



SFG2570



Armenia Local Economy and Infrastructure Development Project

Report
on
Strategic Environmental, Social and Cultural Heritage Assessment
of
Regional Socio-Economic Development Plans, South Corridor Tourism Development Strategy
and Local Economy and Infrastructure Development Project

January 2016

TABLE OF CONTENT

1	Executive Summary.....	2
2	Introduction	1
3	Purpose of SESCHA, key issues, approach and methodology.....	1
4	Overview of Regional Socio-Economic Development Plans.....	3
5	Overview of Armenia South Corridor Tourism Development Strategy.....	9
6	Brief Description of the LEID Project.....	11
7	Implementation Risks of SEDPs and SCTDS, and Alternatives for LEID Project.....	14
8	Legal and Institutional Framework – Gaps and Implementation Risks	16
9	Environmental Baseline and Issues in Target Regions	21
10	Socio-Economic Baseline and Issues in Target Regions.....	26
11	Cultural Heritage Baseline and Issues in Target Regions.....	31
12	Implications/Risks for Implementation of SCTDS and SEDPs.....	34
13	Analysis of LEID Project Role and Mitigation Strategy	44
14	SESCHA Recommendations for LEID Project Implementation	49
15	Stakeholder Consultation Process.....	52

LIST OF ACRONYMS

ATDF	Armenian Territorial Development Fund
CEDAW	Convention on the Elimination of all Discrimination against Women
CH	Cultural Heritage
CIA	Cumulative Impact Assessment
CBO	Community-Based Organization
DFA	Development Foundation Armenia
HCMPA	Historic and Cultural Monuments Preservation Agency
ESMF	Environmental and Social Management Framework
FM	Financial Management
GoA	Government of Armenia
HPPs	Hydro Power Plants
IBRD	International Bank for Reconstruction and Development
LEID	Local Economy and Infrastructure Development
MoC	Ministry of Culture
MoE	Ministry of Economy
NGO	Non-Governmental Organization
PPI	Public-Private Infrastructure
RA	Republic of Armenia
RPF	Resettlement Policy Framework
SCTDS	South Corridor Tourism Development Strategy
SESCHA	Strategic Environmental, Social and Cultural Heritage Assessment
SEDPs	Socio-Economic Development Plans
SMEs	Small and Medium Enterprises
UNECE	United Nations Economic Commission for Europe
WHS	World Heritage Site
USAID	United States Agency for International Development,
UNESCO	United Nations Educational, Scientific and Cultural Organization,

WWF	World Wildlife Fund
CNF	Caucasus Nature Fund
EIB	European Investment Bank
ADB	Armenian Development Bank
EU	European Union
UNDP	United Nations Development Programme
OSCE	Organization for Security and Co-operation in Europe
GIZ	Gesellschaft für Internationale Zusammenarbeit (German International Cooperation)

Executive Summary

Background of LEID Project

This Strategic Environmental, Social and Cultural Heritage Assessment (SESCHA) was carried out jointly by the Armenian Territorial Development Fund (ATDF) and the Development Foundation of Armenia (DFA) to assess Socio-Economic Development Plans (SEDPs) of five regions targeted by the Local economy and Infrastructure Development (LEID) Project (Ararat, Kotayq, Lori, Syunik, and Vayots Dzor), South Corridor Tourism Development Strategy (SCTDS) as well as the LEID Project being prepared and to be financed with the World Bank support. LEID Project is expected to improve access, quality and reliability of public infrastructure in the target regions; increase the volume of private sector investment in tourism-related regions; and increase points of sales (tourism-related enterprises) in renovated cultural heritage sites and cities.

Development Objective of LEID Project is to improve infrastructure services and institutional capacity for increased tourism contribution to local economy in selected regions of Armenia. The Project will have the following components and sub-components:

Component 1: Urban Regeneration and Tourism Circuit Development will finance regeneration of heritage hubs, development of tourism circuits, and selected public sector investments in municipal or regional infrastructure which will benefit community as a whole and will lead to increased medium-size private sector investments along the corridors (Public Private Infrastructure).

Component 2: Institutional Development will enhance the institutional capacity and performance of the DFA and other tourism and cultural heritage entities, and will provide business advisory services for the development of small and medium enterprises.

Component 3: Contingent Emergency Response is designed as a precautionary measure that would allow to quickly channel the loan financing for emergency recovery efforts following an adverse natural or man-made disaster and declaration of the state of emergency by the Government of Armenia.

Objectives and Methodology of SESCHA

The purpose of SESCHA is to: (i) assess the strengths and weaknesses of SEDPs of the five target regions: Ararat, Kotayq, Lori, Syunik, and Vayots Dzor, and of Armenia's SCTDS; (ii) evaluate their cumulative, direct and indirect impacts on natural environment, social structure and cultural heritage; and (iii) recommend how LEID Project design and implementation arrangements can amplify positive impacts and avoid or minimize any risks that these plans may carry.

The SESCHA methodology included desk-top research, analysis of poverty and economic data, key informant interviews, and community consultations. SESCHA preparation included four steps:

- 1) *Screening and scoping* - identifying environmental, socio-economic and cultural heritage priorities from regional development and tourism development strategies and LEID Project; identifying stakeholders and key questions to be discussed with stakeholder groups; assessment of alternatives.
- 2) *Assessment of Legal, Institutional and Capacity Gaps* - need for legislation improvements, institutional strengthening and capacity building, required for successful implementation and sustainability of SEDPs, SCTDS and the LEID Project.
- 3) *Identification, evaluation and mitigation of implications* - collecting data and establishing baseline, identifying risks/impacts, evaluating their significance, proposing mitigation. Forecasting and estimating the environmental, socio-economic and cultural heritage impacts.
- 4) *Stakeholder engagement and public consultations* - public consultations in the five regions to be targeted by the LEID Project to collect citizens' views and identify their priorities regarding development of their communities, and the role that LEID Project may play in that, as well as their concerns regarding tourism development and the LEID Project's implementation modality.

Strengths and Weaknesses of SEDPs and SCTDS

SEDPs of the five target regions (Ararat, Lori, Kotayk, Syunik, and Vayots Dzor) analyze the main factors pre-determining poverty, identify impediments for socio-economic development in these regions, and define strategy and action plans to reduce poverty. SEDPs carry a pretty comprehensive and relevant listing of issues and bottlenecks to be addressed, including underdeveloped regional infrastructure, insufficient accessibility and quality of social services, limited employment opportunities, underdeveloped industry and underutilized tourist potential. Weak environmental management system is also noted among critical deficiencies. Based on the deep analysis of issues, SEDPs set forth sector-specific sets of actions required for the achievement of sustainable growth.

The main risk for the implementation of SEDPs is the lack of priority setting in these documents. All issues covered in SEDPs are indeed relevant, however addressing them all is an overly ambitious goal that may cause thin spread of resources and fragmentation of effort. At the same time, investing in addressing of a single priority may cause disproportional development and may affect physical, biological and social environment. Giving exclusive priority to industrial development (e.g. labor-intensive extractive industries) may result in damage to environment and public health while creating a much sought new employment. Excessive concentration of social welfare programs puts pressure on budgets and may not be sustainable as it does not solve the problem of unemployment.

The Armenia SCTDS was developed by the DFA and focuses on the Southern Corridor (Garni-Geghard-Khor Virap-Areni-Jermuk-Sisian-Tatev-Goris-Meghri), which crosses four regions (Yerevan-Ararat-Vayots Dzor-Syunik) combining several scenic cultural and natural attractions - traditional farms, mountains including Mount Ararat, carpet production in Yeghegnadzor and Goris, wine tasting in Areni, and mulberry vodka tasting in Goris. This Corridor provides opportunities for many activities such as visits to natural areas, cultural heritage sights, and visits

with carpet producers, traditional meals and community home stays. SCTDS identified destination hubs along the Southern Corridor that either are- or could be attractive to visitors, tour operators and investors. SCTDS provides vision for developing the South Corridor into a new responsible tourism destination that offers rich, authentic cultural and nature-based Armenian experiences by 2025. This document sets forth specific objectives leading toward this goal, including (i) increase of higher spending tourist arrivals and associated employment, (ii) diversification of tourism product/experience offers attracting both tour operators and independent travelers, (iii) increase overnight stays and related spending from targeted segments of international and domestic tourists, and (iv) increase overall “incoming tourism expenses” (spending). All of these objectives have numeric targets to be achieved within the set timeframe.

Risks associated with the implementation of SCTDS is that the increase of tourism arrivals cannot be stimulated without correlation overall socio-economic development of the target regions and without improvement of not only specific site infrastructure, but the broader improvements of urban and social infrastructure in tourism destination areas. As it is stated in SCTDS, one of the main challenges for Armenian tourism is that while international arrivals have been increasing dramatically (tripling from 2005 to 2013), average receipts earned per visitor have steadily declined by 2013. This could mean that visitors are not finding relevant infrastructure for additional spending opportunities, including staying overnight in regions.

Direct and Cumulative Environmental Impacts

Root cause of many environmental problems and already exist and may get aggravated as a result of development and higher tourist visitation to the target regions of Armenia is the lack of special planning and zoning. These instruments would prevent industrial development and pollution in the priority conservation areas, construction of buildings and infrastructure not fitting natural and/or urban landscapes, etc. White spots in the environmental regulations and weak enforcement are the second systemic issue. Finally, lack of utilities and infrastructure for waste disposal and waste water treatment are a significant impediment for tourism development, especially of the nature-based and cultural tourism. These same deficiencies in the regulatory basis and infrastructure are likely to amplify environmental risks from increased tourist visitation:

- (i) *Uncontrolled construction.* Investment into upgrading of touristic destination and attracting increased number of visitors will induce local development such as arrangement of family hotels, bed & breakfast facilities, catering, etc. This would be a much desired positive impact on the social side, but may cause damage to sensitive ecosystems and landscape in case of improper planning and design.
- (ii) *Loss of biodiversity.* Improving access to remote areas with the purpose of bringing visitors to remarkable natural sites, hiking, mountain biking, trophy hunting, fishing, etc. may cause irreversible loss of animal/plant populations and disrupt ecological balance in case of poor regulation and management.
- (iii) *Disturbance of habitats.* Poorly managed guided tours as well as independent tourists may cause damage of fragile plant cover, trigger soil erosion, and disrupt habitation of sensitive species by walking and climbing off the established tourist paths, starting bonfire and picnicking in random locations, picking flowers and other attractive parts of plants.

- (iv) *Pollution and littering.* Irresponsible tourism carries high risk of soil and water pollution through littering at the natural sites and around historic monuments where people like to stop for rest and meals. The same may result from increased number of hotels and restaurants constructed in the immediate proximity to the attractive natural/heritage sites because of insufficient waste collection, waste disposal, and waste water treatment systems.

Direct and Cumulative Social Impacts

Over time, tourism development can bring social and economic gains to local communities. However, it can also provoke some negative outcomes such as disruptions to the fabric of communities due to increased flows of new-comers, the risk that not all population groups would benefit equally from new and diverse employment opportunities, or inequitable distribution of economic revenues.

The main socio-economic benefits are related to improved public infrastructure, increased external investments, more employment opportunities in higher-skilled services related to tourism, increased opportunities for establishing small and micro enterprises, increased demand for agricultural production and food supplies to hotels, demand in construction services and materials, more employment opportunities for higher-skilled services related to tourism, and other direct and indirect socio-economic benefits.

The main socio-economic risks are related to the equitable distribution of benefits from tourism revenues across communities and across demographic groups within each community, the ability of local populations and businesses to take advantage of increased local development, the risk of losing long-term assets to external investors, and undesirable disruptions to local businesses from construction and rehabilitation activities.

The key cumulative risks that may arise from enhanced tourism flows in the medium and long-term include:

- (i) *Change in land use patterns.* Land use patterns are strongly affected by the large scale industrial and infrastructure projects considered by SEDPs, which require permanent land take for locating facilities. Cumulative impacts of several infrastructure projects developed in the same region may aggravate the impact. The LEID Project itself will focus on smaller-scale infrastructure improvements and will not require large-scale land take.
- (ii) *In-migration leading to social divisions and tensions between newcomers and local population or loss of long-term assets for local vulnerable population.* This is especially important taking into account extremely low prices on agricultural land and high poverty rate. In case if the moratorium on selling agricultural land is ceased, there is a risk that investors from other regions or expatriates may buy agricultural land, and local population may sell land and property, gaining minor short-term benefit and losing long-term development opportunities.

- (iii) *Risk that Employment benefits do not accrue to local population.* There is a risk that jobs created during the implementation of the regional SEDPs and SCTDS do not accrue to local population, but the main benefits will be gained by the residents of other regions or even expatriates. This is relevant to temporary jobs (construction activities), as well as to the long-term employment opportunities.
- (iv) *Uneven distribution of benefits across regions/sub-regions and across population groups.* Achievement of the strategic goals in the target regions cannot guarantee that all population groups will benefit in a fair and equal manner. Diversity within the regions will result in more investments and greater growth areas that are richer in natural and cultural assets. Vulnerable social groups and poor households who do not own many productive assets, do not have easy access to credit, or relevant education will be less well positioned to reap benefits from inflow of tourists. These groups will be less able to set up small businesses, find more lucrative employment if more opportunities in tourism/hospitality sector open up.
- (v) *Induced development.* Over the time, the Project investments are likely to bring more economic activity in the target areas that may stimulate new land acquisition, emerging of new businesses, and immigration from less well-off areas of the country. Given the limited carrying capacity of the sites in terms of space and infrastructure, in addition to cultural differences, immigration can become a potentially important problem. Unplanned and under-regulated housing development is a recurring problem. A lack of zoning laws and the fact that land is almost exclusively privately owned may lead to a frontier mentality and result in unplanned construction activities and architectural mismatches.

Direct and Cumulative Cultural Heritage Impacts

Development of regional infrastructure in general and tourist infrastructure in particular that involves excavation, leveling or filling of earth is a potential threat to archaeological and historic heritage. Risks include physical damage of chance finds during earth work as well as damage of known cultural/historic monuments from vibration, dust and emissions. If infrastructure is not well designed and harmonized with the surrounding area, it may have negative visual impact on the heritage sites such as deterioration of aesthetic appearance, disruption of serenity/tranquility associated with many monuments, and general detriment of the visitors' experience.

More specifically, risks to the cultural heritage emerging from increased tourist inflow are as follows:

- (i) *Physical damage of cultural heritage.* The Government will invest in the upgrade and development of infrastructure in the historical settlements as well as in the proximity to the cultural and natural heritage sites. Area improvement and other interventions aimed at increasing attractiveness and accessibility of heritage sites are also planned in their immediate proximity. Such interventions carry a risk of damaging monuments in case the design and methodological approaches used are unfit for conservation of the historical and aesthetic value of these sites, or if tourist visitation of these sites is not managed in a sustainable manner. Cumulative impacts of developing various

elements of infrastructure in and around historic settlements, in or around natural sites of recreational and aesthetic value also add to the potential risks.

- (ii) *Illegal trade in artifacts.* Influx of tourists may stimulate illegal trade in artifacts, movable archaeological finds.
- (iii) *Commercialization of arts & crafts.* Commercialization of traditional artisan industries can lead to loss of authenticity with negative results for the artisans and possibly for the buyers as well.
- (iv) *Impact on sacred sites.* Tourist visitation to sacred and active religious sites may go against local traditions and beliefs. Tourists' dress and behavior may conflict with the established patterns of demeanor, disturb and even insult local communities and congregation.

Environmental, Social, and Cultural Heritage Mitigation Measures

During preparation of the LEID Project, ATDF developed two framework documents – Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF). Both of these documents include the description of legal and institutional framework as relevant for LEID Project implementation, analyze gaps between the national regulatory framework and the World Bank's policies, and provide a detailed description how these gaps will be bridged in the context of the LEID Project so that Project-supported activities are compliant with the World Bank's social and environmental policies, do not cause unjustifiable environmental and social impacts, and are sustainable over the time.

All proposed site-specific investments will undergo screening for identifying possible impacts on the natural and social environment and the cultural strata. Activities with likely significant, diverse, irreversible impacts will not be supported. For lower risk activities, environmental and social management plans will be developed to prescribe and guide application of mitigation measures during physical works as well as at the operation phase. For any activities for which the national legislation requires environmental impact assessment and issuance of an environmental permit, this rules will be followed. However if an activity does not require any kind of environmental diligence by the Armenian law but falls under environmental Category B according to the World Bank's OP/BP 4.01, it will be handled in accordance with the Bank policy following detailed guidance provided in the ESMF. All efforts will be made to avoid or minimize impacts to private land, property, or disruptions to livelihoods. If resettlement is inevitable, then the expected impacts will be defined and recorded, compensation be agreed with the affected people and provided before commencement of works at any given site. Approach to resettlement and compensation will follow World Bank's OP/BP 4.12 Involuntary Resettlement which has broader coverage than the national legislation and guarantees due handling of all resettlement-related cases.

To address the risk of cumulative social impacts on communities, a citizen engagement plan is being developed under LEID Project. The citizen engagement plan aims to integrate systematic feedback from communities and involve NGOs/CSOs to the extent possible in Project implementation and monitoring at the local level.

An inter-agency Working Group will established for the purposes of LEID Project implementation. It will be composed of the technical representatives from the concerned

agencies (Ministry of Economy, Ministry of Territorial Administration and Emergency Situations, Ministry of Culture, Ministry of Nature Protection, ATDF, DFA, the Apostolic Church of Armenia, and United Nations Educational, Scientific and Cultural Organization) to guarantee strong inter agency communication, and coordinate strategic decision making under all components of the Project. Representation of the Ministry of Culture and of the Church of Armenia will ensure that Project investments into cultural heritage sites, including buildings of warship, are designed and implemented in harmony with the national policy standards for heritage preservation, and in with full respect to clergy and congregation attending historic churches and shrines.

SESCHA Recommendations

The critical messages/recommendations from SESCHA to the implementation of SEDPs, SCTDS and the LEID Project are as follows:

- 1. Identification of carrying capacity of tourist sites and informed planning of site management.** It is of an utmost importance to assess current/existing carrying capacity (physical and ecological) of the major destinations/sites prior to starting spatial planning and zoning exercises. The optimal (and also maximum projected) physical and ecological carrying capacity of these sites shall be established during the spatial planning (master-plans and SMP preparation) process per each site, to ensure careful balance between the ambitious plans for sharp expansion of visitors streams and the sensitive ecological, social and cultural heritage factors. This will prevent the “desire”-based miscalculation of loads, which eventually causes overloading of ecological capacity and directly results in adverse impacts on physical, biological, social and cultural environment.
- 2. Involvement of environmental, social and cultural experts at the very initial stage of planning and design of investments.** Professionals of these fields should work closely with planners/architects from the very beginning to come out with jointly weighted solutions. Terms of References for the planners and architects should contain conclusions and recommendations delivered by SESCHA. This will allow for avoiding situations when the master-plan and design are prepared and completed autonomously, with anticipation that ESIA/ ESMPs should be simply tailored to the already “sealed and stamped” master-plan and design solutions.
- 3. Operation of carefully and properly structured public information and participation process.** Public participation and accountability will be important not only in regard to the SEDPs, SCTDS and LEID Project, but shall be especially dedicated to thorough discussions on the site-specific investments and site management plans to be developed under the auspices of these documents in order to gain local communities’ support and reveal all complains, comments and potential grievances as early as possible. The communities should consider themselves as co-authors, participants and beneficiaries of these site development and management plans that will increase their motivation to support and assist the implementation (construction) phase and then take good care of the infrastructure at the operation stage.

4. **Tourists' safety and security.** Strategic assessment and planning is required to estimate specific safety risks for tourists and for planning emergency response and salvage operations. This should include, but may not be limited to assessing risks related to: extreme outdoor activities (mountain climbing, hiking in difficult terrain, biking, downhill skiing, etc.), uncontrolled contact with wild animals, consumption of unsafe food offered at unregistered make-shift eateries and street vendors, geohazards (earthquakes, avalanches, landslides), other.
5. **Design and implementation of awareness building programs for local population, tourists and investors aimed at protection of natural and cultural heritage.** An important positive externality of tourism development is increased environmental awareness, both in the local population and governments on municipal as well as national levels. The main attractions of target regions are natural and cultural heritage based, and if natural resources dwindle, then so will the inflow of tourists. As a consequence, environmental and cultural heritage protection issues are treated with increasing attention. These medium term positive impacts could be enhanced through putting together and applying public awareness raising programs aiming various target groups, including local communities residing in the vicinity of touristic sites, the visitors, and private sector involved in regional development and tourism.
6. **Application of quality control mechanism.** Undertaking construction works at and around natural or cultural heritage sites requires application of enhanced quality control mechanisms, because risks of damage of the natural and cultural assets from improper/careless construction practices are great. Strict and clear requirements for works planning, developing construction method statements and applying internal controls should be reflected in all contracts and time-bound work plans prepared for the construction contractors (starting from the bidding documents preparation phase). The carefully developed and strictly followed method statements and work schedules requested from and submitted by each contractor, proper quality assurance and supervision of works should become key elements of the entire LEID Project implementation process.
7. **Improvement of site management planning and regulatory mechanism.** It is expected that implementation of SEDPs, SCTDS, and LEID Project will create environment enabling considerably higher levels of tourist visitation into the target regions and their distinguished attractions. For a long term perspective, Ministry of Culture and its subordinated entities are recommended to carry out more in-depth Analysis of the expected change in the spectrum and magnitude of the potential impacts on cultural heritage related to the increased tourist inflow. Such assessment would facilitate elaboration of a comprehensive mitigation program and a set of specific limitations required for sustaining highest-visited sites in a long term and retaining tourists' level of satisfaction from the site experience.

SESCHA included public consultations in five regions targeted by LEID Project: Ararat, Kotayk, Lori, Syunik and Vayots Dzor. SESCHA report will be revised and finalized through the public consultation on the present draft.

1 Introduction

This Strategic Environmental, Social and Cultural Heritage Assessment (SESCHA) was carried out jointly by the Armenian Territorial Development Fund (ATDF) and the Development Foundation of Armenia (DFA) to assess Socio-Economic Development Plans (SEDPs) of five regions targeted by the Local economy and Infrastructure Development (LEID) Project (Ararat, Kotayq, Lori, Syunik, and Vayots Dzor), South Corridor Tourism Development Strategy (SCTDS) as well as the LEID Project being prepared and to be financed with the World Bank support. LEID Project is expected to improve access, quality and reliability of public infrastructure in the target regions; increase the volume of private sector investment in tourism-related regions; and increase points of sales (tourism-related enterprises) in renovated cultural heritage sites and cities.

2 Purpose of SESCHA, key issues, approach and methodology

The purpose of SESCHA is to assess the strengths and weaknesses of the SEDPs of Ararat, Kotayq, Lori, Syunik, and Vayots Dzor marzes and of the SCTDS; evaluate their cumulative, direct and indirect impacts on natural environment, social structure and cultural heritage; and recommend how LEID Project design and implementation arrangements can amplify positive impacts and avoid or minimize any risks that these plans may carry.

SEDPs lay out medium term actions by key sectors to achieve improvement of social conditions and sustainable economic development. SCTDS formulates the vision for stimulating regional and local economies through increase of tourist visitation and diversification of visitor experience. It sets priorities for restoring and developing tourism infrastructure targeting the rebound to the historic tourist arrivals of 70-ies and early 80-ies. The purpose of the LEID Project is to support implementation of SEDPs in target regions, as well as renovate/develop local tourism attractions and cultural heritage (CH) sites, provide public infrastructure to facilitate visitation to these sites, and enhance institutional capacity of tourism sector to boost overall economic growth in the target regions and leverage other infrastructure development projects in these regions.

The SESCHA identifies weaknesses of SEDPs and SCTDS and risks associated with their implementation in order to inform LEID Project proponents and help in, adjusting Project design and implementation. The SESCHA also explores expected impacts of the future development induced by the implementation of these programs/strategies and of the World Bank-supported operation. In particular, the SESCHA covers the following key strategic questions identified during the screening and scoping process, as well as during the consultations with stakeholders:

- What are the cumulative effects of implementing the SEDPs and SCTDS by 2021?
- What are the cumulative effects of increased tourism arrivals in the regions?

- How to maximize local communities' benefits from the regional programs and the tourism development strategy?
- What is the cumulative impact of increased tourist visitation on key CH sites and how their carrying capacity could be assessed and respected?
- What are the main challenges at the world heritage sites (WHSs) included in the Project, namely: Haghpat and Sanahin, and what are UNESCO's recommendations that the Project should address?

Using the World Bank publication "Getting to Green - A Sourcebook of Pollution Management Policy Tools for Growth and Competitiveness" (2013), Part 2 "Policy Tools", 2.1.1 "Strategic Environmental Assessment", and the OECD DAC Guidelines "Applying Strategic Environmental Assessment" (2006), the present SESCHA applied the approach proposed in these documents with some modifications. Present SESCHA process can be summarized by four steps approach:

Step 1 – *Screening and Scoping* - identification of environmental, socio-economic and cultural heritage priorities - key elements of RD Programs, TD Strategy and LEID Project; identification of stakeholders, key issues to be assessed, setting objectives and targets for evaluation (applying desk study, existing data analysis, stakeholders' analysis, outcomes of stakeholders' consultations), assessment of alternatives.

Step 2 - *Assessment of Legal, Institutional and Capacity Gaps* - need for legislation improvements, institutional strengthening and capacity building, required for successful implementation and sustainability of SEDPs, SCTDS and the LEID Project.

Step 3 - *Identification, evaluation and mitigation of implications* - collecting data and establishing baseline, identifying risks/impacts, evaluating their significance, proposing mitigation. Forecasting and estimating the environmental, socio-economic and CH impacts based on the following methodologies: cumulative impact analysis, risk assessment, scenario analysis. The cost-benefit analysis for the socio-economic component is presented in the LEID Project documents. (The other, more sophisticated methodologies, such as input-output analysis, environmental mathematical modeling, weighted comparison / multi-criteria analysis - have not been applied for this assessment).

Step 4 – *Stakeholders engagement and public consultations* - regional public consultations. Present SESCHA involved public consultation meetings within the target regions as part of the fact finding and research process to collect citizens' views and identify their priorities regarding development of their communities and the role LEID Project may play in that. It will be followed by a stakeholder consultation meeting on the present final draft report on SESCHA.

3 Overview of Regional Socio-Economic Development Plans

The 2014-2017 and 2015-2018 regional SEDPs were developed in support of the Sustainable Development Program of the Government of Armenia (GoA) which is based on the Strategic Program for Prospective Development of the Republic of Armenia (RA) in the period of 2014-2025. SEDPs were produced in the regions by working groups, based on community participatory approach, coordinated by the Regional Development Councils (at the regional level) and by the Ministry of Territorial Development and Emergency Situations (at governmental level). This section of the SESCHA Report is descriptive, briefly overviewing content of SEDPs in target regions, generalizing the common issues of the plans.

Background information by region

Lori Region

The territory of Lori region of RA is 3,798 km². Agricultural lands – 251,154 ha, including arable lands – 42,075 ha. Marz center – Vanadzor. Urban communities – 8, rural communities – 105, rural settlements – 122. Population - 234.7 thousand people (permanent, as of January 1, 2013) including: urban - 137.2 thousand people (58.46%), rural - 97.5 thousand people (41.54%). Lori region is the third in the Republic in terms of territory and population (it occupies 12.7% of the territory of RA). It is located in the North of the Republic, borders with Georgia (110 km). Lori marz includes the whole basin of Debed River and has mountainous relief. The major towns are Vanadzor (Marz center, 85.7 thousand people), Spitak, Tashir, and Alaverdi. The leading economic sectors are agriculture and metallurgy. The agriculture industry is founded on grain, potatoes and vegetables, and animal husbandry products. In terms of tourism attractions – Lori marz has over 3000 historical objects – churches, chapels, house-museums, art museum, geological museum, etc. Part of this is for now in desolate condition. It is worth mentioning that during recent years there are implemented activities aimed at reconstruction of historical and architectural monuments using state budget funds. It is home to the UNESCO World Heritage Sites of Haghpat and Sanahin monasteries (1996) and the well-preserved Akhtala monastery, where Armenians, Georgians, and Greeks make an annual pilgrimage on September 20–21. Lori is the birthplace of several famous Armenians including musician Sayat-Nova, Armenia's national poet Hovhannes Tumanyan, Soviet aircraft designer Artem Mikoyan, and Soviet statesman Anastas Mikoyan.



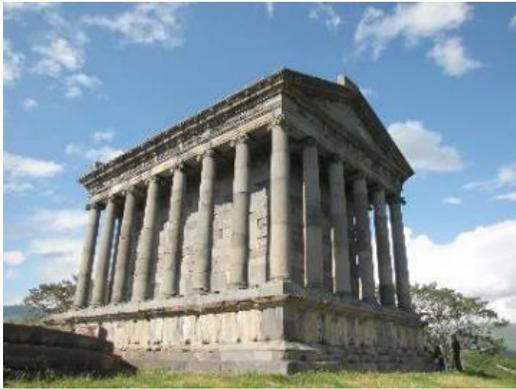
Sanahin Monastery



Haghpat Monastery

Kotayk Region

Kotayk region is located in the center of Armenia, on the altitude of 900-2,500 m above sea level. Marz center – Hrazdan, territory – 2,076 km², Population – 254,700 (as per data of January 1, 2014), Urban – 138,000 (54.2%), rural – 116,700 (45.8%), Number of communities – 67, including 7 urban and 60 rural. The territory includes upper and middle basins of Hrazdan River, and the whole basin of Marmarik River. It is limited by Gutanasar massif in the North, and Hatis massif in North-East. The major towns are Hrazdan (regional center), Abovyan, and Charencavan. The region is rich with mineral waters, found in Bjni and Arzni. Industry is specialized in food and beverage production, non-metal mineral production (glass and cement), metallurgy and metal products (steel and iron casting), and furniture. The region also has three large poultry farms, and two large electricity plants, giving it a strong role in Armenia's energy sector. Historical and archeological values testify that the territory of current Kotayk marz is one of the cradles of human civilization development. Kotayk region is one of the oldest settled areas of Armenian Highland. The incredible pearl of Armenian Hellenistic architecture is Garni temple built in honor of Mihr, the god of sun (1st century). Ayrivank-Geghark is unique and highly artistic monument of Armenian engraved architecture. There are basilica and later Christian beautiful temples in Yeghvard, Aramus, Ptghni, Voghjaberd, Tsaghkadzor, Bjni and Meghradzor. There exist 3227 recorded historical objects in the region.



Garni Temple



Parking at Geghard Monastery

Ararat Region

Ararat region territory is 2,096 km² and comprises about 7% of the Republic of Armenia. The population is 260.8 thousand people and comprises 8.2% of the total population of the country. Ararat region is located in South-West of Armenia. In the North marz borders with the capita, Armavir and Kotayk regions, in the East with Gegharkunik region, in South-West with Vayots dzor region, and in the South it borders with Turkey with the state border. Rural population, 186.4 thousand people, is 71.4% of the whole population, urban population is 74.4 thousand, 28.5%. The region has 4 urban (Artashat, Ararat, Vedi and Masis) and 93 rural communities. Population density is 141 people per square kilometer. Number of farms is 58,228. Khosrov state reserve is located in the marz. The major towns are Artashat (regional center), Ararat, Vedi, and Masis. The economy is specialized in fruit and vegetable growing and wine production. Marz territory was part of Vostan Hayots canton of Ayrarat province of historical Armenia. Artashat and Dvin capital cities of ancient Armenia are located here. Remarkable historical and architectural monument of Khor Virap is located on a hill next to Pokr Vedi village of Ararat region. This is one of the most famous pilgrimage places of Armenia, related to Saint Gregory the Illuminator. The region has 906 historical objects recorded.



Information panels in Khor Virap



Khor Virap

Vayots Dzor Region

Vayots Dzor region is located in the Southeast of RoA, It was formed on November 7, 1995 as a result of RoA Law on Administrative Division of RoA, ratified by the NA of RoA, by which the former Yeghegnadzor and Vayk administrative divisions with 3 towns and 51 rural settlements were merged into one region. The population is 55.8 thousand, urban population is 19.4 thousand, rural – 36.4. The region has 44 communities, of which 3 urban, 41 rural, 12 transboundary, 7 high-mountainous, 13 mountainous. The major towns are Eghegnadzor (Regional center, 8.3 thousand population)), Jermuk, and Vayk. The leading economic sector is agriculture – viniculture, fruit and vegetables. The territory is famous for Jermuk mineral water and the Jermuk resort town.



Fence of Areni Bird's Cave



Areni, Grape festival

Vayots Dzor played a major role in the development of medieval Armenian culture. Here was the famous Gladzor University (13th century, the 700th anniversary of it was celebrated in 1984). Magnificent monuments of Armenian culture, i.e. Noravank, Gndevank, Shadivank, Tanahat, Yeghegis, Hermon monasteries, Selim (Selim “guest house” 2410 m), numerous monuments, cross- stones, ancient settlements, cyclopean structures are located in Vayots Dzor. In picturesque places of the regional healthcare centers, hotels, holiday centers are located. Jermouk

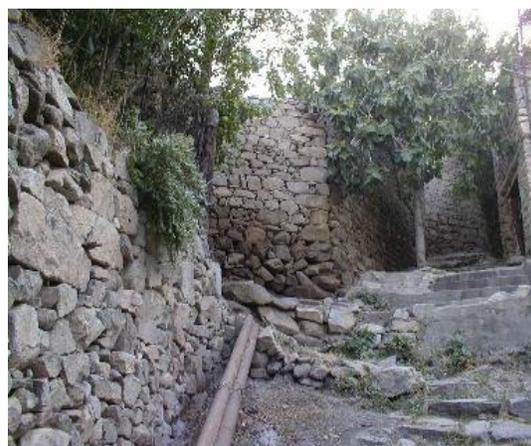
healthcare complex is a miracle of nature with its recreation zones, hot waters and a waterfall falling down from 60 m height. There exist 1380 recorded historical objects in the region.

Syunik Region

Syunik region occupies part of the territory of historical Syunik (Sisakan), located in South-East of the Republic of Armenia. It has been formed in 1995, as a result of merging of former Goris, Kapan, Meghri and Sisian administrative regions. Syunik is the largest marz of the Republic of Armenia in terms of occupied area - 4506 km², which totals about 15.1% of the area of the ROA. As of April 1, 2013 the population of the region totaled 141600, of which 95200 people (67.2%) in urban communities and 46400 people (32.8%) in rural communities. Region has 109 communities, of which 7 are urban and 102 are rural communities. The major towns are Kapan (Regional center, population 45470), Goris, Sisian, and Meghri. Leading economic sectors are the mining industry and electricity production. Agriculture is specialized in crops and animal husbandry. Syunik is the richest marz of RoA by its minerals. Industrial (mining), energy and agricultural sectors prevail in the total volume of economy of the region. From natural monuments “pyramids” and caves of Goris and Khndzoresk, Shaki waterfall (18m), which is the highest waterfall in the Small Caucasus, gorges of Vorotan and Voghji, “Devil’s Bridge”, Tsavi - the world’s largest natural park of relict trees (60 hectares), Shikahox reservation area, Mtnadzor forest are known. From historical-cultural monuments, known are the ancient observatory of Zorats Stones (Stonehenge), Baghaberd, Haldzor, Vorotanberd fortresses, Tatev, Vorotna, Bgheni monasteries, Vahanavank and Yeritsvank monasteries, Aghitu Charnel house-Monument, hill of charnel houses, dating back to Neolithic age, church of small district of Meghri city and towers of the city that have protective significance. The region has 906 historical objects recorded.



Goris city-facades and balconies



Sidewaiks in Poqr.Tagh, Meghri

Plans to reduce poverty in target regions

Based on guiding principles laid out in GoA Sustainable Development Program, the SEDPs of the target regions (Ararat, Lori, Kotayk, Syunik, and Vayots Dzor,) are aiming at revealing main factors that predetermine the poverty, identifying impediments to social-economic development of the regions, and defining a strategy and action plans to reduce poverty. Based on SEDPs, the following priority areas are identified by regional administrations for combating poverty:

- Developing private sector and Small and Medium Enterprises (SMEs);
- Developing industry and agriculture to create jobs;
- Developing tourism;
- Improving accessibility and quality of social services;
- Improving regional infrastructure;
- Strengthening and further developing institutional structure;
- Applying efficient solutions to environmental protection.

For formulating key actions environmental protection, SEDPs rely on the assessment and analysis of the state of environment and major environmental issues. These assessments were carried out for each region, however measures recommended for addressing the identified issues are relatively generic and mostly uniform for all of them. These include:

- Reducing pollution from industrial/mining sector;
- Improving forest management;
- Improving land management;
- Introducing integrated water management and improving water quality;
- Improving waste management;
- Increasing awareness of environmental issues and promoting public participation in addressing them.

Actions recommended through SEDPs for tourism development in the five regions are also common and generic:

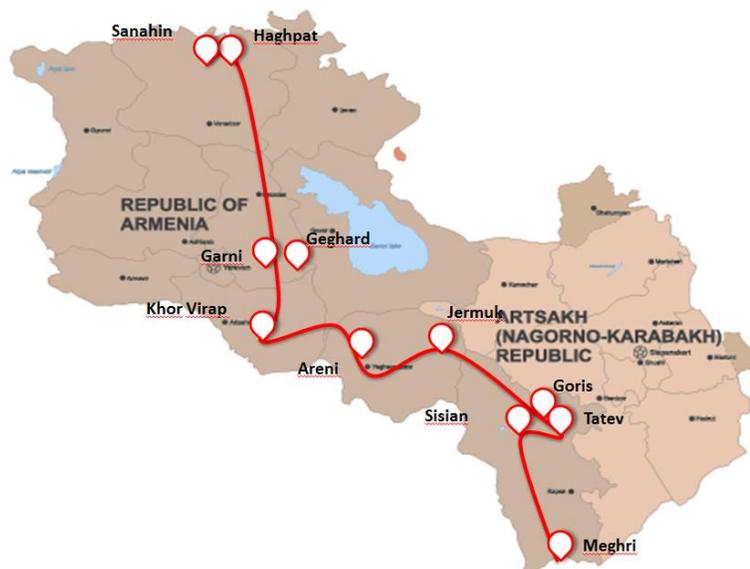
- Drafting integrated strategies and programs for tourism development;
- Development of primary infrastructure for tourism;
- Determining permissible norms (tourist maximum) for historic monuments;
- Encouraging development of diverse types of tourism, such as ecotourism, rural and agricultural tourism (organizing wine and cheese festivals), scientific tourism, other;
- Starting efficient marketing policy for tourism, creating and operating web pages;
- Promoting touristic attractions among Diaspora;
- Creating a tourism centers in regions, developing advertising materials and databases;
- Coordinating private sector activities on development of tourism infrastructure;
- Organizing human resource training for tourism sector (guides, tour operators, etc.);
- Aligning regional tourism development program with social-economic programs and harmonize it with ecological and CH protection factors;
- Facilitating SMEs involvement in tourist sector.

SEDP chapters dedicated to urban development and infrastructure consider preparation of urban development programs for settlements; construction and renovation of public school buildings; rehabilitation of health, cultural, sporting facilities, housing stock and administrative buildings; improving administration of multi-apartment housing stock and other urban development issues. These chapters describe regional infrastructure, plans for development of regional and community roads, water supply and gas supply grid, wastewater treatment plants, housing construction issues. For energy sector - development of alternative sources of energy, development of power generation capacity through construction of small and medium hydro power plants (HPPs), such as wind and solar. The other chapters of SEDPs describe efficiency of territorial administration and local self-governing and developing civil society, protection of population and territories in case of emergency situations, monitoring and evaluation of SEDP implementation progress.

4 Overview of Armenia South Corridor Tourism Development Strategy

According to Armenia's National Development Strategy 2014-2025, tourism is one of five priority sectors for job creation. The strategy indicates that incoming tourism should retain its role as the second main export sector and will account for around 20% of exports. It is estimated that the number of directly tourism-related jobs will increase and account for 3.3% of non-agricultural jobs by 2025. The most visited corridors and itineraries currently in Armenia are the North Corridor (Gyumri-Vanadzor-Dilijan-Sevan) and the South Corridor (Garni-Geghard-Khor Virap-Areni-Jermuk-Sisian-Tatev-Goris-Meghri), as they offer the most effective, attractive and replicable models for development and leveraging the triple bottom line benefits of tourism.

The Armenia SCTDS was developed by the DFA and focuses on the Southern Corridor (Garni-Geghard-Khor Virap-Areni-Jermuk-Sisian-Tatev-Goris-Meghri), which crosses four regions (Yerevan-Ararat-Vayots Dzor-Syunik) combining several scenic cultural and natural attractions - - traditional farms, mountains including Mount Ararat, carpet production in Yeghegnadzor and Goris, wine tasting in Areni, and mulberry vodka tasting in Goris. Road quality ranged from poor to good along the Corridor, but overall road improvements are a high priority and impact potential itineraries in the region. This Corridor provides opportunities for many activities such as visits to natural areas, cultural heritage sights, and visits with carpet producers, traditional meals and community home stays. Many of these activities are offered by small and micro-enterprises. Hence generating more tourist visitation helps facilitates local businesses and spreads prosperity over a broader range of stakeholders.



South Corridor (Sanahin-Haghpat, Garni-Geghard, Khor Virap-Areni-Sisian-Jermuk and Tatev-Goris-Meghri)

The SCTDS has identified destination hubs along the Southern Corridor that either are- or could be attractive to visitors, tour operators and investors. The hubs and corresponding “spoke” destinations would serve as clusters and circuits. While it would be ideal to assist as many destinations as possible in each of the areas mentioned above – product offerings and marketing, infrastructure, private investment, and human resources – resources are limited and must be allocated to those destinations where improvements could best attract more visitor spending, generate increased incomes and employment, and spur more investment.

The underlying vision of the South Corridor tourism development is to establish a new responsible tourism destination that offers rich, authentic cultural and nature-based Armenian experiences by 2025. The tourism objectives stimulated by South Corridor growth, which are in line with Armenia’s National Development Strategy, are:

- Grow responsible higher spending tourism arrivals from approximately 957,240 in 2013 to 2.7 million and employing 28,300 by 2025 for the entire country with at least 10 percent visiting the SC each year (270,000) and 21509 jobs resulting from SC growth.
- Diversify tourism product/experience offers that attract increased international tour operators and independent travelers resulting in increased value for money, local jobs, improvement in skills, and SME opportunities in SC destinations with at least 10 new operators adding at least 120 tours that go as far as Areni/Noravank on day trips and Goris/Tatev for overnight trips from 2016 to 2025.
- Increase overnights and thus spending from targeted segments of international and domestic tourists with at least 10 percent growth by 2025 due to SC growth, thus an average of 84,300 more room nights and US\$4.6 mn in spending each year above the 2012 national total of 8.4 mn room nights and US\$460 mn in tourism receipts (spending in Armenia).
- Increase “incoming tourism expenses” (spending) from US\$513 mn in 2011 to US\$2.4 bn in 2025.

The corresponding chapter of SESCHA presents brief overview of main components of the SCTDS: market demand analysis, summary of the strengths and weaknesses of the South Corridor, tourism product offers, Lori tourism and WHS strategy, main prerequisites for tourism development.

5 Brief Description of the LEID Project

The proposed LEID Project will contribute to one of the Strategic Objectives of the Country Partnership Strategy for Armenia, namely: *Supporting Competitiveness and Job Creation*; and will engage in the area of *Improved Business Environment and Investment Climate for SME Creation, Growth, and Innovations*. The Project is also in line with the Armenia Development Strategy for 2014-2025, which is the country's main socioeconomic development strategy and the basis for medium-term, sectoral and other Project documents. The proposed Project is fully consistent with objectives of the Armenia Development Strategy to increase country's competitiveness in employment through creation of quality and well-paid jobs. The Project Development Objective is to improve infrastructure services and institutional capacity for increased tourism contribution to local economy in selected regions of Armenia.

LEID Project will support the increased contribution of tourism to the local economies of selected regions. It will do so by implementing an integrated approach entailing infrastructure investment, urban regeneration, cultural heritage restoration, skills development, tourism product development and diversification, and attracting private sector investment. The Project will help create and build tourism circuits that connect multiple sites in the selected regions. Together, these activities will help attract more visitors to the regions and increasing their spending and this will, in turn, fuel job creation and local economic growth. The proposed LEID Project will have the following components and sub-components:

Component 1: Urban Regeneration and Tourism Circuit Development (US\$48 million)

Heritage Hub Regeneration

This sub-component includes restoration of public infrastructure, building facades, public spaces, museums, roads and water supply systems. Based on product development and marketing potential, infrastructure needs, and Marz employment needs, the destination hubs with the greatest potential to be catalysts for tourism development along the Corridor are: Areni, Goris, and Meghri.

Tourism Circuits Development

This sub-component will finance implementation of an integrated approach to cultural heritage site upgrading and improved management in the most attractive cultural heritage sites located along the main tourism circuit/route in Southern and Northern Corridors. These activities include: a) site management plans, b) construction of tourism facilities at each attraction, such as information centres, cafés, rest areas, public toilets, parking, c) preservation of cultural heritage monuments, museums, etc., and improving the Southern Corridor access roads. Based on the ESW, the following spokes were selected for enhancement of tourism circuit: Garni (temple and gorge), Geghard Monastery, Khor Virap Monastery, Areni cave, Dvin ancient city, Mozrov cave, Zorats Qarar, and Khndzoresk. Two World Heritage Sites in the Northern Corridor, Haghpat and Sanahin, will also be restored and developed.

Public-Private Infrastructure (PPI)

This sub-component will finance selected public sector investments in municipal or regional infrastructure which will benefit the selected community as a whole and will lead to increased medium-size private sector investments along the corridors. To encourage private sector investments in the region, this component is to support a selected number of private sector entities which show interest in and capacity to invest along the Corridors in the tourism sectors or in agro-processing, but seek complementary public infrastructure necessary to make their investments viable (e.g., public facilities within vicinity of the investments, road/sidewalk, water/sanitation, communications, etc.). They would be subject to screening by a selection committee and there will be appropriate conditions tied to that. Selection of private sector investments will be based on transparent and competitive processes. The support offered will include streamlined business start-up procedures and provisions of the public infrastructure mentioned above.

Component 2: Institutional Development (US\$7 million)

Capacity Building: Enhancing the institutional capacity and performance of the Development Foundation of Armenia and other tourism and cultural heritage entities (local and regional) to carry out the following activities: destination management and promotion, marketing and promotion; workforce development with specific gender focus; construction supervision and sustainable site management of cultural heritage; and performance monitoring and evaluation activities with specific gender disaggregation.

Business Advisory Services for SME Development: Private investors, particularly those investing in small and medium enterprises, shall be incentivized through the provision of various incentive schemes such as public infrastructure and streamlined business start-up procedures. This component can help encourage local communities to start up, or expand, small and medium enterprises. This component will provide business advisory services for SME development – for example, to guesthouses, restaurants, handicraft workshops, organic food and beverage firms; so that SMEs can access micro-credit financing resources available at the Ministry of Economy (MoE).

Component 3: Contingent Emergency Response (US\$ 0)

This component is designed as a precautionary measure that would allow to quickly channel the loan financing for emergency recovery efforts following an adverse natural or man-made disaster and declaration of the state of emergency by the GoA. Using this built-in Contingent Emergency Response (CER) mechanism, GoA will be able to request the World Bank to reallocate loan proceeds to this component towards an emergency response for the urban infrastructure in the five target regions within the Borrower's territory. The new disbursement category will have a zero dollar allocation, with 100 percent IBRD financing. If the CER were to be triggered, and the World Bank is satisfied with the evidence that the withdrawal conditions, as defined in the Loan Agreement, are met, the Borrower will request the reallocation of proceeds to the CER component and can start disbursing.

The ATDF will be the LEID Project Implementing Entity, while MoE and the DFA will be responsible for overall coordination and policy support of the Project. The ATDF will be supported by an informal inter-agency Working Group and a high level Project Steering Committee.

ATDF, in the capacity of the **Project Implementing Entity**, is responsible for the fiduciary function of the Project. This includes procurement and financial management (FM). The FM function includes financial planning and budgeting, accounting, financial reporting, arrangement of external auditing, management of funds' flow, and internal controls. ATDF's mandate includes application of the World Bank safeguard policies triggered by LEID Project to all its activities throughout the Project implementation.

The **Working Group** will be composed by the technical representatives from the concerned agencies (MoE, Ministry of Territorial Administration and Emergency Situations, Ministry of Culture, Ministry of Nature Protection, ATDF, Development Foundation Armenia, Apostolic Church of Armenia, and United Nations Educational, Scientific and Cultural Organization) to guarantee strong inter agency communication, and coordinate strategic decision making under all components of the Project. The Working Group will review and select sub-projects and PPI proposals, monitor implementation, and address complex issues and concerns on time. The Working Group will issue technical recommendations to the Project Steering Committee for high level decision-making.

The **Project Steering Committee** will be chaired by the Deputy Prime Minister and include all key stakeholders of the Project for ultimate decision-making. It will: (a) provide overall supervision of Project implementation; (b) ensure high level inter-agency coordination as needed; and (c) approve annual work programs, budgets and reports.

6 Implementation Risks of SEDPs and SCTDS, and Alternatives for LEID Project

The main risk for implementation of SEDPs in regions is lack of priority setting in these documents. All issues covered in SEDPs are indeed relevant, however addressing them all is an overly ambitious goal that may cause thin spread of resources and fragmentation of effort. At the same time, investing in addressing of a single priority may cause disproportional development and may affect both physical and social environment. For instance, giving exclusive priority to industrial development (e.g. labor-intensive extractive industries) may result in damage to environment and public health while creating a much sought new employment. Excessive concentration of social welfare programs puts pressure on budgets and may not be sustainable as it does not solve the problem of unemployment. To minimize the risk, it is important to apply integrated approach by combining several inter-related priorities to produce synergy effect, preventing adverse impacts and providing for sustainable development in other priority sectors. Tourism development may serve as one of the areas for such integrated approach, which allows for effectively combining the priorities and catalyzing development in other sectors, including infrastructure, poverty, employment, SMEs, cultural heritage, other.

Risks associated with the implementation of SCTDS (if separate from regional SEDPs), is that the increase of tourism arrivals cannot be stimulated without correlation with SEDPs and improvement of not only specific site infrastructure, but the broader improvements of urban and social infrastructure in tourism destination areas. As it is stated in SCTDS, one of the main challenges for Armenian tourism is that while international arrivals have been increasing dramatically (tripling from 2005 to 2013), average receipts earned per visitor have steadily declined by 2013. This could mean that visitors are not finding relevant infrastructure for additional spending opportunities, including staying overnight in regions. To minimize these risks the SCTDS focuses on responsible tourism as a catalyst for broad economic development in selected regions. This considers improving site management, infrastructure, services and facilities to attract more visitors to South Corridor destinations, developing more product reasons to stay overnight, more experiential and product-based spending opportunities, increase number of persons locally trained and employed in hotels, restaurants and attractions in South Corridor destinations, to attract and facilitate the necessary investment to increase the number of hotels and guesthouses.

The LEID Project contributes to reducing risk of implementation of SEDPs and the SCTDS. The Project ideology, design and specific subprojects are based on integrated approach to selection of priorities, discussed above. The LEID Project development objective is to cover/integrate several priority directions declared in SEDPs of target regions: tourism development, infrastructure improvements, environmental protection, preservation of cultural heritage, SME development, increase of employment, poverty reduction, other. At the same time the LEID Project is built on the outcomes of the SCTDS. It aims to improve infrastructure services and institutional capacity for increased tourism contribution to local economy; to serve as example and catalyst for other infrastructure development projects in regions; and to amplify positive and mitigate negative implications of tourism development.

The following alternatives to LEID Project, as an integrated program supporting both SEDPs and SCTDS, are considered/analyzed below: sector strategies and policies alternatives, program design alternatives, implementation alternatives, sub-projects alternatives, “no-project” alternative.

Sector strategies and policies alternatives. Various alternatives have been considered during the preparation of SEDPs and the SCTDS by GoA, but are not subject for analysis in this report. For the proposed LEID project the following alternatives have been considered: 1) implementation of SEDPs without correlation with (or existence of) SCTDS and the LEID Project; 2) implementation of SCTDS without LEID Project and/or without correlation with SEDPs; 3) implementation of LEID Project in support of SEDPs and the SCTDS. These alternatives are presented as scenarios in Section 12 of this report, where risks related to each alternative scenario are analyzed in more details.

Program design alternatives – may consider mono-sectoral development (industry, agriculture, or tourism, etc.) as an alternative to LEID proposed integrated approach. It is clear that development of single specific sector is less efficient comparably to LEID, where project design is based on stimulation of development in co-related sectors (tourism, infrastructure, environment, cultural heritage, social sector, services, etc.) including not only physical development (rehabilitation, reconstruction, new construction) but also institutional development (capacity building, business advisory services, access to financing, workforce development, etc.).

Implementation alternatives – may consider implementation of LEID Project-supported activities without procedures and institutional arrangements for the projects undertaken with the WB financial and technical support. In this case the effectiveness of implementation may be lower and the risks of various scale failures may be higher. The LEID Project implementation in adherence to the World Bank’s safeguard policies as well as implementation support provided by the World Bank will definitely ensure quality implementation of all activities proposed within LEID Project.

Sub-projects alternatives – consider specific projects in target regions that will be selected for the LEID Project. These alternatives are still open for proposals and discussion. Several specific sub-projects are proposed by LEID Project for the very initial stage of implementation – but still are subject to discussion, modifications and final approval. The further LEID sub-projects will be selected based on thorough consultations with the central and local authorities, stakeholders and the local population, as well as all other affected groups in target regions.

No-project alternative – considers implementation of SEDPs and the SCTDS without LEID project. This will simply reduce the effectiveness of plans and strategy implementation due to absence of integration of SCTDS components with the most priority SEDP components – such as development of urban and social infrastructure, environmental protection, cultural heritage rehabilitation, SMEs and employment, etc. In addition there will not be opportunity for replication of the best practice and procedures, applied when the World Bank support is involved, in the spheres of procurement, construction methods, project management, environmental and social management, H&S issues, etc.

7 Legal and Institutional Framework – Gaps and Implementation Risks

During preparation of the LEID Project, ATDF developed two framework documents – Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF). Both of these documents include the description of legal and institutional framework as relevant for LEID Project implementation. These documents also analyze gaps between the national regulatory framework and the World Bank’s policies. Present chapter of the SESCHA Report builds on ESMF and RPF but also contains information from other original and secondary sources, as well as provides analysis of gaps and implementation risks for SEDPs and SCTDS from the social, environmental and cultural heritage prospective.

In the sphere of **environmental legislation**, Armenia has a number of laws and regulations adopted since independence, however, they do not cover completely and effectively all current environmental issues. There is a need for harmonizing, completing and strengthening the environmental legislation. UNECE experts reviewed national law on EIA. This review provided recommendations for changes of existing legal framework in order to fully comply with the requirements. Following these recommendations, on 21 June 2014 a new law “On Environmental Impact Assessment and Expert Examination“ was adopted. This implied, among other changes, expansion of the list of activities subject to the EIA and environmental expert review as compared to the previous iteration of the law, and shortening of the excessive time periods established previously for various stages of the environmental review process. According to the Law the goal of assessment is to forecast, prevent, mitigate or exclude potential negative environmental and human health impact of implementation of mainframe paper and planned activity, while the goal of expert examination is to check accuracy of the application or assessment and take a decision on validity of mainframe paper or planned activity (Article 6). Project proponent is not required to produce an EIA report in its common format.

A number of NGOs and the Aarhus Centers in Armenia were requiring more discussions, arguing that the law contradicts provisions of Aarhus Convention and protects business interests rather than nature conservation interests. Environmental regulations of the mining sector are the main target of NGO criticism. Strengthening of environmental governance in the mining sector is indeed required, including not only improvements in the legal basis but in the institutional set-up as well, and process is ongoing.

Currently, new law “On Environmental Impact Assessment and Expert Examination“ and Governmental Decree (19 Nov 2014 N 1325-N) “On Procedure On Public Notification and Discussion” ensures public disclosure and participation during the processes of assessment and expert examination which are subject to public notification and public consultations. Established Governmental Decree obligates four public consultation meetings during the entire period of expertise.

UNECE EAPGreen Programme (2013-2016) assists six EU Eastern Partnership (EaP) countries (including Armenia) in their transition to green economy. The program’s overall objective is to assist the EaP countries to decouple economic growth from environmental degradation and resource depletion.

The program promotes the use of strategic environmental assessment (SEA) as essential planning tool for environmentally sustainable economic development. There is perspective to incorporate the provisions of the SEA into the Law “On Environmental Impact Assessment and Expert Examination“ in a form of amendments. SEA is also expected to become a tool for analyzing cumulative impacts of multiple individual development projects. Legislative and institutional tools for ruling in SEA are still in progress, the September 2015 round-table meeting of stakeholders being the most recent milestone of this ongoing work.

Another gap that may affect the implementation of SEDPs and SCTDS is that current EIA legislation in Armenia doesn't contain requirement for inclusion of Environmental and Social Management Plans into bidding documents and further into the contracts with the construction contractors. For the LEID Project this gap is covered by the ESMF, which ensures compliance with the World Bank's safeguard policies.

In the sphere of **social legislation**, the most relevant to project are laws related to access to information, employment and land acquisition.

The freedom of information was declared a constitutional right by constitutional amendments adopted in November 2015. The right of access to information is recognized as one of the fundamental human rights by the legal act of highest legal force – the Constitution of the Republic of Armenia. According to the Constitution, public officials shall be held responsible for “hiding information on environmental issues and denying access to it”. Armenia is signatory to UNECE Convention on "Public Participation in Decision-Making and Access to Justice in Environmental Matters" (Aarhus convention, 1998). Major legal act regulating the right for freedom of information is the Law on Freedom of Information of the Republic of Armenia (2003). The stakeholders' engagement, dissemination of information, public meetings and grievance redress mechanism are considered according to WB safeguards requirements in all WB sponsored projects, including the subject LEID Project, and within the SESCHA process. The gaps between local legislation and the World Bank's safeguard requirements are covered by the ESMF and the RPF prepared by ATDF specifically for the LEID Project.

RoA Law On the employment of population and social protection in case of unemployment (2005, amended in 2010) - provides the basic principles of state policy in the field of social protection. Introduces the principle of free choice of work and of social guarantees provided by the state.

RoA Law on Equal Rights and Equal Opportunities for Men and Women (2013) - regulates gender equality in all spheres of public life and protects women and men from gender discrimination. However in the end summer 2013, campaigns broke up against the use of the word “gender” in the law, the rationale being alleged association with paedophilia and bestiality that this work carries in the national perception. Groups of activists also claimed that using the word “gender” as a base for the law would mean giving “unwarranted benefits to sexual minorities.” As a reaction to the public opinion, the Government introduced amendments to the law that eliminate the term “gender equality” and use the term “equal rights to men and women”

instead. Armenia is a party to the UN Convention on the Elimination of all Discrimination against Women (CEDAW) and pursues a policy of non-discrimination against women.

The *Labor Code of the Republic of Armenia* was adopted on 9 November 2004. It consists of three parts, 24 chapters and 266 articles. The Labor Code deals with various aspects of collective and individual labor relations. The Code covers the following important issues: contracts of employment, hours of work, paid leave, maternity protection and maternity leave, minimum age and protection of young workers, equality, trade unions regulation, collective bargaining and collective agreements, labor dispute settlements, other. The *RoA Law on State Regulation of Occupational Safety (2005)* – provides basis for occupational safety planning at the industrial enterprises and during construction

In terms of social protection and welfare - pensions are legally regulated through the *Law of the Republic of Armenia on State Pensions (2010)*. The social protection system of Armenia plays an important role in providing social support to the population and alleviating the extreme poverty. Moreover, the social protection policy is aimed at managing social risks by the state via prevention, reduction, and regulation. The functions of the state system of social protection are clearly defined, based on which, corresponding programs are provided for vulnerable population groups. These programs include: (i) state social assistance programs; (ii) social security programs; (iii) social protection programs; (iv) state social insurance programs; (v) employment programs; (vi) a system of allowances. In general, the social protection system in Armenia can be divided into social insurance and social assistance.

There are several laws related to land acquisition and resettlement (if/when any required for the purpose of the project): the *Law on Alienation of Property for the Needs of Society and State (2006)*, the *Land Code of the Republic of Armenia (2001)*, the *Law on Real Estate Valuation Activity (2005)* and corresponding procedures in civil and administrative codes. The legal and regulatory framework and procedures for the land acquisition and resettlement (and bridging the gaps between the national legislation and the World Bank's safeguard policies) are described in the RPF of the LEID Project.

In the sphere of **cultural heritage legislation**, the main document is the *Law on the Protection and Use of Fixed Cultural and Historic Monuments and Historic Environment (1998)*, which provides the legal and policy basis for the protection and use of cultural and historical monuments in Armenia and regulates the protection and use (operation) activities. Article 15 of the Law describes procedures for discovery and state registration of monuments, the assessment of protection zones and establishment of historic-cultural reserves. Article 22 requires the approval of the authorized body (Department of Historic and Cultural Monuments Preservation), prior to land can be allocated for construction, agricultural and other types of activities in areas of historical and cultural monuments. The Ministry of Culture (MoC) has jurisdiction over archaeological, historical, and cultural sites.

The *Law "On Urban Planning" (1998)* regulates the field of urban planning, defines the provision of urban development and regulates the relations relating to it. According to the law, urban planning documents are divided into two groups – urban (or spatial) planning and architectural-construction documents.

Urban (or spatial) planning documents include the following:

- a) general projects of distribution of settlements and territorial organization of the Republic of Armenia,
- b) territorial planning projects of marzes (regions) and communities of Armenia,
- c) General Plans of settlements of the Republic of Armenia,
- d) zoning projects,
- e) projects of historical-cultural validation of settlements, protection zones of immovable historical and cultural monuments and specially protected areas of nature,
- f) territorial organization of landscape, resort and re-creation and other systems, as well as projects of distribution of industrial capacities, engineering, transport, utility and social infrastructures for the republic as a whole and for separate administrative-territorial units or their groups.

Implementation of points “c” and “e” relate to the provisions of the laws “On the Protection and Use of Immovable Historical and Cultural Monuments and Historical Environment” and “On Specially Protected Areas of Nature.” According to the law, the General Plan of a community/settlement, based on the analyses and overall evaluation of territorial resources and volumes of construction, validates and fixes the main directions of the community development, defines the issues related to cultural, industrial, social, agricultural, environmental fields, installation and development of transportation networks, protection from natural and man-made disasters, preservation of natural landscape, monuments of nature and historical-cultural heritage. Through the basic zoning the law also regulates the issues of community land use for various purposes, and defines mandatory requirements and sequence of selling and construction.

The *Ministry of Culture* is the main authorized state body, which develops and implements the Government policy in cultural and information field. Jointly with state territorial administration bodies the Ministry provides the implementation of regional cultural policies. It develops provisions, regulations, norms and criteria for registration, inventory, protection and use of historical and cultural heritage, promotes the public outreach, and establishes the monument protection zones and their mode of operation. All above mentioned functions of the MoC are conducted through its structural and subordinate entities and divisions.

Agency of Protection of Historical and Cultural Monuments: It provides state registration, protection and use of historical and cultural monuments and specially protected historical cultural territories. It defines the order of approval of projects related to the protection of monuments and special protected historical and cultural areas and establishes their regime/mode of operation. It gives its consent for the projects of construction and development of the settlements where historical and cultural immovable heritage monuments are located, as well as the projects for reconstruction, reinforcement or relocation of these monuments and provides for their security during the above mentioned works. The agency consists of two departments: *Department for Rehabilitation of Monuments* and *Department for Protection of Historical Environment and Its Use*, with their regional sub-divisions, and has in total 30 employees.

There are still certain gaps in CH legislation. For instance it is necessary to ensure that no decision related to cultural heritage is made without the prior consent of the MoC. The law “On the Protection and Use of Immovable Historical and Cultural Monuments and Historical

Environment”, states that legal and physical entities that damage monuments or their protection zones should restore their prior state or, in cases where the restoration is no longer possible, should compensate the losses according to the legislation. This provision is not being enforced in practice because there is no regulation for determining the amount of compensation. Another gap is that despite the fact that the laws “On the Protection and Use of Immovable Historical and Cultural Monuments and Historical Environment”, “On urban planning”, as well as relevant articles of the “Land Code”, define the regime of use of the especially protected historical-cultural lands, monuments and their protected historical environment, a regulation for implementing this regime is not yet effective. Currently, the draft Government decree “On approving rules for the definition of use regime of historical and cultural immovable monuments” is under discussion.

8 Environmental Baseline and Issues in Target Regions

Currently there are several environmental issues in Armenia. The most significant of them are water and air pollution, deforestation, land degradation, landscape changes, threats to biodiversity, high risk of natural disasters, and consequences of climate change. Continuing mismanagement and ignoring of appropriate environmental mitigation measures in certain sectors of Armenia economy (such as mining sector, agriculture, energy), as well as some other problems left from the Soviet period, may result in devastating impacts over the long term. All these problems are to various extents presented in Project regions (Lori, Kotayk, Ararat, Vayots Dzor, Syunik), as described below. The Armenia Development Strategy 2025, the government's long-term development vision, sets measures to stimulate economic growth which should be combined with measures to reduce the associated environmental risks as much as possible. One of the LEID Project goals is to facilitate, support and demonstrate proper implementation of these measures in selected regions.

Forests, protected areas, biodiversity

Biodiversity conservation in Armenia is possible predominantly inside the natural protected areas. Some 60-70% of the species of the flora and fauna inhabiting the country is concentrated in the territories of protected areas, including the overwhelming majority of endemic, rare, threatened and endangered species. At present, protected areas comprise 387,054 ha (13.1%) of the total territory of Armenia. Analyses undertaken for the preparation of the National Report on the State of Environment covering period of 2009-2013 show that during these years no additional loss of biodiversity and no change in the status of the existing threats to it occurred due to anthropogenic impacts. However significant damage to the environment had been inflicted earlier, peaking during the extreme economic hardship in the post-Soviet decade. Forest ecosystems, pastures and Lake Sevan came under strongest blow. Loss of biodiversity and disruption of natural balance in these ecosystems (deforestation and forest degradation, depleting fish stocks in Lake Sevan, loss of productivity and erosion of pastures) had a variety of ecological and social consequences, including food security, incomes, and living standards in general.

During 1991-2001, about 35% of forests were destroyed. Illegal felling for fuel wood and timber significantly rarefied many hectares of forested slopes. With the improved heating options (particularly ongoing gasification), felling decreased significantly. However biodiversity is still under threat due to various anthropogenic impacts causing changes in natural habitats, ecosystems and composition of species due to pollution, extinction of individual species and overuse of bio-resources. Protection of natural ecosystems in “Arzakan and Meghradzor”, “Jack Pine” and “Hankavan” reserves located in Kotayk marz is insufficient. In forest areas of Lori region there are issues of washing out of black topsoil and extreme reduction of regeneration as a result of deforestation, still continuing illegal logging and grazing in forest areas, forest fires. In Ararat region, to protect Khosrov Forest State Reserve, in 2011-2013 a number of environmental protection programs were carried out. Conservation efforts were improved, the eco-tourism infrastructure was developed (construction of recreational areas for visitors, improvement of routes, acquisition of property and equipment, etc., during the last 3 years the illegal logging, hunting and cattle grazing reduced significantly. In 2013, the drainage system located in proximity to the Khor Virap State Reserve (for preservation of aquatic flora and fauna) was filled

with untreated residential sewage and industrial hazardous waste. Some measures have been taken to restrict emissions but require more attention/efforts and investment. At Goravan State Nature Reserve (conservation of biodiversity of sandy desert and typical psamofil vegetation), located on the left bank of the river Vedi, the ecosystem was damaged due to overgrazing and continuous extraction of sand. The Lori, Kotayk and Syunik regions relatively rich in forests are in controversial situation due to also being rich in mineral resources. The development of mines and extraction of resources is considered as positive for economic growth and employment, but causes range of environmental problems. The serious changes in approaches and planning are required to maintain balance with economic interests and preserve the environment. In Lori region, within the framework of Teghut copper-molybdenum mine exploitation program, Teghut CJSC developed a plan for the restoration of forests in the vicinity of Teghut village and coordinated its implementation with the ministries of Nature Protection and Agriculture. The World Bank studies in 2013-2014 aimed to provide a practical and user-oriented overview of the environmental and social aspects associated with the mining industry. The working papers produced as a result of the studies contain recommendations on active use of SEA and cumulative impact assessment as effective tools for planning and decision-making in mining sector.

Land resources and soils

Soil protection problems in the target regions are very important and require innovative approaches. For years the defined cattle grazing regulations and norms (restrictions on steep slopes, timing, etc.) are not taken into account when allocating lands for pastures, resulting in soil degradation that has a direct impact on the biodiversity of the area. In Kotayk marz climate conditions and small distance to Yerevan significantly promote illegal extraction and transportation of the productive layers of soil (especially from Hrazdan, Fantarn, Jraber, Kaputan, Kotayk and Nurnus communities). Despite some efforts of local government and territorial environmental unit, the issue still remains unregulated and doesn't comply with the requirements of the Decree #1693 (08.09.11) of RA Government "On use of productive layer of soil". Agricultural lands are subjected to huge harm by illegal dumpsites, which in addition to municipal and construction waste contain hazardous waste (asbestos, car scrap, batteries and oil, pesticides, etc.), eventually contaminating ground water. Due to reinstatement measures implemented in remote pastures of the Ararat region in 2011-2013 at the area of 70,000ha, erosion-affected area has decreased by almost 18,100ha. After the exploitation of the mines, the re-cultivation (soil rehabilitation) is extremely important for preservation of the land.

According to the National Action Plan to Combat Desertification in Armenia, about 24,353 km² of the country's territory (81.9%, excluding the surface water body mirrors), are to some extent prone to desertification: 26.8% of the total territory of Armenia faces a treat of extremely severe desertification; 26.4%, - severe desertification; 19.8% - moderate desertification; and 8.8% - slight desertification. In the period between 1999 and 2009, the area of arable land in Armenia shrunk by 166,600 ha, meadows - by 15,600 ha and pastures - by 136,500 ha.

Water resources

In 2014, the surface water quality monitoring was carried out in 40 rivers by Armenian EcoMonitoring. In Akhtala River the water is of a bad quality due to zinc, copper, cadmium, manganese, iron, sulfate and depending notes. In Shnogh River the water is of a bad quality due

to molybdenum. In Karkatchun River the water is of a bad quality due to nitrite ion. In some parts of Metsamor River the water is of a bad quality, due to ammonium ions and phosphate ions. The waters of Hrazdan and Getar Rivers are of a bad quality due to nitrates, ammonium ions and phosphate ions. The water of Voghj River is of a bad quality, mainly caused by heavy metals, which are the consequence of mining industry activities. The potable water sources of settlements located in mountains and forests are in especially desolate state, which can be polluted any time by different harmful substances. In Lori Marz major polluters of Debed River include large industrial enterprises: Vanadzor chemical complex, Alaverdi copper smelter, Akhtala minerals processing plant and other large and medium industrial enterprises. Currently Vanadzor chemical complex almost does not work and virtually there are almost no emissions to water basin. Alaverdi copper smelter operates with internal water circulation principle, which aims at reducing water losses and reduce outflow of heavy metals to water basin. High concentrations of nitrates and ammonium are mostly registered below urban settlements, which is due to sewage impact. In Kotayk marz, due to depreciation of sewage system in Hrazdan, several accidents happened, as a result of which the waste water accessed storm-water ditches and discharged to Hrazdan River, and then into Akhpara reservoir. One of the priority issues of environmental protection of waters remains organization of wastewater treatment and removal activities. Due to absence of treatment plants and failures of sewage system in marz, wastewater flows into Dalar, Tsaghkadzor, Marmarik, Hrazdan rivers, reaching Akhpara reservoir. After installation of local treatment plants there is still need for construction of new powerful treatment plant in Hrazdan region, while simultaneously reconstructing Hankavan and Tsaghkadzor sewage collectors.

Many regions of Armenia are prone to floods and mudflows. Given the increased occurrence of the extreme weather, and changing patterns of the annual temperature and precipitation, cases of floods and mudflows have increased in the country during the last decade. Damage caused by mudflows in 2007-2015 exceeds 5.6 billion AMD and the damage caused by flooding for the same period amounts up to 13 billion AMD.

Over 95 percent of Armenia's municipal water service depends on the groundwater resource and its sustainability is of a tremendous national importance. However data on Armenia's groundwater resources has been collected since 1990. Further research is strongly recommended to establish the vulnerability of Armenia's groundwater reserves to the effects of climate change. It is anticipated that over the long term, Armenia's increasingly scarce surface waters will affect groundwater availability as well. As surface water flow decreases by 24 percent over the next century due to climate change, the recharge of underground reservoirs from surface water will also decrease, while some former users of surface water will switch to groundwater withdrawals. As a result, water shortages may impact human welfare – demand for groundwater will increase while supplies of surface water, and eventually of groundwater, will decrease. At the same time, demand for all categories of water will be rising with higher temperatures and more rapid evaporation. The health consequences of reduced water supplies for drinking and sanitation have the potential to be very serious.

Air pollution

At present, RoA state registration and regulation covers 1301 entities with over 3850 sources of emissions into the atmosphere. This accounts for about 96% of emissions from stationary sources

across the country, which are subjected to the state control. In terms of air pollution the following general environmental issues are identified in target marzes: absence or lack of abatement measures (filters) at industrial enterprises, burning the municipal waste at illegal dumpsites, lack of monitoring devices, lack of specialists, etc. In Lori Marz the large industrial polluters include Vanadzor chemical plant, Alaverdi copper smelter and Akhtala minerals processing plant. Main measures of pollution control include reduction of emissions, installation of abatement measures (filters), and increasing forested/green zones. The air basin of Kotayk marz is mostly polluted by the emissions of industrial organizations, asphalt plants and vehicles. The list of organizations that have harmful effect on air approved by Order N 2-A of the Minister of Nature Protection of RA of January 8, 2014, includes 161 organizations operating in Kotayk marz, which were provided with quota/permission for emission of polluting substance into atmosphere from stationary sources. As a result of monitoring of air pollution within the list of most polluted settlements of the RA, Hrazdan stands out among Kotayk marz cities, taking into consideration the presence of Hrazdan power station and cement plant. The Ararat marz air basin is polluted mostly due to vehicles emissions, local industry and emissions of 156 organizations operating in Armavir, near to Ararat marz, out of which only 59 have quota/permits for atmospheric emissions. For years, particularly the most hazardous emissions to the atmosphere that have been dangerous for the environment were Ararat cement plant and asbestos slates production, as well as Zod gold extraction plant. During 2011-2013, the modern filters installed at Ararat cement factory, cement grinding and new dust catching equipment installed at additives workshop, as well as monitoring and measuring devices installed to monitor Zod gold extraction plant tailing dam structure, increasing the tailing dam wall height and pipe recovery, have, substantially, by 50% reduced harmful substances emissions to atmosphere. Other factors contributing to ambient air pollution are toxic emissions from illegal dumpsites.

Waste Management

During the transition period from centralized to de-centralized provision of services, non-payment for services became common. Coupled with insufficient enforcement to collect user fees, it has limited the volume and reduced the quality of services provided to the population. Thus, solid waste management has become one of the problem services that chronically suffers from lack of funding and has remained of low quality in Armenia since the early 1990s. Although waste collection has improved recently in Yerevan, it is still a very common practice to dump waste in unauthorized/illegal dumpsites including riverbanks, and to burn the waste openly. The disposal of hazardous medical waste is of special concern. For instance in Lori Marz hazardous waste is mostly represented by overdue medication. The annual volume of waste produced by 11 healthcare companies (hospitals) providing stationery services in Lori marz is about 5.5 tons. The integrated waste management plan has been developed and for the Lori marz but not fully approved. There is a plan for construction of a new waste treatment plant in Vanadzor (with separation and, recycling). The issue of hazardous waste is Alaverdi arsenic warehouse. Kotayk Marz has 4 large official landfill operated by Hrazdan, Abovyan, Yeghvard and Charentsavan communities, with total surface of about 35 ha. At the same time these landfills are used by several neighboring communities. Unauthorized dumpsites are still used by Byureghavan city and several rural communities. In 2015-2016 a centralized landfill will be constructed in Kotayk marz using the loan of European Bank for Reconstruction and Development and EU grant.

Existing/current impacts on environment from tourism development

In target regions these impacts are mostly related to insufficient scale of investments into resort infrastructure, when various single private investments are limited to the needs of one specific hotel, restaurant or guest-house and cannot cover rehabilitation of the entire resort infrastructure (roads, sewage collectors, treatment facilities, etc.) In these circumstances the local (sometimes illegal) solutions for waste or wastewater management/disposal directly affect the quality of environment. Tourism development without planning and management causes loss of ecological resources and biodiversity in extremely sensitive areas due to greater access to remote destinations, increased tourist numbers, uncontrolled tourist behavior, introduced external species, and disturbance of habitats. Tourists create alternate routes, contributing to soil impaction, erosion, and plant damage. Most aggressive tourist sectors, like trophy hunting, illegal poaching or other misbehavior of tourists are the reason for biodiversity losses. Another set of impacts arises from tourism related/induced development and construction activities without proper planning and management, which might be intensive and create serious pressures: damage to fragile ecosystems; extensive consumption of high quality land, fresh water and inert materials; production of non-biodegradable solid waste; etc.

The purpose of LEID Project is to catalyze tourism infrastructure development and at the same time to demonstrate approaches and methodologies for sustainable tourism development, planning and management using World Bank's safeguard policies, as well as world best practice. The LEID subprojects should serve as pilots for setting quality standard for future responsible development of local economies and tourism infrastructure in target regions.

9 Socio-Economic Baseline and Issues in Target Regions

A socioeconomic profile (2014 data) of the Southern Corridor shows that these include regions with low poverty rates (Vayots Dzor, 18.2 percent and Syunik, 24.2 percent) as well as regions with high poverty (Ararat, 28.5 percent and Kotayk, 37.2 percent). Significant shares of the population of these regions are also among the bottom 40 of the national income distribution; for example, 32 percent of Syunik residents and 38 percent of Ararat residents have low incomes which puts them among the national bottom 40. Although services (which includes tourism) account for close to 50 percent of national GDP, in the regions concerned the sector has a very small share in gross output. In Ararat and Vayots Dzor, agriculture is the main contributor to output while in Syunik and Kotayk mining and manufacturing are the dominant sectors. Importance of the mining sector may increase over time in Vayots Dzor as well, once the largest gold mine (Lydian) becomes operational. The working age population (15-64 years) in these regions are employed either in agriculture or services. Urban unemployment rates vary from 24.6 percent in Kotayk, 17.4 percent in Syunik, and 18.7 percent in Vayots Dzor to only 10 percent in Ararat. The Project will support diversification of the regions' economies through generating employment in tourism and downstream activities. Human capital, represented by educational attainment, is an important determinant of how well tourist destination residents, including the poor, can share in the growth arising from the tourism economy. Between 60 to 70 percent of the working age population in the four regions has secondary or basic education. A higher share of women than men have vocational education (for example, 31.5 percent of women and 18 percent of men in Syunik). Further development of tourism sector, and benefit-sharing among sufficiently wide range of population will require upgrade of the skill mix through a variety of awareness-raising and training tools

Poverty and socio-economic background

Armenia shows significant variation in regional poverty rates which range from 18.2 percent in Vayots Dzor to 44.2 percent in Shirak (2.5 USD regional poverty line, 2013). Disparities are linked to the structure of economic activity and reflect difference in the endowment of individuals. Moreover the geography of Armenia plays an important role: the macro perspective has already shown that the mining industry is mainly concentrated in Southeastern Armenia and good soil quality in the Ararat valley allows for high agricultural productivity. After the global economic crisis when Armenia was hit hard (GDP growth in 2009 was -14.1 per cent) poverty remained more or less constant. Regional poverty rates for Syunik, Ararat and Kotayk did not change much between 2009 and 2013. In contrast, a breakdown into urban and rural areas for all three regions suggests that households in urban areas were able to reduce poverty whereas households in rural areas experienced significant increases in poverty (measured at the 2.5 USD PPP line).

Increasing of prosperity of population and poverty reduction remain the most important and urgent issue of RA Government and civil society of the country, fixed in RA 2014-2025 Strategic Program of Prospective Development approved by Decree N 442-N of the Government of the Republic of Armenia of March 27, 2014. The Program includes priority directions outlined at the national level, which are mostly related to ensuring sustainable economic growth, public administration reforms, and social development issues.

According to the results of study of living conditions of households conducted by National Statistical Service of RA (NSS of RA), in 2013 the difference between poverty level of marzes and Yerevan with the average republican level varies. The indicators of Shirak, Kotayk, Lori, Gegharkunik and Ararat marzes are higher than the average republican one.

Main poverty indicators by marzes in 2013 (%)

Marzes	Extreme poverty	Poverty	Percentage of the poor	Percentage of the total population
Yerevan	2.1	25.5	26.4	33.0
Aragatsotn	1.1	22.7	2.6	3.6
Ararat	1.7	32.4	8.2	8.1
Armavir	3.3	31.3	8.8	9.0
Gegharkunik	2.4	35.8	8.0	7.2
Lori	2.6	38.6	12.1	10.0
Kotayk	5.1	42.5	13.5	10.2
Shirak	4.0	45.9	12.1	8.4
Syunik	1.8	25.2	3.3	4.2
Vayots Dzor	0.7	21.0	1.2	1.9
Tavush	2.5	27.7	3.8	4.4
Total	2.7	32.0	100	100

Poverty and inequality

Poverty and inequality increased in the aftermath of the 2008/09 crisis. Using the national poverty lines, poverty incidence rose from 27.6 percent of the population in 2008 to 34.1 percent in 2009, 35.8 percent in 2010, and moderated at 35 percent in 2011 (Figure 3).² The situation worsened in the rural areas where poverty increased from 27.5 percent in 2008 to 36 percent two years later, before decreasing to 34.5 percent in 2011. The share of those living in extreme poverty (that is, below the food poverty line) grew from 1.6 percent in 2008 to 3.7 percent in 2011. Poverty also became deeper and more severe, with a poverty gap of 7.9 percent in 2011 (versus 5.1 percent in 2008) and poverty severity of 2.4 percent (versus 1.4 percent in 2008). Inequality as measured by the Gini coefficient increased on the basis of both consumption (from 0.24 to 0.27) and income aggregates (from 0.34 to 0.37).

Female-headed households which represent 24 percent of total households also became more vulnerable to poverty than male-headed households, in particular if they include young children. In the aftermath of the crisis, 35.2 percent of female-headed and 34.3 percent of male headed households were poor (compared with 30.4 percent and 26.6 percent in 2008, respectively). Poverty incidence reached 47 percent among female headed households with at least one child under 6.

The poverty in target regions is more spread in transboundary areas, in disaster and high-mountainous zones (at more than 1700 m height). The size of community also affects the poverty. The smaller the population, the greater is its inclination to poverty and almost “unreachable community development perspectives”. The level of poverty increased also among pensioners. Those pensioners, who live in Yerevan, have low-risk of poverty, compared to those, who live in villages (1.5 times) and in other cities (1.7 times). The highest level of extreme poverty was recorded among pensioners, who live in rural settlements.

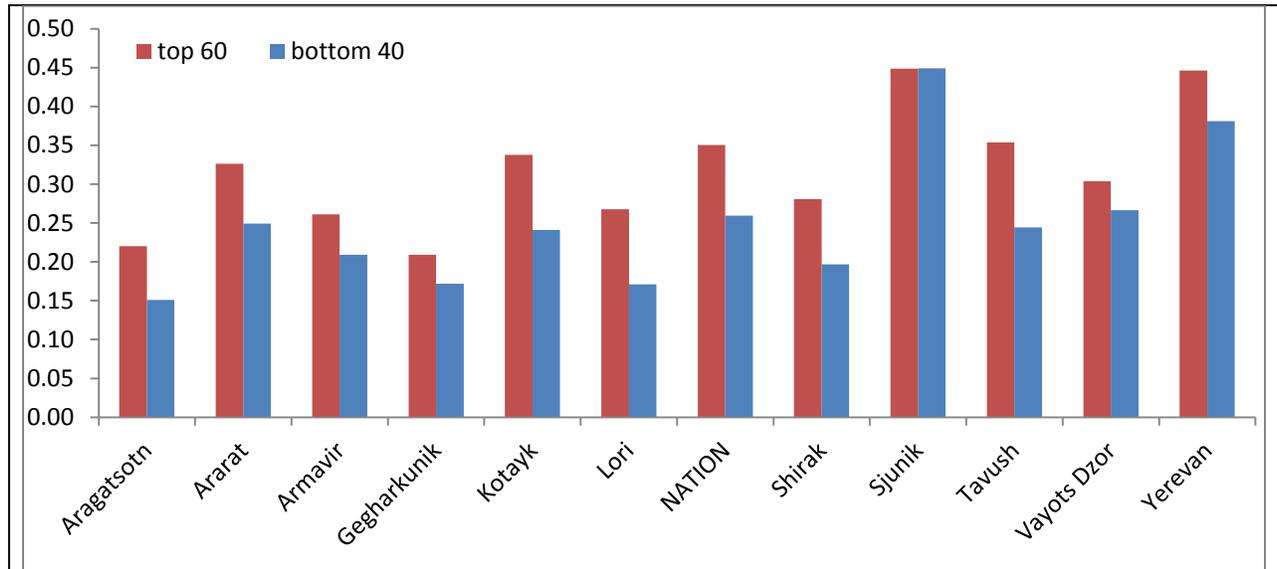
RA Government initiated development and implementation of Poverty Reduction Strategy Paper in 2003. Growth of welfare of population and poverty reduction are reflected in Sustainable Development Program adopted by Decree N 1207-N of RA Government of October 30, 2008, as well as in medium-term expenditure framework approved by the Government. General SDP policy package includes priority directions outlined at national levels, which are mostly related with ensuring sustainable economic growth, public administration reforms, includes fight against corruption, human development issues. Clearly, this is a strategic program and the main reasons originating poverty, issues that became a priority as a result of it and strategic steps and priority directions for solving of these are presented there. In general these include the following priority directions.

- Ensuring economic growth,
- Harmonious territorial development,
- Fight against corruption,
- Improving of administration system,
- Possibly wider involvement of the society in public administration,
- Introduction of public monitoring mechanisms.

As a result of implementation of program steps in these strategic priority directions it will be possible to archive poverty indicators and targeted in PRSP and growth of country’s competitiveness.

Employment

The individual capacity to generate income and escape poverty depends on the accumulation and usage of assets. For Armenia the analysis pays special attention to the bottom 40 of the welfare distribution as these households seem to be in poverty (or slightly above the 2.5 USD PPP regional poverty line). Earnings from labor markets are crucial to lift people above the poverty line and previous research has shown that the employment rate is a major determinant for movements out of poverty. In general, the top 60 of the national welfare distribution shows higher employment rates than the bottom 40. The employment rate also differs systematically across the country and seems to be higher for regions with lower poverty rates. Compared to the national average, Sjunik shows the highest employment rate which does not differ systematically between the bottom 40 and the top 60. Also, Ararat, Kotayk and Vayots Dzor are not far off from the national average. Yet, both regions show relatively large gaps between the bottom 40 and the top 60.



Note: Source - ECAPOV welfare aggregate (accessed 1/15/2015).

Economic conditions in each region are correlated with the share of individuals who are employed, self-employed and out of the labor. Sjunik and Kotayk which are relatively more industrial show a higher share of employed, whereas Ararat and Vayots Dzor have a larger share of self-employed which could also be linked to the dominant role of agriculture in these regions. Moreover the figure on the structure of the labor force between 15 and 64 years of age illustrates substantial gaps between the bottom 40 and the top 60. The share of individuals out of the labor force is generally larger for households in the bottom 40 and there is suggestive evidence that they are also less likely to be employed.

One of the most important factors, affecting the poverty is involvement in the labor market. Specifically in case of absence of jobs, the probability of poverty and extreme poverty increases.

The problems in the employment sector in the target regions are:

- More than half of employed population has seasonal and temporary employment;
- There is a seasonal migration of labor force;
- The share of unemployed population, specifically in rural settlements increases, taking into account those, who have not benefited from privatization.

The priority issues of poverty reduction and development in 2015-2018 in target regions are:

- Developing tourism;
- Creating new job places, specifically in urban communities, supporting the reoperation of industrial enterprises;
- Developing SMEs, solving employment issues in urban communities by means of opening industrial and servicing sector entities;

- Eliminating impediments to sales of agro-products, creating opportunities for agro-products.
- Implementing works, aimed at raising the efficiency and usefulness of agricultural lands, rehabilitating irrigation systems.
- In rural communities of (specifically in small villages) implementing complex programs for infrastructure development.

Conditioned by characteristics of economic capacity, the issues of poverty are mainly associated with economic traditions of a region, structure of industry, typology of communities, labor market, investment climate and other factors, characterizing economic development. The destruction of large enterprises, (because of privatization, lack of raw materials and sales markets, physical depreciation) that used to create job places for thousands people caused huge damage to economic capacity.

Interruption of employment for more than 1 year results in losing professional skills, besides, in case of reduction of revenues or in case of lack of revenues, reduction of social position in the society is noticed, which may result in low self-esteem or even isolation. Besides, inefficient attempts to find job are the reasons for stress, various deviations of behavior.

10 Cultural Heritage Baseline and Issues in Target Regions

Armenia is a country with a rich cultural heritage. About 33 000 historical and cultural monuments are located in about 4 500 complexes with a total territory of 20 000 hectares. Armenian culture is represented by over 4,000 years of rich history, unique culture architecture, literature, art of singing, dance, applied art, as well as cultural-historical monuments. There are museums of local, national and global significance as valuable, typical and unique monuments of the history, spirituality and culture of Armenians. The majority of the most famous monuments are rather well-preserved and/or reasonably well-restored. Three of cultural-historical and nature monuments are among global cultural treasures (UNESCO): Haghpat – Sanahin, Geghardavank and the valley of Azat river, Etchmiadzin together with its Zvartnots temple.

Cultural-historical monuments could be used more effectively with provision of tourism infrastructure, which should contribute to income generation and increase the allocation of funds directed to their preservation. Concerns over the limited resources available for restoring and conserving these cultural heritage sites—especially since the country’s independence from the former Soviet Union—and its tendency to experience severe earthquakes have recently prompted international organizations to take an interest in Armenia’s monuments. UNESCO considers 30% of Armenia’s cultural heritage sites at risk.

The legal framework in the field of Cultural Heritage is presented in Section 7 of SESCHA Report. This section of the Report is focused on the existing issues/problems in the sector, the baseline situation and CH issues in the target regions. To date the most competent and reliable source of information is the “Heritage Assessment Report – Armenia” (2010 – K1 065) prepared under the EU/EC Kyiv Initiative Regional Program Pilot Project 2 (PP2) “Rehabilitation of Cultural heritage in Historic Towns”. The Report represents results of the study undertaken by the group of national experts nominated by program partner institutions. It contains the most thorough assessment of the baseline situation in the sphere of cultural heritage in Armenia and the existing issues/problems associated with this sphere. After the verification with the experts from the MoC, it is confirmed that currently common issues/needs associated with the cultural heritage sphere include the following:

- Issue of development and implementation of site management plans for the CH sites and monuments requires more active application of best practices and integrated approach;
- Issue of effective monitoring of the protection and restoration processes of monuments requires establishment of an inspectorate with powers to conduct inspections in order to verify the situation of protected monuments;
- Need for strengthening of existing accountability measures – fines and penalties;
(The relevant article of the law “On the Protection and Use of Immovable Historical and Cultural Monuments and Historical Environment”, states that legal and physical entities that damage monuments or their protection zones should restore their prior state or, in cases where the restoration is no longer possible, should compensate the losses according to the legislation. This provision is not being enforced, though, because there is no regulation for determining the amount of due compensation;
- Despite the fact that the laws “On the Protection and Use of Immovable Historical and Cultural

Monuments and Historical Environment”, “On urban planning”, as well as relevant articles of the “Land Code” define the usage regime for specially protected historical-cultural lands, monuments and their protected historical environment, regulations allowing enforcement of such regime are not enacted yet. Currently, the draft Government decree “On approving the definition order of using regime of historical and cultural immovable monuments” is under discussion;

- As a rule, for the implementation of programs on reconstruction/rehabilitation of the urban environment, state and community budget allocations (approved in the frames of target programs) are scarce and it is necessary to combine the activities of state and local self-governance bodies and also involve the private sector, NGOs, etc.;

- There are very few long-term programs for cultural heritage protection, restoration and use. In addition, there is a lack of qualified companies specializing in the designing and performing interventions at the historic monuments and other heritage sites;

- Problem of a lack of financial resources for the conservation, rehabilitation and preservation of cultural heritage.

The Heritage Assessment Report for Armenia, produced in 2010 under the *Kyiv Initiative Regional Programme 2: Rehabilitation of Cultural Heritage in Historic Towns* supported by the EU/EC identifies the following *priority issues* for action:

- Development of a site management plans for the protection zones,
- Mandatory signing of liability contracts with the owners of monuments according to the existing legislation.
- Training and retraining of monument restoration specialists.
- Establishment of monument protection zones in the areas of active urban development.
- Preparation of spatial planning documents giving priority to the communities having historical cultural heritage and determining urban development regimes in the monument protection zones.
- Provision of a necessary material-technical basis for the study and rehabilitation of monuments (lack of modern equipment).
- Addressing bad conditions of the roads leading to monuments and in some cases difficult to access terrain.
- Optimized use of the limited funding.

In 2008-2009, the impact of the global financial crisis had negative consequences for the protection of cultural heritage sector. Both the volumes of state budget allocations for the conservation of cultural heritage, as well as public and private sector investments have significantly reduced. The investments done by the MoC for monuments’ recovery and strengthening have been conditioned by the RA Government's strategic investment programs, which include the most endangered monuments needed urgent intervention and protection. As a result of target interventions and investments of RA state budget allocations, the MoC has expanded the geography of rehabilitated monuments on yearly basis. Rehabilitation projects are implemented at the monuments that are representing most important tourism destinations.

In recent years, the MoC has been restoring mostly secular structures, fortresses, castles, bridges and monuments built into the access roads. Where necessary, based on request of local authorities, the MoC provides and coordinates for development of historical-cultural fund

inventory, design and determination of monuments protection zones – the project documents that further create the basis for masterplans, detailed planning and zoning documents. Harmonization of regional planning projects, the historic settlement plans and detailed project planning include the following sections: history and cultural heritage conservation zones, history and cultural monuments and recommendations for preservation.

Tourism is a form of cultural exchange and international contact that promotes understanding and appreciation of cultural diversity. As a special form of tourism based on man-made artifacts and activities, it adds an economic component and incentive to protection of cultural heritage and its proper presentation, while also posing a threat to that heritage through commercialization, especially when the touristic demands are intruding and changing the character of the site. For a country like Armenia that needs to find a differentiated form of cultural tourism, special care must be taken to assure that the efforts to increase quantity, will not undermine the quality.

11 Implications/Risks for Implementation of SCTDS and SEDPs

The SESCHA is aimed to identify positive and negative implications of the SEDPs and SCTDS for the natural environment, cultural heritage, and various groups of population in target areas. At the same time SESCHA is assessing the implications of the LEID Project itself, and especially LEID's role in enhancing positive impacts and mitigating negative impacts of SEDPs and SCTDS implementation in the target regions (presented in Section 12 of this Report).

The **positive effects (benefits)** of implementing the regional SEDPs and the SCTDS related to their outcomes (improved infrastructure, enhanced economy, developed tourism, higher employment rate, better protected environment, improved socio-economic conditions, etc.) are not discussed in this section of SESCHA. This section identifies **negative implications and risks** for implementation of the regional SEDPs and SCTDS, related to long term and cumulative effects of increased pressure on physical, social and cultural environment, direct and indirect negative impacts of economic (especially industrial and agricultural) development, other. The majority of these impacts will be assessed during the specific Environmental and Social Impact Assessments or Environmental and Social Reviews undertaken within specific development projects planned in regions. This Strategic Assessment is focused on the following priority risks and issues related to implementation of SEDPs and SCTDS:

- Cumulative effects of implementing the SEDPs
- Cumulative effects of SCTDS and the tourism arrivals increase in target regions
- Socio-economic impact on local communities from regional and tourism development
- Visitors increase impact on CH sites and their carrying capacity
- Impact on WHS.

Cumulative effects of implementing the SEDPs

In addition to common direct short-term environmental and social impacts related to implementation/construction phase of regional SEDP components, below are identified most significant cumulative long-term and indirect effects related to implementation and operations of SEDP components, presented by sectors.

Agriculture:

- Degradation of the valuable landscapes/habitats and biodiversity reduction due to extension and intensification of agricultural land use (new land take; overgrazing effects of pastures and natural meadows, etc.).
- Pollution with pesticides and fertilizers due to intensification of agricultural activities, increased production and supply of pesticides and fertilizers, pollution of soil and surface and groundwater resources with further effects on human health.
- Pollution from poultry and cattle-breeding farms and food processing plants due to intensification of cattle breeding and poultry, increased waste production (including hazardous wastes) pollution of local water resources.

Energy:

- , associated with change of hydrological regime and hydro-ecological features of the rivers and ravines affected by development of multiple small and medium HPPs, damage to landscapes and habitats occupied by reservoirs and HPP facilities, especially cumulative impact of “cascade” HPPs on interconnected habitats and ecological areas.

Industry and mining:

- Environmental pollution from the expansion of the existing and development of new industrial, mining and processing enterprises, especially from many separate small and medium-sized enterprises, with poor environmental management – causing pollution due to uncontrolled emissions, wastewater discharges and improper waste management, uncontrolled logging and timber production, intensified extraction of inert materials, especially from riverbeds, etc.
- Wasted land resources around abandoned mines, tailings and dumps due to legacy of continuous pollution of surface and ground waters, altered landscape, loss of soil, changes in groundwater regime, contaminated soils and aquatic sediments, subsidence, changes in vegetation.

Infrastructure:

- Construction of new local and regional roads on pristine environments for better access to some remote areas - causing transformation of ecosystems and landscapes preserved from anthropogenic impacts till present (forests; wetland; other sensitive habitats).

Cumulative effects of SCTDS and tourism arrivals increase in regions

"Tourism Carrying Capacity" is defined by the World Tourism Organization as “the maximum number of people that may visit a tourist destination at the same time, without causing destruction of the physical, economic, socio-cultural environment and an unacceptable decrease in the quality of visitors' satisfaction”. As a result of the number of visitors exceeding capacity, a destination or attraction starts experiencing adverse impacts on environmental receptors (protected areas, sensitive habitats), cultural heritage sites (historical buildings, monuments) or local social environment at the destination sites. The management planning considered for mitigation of tourist impacts should be either aimed on increasing the carrying capacity of the site or, in case if it is deemed impossible, to control the amount of visitors under the threshold. Carrying Capacity of the tourist destination site is determined by specific features of sensitivity against the corresponding tourist activities. For instance carrying capacity of the cultural heritage sites is determined by physical fragility of the structures (buildings; paintings; remains etc.), as well as sensitivity of the site in terms of existing religious or traditional practices, which could be affected by the tourist flows etc.

The SCTDS aims to support responsible tourism and development of tourism products for the tourists interested in history, culture, healthcare and wellness, quality wine, and adventurous natural settings, which tend to create less social pressure and bring more benefits to the host areas. Tourism-related activity in the five target regions is currently down as compared to the levels at Soviet times; hence, based on the past experience, impacts of rebounding to the

historical volumes are relatively easy to predict that will help to design and apply relevant mitigation measures. Thus, in a short-term perspective, only those factors are important that may lead to reducing this basic, historical level of the carrying capacity. For immediate actions SESCHA has focused on identification of the major factors and proposed relevant mitigation strategy.

The following critical factors limiting at present the carrying capacity of the tourist destination sites in target regions have been identified and mitigation strategies proposed for immediate actions:

Infrastructure limitations. The most critical possible impacts, related to exceeding of the carrying capacity of sites are:

- pollution due to poor sanitation, lack of toilets and sewage systems at the sites;
- pollution due to improper waste collection system and lack of facilities at the sites;
- bad quality of local roads and associated travel risks and discomfort, dust
- lack of integrated site management (deterioration of storm-water drainage systems, lack of electricity resulting in uncontrolled tree felling) causing development of erosion and local landslides

Mitigation: The most part of these negative factors are addressed in the SEDPs and the SCTDS for target regions and partly are incorporated in LEID project. Mentioned impacts will be mitigated through installing proper toilets, sewages, water supply systems, electricity, waste collection facilities and establishing efficient management systems. The same approach will be applied for developing tourism circuits and related destinations proposed in RTDSs. The urgent issue to be resolved is construction of regional sanitary landfills for final disposal of wastes generated by tourists and local population.

Peak flows of tourists/visitors at limited areas, which may result in local exceeding of carrying capacity: Uncoordinated development of the regional tourist infrastructure may result in focusing the tourist flows within limited areas, around the most advanced sites of destination.

Mitigation: The SCTDS considers integrated management and coordinated plan of development of different hubs and tourist circuits with balanced distribution of destinations within the target regions. Rehabilitation of infrastructure and monuments in different parts of target regions is proposed in LEID Project. This will enable distribution of the tourist flows according to carrying capacity of destinations and minimize risks of local overload. Small hotels spread along the tourist circuits will have less concentrated emissions, discharges, competition for resources, impact on traditional way of life and lower risks of revenue leakages, as compared with the scheme of developing large hotels.

Rapid growth of tourist visits in most fragile, pristine areas and natural heritage sites, which may result in local exceeding of carrying capacity. The magnitude and scale of impacts depend on the size and type of tourism development proposed, relative to the fragility of its proposed environment. Recreational tourism involving a variety of sporting activities and a large hotel complex infrastructure has a greater potential to degrade fragile ecosystems than projects which

attempt to attract tourists with scientific or educational interests such as birding, nature photography, or ethnography, historical sites and archaeology.

Mitigation: SESCHA recommends diversification of the spatial distribution of tourism sectors and facilities: For protection of sensitive environmental sites, like protected areas, it is recommended that only small boutique hotels are developed in areas adjacent to these sensitive sites, while the tourists accommodated in larger hotels located in urban areas will have a chance to visit these environmentally sensitive destinations for short time through touring activities. On the positive side, we would recommend to support 'ecotourism' projects, which can combine conservation of natural and cultural sites with economic and recreational benefits.

Socio-economic risks and impacts on local communities from regional and tourism development

In order to maximize local communities' benefits from regional and tourism development it is necessary to carefully identify all potential implications/impacts of SEDPs and SCTDS on communities and social environment and then adequately address these impacts in the action plans and specific projects.

The following **issues/risks related to regional SEDPs** may affect local communities and social environment:

Land use. Land use patterns are strongly affected by the large scale industrial and infrastructure projects considered by SEDPs, which require permanent land take for locating facilities. Cumulative impacts of several infrastructure projects developed in the same region may aggravate the impact. Implementation of LEID Project will not require large-scale land take and hence land use impacts are not expected.

Employment benefits do not accrue to local populations. There is a risk that jobs created during the implementation of the regional SEDPs and SCTDS do not accrue to local population, but the main benefits will be gained by the residents of other regions or even expatriates. This is relevant to temporary jobs (construction activities), as well as to the long-term employment opportunities.

Uneven distribution of benefits to different geographic areas in each region. Achievement of the strategic goals in the target regions cannot guarantee that certain groups of population will not be sidelined and benefit in a fair and equal manner. Diversity within the regions will result in more investments and greater growth areas that are richer in natural and cultural assets; have higher qualified and/or more entrepreneurial works force.

Uneven distribution of benefits to different segments of the local population. Vulnerable social groups and poor households who do not own many productive assets, do not have easy access to credit, or relevant education will be less well positioned to reap benefits from inflow of tourists. These groups will be less able to set up small businesses, find more lucrative employment if more opportunities in tourism/hospitality sector open up. Also, land consolidation and commercialization of agriculture – which is being supported in SEDPs as a positive trend of rural

development – may worsen livelihoods of those who give up small land plots but fail to land new jobs and find alternative sources of income. It is expected that successful implementation of the major programs envisaged in SEDPs will trigger creation of new employment opportunities. However, it is less probable that women or vulnerable social groups, like disabled or pensioners will benefit from these opportunities equally.

In-migration, leading to social divisions and tensions between newcomers and local population, or loss of long-term assets for local; vulnerable population. This is especially important issue taking into account extremely low prices on agricultural land and high poverty rate. In case if the moratorium on selling agricultural land is ceased, there is a risk that investors from other regions or expatriates may buy agricultural land, and local population may sell land and property, gaining minor short-term benefit and losing long-term development opportunities.

Induced development. Over the time, the Project investments are likely to bring more economic activity in the target areas that may stimulate new land acquisition, emerging of new businesses, and immigration from less well-off areas of the country. Given the limited carrying capacity of the sites in terms of space and infrastructure, in addition to cultural differences, immigration can become a potentially important problem. Unplanned and under-regulated housing development is a recurring problem. A lack of zoning laws and the fact that land is almost exclusively privately owned may lead to a frontier mentality and result in unplanned construction activities and architectural mismatches.

Natural Disaster Management. Natural Disaster Management is a component of development programs. The risks for population associated with the natural disasters and the importance of the Disaster Management is addressed in all SEDPs. However, the SEDPs of target regions are mostly focused on preventive environmental measures, whereas aspects of engaging communities and citizens have not been sufficiently developed. Such plans should focus, firstly, on developing early warning systems and preparedness plans and secondly, on socio-economic rehabilitation of the affected communities.

Risks of failure of the SEDPs components aimed on SME development. All SEDPs acknowledge SME development as important component of the regional SEDPs and most efficient way of delivering social benefits to a broad cross-section of the population. Development and sustainable operations of SMEs is an independent task outlined in SEDPs, important at the same time for several prioritized sectors represented in SEDPs (agriculture and food processing; tourism; construction companies; exploration of inert materials and production of construction materials).

Tourism is often viewed as an engine of economic growth that can generate considerable amounts of foreign exchange for the host countries. As a result many poorer countries are putting emphasis on the promotion and development of this industry for future economic prospects. However, the economic impacts of tourism, particularly certain types of tourism are generating significant adverse impacts and many of the negative consequences are understated. Indirect impacts from tourism on local cultures, services, businesses can cause potential challenges as elaborated below. . Failure to recognize and mitigate these challenges can diminish project benefits, as well as inflict adverse socioeconomic impacts on the local population. Assessments

of tourism projects should include analysis of the projected distribution of costs and benefits. Whereas the benefits of tourism may be assumed to accrue to local residents, residents are likely to incur more of the costs and may enjoy less of the benefits than visitors, immigrant workers or commercial intermediaries.

The following **issues/risks related to SCTDS** may affect communities and social environment:

Impact on local infrastructure and services. Tourists increase demands on local infrastructure- transportation, energy and water supply, wastewater collection and treatment, solid waste disposal, and healthcare facilities- and on the variety of public services that are usually the responsibility of local government. Often the demands have significant seasonal peaks. Competition with the local population for the resources and infrastructure may become a serious issue. Without coordination and planning, service demands may exceed capacity with adverse results for residents, as well as tourists. Availability of clean water for drinking, provision of wastewater treatment consistent with the capacity of local water bodies to assimilate pollution load, and adequate facilities for solid waste disposal are critical issues for this sector. If these services are provided by local government or independent utilities, the project sponsor should demonstrate that detailed information on the tourism development has been furnished to those agencies and that they are prepared and able to meet the project's needs. If the services are not available from local agencies, the plan for the project should show clearly how the developer proposes to provide them, and the impacts of the proposal should be considered in any EA or other environmental analysis.

Impact of "leakage". Leakage is the loss of tourist expenditure as a result of goods and services being brought in from outside the area. These may be the import of foods and other hotel requirements, outside managerial expertise, repatriation of profits by owners, overseas marketing costs, transport and other services from the tourist source country. From time to time the economic impact analysis needs to be updated in terms of where the money is being spent. The large hotel chains are particularly prone to leakages. This is because they tend to supply common standards across all their hotels. In countries with small domestic markets that may not supply or meet international standards for particular goods the hotels will import equipment, food and drink and other goods. Therefore much of the tourist expenditure ends up abroad. There are also prone to "export leakages" which result when the overseas investors repatriate profits. This is most likely when it is an international hotel chain. Where smaller-scale community based tourism dominates there is a near complete reliance on local goods and services.

Rapid growth of tourist visits in holy sites and operational churches and monasteries. The carrying capacity of the operational churches and monasteries is not determined only by physical conditions and characteristics of the monuments and related infrastructure. The amount of tourists, movement of tourist flows and their activities should not affect the church services, routine life of the clergymen and prayers. The clergymen should not become just a tour guides and/or part of attraction, but should have opportunity to conduct undisturbed routine church services.

Mitigation: Obligatory procedure of consultations with the central and local representatives of Church should be established, to ensure harmonization of tourism activities with the normal day

to day operations of monasteries. Admissible peak amount of tourists visiting churches and monasteries, sites and trails allowed for tourists, as well as time schedule for visits, dress-code and behavior norms should be agreed with the clergymen.

Uneven distribution of benefits to different segments of the local population. As an indirect result of the planned tourism development, significant socioeconomic benefits can be expected to accrue in regions (both rural and urban areas). The greatest challenge is ensuring that economic benefits are shared equitably amongst local communities to avoid situation when some communities unfairly benefit more than others. All households, businesses and other stakeholders should be given equal opportunity to participate in the development and to benefit from it. Renovation and infrastructural development in the selected parts of settlements, usually to be based on the historic/cultural attractiveness of particular districts – may give advantages to the owners of the property and businesses located in such districts as compared to others, who are located in other districts and affect competition between them.

Other risks and impacts related to SCTDS implementation:

- Developers are requiring the Government to improve the basic infrastructure before they move in. This diverts public money to upgrade public services away from where it is required most.
- Implementation of the infrastructure improvement projects may lead to increase of tariffs. Differentiation of tariffs for water, sewerage, and other services between high profitable tourism businesses and ordinary households may be necessary to avoid burdening local users unfairly.
- Construction of planned tourist facilities may cause displacement and involuntary resettlement. The projects that will be implemented under the SCTDS may impose resettlement impacts.
- The rapid growth of development and construction may cause competition with/from external businesses, external construction contractors, and external labor force.
- The influx of large numbers of foreign tourists into a local culture and the likely clash of contrasting life styles that may result can have impacts on local cultures; lead to change of traditional values. Stimulation of prostitution, drug proliferation, increase of criminality and transmission diseases is often associated with rapid development of tourism industry.
- Development of fast-food industry may affect local cousin and related small business. Changes to traditional lifestyles may result in negative social effects. For example, communities living in remote areas may find that they lose supplemental income from sources such as hunting, collection of fire wood, fishing, etc. if access to these resources is restricted for tourism development.
- Induced development may occur at the fringes of tourist areas, including migration to the better developed areas. Given the limited carrying capacity of the sites in terms of space and infrastructure, in addition to cultural differences, migration can become a potentially important problem. Under-regulated housing development is a recurring problem in many developing country contexts and is not limited to tourism development.

Assessment of visitors increase impact on CH sites and their carrying capacity

Socio-cultural considerations are particularly important in impact assessment of the multi-component SEDPs and SCTDS. The relationships between cultural property issues and a project can range from direct to indirect.

Most typical of the direct impacts are outlined as follows: any project which involves excavation, leveling or filling of earth as a part of construction or operational practices, is a potential threat to archaeological and historical remains. Construction related dust, emissions and vibration may damage the monuments. The visual as well as the physical impact of accommodations and other structures that will be built to serve tourists should be considered. Ease of construction and 'efficient' design should be tempered by considerations for harmony with the surrounding natural environment and socio-cultural context.

More general cultural heritage impacts are related to heritage-based tourism, particularly cultural immersion tourism activities. Cultural sites can tolerate finite numbers of visitors, just as natural sites, and this should be assessed in project design. The number of visitors and areas of access need to be controlled in order to prevent sites from deterioration due to overuse and physical proximity (visitors touching walls, paintings, sculptures). Carrying capacity limits of the tourist sites are discussed in general in Subsection 11.2 (above). The other particular risks/issues of the project impact on CH sites are discussed below.

Risk of damage to CH sites. The Government will invest in the upgrade and development of infrastructure in the historical settlements as well as in the proximity to the cultural and natural heritage sites. Area improvement and other interventions aimed at increasing attractiveness and accessibility of CH sites are also planned in their immediate proximity. Such interventions carry additional risks of damaging monuments in case the design and methodological approaches used are unfit for conservation of the historical and aesthetic value of these sites or if tourist visitation of these sites, increased as a result of the project interventions, is not managed in a sustainable manner. Cumulative impacts of developing various elements of infrastructure in and around historical settlements, in or around natural sites of recreational and aesthetic value also add to the potential risks.

Mitigation: All the designs within the project related to conservation-restoration of historical buildings, blocks and cultural heritage monuments should be managed by the MoC and its authorized body - Historic and Cultural Monuments Preservation Agency (HCMPA). The works should be designed in compliance with the national legislation and international best practices. HCMPA will recommend to DFA and TDF the specialist(s) for supervising the works. HCMPA will take part in acceptance of completed works related to restoration-rehabilitation of historical buildings. Infrastructure rehabilitation projects will be supervised by the MoC. Public and stakeholders will be consulted at the early stage of project development.

Illegal trade with artifacts. Influx of tourists may stimulate illegal trade with artifacts, movable archaeological remains and activities of remain searchers.

Mitigation: Control mechanisms should be enhanced.

Risk of commercialization. Commercialization of traditional artisan industries can lead to loss of authenticity with negative results for the artisans and possibly for the buyers as well.

Mitigation: This issue could be a subject for further in-depth study and recommendations for obtaining and managing certain donor grants and Governmental subsidies on support of truly traditional artisan production (individuals or family business).

Impact from photoflashes. Shooting photos of wall paintings may result in damage due to photochemical reactions induced by flashing.

Mitigation: Shooting photos should be limited to in monasteries and especially near the wall paintings

Impact on sacred sites. Activities such as tours of archaeological sites may conflict with local traditions and/or religious beliefs. Investment in new facilities at sites, which are considered as sacred (as in the case of religious shrines), may generate complex impacts. It is important that such interventions be scientifically sound, and that they respond, as completely as possible, to patterns of social organization and existing social and cultural institutions. Traditions should be taken into account during operation of the tourist facilities.

Mitigation: All the designs within the project related to conservation-restoration of historical buildings, blocks and cultural heritage monuments are managed by HCMPA of MoC. The DFA, ATDF and MoC will consult local communities in project destinations regarding the design of facilities and planned activities. In case if there are some specific restrictions and limitations from the point of view of local traditions and religious opinions, this will be considered and adequately addressed in the projects.

Main challenges and impacts at world heritage sites

Haghpat and Sanahin monasteries are WHCs entered into UNESCO heritage list in 1996. They are located in Lori Marz and represent the highest flowering of Armenian religious architecture, with unique style developed from a blending of elements of Byzantine ecclesiastical architecture and the traditional vernacular architecture of the Caucasian region. Important centers of learning were located here from the period of prosperity during the Kiurikian dynasty (10th to 13th century). In 1996, Haghpat was inscribed as UNESCO WHS and then the site was extended to Haghpat and Sanahin in 2000. Research, reconstruction, reinforcement and design activities have been implemented for the years in order to ensure the integrity of the Monasteries. In 2012 the rehabilitation works at Sanahin Monastery have started and currently preparation works are undertaken to satisfy requirements.

Haghpat monastery is an outstanding example of medieval Armenian architecture that has been attracting increasing numbers of tourists. The site requires restoration and conservation works within the Monastery: to reinforce the mortars and wall cracks, resolve the issue of weeds, sometimes even small trees growing on the roofs, strengthen the masonry, conservation of surfaces and frescoes, strengthening of the wooden roof hazarashen, preservation of the walls surrounding the monastic complex. It is necessary to conduct the carrying capacity analysis of

the site, develop site management plan, the tourism infrastructure needs to be improved and developed (such as tourism facility, ticket shop, parking facility, public restrooms, install lighting, etc.). There is also need for reconstruction of heavily deteriorated village - Install water supply and sewage systems in the village Renovate the roofs and facades of the buildings in the square Renovate the old Bolshevik museum to showcase the history of the village and the Monastery's monk life, other.

Sanahin monastery was founded in the 10th century, the name literally translates from Armenian as "this one is older than that one", presumably representing a claim to being an older monastery than the neighboring Haghpat Monastery. In 979 it became an outstanding cultural center that maintained its importance until 1235 when the Mongol invasion provoked the starting of the decadence. Due to its troubled history and to the occurrence of earthquakes, the preserved buildings are a result of restorative interventions in various centuries. The weatherboards, maybe due to their incorrect shape, convey the waters directly on the walls. The roofing, where not restored, is overgrown by weeds and bushes, in some parts tiles and connecting stone ashlar are missing (the roof of St. Amenaprkich church has some tiles sliding towards the cemetery). There is a need for restoration works within the monastery: to repair the wall cracks, reinforce walls, resolve the issue of weeds growing on the roofs, strengthen the masonry, remove and replace some stones on the facades, strengthening of masonry, intervention on the pavement. It is also necessary to conduct carrying capacity analysis of the site. There is a need for reconstruction and development of tourism infrastructure at the small square outside the core zone of the site, which architectural design is harmonized with the Monastery – conservation/renovation of Sanahin café, build ticket shop, rehabilitate and redesign the parking facility; renovate/optimize public restrooms, etc.

The Department of Architecture and Urban Studies of Milan Polytechnic Institute has prepared the Report “Master Plan for the World Heritage sites in Armenia: Monasteries of Haghpat and Sanahin, (and Monastery of Geghard and the Upper Azat Valley). The Master plans for Haghpat and Sanahin include the following components: definition of guidelines for the conservation works for the monasteries, identification of urgent infrastructural work in the villages surrounding the WHS to address basic needs such as water supply and sewerage; key elements also for allowing the increase of the hospitality in the area; rehabilitation of the traditional private buildings included in the buffer zones and in particular of their historical facades; removal of the harmful material (asbestos) from the roofs in the buffer zones and their reconstruction; redesign of the facades and the fences of the buildings flanking the routes of access to the sites; repair of the road surface in the access routes to the WHS and increase the network of public lighting; redesign of public space (sidewalks, open areas) access road to the WHS, other components.

Analysis of LEID Project Role and Mitigation Strategy

This section provides analysis of how the proposed LEID Project will serve for enhancement of the expected positive impacts and mitigate expected negative impacts for the regional plans and programs for the development of economy and tourism in the target regions. Main risks/impacts related to implementation of the regional SEDPs and the SCTDS are presented in Section 11. This section discusses the specific risks/impacts related to implementation of LEID Project in five target regions and outlines LEID Project mitigation strategy, which is aimed also to be replicated during the implementation of other relevant components of SEDPs and the SCTDS.

Many environmental effects associated with the tourism sector are cumulative. Common concerns about tourism impacts include the lack of knowledge about cumulative effects both in relation to the physical and social aspects of the environment, and the inability to determine when the ‘carrying capacity’ of an area has been reached. From the point of view of ecological sustainability the most important characteristic is reversibility. Many of the effects identified associated with tourism are reversible, especially when minor in intensity or scale, but reversibility is hard to predict and depends enormously on the environment and the way the effect is managed. The cumulative nature of many effects suggests that reversible effects may become irreversible if their cumulative impact reaches a threshold level.

The assessment of cumulative impacts for three main scenarios has been applied in the process of SESCHA: 1) implementation of SEDPs without correlation with and existence of SCTDS and the LEID Project; 2) implementation of SCTDS without LEID Project and/or without correlation with SEDPs; 3) implementation of LEID Project in support of SEDPs and the SCTDS.

In case of Scenario 1, when SEDPs are implemented without SCTDS and the LEID Project, the risks and amplitude of the cumulative impacts (described in this section of SESCHA) increase significantly due to following reasons:

- without SCTDS there are less chances for integration and coordination of local/regional tourism development plans (considered within each specific SEDP) with the neighboring regions and the national tourism development plans - and thus less mitigation opportunities;
- without the LEID Project, there are less funds and fewer chances to apply world best practice in programs implementation (proper comprehensive site management plans for the CH and other destination areas in the regions, proper calculation of carrying capacity and the predicted loads; proper planning, design, procurement, supervision, environmental and social management plans, etc.), less mitigation opportunities.

In case of Scenario 2, when SCTDS is implemented without LEID Project and/or without correlation with SEDPs the risks and amplitude of the cumulative impacts of increased tourism arrivals in regions are higher due to following reasons:

- without LEID Project there are less instruments to coordinate SCTDS with the SEDPs to mitigate cumulative impacts of tourism arrivals;

- without the LEID Project there are less funds and fewer chances to apply world best practice in strategy implementation (including tourism infrastructure and institutional capacity development), less mitigation opportunities;

In case of Scenario 3, when the LEID Project is implemented in support of SEDPs and the SCTDS the risks and amplitude of the cumulative impacts of SEDPs and SCTDS in regions are lower due to following reasons:

- the LEID Project considers financing of proper comprehensive site management plans for the CH and other destination areas in the regions, proper calculation of carrying capacity and the predicted loads; proper planning, design, procurement, supervision, environmental and social management plans for tourism infrastructure development projects;
- design of the LEID Project is aimed to reduce negative and enhance positive impacts of tourism development in the regions, to serve as an example and catalyst for other infrastructure development projects in regions.

LEID Project Benefits

The main direct **environmental benefits** are related to improved infrastructure and thus less damage to environment. The main indirect environmental benefit - is increased environmental awareness. The main attractions of target regions are natural and cultural heritage based, and if natural resources dwindle, then so will the inflow of tourists. As a consequence, environmental and cultural heritage protection issues are treated with increasing attention.

In general, for the tourism development projects, on the social side there are more potential benefits than risks. The main **socio-economic benefits** are related to improved public infrastructure, increased external investments, more employment opportunities in higher-skilled services related to tourism, increased opportunities for establishing small and micro enterprises, increased demand for agricultural production and food supplies to hotels, demand in construction services and materials, more employment opportunities for higher-skilled services related to tourism, and other direct and indirect socio-economic benefits.

The main **cultural heritage benefits** are related to improved tourism infrastructure and reconstruction/rehabilitation works at CH sites, renovated facades and public places/parks in CH cities, renovation and preservation works at World Heritage Sites, productive cooperation with Armenian Apostolic Church, other direct and indirect benefits.

The LEID Project supports RoA in achieving the twin goals by reducing poverty and boosting shared prosperity in a sustainable way. In summary, the Project has the potential to enhance development in three different dimensions:

1. *Diversification of the economy and positive impact on labor market outcomes.* Statistics on the regional level and a profiling based on the ILCS data 2013 show that compared to the national average the labor force is highly concentrated in agriculture (Vayots Dzor and Ararat) and mining (Syunik). The project aims at fostering job creation in tourism

which supports these regions in diversifying the income structure and labor market opportunities outside these key industries.

2. *Employment creation with a focus on rural areas.* Regional statistics show that poverty in rural areas in Syunik has increased significantly compared to 2009. For Vayots Dzor regional poverty rates in rural areas seem to be consistently higher than in urban areas. Further growth in the tourism sector offers opportunities to households in urban and in particular in rural areas to generate additional income from tourism and escape poverty. In addition, the project improves connectivity in Southern Armenia which enhances economic activity in rural areas with positive spill-over effects to other sectors in the region.
3. *Employment opportunities for women in rural areas.* The tourism project opens new labor market opportunities and avenues out of poverty for both genders.

LEID Project mitigation strategy

The best way to maximize local communities' benefits from the implementation of SEDPs and SCTDS is proper mitigation of the identified risks and impacts. Partially some measures to mitigate adverse impacts of SEDPs are presented in Environmental Protection Plans within each SEDP. The mitigation of social impacts generated by implementation of SCTDS or the regional tourism development plans are not adequately presented in SEDPs or SCTDS. Mitigation measures should be developed and included into specific regional tourism development action plans, the corresponding site-specific Environmental and Social Management Plans and CH Management Plans. The LEID Project provides some pilot samples of mitigation measures to reduce risks and to maximize community benefits from tourism development, which should be further replicated during the implementation of SEDPs and SCTDS.

GoA, using technical assistance and knowledge transfer opportunities associated with the implementation of the World Bank financed LEID Project, shall use this opportunity to set a good example for sustainable social and environmental practices in local economy and tourism development. Procedures of due environmental, social, and cultural screening of upcoming activities, assessing their risks, and planning mitigation measures accordingly are spelled out in the framework safeguard documents of LEID Project and may be applied beyond the scope of this Project with a goodwill of the engaged national institutions. More specifically, the tools of good planning and management offered by LEID Project that are readily available for the use country-wide include: preparation of touristic site management plans; construction of visitor facilities and light infrastructure (information centers, cafes, public toilets and safe parking areas) around touristic sites; keeping access roads in good operation condition; providing safe and secure environment for all age groups and for variously able people at touristic sites; differentiating visitor experience by offering a variety of activities in addition to a traditional guided tour; stimulate engagement of private sector and local communities in the form of concessions as well as satellite service delivery businesses; investing in the outreach and public awareness. Estimation of the carrying capacity of natural and CH sites, and incorporating of this information in the site management planning will become increasingly important, as the visitation grows in the medium to long term perspective.

Summary of impacts of SEDPs and SCTDS, and the role of LEID Project

The significance of each identified impact was defined as a combination of the consequence of the impact occurring and the probability that the impact will occur. The criteria used to determine impact consequence were:

- Extent - the area in which the impact will be experienced (**local, regional, national /international**);
- Intensity - the magnitude or size of the impact (**none, low, medium, high**);
- Duration – the timeframe for which the impact will be experienced (**none, short-term, medium-term, long-term**)

The combination of these three criteria corresponds to a Consequence Rating (**insignificant, very low, low, medium, and high**)

After the consequence determined, the probability of the impact occurring will be considered, using the probability classifications (the likelihood of the impact occurring) – **improbable, possible, probable, and definite**.

The overall significance of impacts was determined by considering combinations of consequence and probability without and with/after the implementation of mitigation measures and ESMPs, using the following ratings – **insignificant, very low, low, medium, high, and very high**.

The results of rating exercise are presented in the table below.

Receptor/Media	Impact	Extent Intensity Duration	Consequence	Probability/ likelihood	Significance without mitigation	Significance with LEIDP implementation and mitigation
Environmental Impacts						
Air, water, land, soil, forests, biodiversity	Cumulative impact of SEDPs implementation (agriculture, energy, industry/mining, use of resources, infrastructure development)	Regional High Long-term	Significant	Probable	High	Medium
Air, water, land, soil, forests, biodiversity	Cumulative impacts of SCTDS and tourism arrivals increase (due to infrastructure limitations, peak flows of visitors, rapid growth of tourists in pristine areas)	Regional Medium Long-term	Medium	Probable	Medium	Low
Socio-Economic Impacts						
Social environment, communities, local population	Cumulative impact of SEDPs implementation (land use, employment benefits do not accrue to locals, uneven distribution of benefits geographically and structurally, in-migration, induced development)	Regional Medium Long-term	Medium	Possible	Medium	Low
Social environment, communities, local population	Cumulative impacts of SCTDS implementation and tourism arrivals increase (load on local infrastructure and services, impact of “leakage” of tourists expenditures, uneven distribution of benefits, change of investment accents, impact on local cultures and lifestyle, induced development)	Regional Low Medium-term	Low	Possible	Low	Very low
Impact on CH sites						
CH sites, WHS, holy sites – churches, monasteries, monuments	Cumulative impact of SEDPs and SCTDS implementation (rapid growth of tourists in heritage and holy sites monasteries/churches, increased risk of damage to CH sites and WHS, illegal trade with artifacts, risk of commercialization, impact from photoflashes, impact on sacred sites)	National/ International Medium Long-term	High	Probable	High	Medium

12 SESCHA Recommendations for LEID Project Implementation

SESCHA Conclusions:

The main challenges for the development of tourism infrastructure in regions and the implementation of RD Plans, SC TD Strategy and LEID Project are as follows:

- The main **environmental** challenges are related to the ecological carrying capacity and ability of regions/sites to accommodate the new/targeted numbers of tourist arrivals without aggravating the existing (or creating new) ecological problems in the regions.
- The main **socio-economic** challenges are related to the equitable distribution of benefits from tourism revenues across communities and across demographic groups within each community, the ability of local populations and businesses to take advantage of increased local development, the risk of losing long-term assets to external investors, and undesirable disruptions to local businesses from construction and rehabilitation activities.
- The main **cultural heritage** challenges are related to the physical carrying capacity of the cultural heritage and natural heritage sites, properly conducted assessments of the carrying capacity, properly developed master-plans, site management plans, visitors management plans (including strict scheduling of tourists streams when/where necessary), conservation plans, effective cooperation with church and CH authorities, museums, etc.

SESCHA Recommendations:

The critical messages/recommendations from SESCHA for the use during implementation of SEDPs, SCTDS and the LEID Project are as follows:

8. The majority of anticipated and predictable implications/effects of these programs can and should be mitigated at the planning and design stage. It is of utmost importance to assess **current/existing** carrying capacity (physical and ecological) of the major destinations/sites **prior** to starting spatial planning and zoning exercises. The **optimal** (and also maximum projected) physical and ecological carrying capacity of these sites shall be established through site management planning to ensure careful balance between the ambitious plans for sharp expansion of visitors streams and the sensitive ecological, social and CH factors. This will prevent the “desire”-based miscalculation of loads, which eventually causes overloading of ecological capacity and directly results in adverse impacts on physical, biological, social and cultural environment.
9. It is important to involve environmental, social and CH experts at the very initial stage of planning and design process, to work closely together with planners/architects from the very beginning, to come out with jointly weighted solutions. ToRs for the planners and architects should contain conclusions and recommendations delivered through this

SESCHA report. This will allow for avoiding situations when a site management plan and the design are prepared in silos and are not harmonized.

10. The carefully and properly structured public information and participation process should be attributed not only to consultations on LEID Project and the present SESCHA, but shall be applied to the development of Site Management Plans as well, in order to gain local communities' support and reveal all complains, comments and potential grievances as early as possible. The communities should consider themselves as co-authors, participants and beneficiaries of these master-plans that will increase their motivation to support and assist the implementation (construction) phase and then take good care of the infrastructure at the operation stage.
11. SESCHA recommends MoC and Department of Cultural Heritage Protection to assess in more detail the expected change in types and magnitude of potential impacts on cultural heritage related to the expected growth of tourist flows in long-term perspective. Adequate mitigation program and a set of specific limitations could be elaborated based on the proposed in-depth assessment. In a shorter perspective, within frames of the LEID Project, MoC and its Department of Cultural Heritage Protection should take active role in professional review of design documents and restoration methodology suggested for works on heritage monuments in order to ensure retention of their authenticity and historic value.
12. Strategic assessment and planning is required to estimate specific safety risks for tourists (particularly, environmental risks) and for planning emergency response and salvage operations. SESCHA recommends the following specific risks to be analyzed and addressed in follow-up site-specific assessments and management plans: geohazard risks; forest fire risks; risks of the hazardous human and animal diseases; risks related to uncontrolled contact with wild animals; other.
13. An important positive externality of tourism development is increased environmental awareness, both in the local population and governments on municipal as well as national levels. The main attractions of target regions are natural and cultural heritage based, and if natural resources dwindle, then so will the inflow of tourists. As a consequence, environmental and cultural heritage protection issues are treated with increasing attention. These medium term positive impacts could be enhanced, and SESCHA recommends including the awareness building programs for local population, tourists and investors aimed on protection of natural and cultural heritage.
14. The strict and clear requirements of environmental and social management planning, work planning, construction method statements and quality control, as prescribed by ESMF and RPF, should be reflected in all contracts and timeframes prepared for the construction contractors (starting from the bidding documents preparation phase). The carefully developed and strictly followed method statements and work schedules requested from and submitted by each contractor, proper quality assurance and supervision of works by ATDF should become key elements of the entire LEID Project implementation process. This will allow contractors to ensure delivery of works without

rush, avoid devastating disturbance to local communities and CH sites, and without being urged-on by local or central functionaries.

15. SESCHA recommends ATDF and other proponents of LEID Project to incorporate observations, requests and suggestions of regional stakeholders as summarized in Chapter 14 of this report into detailed design of works to be developed for individual investments of this project, as well as while specifying scope of the TA to be delivered to individual beneficiary regions, and finally – while selecting PPI interventions in these regions. Furthermore, ATDF, being an implementing entity for another World Bank-financed Social Investment and Local Development (SILD) Project, is in a good position to seek synergy and complementary action under LEID and SILD projects, as both are structured to meet priority needs of local communities. Geographic coverage of SILD Project is not limited – it is being implemented country-wide. Therefore SILD Project interventions into the regions targeted by LEID Project may be harmonized and also checked against public opinion solicited through the SESCHA consultation process.

13 Stakeholder Consultation Process

The present SESCHA was undertaken as part of LEID Project preparation and involved discussions with focus groups comprised of the representatives of local communities, minorities, and interest groups of the target regions. Stakeholders may be subdivided into:

- Project implementing agencies
- Regulatory bodies
- Population of the Project beneficiary regions (marzes) in general
- Local businesses
- Armenian Apostolic Church
- NGOs and CBOs

Discussions with the key government agencies of the RoA on LEID Project, and its role in complementing/facilitating SEDPs and SCTDS has been an ongoing process since the very early stage Project concept. This included the Ministry of Economy, DFA, ATDF, Ministry of Territorial Administration and Emergency Situations, MoC, and regional government administrations. Social and cultural aspects of LEID Project concept and implementation arrangements were also shared for feedback with the Ministry of Finance, Ministry of Nature Protection, Ministry of Urban Development, Historical and Cultural Heritage Protection Agency, Armenian Tourism Development Agency, and the Armenian Apostolic Church. Consultation process revealed that the demand for resources is significantly greater than what LEID Project budget and the beneficiary regions of the country as well as individual investment ideas within one target region will be competing for it. Therefore participatory approach, transparency and accountability would be critical in the decision-making on all important aspects of Project implementation.

A number of international development institutions active in the RoA were also acquainted with the LEID Project concept in order to explore possible synergies and avoid overlaps. These included: USAID, GIZ, WWF, CNF, EBRD, EIB, ADB, EU Delegation, UNDP, and OSCE. LEID Project's approach to stimulation of tourist visitation to the target regions was run through the representatives of the Armenian Monuments Awareness Project as well as the key travel agencies and NGOs involved in tourism and leisure: Union of In-country Tour Operators, Geographic Travel Club, Sputnik, Vis-à-vis Tour, Arminius, Arahel, Lore Travel, Travelon, DA Tours, Gardman Tours, Hyur Service, Green Way, and Saberatours. Social implications of the Project were discussed with the NGOs Human Development, Izmirlian Fund, IdeA Foundation, Areviq, and Nravank Foundation.

Discussions on SEDPs, SCTDS, and the role of LEID Project in supporting regional development through the improvement of infrastructure, stimulation of local investment, and boosting tourism held with local stakeholders in four regional centers were critically important for the SESCHA process. These discussions were advertised publicly at the regional level, and were supplemented with special invitations in order to ensure good representation of women, vulnerable groups, small business owners, NGOs or CBOs. ATDF used the opportunity to speak to regional audiences for receiving more feedback on the ESMF and PRF prepared for the LEID Project and previously discussed with stakeholders in the capital city of Yerevan.

The present SESCHA report will be disclosed in Armenian and English languages through ATDF's web page and be made available in print version at the regional administrations. A stakeholder consultation meeting on this SESCHA report was held in Yerevan on June 22, 2016 and Minutes of Public consultation meeting is attached. The final SESCHA report with minutes of public consultation process attached was disclosed on ATDF web-page (www.atdf.am). Local participation and consensus-building on site-specific investments under LEID Project will be ensured through community-level dissemination and consultation throughout the Project life. Site-specific Environmental and Social Management Plans and Resettlement Action Plans will be disclosed and discussed with the affected people following the blueprint of action set forth in the ESMF and RPF.

Attachment 1 of the present draft SESCHA report carries records of stakeholder consultation undertaken as part of the SESCHA process. These documents reflect conversations held by ATDF with the representatives of LEID Project beneficiary regions on SEDPs, SCTDS, and the upcoming LEID Project.

Feedback received from four regions (marzes) comprises mainly the following:

Kotayk

Environmental, social, and cultural heritage-related issues experienced by local population, and seen as constraints for tourism and development in general, include: poor management of waste; underdeveloped infrastructure for water supply, sewage collection and safe discharge; unclear arrangements for handling emergency situations; poor condition of roads leading from the capital city of Yerevan to main tourist attraction of the region as well as issues with connectivity within the region; weak regulations regarding visitation and fee payments to the protected area of Khosrov; and restricted access to finance for local communities wishing to equip their premises serve as guesthouses. One special issue raised in the consultation meeting is the concern of Garni village community regarding impacts of the reconstruction of Kaghtsrashen irrigation scheme on the aesthetic value and touristic appeal of the Azat River gorge. This river flows between the Khosrov forest reserve and picturesque karstic cliffs known as the Symphony of Stones. Garni temple - a major touristic destination - is uphill. The World Bank financed Irrigation System Improvement Project will finance construction of a water intake structure on Azat River in this location (which has no engineering alternatives) in order to convert the pumped irrigation scheme of Khaghtrashen into a gravity scheme. Although reconstruction of the scheme is designed to maintain the established environmental flow in the river at all times, water intake will indeed decrease the water flow in the river having visual impact on the gorge during the irrigation season.

Community representatives suggested to improve regulations for the collection of fees upon entry to the Garni gorge and the Khosrov Forest reserve as well as to consider a mechanism for benefit-sharing for local population; use of local work force - especially youth - as tour guides to local sightseeing destinations; applying professional approach and due diligence to designing and implementing restoration works on heritage monument in order to avoid loss of their authenticity and historic value; and considering financial support to households willing to adapt their residential buildings for operating as guesthouses.

Ararat

Environmental, social, and cultural heritage-related issues experienced by local population, and seen as constraints for tourism and development in general, include: poor access to agricultural markets for sale of locally produced food; much dependency of household income on primary agricultural production; deteriorated infrastructure of waste collection, water supply and sanitation; absence of a hotel and guesthouses in the town of Artashat; lack of touristic infrastructure that would facilitate visitation to a major heritage site of Khor Virap.

Community representatives suggested to rehabilitate priority infrastructure; diversify employment opportunities for local residents; facilitate inclusion of local youth into hospitality service provision; improve management of Khor Virap heritage site and stimulate development of ago-tourism in the vicinity of this site; ensure protection of historic monuments from damage through poorly undertaken restoration and/or infrastructural works in the immediate proximity to these monuments.

Lori

Environmental, social, and cultural heritage-related issues experienced by local population, and seen as constraints for tourism and development in general, include: deterioration of the Sanahin and Haghpat monuments due to lack of maintenance and a risk of non-professional restoration of these monuments; lack of touristic infrastructure and inconvenient access to the historic monuments; missing or malfunctioning systems of water supply, sanitation, and garbage collection in the settlements nearby the heritage sites as well as poorly maintained local roads, streets and sidewalks; pollution of Debed River water and its gorge; absence of ATM machines and other banking services in key destination of the region; lack of productive agricultural lands and high unemployment.

Community representatives suggested to enhance promotion of Lori region as a touristic destination; stimulate investment and start-ups in the region; support development of agro-processing and crafting; renovate the museum in Haghpat.

Vayots Dzor

Environmental, social, and cultural heritage-related issues experienced by local population, and seen as constraints for tourism and development in general, include: absence of a kindergarten within the Vayots Dzor community; deteriorated roads, bridges, and access to St. Astvatsatsin Church; lack of a decent household waste disposal site and poor sanitation; underdeveloped hospitality services.

Community representatives suggested to construction of a new public park in the community square, dedicated to local heroes; and constructing amphitheater for public festivities.

Syuniq

Environmental, social, and cultural heritage-related issues experienced by local population, and seen as constraints for tourism and development in general, include: grave condition of sewage

system in the town of Goris; pollution of Vararakn River with untreated sewage discharge and waste dumping; lack of a decent waste disposal site; high level of unemployment in Goris.

Community representatives suggested to rehabilitate historic district of the town of Goris; improve its streets, green zones, and outdoor illumination; arrange a decent food market of farmers' goods; involvement of local architects in the design of LEID Project-supported investments.

Bulk of the information received through the consultation meetings, as summarize above, was fed into the LEID Project design and safeguard instruments produced for the implementation of this Project and will continue to guide decisions over the course of the Project implementation. More specifically: LEID Project carries a component in support to tourism- and agricultural business-oriented private investments through the provision of critical public infrastructure. This instrument is responsive to communities' requests pertaining infrastructural improvements, job creation, and employment diversification. Request for safeguarding of heritage monument from the risks of non-professional restoration and improperly managed civil works nearby is met by triggering OP/BP 4.11 and providing project implementation arrangements that are respectful of this policy. Provision of light touristic infrastructure, tour guide services, parking lots and public toilets in the priority touristic locations is an integral part of the LEID Project. TA to be delivered through this Project includes assistance in the establishment of sustainable site management plans for the heritage monuments, diversification of site presentation and interpretation tools for improved visitor experience, and training – all brought up by local communities through the consultation process.

Attachment 1. Records on SESCHA Consultation Process

MINUTES OF PUBLIC CONSULTATION MEETING On Socio-Economic Development Program of Kotayk marz, South Corridor Tourism Development Strategy, Environmental and Social Management Framework and Resettlement Policy Framework of the Local Economy and Infrastructure Development Project

Garni community, Kotayk Marz, 17.12.2015

A public consultation on the Draft Report of Strategic Environmental, Social and Cultural Heritage Assessment (SESCHA), Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) for the Local Economy and Infrastructure Development (LEID) Project has been held in Garni community of Kotayk marz on December 17, 2015 (11:30-13:00 PM).

Information on the meeting day and time was posted on information boards of Garni and Goght Village Administration Offices, in addition the Administration conducted telephone calls to ensure participants' attendance. The announcement for the meeting in Armenian and English languages, including its date and time, was disclosed on the ATDF web page (<http://www.armeniasif.am>).

The public consultation was carried out by ATDF Environmental Specialist Asya Osipova and ATDF Social Specialist Sonya Msryan. The meeting was attended by representatives of Garni and Goght communities. 25 participants were present at the meeting, among which 15 women (about 60%).

S. Msryan welcomed the participants, introduced the purpose of the meeting and encouraged them to provide feedbacks on the topics discussed further. She explained the purpose and features of SESCHA and its relation to Marz Socio-Economic Development Programs (RDPs) and South Corridor Tourism Development Strategy (SC TDS). S. Msryan briefly explained Kotayk region Socio-Economic Development Plan and its purpose and asked the participants to provide feedbacks on what they think are the most important and urgent elements of this strategy to pursue on the priority basis and what risks may implementation of Kotayk Marz Regional Development Plan cause to the nature, historic heritage and their livelihood.

Vaghinak Tadevosyan (Garni Community): The main issue of the village is the upcoming project of Katscrashen irrigation system which is proposed to affect directly on Azat River and may cause drying of the river and lose of its esthetic value. We can surely claim that the project implementation will have huge negative environmental impacts and the cultural and esthetic value of the river site will be eliminated. The whole community is against the project as Azat River has huge role in tourism development and the laying pipes along the river bed is not the way to develop the tourism.

Hovakimyan Larisa (Garni Community): The other issue that we have in Garni is waste management. The problem is essential not only in Garni community but also on the way

to Khosrov Forest. The tourists who prefer to go to Khosrov Forest by foot are very disappointed seeing the huge domestic waste drifting on the way which has been existed there for several years.

Prazyan Siranush (Garni Community) The other issue is the situation when tourists go to Khosrov Forest and they are forced to return without seeing the forest as the entrance is closed. In one case the tourists had to return, in the other case they had to wait for hours to the security worker to bring the keys from Verdi city. The tourists have huge expectations to see Khosrov Forest even going there by foot, but they are disappointed because of these problems.

Avetisyan Qnarik (Garni Community): The payments are not transparent. The tourist are used to get some tickets or coupons for the payments they do, but in these cases they pay with cash directly to the security worker. There have even been cases that not official bodies required money from the tourists without having any right or license. It's normal to have payments for entrance, but everything should be legal, transparent and well organized.

Vaghinak Tadevosyan (Garni Community): We also need some well-prepared guidelines or booklets for the tourists. The guidelines will be very applicable for the tourists to have overview on all the sites they can visit and they will have opportunity to stay longer in the community.

Volodya Hovhannisyanyan (Goght Community): One of the main issues in Goght Community is destroyed roads in the village. During the heavy rains the roads are totally impassable because of thick mud. As an addition to road issue absence of lighting system is also significant problem in our community. Another issue in Goght Community is absence of sewage system. Transportation system is not well developed not only for Goght Community, but also for Garni.

Arman Karapetyan (Garni Community): As a problem we can also mention the absence of public toilets in Garni Community. We have one in the road to Goght, but it is too far from Garni.

Siranush Prazyan (Goght Community): The road to Garni and Goght from Yerevan is not in a good condition and needs reconstruction.

Arman Karapetyan (Garni Community): Drinking water is also problem in our community. In agricultural seasons people use drinking water for irrigation in Qarcrashen Community, that's why drinking water supply becomes impossible in our community.

A. Osipova introduced key points of South Corridor Tourism Development Strategy and the main positive and negative impacts it may have during and after the implementation. A. Osipova asked the participants to provide feedbacks on the positive and negative impacts of implementing South Corridor Tourism Development Strategy.

Vaghinak Tadevosyan (Garni Community): The positive impact of increasing number of tourists will be development of local rest houses sector. Within the framework of one tourism development project we had recently trainings for community members both in Garni and Goght, regarding on the service of tourists, organization of rooms and etc. The project also involves financing the households to reconstruct the part of their houses as rest houses, but that part was not implemented. People attending the trainings expect the financial aid, but they were disappointed because of the absence of it. We can say that we have everything ready for accepting tourists except financial resources to reconstruct houses.

Volodya Hovhannisyan (Goght Community): In Goght we have only one family having possibility to host tourists. In case we have financial resources many other families will have opportunity to reconstruct and furnish their houses and it will have positive affect on family's incomes.

Aloyan Anya (Garni Community): The problem of garbage will be stressed whenever we have increased number of tourists. We have only one working garbage truck in Garni Community which is not working regularly. Well-organized garbage management system should be implemented not only to deal with existing garbage problem, but also to be ready to deal with increased number of tourists. This problem can't be solved only with the resources of the community. We need external resources to implement waste collection and removal system.

Siranush Prazyan (Goght Community): Historical places in Goght, Garni and Geghard are not reflected on the GPS systems used by tourists and it is difficult for them to orientate in the sites.

Vardanyan Ruzan (Goght Community): The tourists claim that there is no information center even in Yerevan. Tourists need information on the historical and attractive places in Yerevan but there is no relevant center to apply.

Vaghinak Tadevosyan (Garni Community): Our infrastructure is not developed for emergency situations. For example, if a tourist has any problem with health ambulance will arrive with long delay.

Sahakyan Garnik (Goght Community): We anticipate mainly positive impacts regarding to South Corridor Tourism Development Project. Increased number of tourists will mean new enterprise and job opportunities. Goght and Garni communities have several historical places and we can surely host tourists here for three days. They will spend money in rest houses, in agricultural products, handicrafts and etc. This is true not only for the foreign tourists but also for the local ones. We just need financial aid to reconstruct the houses, raise the standards of the service, develop infrastructures in rest houses, for example heating, water supply, sewage and etc.

Shura Mkrtchyan (Garni Community): Garni has also other historical places, for example we have a church constructed in 4th Century. This site also can be attractive place for the tourists after reconstruction and rehabilitation.

Susanna Stepanyan (Garni Community): South Corridor Tourism Development Strategy should also take into account the problem of not transparent payments which may have impact on overall satisfaction of the tourists from the trips. All the payments should be regulated and legalized to have clear procedures not only for tourists but also for local administration as the financial resources collected from the tourists as entrance fees can be used by local administration and cultural protection agencies. The prices should be definite and standard, and should be properly publicized.

Shura Mkrtchyan (Garni Community): The reconstruction of historical places should be done circumspect and careful in order not to injure the historical and esthetic value of the monument. For example, the bridge in Garni canyon was reconstructed, but the material used for the reconstruction was not appropriate to the old bridge materials and the historical value of the bridge was totally distorted. Now it is difficult to introduce the bridge as a monument built in 12th Century as even the color of reconstructed part is different. Thus, my concern and suggestion regarding to South Corridor Tourism Development Strategy is to take into account cultural heritage protection and maintenance issue.

Vardanyan Ruzan (Goght Community): We also suggest organizing and involving local youth in guide preparation training programs as it will enable youth to have short-term work and tourists to have not only visual experience but also cultural and educational.

Vaghinak Tadevosyan (Garni Community): The increased number of tourist's means increased spending on the tickets for the entrance to the monuments. We suggest providing a part of collected financial resources to the community budget as now community gets nothing from these resources.

A. Osipova introduced LEID Project mentioning that the Project will support implementation of RDPs and SCT DS using loan received by the Government of Armenia from the World Bank. The rehabilitation and construction of infrastructures, stimulation of related economic activity in five selected regions of Armenia, support to selected private sector entities and other opportunities of the Project were also presented.

The second part of the consultation meeting was devoted to the presentation and discussion of ESMF and RPF.

Ms. Osipova emphasized the role of ESMF for the implementation of LEID Project. She highlighted that the ESMF is intended to ensure that environmental and social concerns are duly taken into account in the process of sub-projects' design, selection, approval, and implementation in accordance with the environmental and social legislation in Armenia and the World Bank's safeguard policies. Ms. Osipova outlined the main **environmental challenges** related to the Project implementation and mentioned likely negative impacts of the Project in the construction and operation phases. Ms. Osipova explained what measures ATDF will apply

to mitigate possible negative impacts. She gave detailed description of the established procedures for impact identification, assessment and mitigation underlining environmental and social aspects of each sub-project at all stages of the sub-project cycle.

S. Msryan presented the main provisions of the **ESMF** concerning to the social aspects of the Project. She indicated the essential social and cultural heritage risks and benefits, as well as corresponding mitigation measures concerning to each component/sub-component. The improved public infrastructure, increased external investments, employment opportunities, increased opportunities for establishing small and micro enterprises, increased demand for agricultural production and food supplies to hotels, demand in construction services and materials are the main socio-economic benefits of the Project. Main socio-economic challenges include poverty and barriers for engagement and equal distribution of benefits. Project implementation may cause temporary disturbance to community life due to construction activities as well as permanent increase of tourist visitation and in-migration, which may have both positive as well as negative implications. Ms. Msryan explained mechanisms of public engagement and consultation as well as grievance redress mechanism to be applied during project implementation.

Within the framework of **RPF** document presentation, S. Msryan gave brief description of the term “resettlement” as defined by the World Bank policy and presented the national legal framework regulating resettlement in the Republic of Armenia. The speaker described what strategy and principles will be applied to involuntary resettlement in case it is to be undertaken during the Project implementation. S. Msryan overviewed RPF explaining how it defines resettlement and what procedures it prescribes for identification of the cases of involuntary resettlement, preparing and appraising a resettlement action plans, defining and providing compensation, and reporting on its completion. The principles, criteria and methodology for mitigating Project’s impacts from resettlement, land acquisition, and/or disruptions to assets and livelihoods were also briefly described. Speaker also specified public engagement and consultations, as well as grievance redress mechanism in regard with specifically involuntary resettlement, livelihood and income generating activity reduction.

The participants again outlined the possible negative environmental impacts of Katscrashen irrigation system project and the issue of waste management asking to duly take these problems into account.

List of Participants

Գաղափարային շարժում - Գարն

1. Քաղաքացու զարթույց Մարտ
2. Խաղաղու ձեռնարկ ՄԱԿ
3. Կարգապահու Սոցիալիստական Միություն
4. Վերջին Երբեք ՄԶ
5. Արդյուն Կենտրոն
6. Արտադրանքի Անաստասյան
7. Կարգապահու Սոցիալիստական Միություն
8. Կարգապահու Սոցիալիստական Միություն
9. Կարգապահու Սոցիալիստական Միություն
10. Կարգապահու Անաստասյան
11. Կարգապահու Սոցիալիստական Միություն
12. Կարգապահու Սոցիալիստական Միություն
13. Կարգապահու Սոցիալիստական Միություն
14. Կարգապահու Սոցիալիստական Միություն
15. Կարգապահու Սոցիալիստական Միություն
16. (Կարգապահու) Կարգապահու Սոցիալիստական Միություն
17. Կարգապահու Սոցիալիստական Միություն
18. Կարգապահու Սոցիալիստական Միություն
19. Կարգապահու Սոցիալիստական Միություն
20. Կարգապահու Սոցիալիստական Միություն
21. Կարգապահու Սոցիալիստական Միություն
22. Կարգապահու Սոցիալիստական Միություն
23. Կարգապահու Սոցիալիստական Միություն
24. Կարգապահու Սոցիալիստական Միություն

Photos from Public Consultation



MINUTES OF PUBLIC CONSULTATION MEETING

on Socio-Economic Development Program of Ararat marz, South Corridor Tourism Development Strategy, Environmental and Social Management Framework and Resettlement Policy Framework of the Local Economy and Infrastructure Development Project

Artashat, Ararat Marz, 18.12.2015

A public consultation on Socio-Economic Development Program of Ararat marz, South Corridor Tourism Development Strategy, Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) for the Local Economy and Infrastructure Development (LED) Project has been held in Artashat city, Ararat marz, December 18, 2015 (11:30-13:00 PM).

Information on meeting day and time was posted on information board of Artashat Mayor's Administration Office; in addition telephone calls were conducted by Ararat Marz branch of Youth Foundation of Armenia to ensure participants' attendance. Representatives from Poqr Vedi community, which is the closest community to Khor Virap, were also invited to the public consultation. The announcement of the meeting in Armenian and English languages, including its date and time, was disclosed on the ATDF web page (<http://www.armeniasif.am>).

The public consultation was carried out by ATDF Social Specialist Sonya Msryan and ATDF Environmental Specialist Asya Osipova. 23 participants were present at the meeting, among which 13 women (about 57%).

S. Msryan welcomed the participants, introduced the purpose of the meeting and encouraged them to provide feedbacks on the topics discussed further. She explained the purpose and features of SESCHA and its relation to Marz Socio-Economic Development Programs (RDPs) and South Corridor Tourism Development Strategy (SCTDS). S. Msryan briefly explained Ararat Marz Socio-Economic Development Program and its purpose and asked the participants to provide feedbacks on what they think are the most important and urgent elements of this strategy to pursue on the priority basis and what risks may implementation of Ararat Marz RDP cause to the nature, historic heritage and their livelihood.

Andranik Yesayan: One of the essential problems of Artashat town and surrounding communities is difficulty to realize agricultural products during the harvest season. Generally, people lose the potential to earn money and improve their livelihood because of the lack of correspondent markets. These mainly refer to vulnerable and poor households as they have fewer opportunities which involve lack of flexibility, lack of social networks and financial resources to realize their products.

Musheghyan Hayk: While talking about the risks we should take into account that the main field of population occupation in Artashat's surrounding communities is agriculture which is hazardous in terms of climate, precipitations and product realization. All these risks are essential as they have directly impact on quality of life and prosperity which is not stable and varies depending on how "favorable" was the year. If even one member

of the household is occupied in other field it will enable the diversification of the incomes and ensure less vulnerability of the family.

Navasardyan Mane (Poqr Verdi Community): The school in Poqr Veri community is in a poor condition. The village has gas supply system but there are still areas which are not supplied with gas. The water supply system is also in a poor condition as the pipes are time-worn and malfunctioning of pipelines during summer is quite common. Waste management is also an issue for the Community. The main road to Khor Virap Monastery is reconstructed but roads within the community are in poor condition.

Khandamiryan Nune: Artashat town does not have any hotel or rest house. There is only one building of hotel in the center of the town which is not useable and needs fundamental reconstruction.

Andranik Yesayan (Poqr Verdi Community). The area near Khor Virap looks like desert and there is need to plant trees in the area. Especially, I assume that planted serried trees will be a good solution to hide the cemetery near the Monastery.

Minasyan Vahagn: There is no direct transport from Artashat to Khor Virap and it is difficult to change several transport lines to reach the destination. In case job opportunities will be available in the site this problem should be solved to have more people involved in enterprise or job activities from Artashat town.

Armenuhi Khachatryan: We also need billboards and posters on the way to Khor Virap. There is only one placed on the Yerevan-Artashat highway. There is also need to prepare strong PR and marketing commercials to attract more tourists to visit Armenia.

Key features of South Corridor Tourism Development Strategy were introduced by A. Osipova. The speaker also mentioned the main positive and negative impacts it may have during and after the implementation. A. Osipova asked the participants to provide feedbacks on what they think are the positive and negative impacts of implementing SCTDS.

Khachatryan Armenuhi: We hope that all the envisaged infrastructure reconstructions or rehabilitations in the touristic sites will be appropriate to international standards, as now we partly have physical infrastructures, for example toilets in Khor Virap or parking area, but they do not have high quality and are not attractive for the tourists. The infrastructures need to exist not only physically but also to be functional and convenient. Moreover, tourists are used to see guides, materials on the sites they visits, cafeteria or other places for launch and other facilities and these opportunities should also be intended to be undertaken within the Project implantation.

Navasardyan Mane (Poqr Verdi Community): I want to share experience of Poqr Verdi Community relating to touristic activities. Currently we stress on agro tourism development in the Community. During the harvest season we encourage tourists to visit fields with farmers and be involved in harvest collection activities. Several households

had reconstructed rooms in their houses to host tourists for the night. The problem is that they are not able to offer separate bathrooms and toilets. We have only one family offering separate kitchen and bathroom for them.

Andranik Yesayan (Poqr Verdi Community). Several beautiful green places can be found in our village which can successfully be reconstructed into parks with benches and lightning system where tourists will be able to walk and spend their leisure in a calm atmosphere.

Navasardyan Mane (Poqr Verdi Community): Within the framework of collaboration with HEIFER international organization we have developed our web-site (www.sis-blog.info) where we introduce all the attractive places and activities that refer to tourists, for example fishing, bird observation, pottery activities and etc.

Minasyan Vahagn: Except Khor Virap we have many other sightseeing in the Region, for example, St. Karapet Church which is situated near Paruyr Sevak village. We suggest considering also not very famous sightseeing in the Project design and implementation as attractive touristic places.

Hayk Musheghyan: It is difficult to anticipate any environmental risk regarding to Project implementation as the surrounding area near Artashat does not have any significant natural sites as the majority of the area is wilderness and looks like semi-desert. We anticipate only positive impacts and that the Project will support many sectors in the region, for instance garbage management, job opportunities and etc.

Hovhannisyan Khoren: I hope that the Project will take into account that the surrounding area near Khor Virap has historical value as Ancient Capital of Armenia Artashat is considered to be located near the site. Any reconstruction or construction works dealing with ground excavation should be conducted after insuring that there are no historical artefacts in the place. We should take into account that the area near Khor Virap was not excavated properly and there might be even archaeological sites which are undiscovered yet. Infrastructure construction or reconstruction interventions should not affect adversely on structural integrity of historic buildings and its historical and aesthetic value. Unfortunately, we have several bad examples of improper reconstruction in Armenia, for instance reconstruction of ancient building using new tuff even differentiating with colors and shapes from the main material of the reconstructed building.

Poghosyan Lusine: The main cultural heritage risk I consider to be lack of information for the tourists. People visit some places without having opportunity to learn real symbolic or historical features of the sites. This gap finally has its impact on tourist's satisfaction. Thus, guide preparation trainings are needed as well as printed materials and audio-recordings should be available on the sites. Well organized tours will enable tourists to visit more places and spend more time here.

Avetisyan Gayane: We don't anticipate any social risk regarding to Project implementation but only benefits. The only social risk is engagement of poor population in enterprise or job opportunities as the sector may be occupied by monopolists and access to benefits for wide population will be impossible.

Vahagn Minasyan: I think tourism agencies should have responsibility for the management of touristic groups and elimination of garbage, damage of valuable artifacts by the tourists. The project should also take into account climate features in Khor Virap. During the summer the weather here is very dry and hot and there should be prepared special pavilions to ensure security and rest of the tourists. I guess small first aid station will also be appropriate.

Gagik Hovhannisyan: We should take into account not only foreign tourists but also local population visiting the site. The increased number of tourists should be managed not to limit the access of local people to religious worshipping sites. The fee for the entrance for local people should not be defined or should be different from the tourists, as it will be additional burden for them.

Minasyan Vahagn: All the construction works should be carried out with harmony with the Monastery style and should not damage the historical value of the monastery. The history of Church and especially the historical meaning of the places should be introduced to the tourists. The pit where St. Grigor Lusavorich was imprisoned is the one for the tourists until they are introduced the correspondent story.

Vahagn Minasyan: We should not forget that Khor Virap is situated near the border of Turkey and special plan of actions should be developed to protect the Monastery in case of emergency taking into account the political tension in the area.

Avetisyan Gayane. Our experience regarding to handcraft trade with tourists will be useful and applicable example for the Project. We represent Artashat Urban Craft Cooperation which organizes annual exhibition-sale for tourists from France. During this exhibition tourists pursue handcrafts prepared by youth and children. This is not only stimulating and encouraging phenomena for them, but also ensures them to earn money and have their own source of income. Currently, we organize this type of exhibition once a year for French tourists, but in case the number of tourists is increased we will be able to organize more permanent and stable activities to enable our students to sell their handcrafts.

S. Msryan introduced LED Project mentioning that the Project will support implementation of RDPs and SC TDS using loan received by the Government of Armenia from the World Bank. The rehabilitation and construction of infrastructures, stimulation of related economic activity in five selected regions of Armenia, support to selected private sector entities and other opportunities of the Project were also presented.

The second part of the consultation meeting was devoted to the presentation and discussion of ESMF and RPF.

Ms. Osipova emphasized the role of ESMF for the implementation of LEID Project. She highlighted that the ESMF is intended to ensure that environmental and social concerns are duly taken into account in the process of sub-projects' design, selection, approval, and implementation in accordance with the environmental and social legislation in Armenia and the World Bank's safeguard policies. Ms. Osipova outlined the main **environmental challenges** related to the Project implementation and mentioned likely negative impacts of the Project in the construction and operation phases. Ms. Osipova explained what measures ATDF will apply to mitigate possible negative impacts. She gave detailed description of the established procedures for impact identification, assessment and mitigation underlining environmental and social aspects of each sub-project at all stages of the sub-project cycle.

S. Msryan presented the main provisions of the **ESMF** concerning to the **social aspects** of the Project. She indicated the essential social and cultural heritage risks and benefits, as well as corresponding mitigation measures concerning to each component/sub-component. The improved public infrastructure, increased external investments, employment opportunities, increased opportunities for establishing small and micro enterprises, increased demand for agricultural production and food supplies to hotels, demand in construction services and materials are the main socio-economic benefits of the Project. Main socio-economic challenges include poverty and barriers for engagement and equal distribution of benefits. The positive and negative implications of permanent increase of tourist visitation and in-migration were also introduced. S Msryan explained mechanisms of public engagement and consultation as well as grievance redress mechanism to be applied during project implementation.

Within the framework of **RPF** presentation, S. Msryan provided the information on the term "resettlement" as defined by the World Bank policy and presented the national legal framework regulating resettlement in the Republic of Armenia. The speaker outlined that the purpose of the Resettlement Policy Framework is to provide general guidelines for the LEID Project for adequate and efficient action to address, minimize and mitigate adverse resettlement impacts and to solve resettlement issues, if and when these occur. The strategy and principles that will be applied in case of involuntary resettlement were duly explained. S. Msryan specified what procedures it prescribes for identification of the cases of involuntary resettlement, preparing and appraising a resettlement action plans, defining and providing compensation, and reporting on its completion. The principles, criteria and methodology for mitigating Project's impacts from resettlement, land acquisition, and/or disruptions to assets and livelihoods were also briefly described. Speaker also specified public engagement and consultations, as well as grievance redress mechanism in regard with specifically involuntary resettlement, livelihood and income generating activity reduction.

A question was raised by the participants on what functions are covered by ATDF within LEID Project, also on the functions of MoE and MoC. A question was also raised regarding to the involvement and role of Armenian Apostolic Church. The roles, functions and responsibilities of all involved agencies and organizations, including ATDF, ADF, MoE, MoC and Armenian Apostolic Church were duly explained by the specialists.

The participants, representing Youth Foundation of Armenia in Ararat Marz, expressed their readiness to be involved in LEID Project design and implementation, if needed. The possible opportunities of NGO involvement in project design and implementation as well as during resettlement actions were briefly introduced.

List of Participants

1. Մեղրաբերի Լուսյան Բայր
2. Էդիսյանի Զեյնեթյան Տեա
3. Ասկանյան Խաչատրյան Վիգ
4. Խանդավազյան Զուհի Խանթ
5. Կարապետյան Զարգուս Կարապետյան
- 6) Գևորգյան Գրիգոր Գրիգորյան
- 7) Կարապետյան Զուհի Կարապետյան
8. Չարսյան Զարգուս Զարգուսյան
- 9) Դավթյան Զեյնեթյան Զեյնեթյան
- 10) Կարապետյան Զեյնեթյան Զեյնեթյան
11. Գրիգորյան Զարգուս Զարգուսյան
12. Դրոբյան Զարգուս Զարգուսյան
- 13 Կարապետյան Զարգուս Զարգուսյան
- 14 Մուշեղյան Զարգուս Զարգուսյան
- 15 Խանդավազյան Զարգուս Զարգուսյան
16. Արմենյան Զարգուս Զարգուսյան
17. Դավթյան Զարգուս Զարգուսյան
18. Կարապետյան Զարգուս Զարգուսյան
19. Դրոբյան Զարգուս Զարգուսյան
20. Կարապետյան Զարգուս Զարգուսյան
- 21 Կարապետյան Զարգուս Զարգուսյան
22. Կարապետյան Զարգուս Զարգուսյան
23. Արմենյան Զարգուս Զարգուսյան

Artashat

Photos of Public Consultation



MINUTES OF PUBLIC CONSULTATION MEETING

on Socio-Economic Development Program of Lori marz, South Corridor Tourism Development Strategy, Environmental and Social Management Framework and Resettlement Policy Framework of the Local Economy and Infrastructure Development Project

Haghpat, Lori Marz, 22.12.2015

A public consultation on Socio-Economic Development Program of Lori marz, South Corridor Tourism Development Strategy, Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) for the Local Economy and Infrastructure Development (LEID) Project has been held in Haghpat community, Lori marz, December 22, 2015 (15:00-16:45 PM).

Information on meeting day and time was posted on information board of Haghpat Community Administration Office. The announcement of the meeting in Armenian and English languages, including its date and time, was disclosed on the ATDF web page (<http://www.armeniasif.am>).

The public consultation was carried out by ATDF Environmental Specialist Asya Osipova and ATDF Social Specialist Sonya Msryan. 23 participants were present at the meeting, among which 13 women (about 57%).

A.Osipova introduced the purpose of the meeting and encouraged the participants to provide feedbacks on the topics discussed further. She explained the purpose and features of Strategic Environmental, Social and Cultural Heritage Assessment document and its relation to Marz Socio-Economic Development Programs (RDPs) and South Corridor Tourism Development Strategy (SC TDS). The speaker briefly explained Lori Marz Socio-Economic Development Plan and its purpose and asked the participants to provide feedbacks on what they think are the most important and urgent elements of this strategy to pursue on the priority basis and what risks may implementation of Lori Marz RDP cause to the nature, historic heritage and their livelihood.

Matosyan Suren: Nearly 4-4.5 km part of the road from Alaverdi to Haghpat, particularly starting from the place where village starts up to the Nunnery Church, needs widening. The fact that the road is too narrow causes inconvenience to the touristic buses. In many cases touristic buses are forced to wait in some wide area to yield to oncoming traffic. We have received great number of complaints from the drivers who permanently insist on the need to make the road wider.

Arkadi Mejlumyan: The issue is not only widening but also reconstruction of the same part of the road. Due to water supply system reconstruction works first layer of asphalt in some places was removed along the road and filled in with soil.

Vahram Sargsyan. Special measures should be applied to protect the roof of the Monastery from growing plants and weeds on the top and protect the building from damping. The roots of the plants have destroyed the integrity of the roof entailing cracks

and gaps which further become the reason of damping of the buildings, as during the rainy weather water penetrate inside the walls through these cracks and gaps. This issue should be solved by professional architects using correspondent materials which will ensure that the plants will not grow for the future.

Vahram Sargsyan. The other problem in our village is lack of agricultural lands because of mountainous landscape. The soil in the existing lands is not productive and is not watered, thus many households even escape to cultivate them. The landscape is appropriate only for livestock breeding which is comparatively developed in our Community. About 40 people from Haghpat Community work in the Teghut Mine, but recently there was carried out reduction of staff which was the reason that many people lost their jobs. The level of seasonal work migration is high in the village. Currently unemployment is the essential issue in the Community.

Arkadi Mejlumyan. The square in the front of the Monastery Complex entrance, which serves as a parking space, needs renovation. We suggest installing lightning system in the area and place comfortable benches. The stairs can be adopted for the peoples having disabilities.

Vahram Qaryan. We have installed 4 lighting projectors at the bottom of the monastery within the framework of community budget. But the number of the projectors is not sufficient to ensure whole lightning of the Complex. We suggest installing several projectors on the top of the walls to spread light from above.

Anahit Khardyan. The lack of public toilets is common problem in the Community. Though we have two toilets in the Monastery area, but I think several toilets should be placed on the road to Haghpat as very often tourist like to reach here from Sanahin by foot. Also correspondent signboards can be placed on the way to Haghpat.

Vahram Qaryan. Attractive pavilions should be placed in the front of the Monastery Complex entrance. Currently, Community administration allows all the interested peoples from the Community to have small places for trade, but it should be systemized. Mobile wooden pavilions (not fundamental construction) should be constructed to enable people organize their trade.

Erik Titanyan. In our Community people used to collect different kind of berries and herbs from the forest or surrounding area, for example, dewberry, strawberry, tea and etc, which they sell near the parking area. If the number of tourists is increased people will be able to realize more products that will help them to overcome their financial difficulties.

Vahram Qaryan. I want to outline the envisaged problem of garbage management. For previous four years we have had collaboration with an organization which supports financially to collect, transport and eliminate the garbage. For coming 2016 year the finance support is not envisaged. The total costs for garbage management for one year is nearly 1.5-2 million AMD, but our budget is very limited. I anticipate worsening of the situation of environmental management for 2016. We expect to get dotation or other kind

of support to overcome the anticipated issue for 2016. For the next years after 2016 the environmental support will be recovered as promised. For 2016 the Community Administration will not be able also to provide finance to Kindergarten for propose of acquiring food, which costs nearly 1.5 million AMD per a year.

Naira Sargsyan. The roof of the monk bathhouse is totally destroyed. I suggest also considering the reconstruction of the bathhouse. The old Bolshevik museum renovation will also support to tourism development and introduce the history of our village. I think tourists will be very interested with the history of Communistic life in our village. We propose to envisage the first floor of the building to introduce antic historical artefacts and life and the second one as Communistic museum. The determined entrance fee will cover communal expenditures of the building and employees' salaries. By the way the location of the museum is also very convenient. It is situated between the Monastery Complex and Nunnery Church.

Narek Matosyan: All the touristic communities in the region are involved in the intercommunity collaboration which served as a base to found Intercommunal Tourism Office "Tumanyan Land". For the youth people speaking in different languages in our Community, for example Russian, English, Spanish, this organization carried out guide preparation trainings. This youth people can be occupied in providing guide services.

Garik Melqumyan. I think the created hotels and B&Bs need consultation particularly in the terms of advertisement. Only reconstruction of the houses is not enough to attract tourists. The founders should have knowledge and skills to negotiate and collaborate with tour agencies, to register their hotels in online booking portals, to develop the web-pages for their hotels to enable tourists to find and acknowledge their services online. I think support on how to set internet connection in the hotels is also needed.

Rostom Paronyan. I think small factories in the village will help to overcome the issue of unemployment, for instance jam production factory from wild berries, sewing or handcrafts studio, tea packaging manufactory. These enterprises will support to women engagement in job opportunities. For example tea packaging manufactory does not require huge investments. We need only drying machine and packaging machine. Attractive design for the packages should also be developed. The tea raw will be collected from the surrounding area by our inhabitants. We have collaboration with French organization which offered to export our products. The Community has correspondent buildings for these kinds of factories. The only problem is machines which are too expensive for us.

Matosyan Suren. Special wooden pavilions can be placed on the way to Haghpat where tourists can have a rest. I suggest this type of places to be controlled and symbolic fees collected by the tourists to cover the electricity, cleaning and other costs.

S. Msryan introduced key points of SC TDS. The main positive and negative impacts it may have during and after the implementation were duly introduced by the Speaker. The participants were asked to provide feedbacks on the positive and negative impacts they anticipate of implementing SC TDS.

Suren Matosyan. We don't anticipate any risks regarding environment or social aspect, but only benefits. Whenever tourism is developed business sector will have progress, demand of the agricultural products will grow and new job opportunities will be created. We have now 3 hotels and all together create nearly 25 working places. If the number of hotels or households offering rooms is increased job opportunities will be available for wide range of population. On the other hand farmers will be able to provide their organic agricultural products to the hotels, in other words the markets for product realization will be enhanced.

Vahram Varosyan. The increased number of tourists will enable to enhance product and financial circulation; inhabitants will be able to realize their agricultural products. Now only 10% of population is occupied in tourism field. We anticipate that the number of engaged people will be increased whenever we have increased number of tourists.

Luiza Mehrabyan. I can surely claim that there are a lot of families who want to reconstruct their houses to B&Bs. Though currently we have 3 hotels in the village but during the touristic season, which involves from May to October, the hotels are overloaded. The households involved in B&Bs sector has potential of improvement which will ensure improvement of household's livelihood and tourism development.

Erik Titanyan. Currently security workers control the situation not allowing tourists to walk or climb up the prohibited and breakdown places, though caution signboards in two languages are placed in the sites. We presuppose that this Cultural Heritage risk will be stressed regarding to increased number of tourists.

Varosyan Shahen. We do not anticipate environmental risks due to construction works. We have covered licensed dump and all construction waste is used to be transported there. The expected reconstruction works I assume are not going to be huge so waste generation will not be significant.

Vahram Qaryan. I want to emphasize that the urgent and main problem in our Community is road widening and reconstruction. The village does not have also sewage system. I think these two problems should be solved harmonized. The sewage system construction should not follow to reconstruction of the road as the first will damage to the second. The prior is road reconstruction but it will be not efficient to carry out it without constructing sewage system.

Narek Matosyan. The sewage system should involve water purification station. We have one left on Debed River from Soviet times which can be reconstructed. We should face the fact that Debed River is highly polluted on one hand because all sewage systems of surrounding communities are filled in the River, on the other hand mining companies are used to pollute the River.

Vahram Qaryan. I also want to emphasize this problem. I have participated in many events dedicated to Debed problems during which the results of conducted researches

were introduced. All the results serve as proof that the concentration of heavy metals is too high.

S. Msryan introduced LEID Project mentioning that the Project will support implementation of RDPs and SC TDS using loan received by the Government of Armenia from the World Bank. The rehabilitation and construction of infrastructures, stimulation of related economic activity in five selected regions of Armenia, support to selected private sector entities and other opportunities of the Project were also presented.

The second part of the consultation meeting was devoted to the presentation and discussion of ESMF and RPF.

Ms. Osipova emphasized the role of ESMF for the implementation of LEID Project. She highlighted that the ESMF is intended to ensure that environmental and social concerns are duly taken into account in the process of sub-projects' design, selection, approval, and implementation in accordance with the environmental and social legislation in Armenia and the World Bank's safeguard policies. Ms. Osipova outlined the main **environmental challenges** related to the Project implementation and mentioned likely negative impacts of the Project in the construction and operation phases. Ms. Osipova explained what measures ATDF will apply to mitigate possible negative impacts. She gave detailed description of the established procedures for impact identification, assessment and mitigation underlining environmental and social aspects of each sub-project at all stages of the sub-project cycle.

S. Msryan presented the main provisions of the **ESMF** concerning to the social aspects of the Project. She indicated the essential social and cultural heritage risks and benefits, as well as corresponding mitigation measures concerning to each component/sub-component. The improved public infrastructure, increased external investments, employment opportunities, increased opportunities for establishing small and micro enterprises, increased demand for agricultural production and food supplies to hotels, demand in construction services and materials are the main socio-economic benefits of the Project. Main socio-economic challenges include poverty and barriers for engagement and equal distribution of benefits. Project implementation may cause temporary disturbance to community life due to construction activities as well as permanent increase of tourist visitation and in-migration, which may have both positive as well as negative implications. Ms. Msryan explained mechanisms of public engagement and consultation as well as grievance redress mechanism to be applied during project implementation.

Within the framework of **RPF** document presentation S. Msryan gave brief description of the term "resettlement" as defined by the World Bank policy and presented the national legal framework regulating resettlement in the Republic of Armenia. The speaker described what strategy and principles will be applied to involuntary resettlement in case it is to be undertaken during the Project implementation. S. Msryan overviewed RPF explaining how it defines resettlement and what procedures it prescribes for identification of the cases of involuntary resettlement, preparing and appraising a resettlement action plans, defining and providing compensation, and reporting on its completion. The principles, criteria and methodology for mitigating Project's impacts from resettlement, land acquisition, and/or disruptions to assets and

livelihoods were also briefly described. Speaker also specified public engagement and consultations, as well as grievance redress mechanism in regard with specifically involuntary resettlement, livelihood and income generating activity reduction.

List of Participants

	Համայնքի անուն	Անուն	Հասցե
1.	Շամբարյան	Արմեն	Մարտ
2.	Գալստյան	Էմիլ	Էստրա
3.	Մեղակյան	Ջակոբ	Մարտ
4.	Մարգարյան	Նարեկ	Մարտ
5.	Մարտիրոսյան	Մարտ	Մարտ
6.	Մարգարյան	Գևորգ	Մարտ
7.	Մարտիրոսյան	Մարտիրոս	Մարտ
8.	Մարտիրոսյան	Մարտիրոս	Մարտ
9.	Մարտիրոսյան	Մարտիրոս	Մարտ
10.	Մարտիրոսյան	Մարտիրոս	Մարտ
11.	Մարտիրոսյան	Մարտիրոս	Մարտ
12.	Մարտիրոսյան	Մարտիրոս	Մարտ
13.	Մարտիրոսյան	Մարտիրոս	Մարտ
14.	Մարտիրոսյան	Մարտիրոս	Մարտ
15.	Մարտիրոսյան	Մարտիրոս	Մարտ
16.	Մարտիրոսյան	Մարտիրոս	Մարտ
17.	Մարտիրոսյան	Մարտիրոս	Մարտ
18.	Մարտիրոսյան	Մարտիրոս	Մարտ
19.	Մարտիրոսյան	Մարտիրոս	Մարտ
20.	Մարտիրոսյան	Մարտիրոս	Մարտ
21.	Մարտիրոսյան	Մարտիրոս	Մարտ
22.	Մարտիրոսյան	Մարտիրոս	Մարտ
23.	Մարտիրոսյան	Մարտիրոս	Մարտ
24.	Մարտիրոսյան	Մարտիրոս	Մարտ

Photo from Public Consultation



MINUTES OF PUBLIC CONSULTATION MEETING

on Socio-Economic Development Program of Lori marz, South Corridor Tourism Development Strategy, Environmental and Social Management Framework and Resettlement Policy Framework of the Local Economy and Infrastructure Development Project

Alaverdi, Lori Marz, 22.12.2015

A public consultation on Socio-Economic Development Program of Lori Marz, South Corridor Tourism Development Strategy, Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) for the Local Economy and Infrastructure Development (LEID) Project has been held in Alaverdi town, Lori Marz, December 22, 2015 (13:00-14:25 PM).

Information on meeting day and time was posted on information board of Alaverdi's Mayor's Administration Office. The announcement of the meeting in Armenian and English languages, including its date and time, was disclosed on the ATDF web page (<http://www.armeniasif.am>).

The public consultation was carried out by ATDF Social Specialist Sonya Msryan and ATDF Environmental Specialist Asya Osipova. 13 participants were present at the meeting, among which 9 were women (about 69%).

S. Msryan welcomed the participants, introduced the purpose of the meeting and encouraged them to provide feedbacks on the topics discussed further. She explained the purpose and features of Strategic Environmental Social and Cultural Heritage Assessment and its relation to Marz Socio-Economic Development Programs (RDPs) and South Corridor Tourism Development Strategy (SC TDS). S. Msryan briefly explained Lori Marz RDP and its purpose and asked the participants to provide feedbacks on what they think are the most important and urgent elements of this strategy to pursue on the priority basis and what risks may implementation of Lori Marz RDP cause to the nature, historic heritage and their livelihood.

Anna Tsatinyan. The main issue for Lori Region is the lack of advertisement and promotion. Within the framework of collaboration with French Region Provence-Alpes-Cote d'Azur we have developed four-language information guides and web-page. Currently we can announce that we have very encouraging results, for instance last year we have recorded 27.000 visits to Alaverdi. We need to overcome information gap between our opportunities and tourists. Now we have developed tour packages and we try to introduce them to Yerevan tour agencies to involve them in their tours.

Arthur Varosyan. The infrastructure and correspondent facilities are not well developed, which involve roads, signboards, public toilets and etc. The road from Vanadzor to Alaverdi needs reconstruction, though we have alternative road from Stepenavan to Alaverdi. The reconstruction works are envisaged to be carried out in 2016. The main problem is the lack of signboards, for instance, we have ropeway leading to Sanahin and tourists desire to try that adventure, but there is no signboard for tourists how to reach there.

Irina Israyelyan. The unemployment is an essential and typical issue in Alaverdi. Valex Group, which is acting in mining industry, is the main employer in our town, but recently they had job cut of in the organization and many people are forced to stay unemployed. We expect the job cut to be continued for 2016.

Yeritsyan Kristine. The roads and sidewalks are in bad condition and need reconstruction. We have districts almost 7 kilometers far from the town center which are isolated because of merely impassible roads. These mainly damage their development and implementation of any development program there. The issue of merely destroyed bridges over the rivers also should be emphasized.

Arthur Varosyan. The water supply system was in terrible situation, but fortunately, we have had an investment program by Asian Development Bank and it was partly reconstructed. The problem of sewage system still exists, as water service provider generally implement reconstruction work only in water supply systems, and investments in sewage system haven't been done for a long period of time. All the pipes especially placed under the multi-floor buildings, do not belong to water service provider organization and formally are public property. The City Administration has difficulties to envisage budget taking into account that the reconstruction of pipes need significant investments. I want to emphasize that the problem of worked-out pipes of drainage system is significant for the ones placed under the multi-floor buildings and need immediate solution.

Edmond Yegonyan. I want to stress the problem of absence of public toilets. The town does not have also facilities for food service. We have several restaurants which I think are not attractive for the tourists.

Anna Tsatinyan. I don't think the problem of the lack of the hotels to be essential as we have registered nearly 25 hotels and rest houses in the communities involved in Intercommunal Tourism Office "Tumanyan Land".

Armenuhi Shahinyan. The Mausoleum of Zaqaryan clan is situated in the area of Monastery and the way to the Mausoleum is impassible. There is a need for cleaning and reconstruction in the area. The issue is that guides lead tourists introducing them the story of Zaqaryans clan but they are not able to approach to the Mausoleum.

Armen Grigoryan. The roof of the Monastery is in a bad condition. The growing plants have totally destroyed the roof. The community is not able to carry out this reconstruction works because of lack of financial resources in one side, and lack of professional specialists on the other side. This question is very urgent, as the roots of growing plants have destroyed the integrity of roof causing cracks and gaps. Constructor without special skills and capacity is not able to reconstruct the roof as it requires professional architectural approach.

Artur Varosyan. The garbage management is implemented here systematically almost every day. Just garbage boxes are iron made and have aesthetic look. We would like them

to be replaced by plastic ones as used in Yerevan. The procurement of correspondent garbage boxes is not a problem just we need correspondent machines for them. The garbage cars are too expensive for our budget; they cost nearly 60 000 USD. If we are able to purchase cars within the framework of any project we will be able to change the boxes and replace them with covered ones to avoid the problem of speeding waste.

Qristine Yeritsyan. Especially the town involves rural distincts where the waste is spread along the streets by stray animals and stocks. The covered boxes will enable to escape such kind of environmental risks.

Artur Varosyan. I want to outline the risk of rockfall on the way to Sanahin from the city center. The town has hospital and first aid as well as evacuation plans in case of emergency. Rapid response team also exists. The other problem of the town is the lack of street lightning.

Susanna Shavinyan. The issue of growing plants also exists for the bridge in Sanahin which also needs reconstruction.

Tatevik Tsughuryan. I want to share my experience in the field of rest houses. I had a business idea to reconstruct one of the rooms of my bungalow to offer to tourists as room. I prepared a grant proposal and applied to HECA organization and they have granted me small money, nearly 300 000 AMD for reconstruction works. That was great stimulus for me that encouraged me. I felt that my idea is respected and appreciated. Now my business is expanded and I can offer 7 rooms for tourists with separate bathrooms and toilets. Furthermore, I try to develop my new idea in the field of tent business. This organization provided me consultation on how I can develop that idea. I suggest to any kind of project to have component of financial aid to be invested in good ideas. Even small financial support promotes and encourages realizing business ideas. Whenever the organization trusted me and supported me I realized my start up. I want to emphasize that the projects should trust and support their stakeholders to start their own business.

Karen Simonyan. We should face the problem that the financial resources in Armenia are not accessible. In one hand the interests of the credits are too high, on the other hand banks requirement are too strict and not all people are able to take credits. In Alaverdi businessmen are able to make a choice because the introduced bank in our town is limited.

Edmond Yeganyan. I want also to outline that the banking system is not well developed in Alaverdi. We do not have ATM-s here which causes a lot of inconvenience. We have applied to ACBA bank to place an ATM here, but after 3 month they have removed as in terms of business it was not profitable. The same problem exists in Haghpat. If tourists want to make a cash they had to come to Alaverdi and it is a big question whether they will be able to find any ATM. The same is with terminals. The whole world uses terminal to conduct their payments, but in our city we do not have any. The other issue is that we are not able to receive payments via Post-terminals.

S. Msryan introduced key points of SC TDS. The main positive and negative impacts it may have during and after the implementation were duly introduced by the Speaker. The participants were asked to provide feedbacks on the positive and negative impacts they anticipate of implementing SC TDS.

Tatevik Msryan. Nearly 15-20 years ago reconstruction works in Sanahin Monastery were implemented within the framework of which iron rods were placed very close to the Monastery. I want to mention that the rods in the place look very unsightly and need immediate removal. It is really difficult to understand for what that incomplete structure was constructed and is standing for several years.

Armen Grigoryan. Currently reconstruction works are carried out in Sanahin by the Ministry of Culture and I should outline that the reconstruction works are implemented in a very ingrammar way and the historical value of the Monastery is damaging. For example, a lot of valuable historical stones with scripts are not placed in their places instead are replaced with new polished stones. The same is done with the floor. All this ingrammar interventions destroy the historical value of the Monastery. All the projects that are envisaged to be carried out should be done very carefully and grammarly not to damage the integrity and historical value of the Monastery.

Tatevik Tsughuryan. I think attractive green zones should be created in the free spaces of the surrounding area of the Monastery. Attractive kiosks should be placed close to the parking area in the front of the Monastery harmonic to the Monastery Complex.

Anna Tsatinyan. We have had a project to develop raft tourism along the Debet river. The flow of the river allows that nearly during the all seasons. We can manage tours along the river beach but it is too polluted. We will be happy to receive any financial aid to clean even the part of the river beach to organize the raft tourism.

Anna Tsatinyan. During pic period the tourists the management of touristic groups is needed. Nearly all tour buses are parked in the front of the Monastery. I think there is a need to manage other parking space. I there other parking space manage is needed which will also encourage tourists to walk trough the town.

A. Osipova introduced Local Economy and Infrastructure Development Project mentioning that the Project will support implementation of Regional Socio-Economic Development Plans and South Corridor Tourism Development Strategy using loan received by the Government of Armenia from the World Bank. The rehabilitation and construction of infrastructures, stimulation of related economic activity in five selected regions of Armenia, support to selected private sector entities and other opportunities of the Project were also presented.

The second part of the consultation meeting was devoted to the presentation and discussion of ESMF and RPF.

Ms. Osipova emphasized the role of ESMF for the implementation of LEID Project. She highlighted that the ESMF is intended to ensure that environmental and social concerns are duly taken into account in the process of sub-projects' design, selection, approval, and implementation in accordance with the environmental and social legislation in Armenia and the World Bank's safeguard policies. Ms. Osipova outlined the main **environmental challenges** related to the Project implementation and mentioned likely negative impacts of the Project in the construction and operation phases. Ms. Osipova explained what measures ATDF will apply to mitigate possible negative impacts. She gave detailed description of the established procedures for impact identification, assessment and mitigation underlining environmental and social aspects of each sub-project at all stages of the sub-project cycle.

S. Msryan presented the main provisions of the **ESMF** concerning to the social aspects of the Project. She indicated the essential social and cultural heritage risks and benefits, as well as corresponding mitigation measures concerning to each component/sub-component. The improved public infrastructure, increased external investments, employment opportunities, increased opportunities for establishing small and micro enterprises, increased demand for agricultural production and food supplies to hotels, demand in construction services and materials are the main socio-economic benefits of the Project. Main socio-economic challenges include poverty and barriers for engagement and equal distribution of benefits. Project implementation may cause temporary disturbance to community life due to construction activities as well as permanent increase of tourist visitation and in-migration, which may have both positive as well as negative implications. Ms. Msryan explained mechanisms of public engagement and consultation as well as grievance redress mechanism to be applied during project implementation.

Within the framework of RPF document presentation S. Msryan gave brief description of the term "resettlement" as defined by the World Bank policy and presented the national legal framework regulating resettlement in the Republic of Armenia. The speaker described what strategy and principles will be applied to involuntary resettlement in case it is to be undertaken during the Project implementation. S. Msryan overviewed RPF explaining how it defines resettlement and what procedures it prescribes for identification of the cases of involuntary resettlement, preparing and appraising a resettlement action plans, defining and providing compensation, and reporting on its completion. The principles, criteria and methodology for mitigating Project's impacts from resettlement, land acquisition, and/or disruptions to assets and livelihoods were also briefly described. Speaker also specified public engagement and consultations, as well as grievance redress mechanism in regard with specifically involuntary resettlement, livelihood and income generating activity reduction.

List of Participants

	Անունը/ընկերություն	Կրթություն	Տարածք
1.	Համբարձումյան	Անունը	Համբարձում
2.	Բաղդասարյան	Անունը	Ա. Բաղդ
3.	Մարտիրոսյան	Մարտիրոսյան	Մարտիրոս
4.	Երվանդյան	Երվանդյան	Երվանդ
5.	Կարսյան	Կարսյան	Կարս
6.	Գրիգորյան	Արմենիայան	Գրիգոր
7.	Սարգսյան	Սարգսյան	Սարգս
8.	Մարտիրոսյան	Մարտիրոսյան	Մարտիրոս
9.	Կարսյան	Կարսյան	Կարս
10.	Սարգսյան	Սարգսյան	Սարգս
11.	Սարգսյան	Սարգսյան	Սարգս
12.	Երվանդյան	Երվանդյան	Երվանդ
13.	Սարգսյան	Սարգսյան	Սարգս

Photos from Public Consultation



MINUTES OF PUBLIC CONSULTATION MEETING

On

STRATEGIC ENVIRONMENTAL, SOCIAL AND CULTURAL HERITAGE ASSESSMENT Of

Regional Socio-Economic Development Plans, South Corridor Tourism Development Strategy and Local Economy and Infrastructure Development Project

Yerevan, June 22, 2016

A stakeholder public consultation meeting on Strategic Environmental, Social and Cultural Heritage Assessment (SESCHA) of Regional Socio-Economic Development Plans (RSEFP), South Corridor Tourism Development Strategy (SCTDS) and Local Economy and Infrastructure Development (LEID) Project has been held in Ministry of Economy, Yerevan on June 22, 2016 (11:00 AM-13:00 PM) organized by Armenian Territorial Development Fund (ATDF) and Development Foundation of Armenia (DFA).

Draft version of SESCHA report in Armenian and English languages was disclosed on the ATDF web page on June 8, 2016, and was shared with key stakeholders.

The announcement for the meeting in Armenian and English languages, including its date and time, was disclosed on the ATDF web page (<http://www.atdf.am>) on June 22, 2016. Official notifications were sent to the following Ministries and Marzpetarans: Ministry of Culture, Ministry of Territorial Administration and Development, Ministry of Nature Protection, Ministry of Economy and Ararat, Lori, Kotayq, Vayots Dzor, Syunik Marzpetarans. Invitation letters were sent to key stakeholders, including local communities at the target regions, representatives of Church, NGO's, independent experts, and etc. Press release on public consultation meeting was disseminated to mass media on 20.06.2016.

The public consultation meeting was attended by 38 stakeholders. 4 representatives of mass media were present at the meeting.

The Public Consultation Meeting was hosted by Executive Director of DFA Mr. Garen Mikirditsian, Projects Management and Finance Team Leader of DFA Mr. Artak Poghosyan, Head of Institutional Support Department of ATDF Aram Grigoryan, ATDF Social Specialist Sonya Msryan and ATDF Public Relations Specialist Susanna Abrahamyan.

In the opening speech, Mr. Aram Grigoryan welcomed the participants, explained the main purpose of the meeting and emphasized the importance of feedback provided by stakeholders on the SESCHA report discussed later.

Ms. S. Msryan (Social Specialist, ATDF) gave introduction to Local Economy and Infrastructure Development (LEID) Project, its goals, objectives, components and its relation to the Regional (Marz) Socio-Economic Development Plans (SEDPs) and South Corridor Tourism Development Strategy (SCTDS). The rehabilitation and construction of infrastructures, stimulation of related economic activity in five selected regions of Armenia, support to selected private sector entities and other opportunities of the Project were also briefly presented.

Introduction of SESCHA document followed. The purpose, key strategic questions that the document covers, approach and methodology of the Document were specified by the Speaker. S. Msryan outlined that the Document also covers background information of target Marzes as well as environmental, socio-economic and cultural heritage (CH) baseline and issues, and legal and institutional framework including gaps between national legislation and WB safeguard policy.

S. Msryan introduced risks for Implementation of SCTDS and SEDPs, including cumulative effects of implementing the SEDPs, cumulative effects of SCTDS and tourism arrivals increase in regions, socio-economic risks and impacts on local communities from regional and tourism development, assessment of visitors increased impact on CH sites and their carrying capacity and main challenges and impacts at World Heritage Sites (WHS).

The next part of presentation was devoted to the role of LEID Project. Accordingly, main environmental, socio-economic and cultural heritage benefits and challenges relating to the implementation of proposed LEID Project in five marzes were highlighted. LEID Project mitigation strategy to serve for enhancement of the expected positive impacts and mitigate anticipated negative impacts were explained by the speaker.

Introduction of the critical recommendations of SESCHA during implementation of SEDPs, SCTDS and LEID Project followed.

The speaker explained public engagement, stakeholder consultation and disclosure procedures. Feedback received from five target marzes expressing environmental, social and cultural heritage-related issues experienced by local population and seen as constraints for tourism and development in general and key suggestions of community representatives were presented by S. Msryan.

The participants were welcomed to raise their considerations, suggestions and feedbacks on the discussed questions. The following questions were raised by the Stakeholders:

Question. Qnarik Hovhannisyan (*For Sustainable Human Development Association, Expert*): We welcome the Project. We hope that the objectives set by the Project will be achieved and we will have developed and civilized tourism sphere. I have one consideration. Generally tourism is a part of recreation usage of the regions. And if we

enhance the recreation loading of the regions we should take into account the limits/norms of enhancement of recreation load in order not to exceed the norms. As a result we may destroy and disrupt the stability of eco-system and if so we will lose many important things. For this reason I suggest assessing the limits/norms of recreation loading in order not to disrupt the balance of eco-system.

Answer: Sonya Msryan: The SESCHA report covers and recommends assessment of current/existing physical and ecological carrying capacity of the major destinations/sites. The optimal physical and ecological carrying capacity of these sites shall be established through site management planning to ensure careful balance between the ambitious plans for sharp expansion of visitors' streams and the sensitive ecological, social and CH factors. This will prevent the "desire"-based miscalculation of loads, which eventually causes overloading of ecological capacity and directly results in adverse impacts on physical, biological, social and cultural environment. The question raised by you is very important and we can ensure, that it is one of the main focuses of SESCHA report.

Suggestion: Qnarik Hovhannisyan: I suggest also assessing water resources capacity in the target region. As if we will have increase of tourist's arrivals we should assess it: at what extend water resources are required for drinking water supply, drainage systems and etc. And for tourism development, I suggest our regions and inhabitants to be able to represent their authenticity including introduction of our national kitchen, national costumes and etc.

Suggestion: Meri Danielyan (Mother See of Holy Etchmiadzin, Head of Projects): I suggest giving an exact description of the term "infrastructure". The document should explain what does mean "infrastructure" especially in the case some rehabilitation/reconstruction activities are envisaged under the Project at CH sites.

Answer: Artak Poghosyan: All the activities that are planned to be carried out under the term "reconstruction/construction of infrastructure" are based on the site-specific Terms of References that duly specifies all the components and activities under the particular sub-projects. This site-specific Terms of References currently are under the development and amendment. All site-specific Terms of References are subject of discussion with key stakeholders. With this documents stakeholders will be able to be informed exactly what activities are going to be undertaken. I think the question raised by you is very relevant as different tourism infrastructure construction/reconstruction may have different impacts. Impacts of the construction/reconstruction activities at the CH sites and not CH sites are totally different. This SESCHA report covers comprehensive impacts and mitigation strategies. The SESCHA report recommends in case of any intervention to carry out

comprehensive impact assessment including environmental, social and CH aspects. The project also considers involvement of all key stakeholders: Ministries, Church, Local Communities and etc., and all the documents are target of discussion, amendment and confirmation based on the stakeholder's engagement.

Question. Khazaryan Arpiar (*Head of Department of Culture, Education and Sport, Vayots Dzor Marzpetaran*): The total funding of the project is 68 mln. USD, however the objectives of the Project are very expansive. Are you sure that the funding is enough to achieve all the objectives of the Project.

Answer: Artak Poghosyan: Indeed the budget is limited. For this reason public engagement and stakeholders consultations are too important to design really effective and targeted Project and sub-projects with their local interventions to achieve best distribution of resources.

Question: Naira Margaryan (*Head of Department of Development Projects and Analysis, Kotayq Marzpetaran*): Are CH monuments target of reconstruction/rehabilitation activities or only infrastructures will be constructed/reconstructed?

Answer: Artak Poghosyan: Yes, CH monuments are also target of reconstruction, for instance the Project involves reconstruction of Geghard, Sanahin and Haghpat Monasteries.

Question: Meri Danielyan: Who will represent the reconstruction design project at CH sites?

Answer: Gohar Grigoryan: The entire project will be implemented under the strict follow-up of Ministry of Culture. All the design documents relating to CH will be approved by the Ministry of Culture. No activities will be implemented without approval of correspondent authorized entity.

Question: Kamo Tumanyan: As you know there is road accessibility problem for Garni and Geghard. Yerevan-Garni-Geghard road is periodically damaged by landslide at Voghjaberd part.

Answer: Gohar Grigoryan (*Ministry of Culture, Department of Cultural Heritage and Folk Art, Senior Specialist*): I want also to emphasize that additional studies are needed for this issue. The alternative route for this road is suggested but it was not adopted as several communities adjacent to Voghjaberd, which offer some services to

the tourists will suffer from this solution. The second expertise will be carried out to assess the level of landslide risks.

Answer: Ayyazyan Karo (*Ministry of Culture, Historic and Cultural Monuments Preservation Agency, Expert of LEID Project*): Garni and Geghard are very important touristic destinations. Annually nearly 400 thousand tourists visit these sites. This is the reason these sites are involved in the Project. The issue of road accessibility is permanently under the attention. Landslide issue at the road is more comprehensive and currently fundamental resolution is not found. The only solution is permanent landfill of the damaged parts.

Question: Kamo Tumanyan (*Head of Department of Agriculture and Nature protection, Kotayq Marzpetaran*): Does the Project involve any activity at the Yerevan- Garni road?

Answer. Artak Poghosyan: The Project only covers the road section leading to the Garni Gorge.

Suggestion: Aram Aghasyan (*Ministry of Nature Protection, Head of Division of Management of Specially Protected Areas*): I have already studied the SESCHA Document and found out that the development of new touristic routes may have negative impacts on nature habitats. For this reason I recommend strong cooperation with Ministry of Nature Protection.

Answer: Artak Poghosyan: The Ministry of Nature Protection particularly Deputy Minister is directly involved in all the activities of the Projects.

Answer: Aram Grigoryan: ATDF has 20 years of experience. This type of Project is new for our Fund, but in any case any sub-project design concerning to natural habitats, CH sites, or sites belonging to the Church and which have historical value, are discussed and approved by key stakeholders. Proper environmental expertise is ordered and carried out as besides this Document these procedures are regulated by Armenian legislation and WB safeguard policy.

Question: Ashot Sargsyan (*Ararat Marzpetaran, Head of Department of Agriculture and Nature Protection*): As told the LEID project will launch in 2016. Currently at what stage is the Project? Are design estimate documents already ready?

Answer: Artak Poghosyan: The baseline surveys' and key documents' preparation is already carried out for the first year of Sub-projects. Development of terms of

references for site specific activities is already done and now we are waiting for their approval. Design estimate documents are under the development.

Question: Karine Danielyan (*For Sustainable Human Development Association, Chairman*): I want to raise one consideration and a question. The risk of garbage management was outlined during the presentation. Does the Project involve any activity relating to garbage management?

Answer: Artak Poghosyan: All Terms of References of Contractors have requirements on Environmental Impact Assessment. Waste management issue is covered under the scope of services provided by the Contractors according to Environmental and Social Management Framework for LEID Project which has been developed in accordance with Armenian Legislation and World Bank Safeguard Policy.

Question: Karine Danielyan: The UN World Tourism Organization has conducted a survey amongst the tourists in order to collect opinions about the tourism sphere of different countries. Armenia has middle point. The interesting is that for different questions involved in the questionnaire Armenia has different points: the first question was about Cultural Heritage and Armenia has the highest points, for natural heritage sites again Armenia has the highest points. The lowest points Armenia has received for environmental aspects. This is the reason that in summary Armenia has middle points. I want to bring the example of Georgia where especially trunk roads are very clean and one can enjoy the way. As soon as one enters to Armenia he/she watches the road surrounded with huge domestic waste drifting on the way. The way is surrounded with destroyed houses and ruins covered with domestic waste, wrecked cars, other iron materials and garbage. On the other hand I want to emphasize that reconstruction of churches, monasteries and other CHs is serious scientific issue, but is there possibility to remove plants and weeds growing on the roofs and walls?

Answer: Meri Danielyan: The removal of plants and weeds from the roofs and walls has potential risks to damage the slabs and covers. The issue is more global. The CH should be rehabilitated totally applying special methods or plants and weeds should not be removed as their roots are under the slabs and covers.

Suggestion: Karine Danielyan: The other issue I want to emphasize is the issue of mining industry. If we are going to open and exploit a mine adjacent to Tatev Monastery we risk destroying all the beauty, pristine and attractiveness of the site. This should be taken into account. I always raise this question as the priorities of Armenia are fighting against each other. The mining industry is fighting against the development of tourism and agriculture. And this issue should also be taken into account in this Report.

Mr. Danielyan shared with ATDF and DFA Report done within the framework of the programme on “Strengthening Environmental Governance by Building the Capacity of Non-Governmental Organizations” indicating that many issues discussed in SESCHA report and this Report are overlapping. She outlined that the report will be useful as LEID Project also involves sustainable tourism development objectives and some aspects of this sector are covered by their report.

(link to the document:
<http://www.ecolur.org/files/uploads/pdf/RIO%202020%20hayecakarg/rio20hayetsakarg.pdf>)

Lusine Harutyunyan (*Ministry of Territorial Administration and Development, Coordinator*):
The issue of Garbage management is really alarming. However, as a representative of Ministry of Territorial Administration and Development I want to ensure that the issue is in the focus of Ministry. I want to briefly introduce what activities have been undertaken in five target Marzes. We already have technical study and recommendations for Lori Marz garbage management issue: we already have design of construction of dump according to European norms and partially we have funding. In Kotayq region we already have Kotayk Marz Solid Waste Management Project, which will serve also Gegharquniq Marz. We don't have certain projects for Ararat Marz and Vayots Dzor Marz, however we have some ideas. In Syuniqu Marz currently diagnostic studies are being conducted within the framework of Asian Development Bank funding based on which pilot projects will be recommended. The issue of garbage management in Syuniqu Marz is in the agenda.

Suggestion: Karo Ayvazyan. I strongly recommend involvement of Ministry of Urban Development in the Project implementation. As an expert of urban development, also as a representative of Ministry of Culture I suggest to use General Plans of the cities as main source of information. The involvement of representatives of the Ministry of Urban Development will facilitate access to this type of information. Every settlement has its development plans which should be harmonic to General Plans. The study should also involve combination with General Plans of settlements.

Question: Nelli Soghoayan (*Poqr Verdi Community Administration office, Senior Specialist*):
We are introducing Poqr Verdi Community which is the closest community to Khor Virap. Currently, we are trying to develop communal tourism particularly eco-tourism in our Community. Within the framework of collaboration with HEIFER international organization we have developed our web-site (www.sisblog.info) where we introduce all the attractive places and activities that refer to tourists, for example fishing, bird observation, pottery activities and etc. Several households had reconstructed rooms in their houses to host tourists for the night. This year we also have developed tent camps at countryside. As you see we already have some base for tourism development and we are interested whether there are any continuation and possibilities to collaborate and synthesize our activities and proposed LEID Project. Currently we have issue to inform tourist about our services.

Answer: Karen Mktrichyan: I want to emphasize that the LEID Project generally involves infrastructure development activities. The DFA currently is implementing projects with USAID and the Smithsonian to support local communal development, and issues raised by you may be covered by these projects. LEID Project is mostly infrastructure-oriented. I welcome you to apply to DFA and we will be able to discuss and collaborate.

Question: Vaghinak Tadevosyan (*Director of Garni Culture House*). It is well known that the majority of tourists are individual tourists who arrive alone to touristic destinations. This tourists need information centers. But currently we have closed the entire information centers that were operating for nearly 5 years. The same relates to Garni information center.

Answer: Karen Mktrichyan: LEID Project also involves construction and operation of information centers and Garni is also one of the destinations that is planned to have an information center.

Question: Vaghinak Tadevosyan: The problem is that we are not able to maintain and develop what we already have achieved. Walking-tourists really need information centers, as they are alone and they can hardly find someone knowing foreign language.

Answer: Karen Mktrichyan: I suggest meeting and duly discussing the issue you have raised.

Question: Edgar Martirosyan (*Syuniq Marzpetaran, Head of Department of Development Projects and Analysis*): You have mentioned during the presentation at the section of objectives of SESCHA that it covers assessment of strengths and weaknesses of SEDPs and SCTDS. I want to know what the next step is after assessment.

Answer: Sonya Msryan. SESCHA report identifies weaknesses of SEDPs and SCTDS and risks associated with their implementation in order to inform LEID Project proponents and help in, adjusting Project design and implementation. SESCHA report aims at assessing cumulative effects of implementation of these projects relating to environment, socio-economic and CH aspects. The key aspect for assessment strengths and weaknesses of SEDPs and SCTDS is evaluation of their cumulative, direct and indirect impacts on natural environment, social structure and CH and recommend how LEID Project design and implementation arrangements can amplify positive impacts and avoid or minimize any risks that those plans may carry.

Suggestion: Edgar Martirosyan: In two days according to Governmental Decree “Territorial Development Strategy for 2016-2025” will be approved which will be base document for Marz Development Plans and base document for overall territorial development. The Document will enter into force starting from 2016 second quarter. For this period of time SEDPs also should be amended and made correspondent to this Document. If this new Document has not been taken into account while preparing SESCHA report I strongly recommend taking it into account.

Question: Emma Mkrtchayn (*CARMAC II Project, Social Specialist*): How the Third Component - Contingent Emergency Response, is regulated and in what cases the loan will be allocated to this Component?

Answer: Sonya Msryan: The Third Component-Contingent Emergency Response (CER) is designed as a precautionary measure and now its funding is equal to 0 USD. It would allow to quickly channel the loan financing for emergency recovery efforts following an adverse natural or man-made disaster and declaration of the state of emergency by the GoA. GoA will be able to request the World Bank to reallocate loan proceeds to this component. If the CER were to be triggered, and the World Bank is satisfied with the evidence that the withdrawal conditions, as defined in the Loan Agreement, are met, the Borrower will request the reallocation of proceeds to the CER component and can start disbursing.

Question: Emma Mkrtchayn: You have told that all environmental and social related documents should be attached to contractor's documents. Does this refer also to Design Contractors?

Answer: Sonya Msryan. Of course, as SESCHA recommended environmental and social management planning, work planning, construction method statements and quality control, as prescribed by ESMF and RPF, should be reflected in all contracts and timeframes prepared for the construction contractors, starting from the bidding documents preparation phase. As the sub-projects involve environmental and resettlement risks the Terms of References of Design Contractors should involve also activities aimed at reducing and mitigating environmental and social adverse impacts as described in Environmental and Social Management Framework and Resettlement Policy Framework.

The participants were welcomed to send their further questions, suggestions and feedbacks via e-mail if any.

The list of participants and photos of consultation meeting are attached.

List of Participants

ՏԵՂԱԿԱՆ ՏՆՏԵՍՈՒԹՅԱՆ ԵՎ ԵՆԹԱԿԱՌՈՒՑՎԱԾՔՆԵՐԻ ԶԱՐԳԱՑՄԱՆ ԾՐԱԳԻՐ

ԲՆԱՊԱՀՊԱՆԱԿԱՆ, ՍՈՑԻԱԼԱԿԱՆ ԵՎ ՄՇԱԿՈՒԹԱՅԻՆ
ԺԱՌԱՆԳՈՒԹՅԱՆ ՈՒՋՄԱՎԱՐԱԿԱՆ ԳՆԱՆԱՏՈՒՄ

Հանրային քննարկում
Մասնակիցների ցանկ

Չորեքշաբթի, հունիսի 22

N	Անուն/ազգանուն	Կազմակերպություն	Պաշտոն	Ստորագրություն
1	Իսկաբ Կարապետյան	ՀԿ Արմավի	Տնօր. Կարապետյան Ե.Ս.	[Signature]
2	Անահիտ Բաղդասարյան	ՀԿ Այլուշի	Գլխ. և ԲՆ. Կարապետյան	[Signature]
3	Պարոյ Կարապետյան	ՀՀ Արմավի	Գլխ. և ԲՆ. Կարապետյան	[Signature]
4	Իսկաբ Կարապետյան	ՀԿ ԲՆ. Կարապետյան	ԲՆ. Կարապետյան	[Signature]
5	Կարապետյան Կարապետյան	ՀԿ Երևանի	Կարապետյան	[Signature]
6	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
7	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
8	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
9	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
10	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
11	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
12	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
13	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
14	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
15	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
16	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
17	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
18	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
19	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
20	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
21	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
22	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]

23	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
24	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
25	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
26	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
27	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
28	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
29	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
30	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
31	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
32	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
33	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
34	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
35	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
36	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
37	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
38	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
39	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
40	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
41	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
42	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]
43	Կարապետյան Կարապետյան	ՀԿ Կարապետյան	Կարապետյան	[Signature]

N	Name/Surname	Organization	Position
1	Edgar Martirosyan	Syuniq Marzpetaran	Head of Department of Development Projects and Analysis
2	Samvel Tangyan	Syuniq Marzpetaran	Head of Department of Agriculture and Nature protection
3	Ashot Sargsyan	Ararat Marzpetaran	Head of Department of Agriculture and Nature protection
4	Aram Aghasyan	Ministry of Nature Protection	Head of Division of Management of Specially Protected Areas
5	Haykush Parsamyan	Ministry of Economy	Legal Consultant
6	Meri Danielyan	Mother See of Holy Etchmiadzin	Head of Projects
7	Qnarik Hovhannisyan	For Sustainable Human Development NGO	Expert
8	Nelli Soghoyan	Local Municipality of Poqr Vedi	Senior Specialist
9	Norik Martirosyan	Local Municipality of Poqr Vedi	Head of Community
10	Azat Hovsepyan	Vayots Dzor Marzpetaran	Head of Department of Urban Development
11	Edik Macakyan	Lori Marzpetaran	Head of Department of Culture, Education and Sport
12	Samvel Kharatyan	Lori Marzpetaran	Department of Nature Protection, Senior Specialist
13	Vahram Danielyan	Lori Marzpetaran	Senior Specialist
14	Vardan Urfalyan	Ararat Marzpetaran	Senior Specialist
15	Meri Karapetyan	Ararat Marzpetaran	Head of Department of Culture, Education and Sport
16	Levon Khachatryan	Ararat Marzpetaran	Head of Urban Development
17	Emma Mkrtchyan	CARMAC II	Social Specialist
18	Aram Virabyan	Kotayq Marzpetaran	Head of Infrastructure Department
19	Naira Margaryan	Kotayq Marzpetaran	Head of Department of Development Projects and Analysis
20	Kamo Tumoyan	Kotayq Marzpetaran	Head of Department of Agriculture and Nature protection
21	Ara Simonyan	Kotayq Marzpetaran	Head of Department of Culture, Education and Sport
22	Vaghinak Tadevosyan	Garni Cultural House	Executive Director
23	Karine Danielyan	For Sustainable Human Development NGO	Chairman
24	Shahen Vardanyan	Vayots Dzor Marzpetaran	Head of Department of Development Projects and Analysis
25	Tunyan Ashot	Vayots Dzor Marzpetaran	Head of Department of Agriculture and Nature protection
26	Muradyan Vahagn	National Academy of Sciences in	Scientific worker

		Armenia, Eco Center	
27	Khazaryan Arpiar	Vayots Dzor Marzpetaran	Head of Department of Culture, Education and Sport
28	Sukiasyan Seryoja	Areni Community	Head of Community
29	Arman Karapetyan	Areni Community	Senior Specialist at Community Administrative office
30	Daveyan Hayk	Development Foundation of Armenia	Senior Specialist
31	Ayvazyan Karo	Ministry of Culture	Historic and Cultural Monuments Preservation Agency, Expert of LEID Project
32	Gohar Grigoryan	Ministry of Culture	Department of Cultural Heritage and Folk Art, Senior Specialist
33	Gohar Aloyan	Ministry of Economy	Department of Tourism Development
34	Lusine Harutyunyan	Ministry of Territorial Administration and Development	Coordinator
35	Marianna Davtyan	Ministry of Territorial Administration and Development	Head of Investment Policy
36	Saro Ohanyan	Municipality of Alaverdi	Senior specialist Department of Development Projects and Analysis
37	Qristine Yeritsyan	"Tumanyan Land" inter-municipal tourism office	Executive Director
38	Hasmik Mkrtchyan	Lori Marzpetaran	Head of Department of Development Projects and Analysis

Photos of Public Consultation meeting

