

To the attention of EBRD PCM Officer, [REDACTED]

Dear [REDACTED]

We are sending for your consideration the complaint filed by the residents of the affected communities by Amulsar gold-bearing quartzite mining project and would like to inform that CEE Bankwatch Network, “EcoLur” Informational NGO, “Forests of Armenia” NGO, “Green Armenia” NGO and “Armenian Environmental Front” Civic Initiative are supporting the complaint of the residents and joining this complaint.

Sincerely,

19 May 2020

CEE Bankwatch Network

“EcoLur” Informational NGO

“Forests of Armenia” NGO

“Green Armenia” NGO

“Armenian Environmental Front” Civic Initiative

Attached is the complaint (7 pages)

To the attention of EBRD PCM Officer [REDACTED]

from the residents of Jermuk Community,

Vayots Dzor Region, Armenia

Request for a compliance review on Amulsar Gold Mine project

Dear [REDACTED]

The undersigned community members are impacted by Amulsar gold-bearing quartzite mining project (Lydian Extension, 2016, #48579), which is promoted by Lydian International and financed by the European Bank for Reconstruction and Development (EBRD). Together with civil society organisations from Armenia, we are requesting from the Independent Project Accountability Mechanism (IPAM) of the EBRD to undertake a compliance review of the Amulsar project with the Bank's Environmental and Social Policy and established principles.

The project developer, Lydian International, with the help of the former government of Armenia, and with the financial and moral support of the EBRD, has failed to apply good international standards with regards to impact assessment and meaningful consultations with project affected people and to take the opinion of the local population into consideration. We believe that the EBRD, as an investor in Lydian, has failed to ensure that the project complies with the requirements of the bank's Environmental and Social Policy. As a result, the EBRD and its client, Lydian International, have failed to properly protect our nature (waters, air, land and wildlife), our community's health and livelihoods (orchards, pasture, food production), and the economy of 5 residential settlements of Jermuk enlarged community, including that of Jermuk resort town (based on health, rural and environmental tourism and mineral water, clean agriculture).

Complaints were already submitted to the EBRD's Project Complaint Mechanism (PCM) in 2014, as well as to the Compliance Advisory/Ombudsman (CAO) of the International Finance Corporation of the World Bank (IFC).

The CAO closed the complaint with the following conclusion: CAO's monitoring found that IFC's response to CAO's compliance investigation has only partially addressed the findings at systems-level and has not addressed the project-level findings. Nevertheless, CAO has decided to close both cases considering that IFC has no ongoing investment in the company, and in light of IFC's decision not to engage in a project-level response with its former client or the complainants."^{1 2}

The EBRD PCM found our complaints premature^{3 4}, because at that stage the EBRD has only invested in exploration (DIF Lydian, 2009, #42182) and not yet approved the mine development project (Lydian Amulsar Gold Mine - Extension, 2016, #48579)⁵. The rejection of our complaint, even if procedurally justified, was a missed opportunity to ensure and independent review and consideration of the position of the project affected communities on the project. Thus it was a missed opportunity to inform a proper due diligence process by the EBRD. The IPAM may choose to refer to both the PCM complaints and to the findings of the CAO, in as much as they are relevant to its review on the Amulsar Gold Mine project.

In 2018-2019 a number of organizations raised grievances on Amulsar project problems to the EBRD as good faith efforts. Nevertheless, the bank hasn't considered these problems, mentioning only Armenian Environmental Front out of these concerned as an improper complainant.^{6 7}

¹ http://www.cao-ombudsman.org/cases/case_detail.aspx?id=221

² http://www.cao-ombudsman.org/cases/document-links/documents/CAOCompliance_MonitoringReport_Lydian_Armenia-01and02_10022018.pdf

³ [REDACTED]

⁴ https://www.ebrd.com/downloads/integrity/amulsar2_complaint.pdf

⁵ <https://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism/pcm-register.html>

⁶ <http://www.armecofront.net/en/news/ebrd-investment-in-lydian-internationals-mining-project-in-amulsar-and-how-it-threatens-the-sustainability-of-the-region/>

⁷ <http://www.armecofront.net/en/amulsar-2/ebrd-renounces-its-liability-in-amulsar-mine-project/>

As of 2018, the mine development was advanced and a lot of our concerns and fears have proven to be justified. **We already experienced serious environmental harm from the project, resulting from pollution of water, air and land.** We are concerned how toxic is the dust spreading from the project site. Though Lydian EIA says there won't be dust impact on Jermuk as a result of mining operations, once mine construction started, Jermuk experienced significant dust pollution. For example, in winter the snow would turn pink from dust coming from 8km away. After it rained there was a layer of dust on our cars and houses, which had never happened before the construction works.⁸

Noteworthy are the accidents that impacted drinking water in Gndevaz, irrigation water and fish farms in the area. In 2018, several cases of water supply disruption and water pollution were recorded, though Lydian had in its EIA that the impact on the impact can be managed and won't be significant.”⁹

There are studies that show that acid drainage can impact surface water sources, like Darb, Arpa and Vorotan rivers, numerous springs in their catchment areas, Ketchut and Spandaryan reservoirs, and ultimately Lake Sevan, as well as underground waters.^{10 11 12 13 14 15}

Gndevaz apricot orchard owners lost not just their land, but their livelihood that was not properly compensated. It should be mentioned that RA Investigative Committee initiated a criminal case on apparent abuses committed by the former head of Gndevaz community.¹⁶ In addition, the town and spa of Jermuk experienced serious harm, such as reputational damage and negative economic and social impacts due to the loss of tourism.

⁸ <http://www.armecofront.net/amulsar/jermuk/>

⁹ References to publications about accidents: <http://www.armecofront.net/amulsar/arpa-river/>, <https://ecolor.org/hy/news/amulsar/--/10225/>, <https://ecolor.org/hy/news/amulsar/gndevaz-residents-blocked-roads-running-to-amulsar-and-demanding-to-stop-amulsar-project/10134/>

¹⁰ <http://www.armecofront.net/en/amulsar-2/ebrd-twists-the-findings-of-elard-review-on-amulsar-gold-project/>

¹¹ <http://www.armecofront.net/en/amulsar-2/missing-elements-and-underestimation-of-risk-in-lydians-2019-ni-43-101-technical-report-ann-maest-phd-buka-environmental/>

¹² <http://www.armecofront.net/en/news/amulsar-conclusions-of-international-renown-experts/>

¹³ <https://ecolor.org/files/uploads/pdf/amulsar%20Harut%20Bronzyan/bronzianconsultantsamulsar.pdf>

¹⁴ <http://investigative.am/images/2019/lydian/porcaqnutyun/amulsar11.pdf>

¹⁵ <https://ecolor.org/en/news/amulsar/--elard--/11536/>

¹⁶ <http://investigative.am/en/news/view/amulsar-hoxataracq.html>

Jermuk turned into a mining town, which is damaging its reputation as a prestigious health spa. Tourism in Jermuk suffered: people do not want to come for clean mountain air and healing mineral water treatments in a town full of miners, miners' dormitories and their muddy vehicles. The social fabric of our community was disrupted by the influx of mine workers.

The impact of uranium pollution on our air and health was not assessed. It is public knowledge that during Soviet times several expeditions did explorations in the area and discovered uranium deposits ("Горный журнал", 2007, N 6,¹⁷).

The opinion of the Scientific-Expert Committee on Lake Sevan Preservation also mentions about the radiation risks of Amulsar project, which was sent to "Center for Environmental Impact Expert Assessment" of RA Ministry of Nature Protection on Amulsar's project for 2012 submitted by Geoteam Company (now Lydian Armenia). The official letter of the committee particularly says: "The reports of Radman Associates show that radon concentration exceeds 400 Bq/m³, but the project EIA doesn't say anything what measures to be undertaken to reduce this level..." In terms of the project impact on Lake Sevan, the Committee mentioned, "The territory of the tail accumulation has numerous yields of groundwater due to its hydrogeological features, which will spread toxic substances from the tails to the Vorotan River, then through Vorotan-Arpa tunnel to Lake Sevan..."

Assessing the risks of Amulsar project, the Committee issued a negative opinion. Later in 2014, after the members of Sevan Committee changed, it issued a positive opinion to Amulsar project. The committee rejected to provide its positive opinion to the public.

The opinion of Jermuk citizens was not considered. There was not a proper public hearing on the EIA of the project and no consultation for citizens. Being at almost the same distance from the planned mine as the other affected communities, the residents of the region's most populous city, Jermuk, were alienated from the right to express their views on a project that would have a serious impact on the future of their hometown. Though in 2016 Jermuk was included as an affected community, nevertheless, statutory discussions haven't been held in the town. The impact on Jermuk resort and spa town, Gndevaz and Kechout residential areas haven't been properly assessed by Lydian and the EBRD.

In 2018, 3000 signatures were collected in Jermuk under a collective petition “On declaring Jermuk an ecological and economic area and banning metal mining in the community”. 3000 signatures were collected in only five days, which shows the wide support for a ban on mining and the wide opposition to the Amulsar project. Lydian has no social license to operate from Jermuk communities. The petition was endorsed by the Vayots Dzor Region Jermuk Community’s Aldermen’s Council (Municipal Council, Decision N 88-A dated, attached) on 18 December 2018.¹⁸

Thus, our right to develop tourism as a development of the community and our welfare has been violated, as the project will be detrimental for historical and cultural tourism, as it will destroy the historical and cultural heritage (see the appendix on the destruction of monuments). Ecotourism will also suffer (see the appendix on the risks of extinction of red-listed species and species protected by the Berne Convention).

We, the residents of Jermuk, were going to announce these risks in Jermuk during a public hearing as envisaged by RA Law on Environmental Impact Assessment and Expertise, but it did not take place, although Jermuk was recognized as an affected community. The hearings were held in small villages in the enlarged Jermuk community, and Lydian announced that they had complied with the law and held public hearings when, in fact, no hearings were held in Jermuk resort and spa town and our right to participate in the public hearings on Amulsar project has been neglected.

We want our environment and social situation to be improved, not to be affected for the worse. We want our livelihoods to be restored and tourism development based on our natural resources. We want a good quality of life in clean and healthy environment. We are fighting for the restoration of our right to have a say on the future of our communities.

We are calling on the IPAM to offer the EBRD to withdraw from the Amulsar project, which will be a responsible step in compliance with the requirements of the Bank's Social and Environmental Policy:

Performance Requirement 1: Environmental and social impact assessment and their management

Performance Requirement 3: Resource efficiency, environmental pollution prevention and control

Performance Requirement 4: Health and safety

Performance Requirement 6: Biodiversity conservation and sustainable management of natural resources

Performance Requirement 8: Cultural heritage

Performance Requirement 10: Publicity of information and cooperation with stakeholders in order to avoid further serious and irreversible damage and to restore justice to the people of Jermuk.

The world has new challenges, where human health and life in a healthy environment become fundamental, as evidenced by the positions stated by largest organizations. We are confident that the EBRD, as one of the largest financial institutions in development sector, will take into account our complaint, investigate the issues raised by us herein and make a decision in favor of Jermuk residents.

The List of project affected people and signatures has been redacted by PCM.