.11.3: Specific Functions of Government Tiers in Armenia <sup>9</sup> .....	4.11.9

## FIGURES

Figure 4.11.1: Administrative Map of Armenia .....	4.11.7
--	--------



## **4.11 Social Political**

### **4.11.1 Introduction**

The socio-economic baseline is the basis of the social impact assessment. While not all information in the socio-economic baseline will be directly used in the impact analysis, the baseline section serves as a characterisation of the national, regional and local context prior to the development of the Project. Relevant information from the baseline will be referenced in the impact assessment (Chapter 6) and management plans (Chapter 8).

### **4.11.2 Socio-economic Setting**

The socio-economic setting is defined at three levels. The national setting is the entire country. The regional setting includes the two Marzes (provinces) straddled by the proposed mine layout and footprint; Vayots Dzor and Syunik. The local setting is defined as the settlements in closest proximity to the Amulsar Project, and includes the three closest rural settlements (Gorayk, Gndevaz and Saravan (including Saralanj and Ughedzor)) and the town of Jermuk (including Kechut). The Social Study Area defined in Figure 4.1.5 is the same as the local socio-economic setting.

### **4.11.3 Socio-economic Baseline Methodology**

Socio-economic baseline information and data for the Amulsar Project has been compiled for the period 2010 to 2015 using various methods. All studies have been informed by desktop study of existing and public information, including government websites, NGO reports and other online information. In addition, several topics included primary data collection, briefly described below.

#### ***Surveys and Focus Group Discussions***

In 2010, MPG Consulting conducted quantitative and qualitative research in the three rural communities closest to the Project and in the town of Jermuk. In April 2010 household interviews were carried out, including 141 household interviews in Gndevaz (total number of households - 215<sup>1</sup>), 54 in Saravan (total number of households - 70<sup>2</sup>) and 79 in Gorayk (total number of households - 137<sup>3</sup>). In August of 2010, 540 household surveys were conducted in Jermuk (total number of households - 2050), as well as an additional 61 households in Kechut

---

<sup>1</sup> Gndevaz Village Passport, 2009.

<sup>2</sup> Saravan Village Passport, 2010.

<sup>3</sup> Gorayk Village Passport, 2010.

(total number of households – 350), which is part of the Jermuk administrative unit<sup>4</sup>. The percentage coverage within these surveys is higher for Gndevaz, Gorayk and Saravan than for Jermuk and Kechut. The surveys covered more than 50% of the households in these communities, while for Jermuk and Kechut, the coverage was 26% and 17% respectively.

Survey information was complemented through focus group discussions. Two focus groups were held in the rural communities, four in Jermuk and one in Kechut during 2010. Focus groups explored community needs and trends. In-depth interviews were also held throughout these communities.

Town and village level data has also been supplemented through the use of “Village Passport” data collected by the town and village administrators on an annual basis.— “Village passport” data has been collected on an annual basis from 2009 to 2015.

### ***Rapid Health Impact Assessment***

Baseline information on community health was collected as part of a separate Rapid Health Impact Assessment conducted by SHAPE Consulting in 2012. The study included visits to Armenia and the Project area to conduct informant interviews with relevant health authorities and to make direct observations of the health facilities in nearby communities. In addition to informant interviews, the researchers conducted three focus group discussions with residents of Gorayk, Gndevaz and Saravan to collect additional qualitative information. The conclusions of this assessment have been updated in 2013, 2014 and 2015 to address project design changes.

### ***Livelihoods***

Baseline information on livelihoods was first collected in 2010 as part of the questionnaires conducted by MPG, as described above. This information has been updated based on additional data collected through the land acquisition process (to inform the livelihood restoration plan) in October 2014, and additional surveys conducted in November 2015. A livelihoods questionnaire was used to assess the livelihood impacts to all land owners and land users in areas where the project will require land. This equates to approximately 252 households being surveyed.

---

<sup>4</sup> Personal Communication with the Jermuk Municipality, 2013.

### ***Skills Survey***

In late 2011/early 2012, Lydian undertook a skills survey within the villages of Gorayk, Gndevaz and Saravan. -198 people were interviewed through this survey (77 in Gndevaz; 79 in Gorayk; and 41 in Saravan), of which 38% were women.

A follow-up survey was conducted by MPG consultancy in 2014, covering the same three villages and the town of Jermuk/Kechut. A total of 844 questionnaires were completed during this survey. More than 50% of the respondents in each village were female. -The 2014 survey was conducted as a household survey and covered 25% of the population aged between 18 and 55 years of age within each of these communities. -Both this survey and that conducted in 2011/2012 focussed on community members currently resident in these communities. -No assessment of the skills held within diaspora community has been conducted.

### ***Ecosystem Services***

In December 2011, Lydian conducted an ethnobotany assessment within the villages of Gorayk, Gndevaz and Saravan to understand how local herbs and plants were collected and used by communities. The assessment used focus group discussions and informed the land use baseline and the ecosystem services impact assessment. The assessment was conducted using six focus group discussions (two in each of the three rural villages), with a balance of men and women participating, and approximately 15 people participating in each focus group discussion. In total approximately 90 people were involved in this assessment.

Further investigations into ecosystem services were conducted in 2014 and 2015 through a combination of approaches:

- In 2014, focus group discussions were held with residents of Gorayk, Gndevaz, Saravan and Jermuk/Kechut and with a group of seasonal herders. Focus group discussions were coordinated for each village, ensuring that discussion included people who currently use ecosystem services extensively, including the full range of activities known to occur within the area (bee-keeping, herb collection, mushroom collection, hay collecting etc.) as well as those who have lower usage patterns; and
- Questions related to ecosystem services were added to households surveys being undertaken as part of the livelihood questionnaires being completed to support the land acquisition work stream. The surveys covered all households whose land will be acquired, and households who are known to use land which will need to be acquired.

- In June 2015 five ESIA follow-up focus groups were conducted, one with seasonal herders from Xhndoresk and four in project affected villages: Gorayk, Gndevaz, Saravan and Jermuk/Kechut. Each focus group had between 5 and 11 participants. Four semi-structured interviews were conducted with representatives of art, culture, policy and public engagement. The focus group and interview protocol was designed to elicit information about change, if any, in priority ecosystem services and issues associated with the proposed biodiversity set-aside at Arshak. To investigate use of the potential set-aside area in more detail, a further three interviews were conducted with herders who are seasonally resident in Ughedzor.

### ***Cultural Heritage***

Desktop studies and fieldwork were undertaken between 2010 and 2015 by local Armenian teams, including a “Cultural Heritage” NGO. Site visits were made by an ERM archaeologist between 2011 and 2013. Intangible cultural heritage and living heritage were addressed in the ecosystem services survey of 2014 described above.

### ***Herder Census***

In June and July of 2012, WAI undertook two research visits to the Project area to investigate seasonal herders that use the area on an annual basis. The herders were identified in scoping visits as a vulnerable group due to their primary reliance on herding, the periodic nature of their livelihood linked to the Project area and the challenge of engaging with the individuals.

In August 2012, Lydian conducted a survey of 70 herders in the Project area under the guidance of Frederic Giovannetti. The surveys covered all seasonal herders found in the project area and a sample of daily herders who reside in the local area of influence. Additional information on herders was collected through the ecosystem services focus group discussions, described above, which were completed in June 2014. An additional herder survey was conducted in September 2015 by the Geoteam social team to assess the impacts to herders linked to the revised project design. The 2015 survey covered both seasonal herders (predominantly located in proximity to the proposed BRSF) and daily herders (based in Gndevaz) potentially affected by the Project.

### ***Tourism Study***

In 2013, Lydian conducted a review of tourism in the Project area. The objectives of the study were to:

- Determine current trends of tourism development, particularly in Jermuk;
- Review and assess progress and changes since a comprehensive assessment of Jermuk tourism in 2008 that was prepared by USAID; and
- Explore priorities for improving the tourism sector either through mitigation measures or community development initiatives.

The study included a review of the USAID report from 2008 and primary research through informant interviews and focus group discussions. The primary research was conducted in February to March 2013 and targeted organisations linked to the tourism industry, such as hotel and spa staff, tour agencies, municipal authorities, universities and other services providers. Further baseline information on the hotels within Jermuk was collected by Geoteam in 2015 and an extensive assessment of accommodation options was conducted by InterSocial in early 2016, including occupancy estimates for individual facilities.

#### ***4.11.4 National Socio-economic Overview***

In 2015, Armenia was considered part of the “high human development” group and ranked 85 out of 188 countries in the UN Human Development Index (HDI) <sup>5</sup>. The HDI is a composite indicator that measures human welfare using income, education and health statistics. Table 4.11.1 table below shows Armenia in comparison with neighbouring countries, the regional averages for Europe and Central Asia and average data for the high HDI countries.

---

<sup>5</sup> International Human development Indicators, UNDP 2012, <http://hdrstats.undp.org/en/countries/profiles/ARM.html>

HDI Rank	Country	HDI	Life Expectancy (yr)	Expected Years Schooling	GNI Per Capita* <sup>1</sup> (PPP USD)
85	Armenia	0.733	74.7	12.3	8,124
76	Georgia	0.754	74.9	13.8	7,164
78	Azerbaijan	0.751	70.8	11.9	16,428
NA	Europe and Central Asia*	0.748	72.3	13.6	12,791
NA	High HDI	0.744	75.1	13.6	13,961

Notes:  
\* Calculated from an average of 31 countries  
\*<sup>1</sup> Gross National Income (GNI) figures are calculated at constant 2005 purchasing power parity.

A review of Armenia's progress against HDI indicators since 1990 shows continued progress after an initial drop in the early transition years from 1990 to 1995 (see Table 4.11.2).

Year	Life Expectancy (yr)	Mean Years Schooling	GNI Per Capita (2011 PPP \$)	HDI
1990	67.9	10.1	3,581	0.632
1995	68.8	10.4	2,170	0.605
2000	71.2	10.8	3,004	0.648
2005	73.2	10.8	5,533	0.695
2010	74.1	10.8	6,838	0.721
2011	74.2	10.8	7,054	0.723
2012	74.4	10.8	7,584	0.728
2013	74.6	10.9	7,891	0.731
2014	74.7	10.9	8,124	0.733

#### **4.11.5 Administrative Structure**

Armenia is divided into 11 administrative regions, comprising 10 *Marzes* (provinces) and the capital city of Yerevan, which is accorded regional status.

The *Marzes* are shown on Figure 4.11.1.

<sup>6</sup> UNDP. Human Development Report 2015, Work for human development. New York, USA. 2013.

<sup>7</sup> UNDP. Human Development Report 2015, Work for human development – briefing note for countries on the 2015 Human Development Report - Armenia. New York, USA. 2015.





**Figure 4.11.1: Administrative Map of Armenia<sup>8</sup>**

*Marzes* are further divided into rural and urban communities (*hamaynks*) and Yerevan into twelve Districts. *Marzes* vary greatly in terms of their territory, population, number of communities and level of economic development. The Project is located on the boundary between Vayots Dzor and Syunik *Marzes*<sup>9</sup>. The rural community of Gorayk is part of Syunik, while Gndevaz, Saravan rural communities and Jermuk and Kechut urban communities belong to Vayots Dzor.

*Marzes* are subdivisions of the central administration rather than a separate tier of the Government<sup>10</sup>. The central government appoints and dismisses regional governors, who undertake a set of defined duties, with the assistance of regional administrations. These duties are administrative, with no budgetary responsibilities.

---

<sup>8</sup> Tumanyan, D (2005), Local Government in Armenia, Local Government in Europe, in the Caucasus and Central Asia, [www.etd.ceu.hu/2010/saroyan\\_zaruhi.pdf](http://www.etd.ceu.hu/2010/saroyan_zaruhi.pdf)

<sup>9</sup> It should be noted that different spellings exist for place names within Armenia. This is caused by the translation from Armenian (script and language) into English.

<sup>10</sup> The World Bank Infrastructure and Energy Services Department (2004). Rural Infrastructure in Armenia: Addressing Gaps in Service Delivery, viewed 13 May 2012. <http://siteresources.worldbank.org/INTARMENIA/Resources/Armenia-rural-Infra-arm.doc>

#### **4.11.6 Local Government Structure**

Armenian government has a two-tier structure, with most administrative power held by the Central Government Ministry of Territorial Administration. The second tier of government exists at the level of communities – both rural and urban. Each urban or rural community can consist of one or more settlements (for example, there are over a thousand settlements in Armenia, but only 915 communities<sup>11</sup>). Forty-nine of the communities are urban, with the remainder defined as rural communities. There is no legal distinction between a village and a city with the names deriving from location, infrastructure and tradition.

A process of “consolidation” of communities is planned for Armenia. Over 50% of rural communities have populations of less than 1000 people, resulting in many communities lacking the economic, financial and human resources, conditions and capacity to execute effective local self-government and to deliver high quality municipal services to the population. The consolidation process is expected to see some communities grouped together, affecting the administrative structure and roles held within rural areas in particular. Piloting of this process was launched in October 2013 by the President of the Republic, with a focus being placed on the voluntary nature of the pilot<sup>12</sup>.

As part of this consolidation process, changes are expected to occur to the administrative structure of Gndevaz and Jermuk. The timing for the consolidation and its effects had not been defined at this time of writing of this ESIA.

Within the local government structure, two key roles are defined: the Council of Community Elders (Avagani) and the community head (often referred to as a Mayor). Together these two roles comprise the local decision making bodies, with the Council of Community Elders acting as the representative body, which meets at least once a quarter. Community heads and elders are chosen through general, equal and direct elections by secret ballot, each with a four-year term of office.

A vertical hierarchy of control exists within local government structures: local administrative staff and community institutions are accountable to the head of the community, who is in turn accountable to the council of elders<sup>9</sup>. The composition of local administrative staff

---

<sup>11</sup> Armstat (2015) General Characteristic of the Republic of Armenia, armstat.com (accessed December 2, 2015)

<sup>12</sup> [http://www.sdc.admin.ch/en/Home/Projects/Project\\_Detail?projectdbID=226361](http://www.sdc.admin.ch/en/Home/Projects/Project_Detail?projectdbID=226361)

depends on the population size, but includes as a minimum a deputy head of community, secretary of staff and their divisions.

#### 4.11.7 Service Provision Responsibilities

Local administration performs the following management functions:

- To provide for the rights of citizens and the interests of local self-government;
- To provide local development planning;
- To manage financial matters and community property;
- To implement projects and achieve strategic goals;
- To define, calculate and forecast citizen needs, formulate appropriate methods for their satisfaction and prepare the relevant draft resolutions;
- To assign resources for public service delivery, supplement existing resources and search out new resources; and
- To supervise implementation of the four-year development plans, making necessary adjustments.<sup>9</sup>

Responsibilities for service provision are summarised in Table 4.11.3. In this table it is evident that some services are the joint responsibility of municipalities and central government, e.g., primary health care, and local economic development.

<b>Functions</b>	<b>Municipalities</b>	<b>Central or Marz Administration</b>
<b>I. Education</b>		
Pre-school	X	
Primary		X
Secondary		X
Technical		X
Higher		X
Specialised	X	
<b>II. Social Welfare</b>		
Nurseries	X	
Kindergartens	X	
Welfare Homes		X
Personal services for elderly and handicapped		X
Special services (for homeless, families in crisis, etc.)		X
Social Housing	X	
<b>III. Health Services</b>		
Primary health care	X	X
Health Protection		X

<b>Table 4.11.3: Specific Functions of Government Tiers in Armenia<sup>9</sup></b>		
<b>Functions</b>	<b>Municipalities</b>	<b>Central or Marz Administration</b>
Hospitals		X
Public health	X	X
<b>IV. Culture, Leisure, Sports</b>		
Theatres	X	X
Museums	X	X
Libraries	X	X
Parks	X	
Sport, leisure	X	
Maintaining buildings for cultural events	X	
<b>V. Economic Services</b>		
Water Supply	X	
Sewage	X	
Electricity		X
Gas		X
District Heating	X	
<b>VI. Environment, Public Sanitation</b>		
Waste collection	X	
Waste disposal	X	
Street cleansing	X	
Cemeteries	X	X
Environmental protection	X	X
<b>VII. Traffic, Transport</b>		
Roads	X	X
Public lighting	X	X
Public transport	X	X
<b>VIII. Urban Development</b>		
Town Planning	X	
Regional / spatial planning		X
Local economic development	X	X
Tourism		X
<b>IX. General Administration</b>		
Authoritative functions (licenses, etc)	X	X
Other state administrative matters (electoral register etc)	X	X
Local police		X
Fire brigades		X
Civil defense	X	X
Consumer protection		X

Of relevance to the rural and urban communities in the Project area are the following responsibilities:

- **Kindergartens** – Local government is responsible for management and operation of kindergartens, with the cost of operating and maintaining these facilities covered

jointly by parents and the community budget.

- **Specialised education** – Specialised education includes institutions providing music, fine arts, athletics and technical skills for children. Local government is also responsible for providing these facilities and charges fees for attendance.
- **Primary and secondary schools** – Education is the responsibility of the state government which funds and administers institutions, employs teachers and administrators and determines curricula and performance standards.
- **Libraries and community buildings** – Maintenance of these facilities is the responsibility of the local government of a community.
- **Health care** – While health care is provided by the central government, some communities have primary health care clinics that are supported by user fees, contributions from community budgets and support from various international and local organizations.
- **Gas and electricity** – Gas and electricity supply systems are the provenance of central government; however, it is the responsibility of local governments to facilitate the installation of such services for residents and businesses.

#### **4.11.8 Local Government Budgets**

Local governments are heavily dependent on state budget transfers, which often comprise over fifty percent of local budget revenues. The main sources of community budget revenue are:

- Centrally established taxes and duties;
- Subsidies from the state budget;
- Local duties and fees;
- Land and property rent; and
- Revenue from the sale of community property.

While all taxes are collected by the State Taxation Agency, one hundred percent of the land and property taxes and rent collected at the community level are paid to the local government, and this often forms the primary income source for the local government. Remuneration of local government employees is regulated under the Law on Local Self Government, which stipulates that the Council of Elder's is not compensated for their work, and establishes the salary of the head of the community as a proportion of the salary of the regional governor's salary, based on population size.

#### **4.11.9 Community Social Structure and Organisation**

Kinship is an important element of social structure in the project area, as it is elsewhere in Armenia. Due to various economic and cultural reasons, many rural residents live in joint/multi-generational families.

Cooperation and informal social organisation is also seen in certain activities, for example some herders in the area share herding responsibilities for each other's animals, with four to five individuals working together in pre-agreed shifts. Where a family unit has no able bodied person to contribute to the herding (usually male), animals are entrusted to a friend or neighbour who is then paid for the service.

#### **4.11.10 NGO's and Other Institutions**

Key institutions influencing public opinion in Armenia include:

- Armenian Apostolic Church;
- Armenian Diaspora;
- European Union and World Bank Group institutions;
- International donors and NGOs;
- Mass media; and
- Armenian non-government organisations (NGOs) and civil society.

Armenia is one of the top exporters of people per capita, and twice as many Armenians live in the diaspora as in the country. Remittances from diaspora play an important role in the Armenian economy and diaspora provide an important connection to external markets and opportunities for resident Armenians. Between 2011 and 2015, personal remittances comprised 19.1% of national GDP, down slightly from 21% between 2006-10<sup>13</sup>.

In Armenia, an NGO is defined as a non-government voluntary organisation formed to meet people's spiritual and other non-material needs or wants, and can be initiated by an individual or another NGO and founded by the decision of an assembly of no fewer than three individuals<sup>9</sup>. The limited requirements in order to form an NGO have led to a vast number of NGOs being registered in Armenia (over 3,300 registered in 2010<sup>14</sup>, of which just under 1,000 are continuously operational). There are roughly 60 registered environmental NGOs in the country: it is believed that more than half of these NGOs have intermittent operations and

---

<sup>13</sup> <http://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS> (accessed December 2nd, 2015)

<sup>14</sup> [www.civilitasfoundation.org](http://www.civilitasfoundation.org) (accessed September 4<sup>th</sup>, 2012)

activity levels depending on funding and available resources.

---

i