

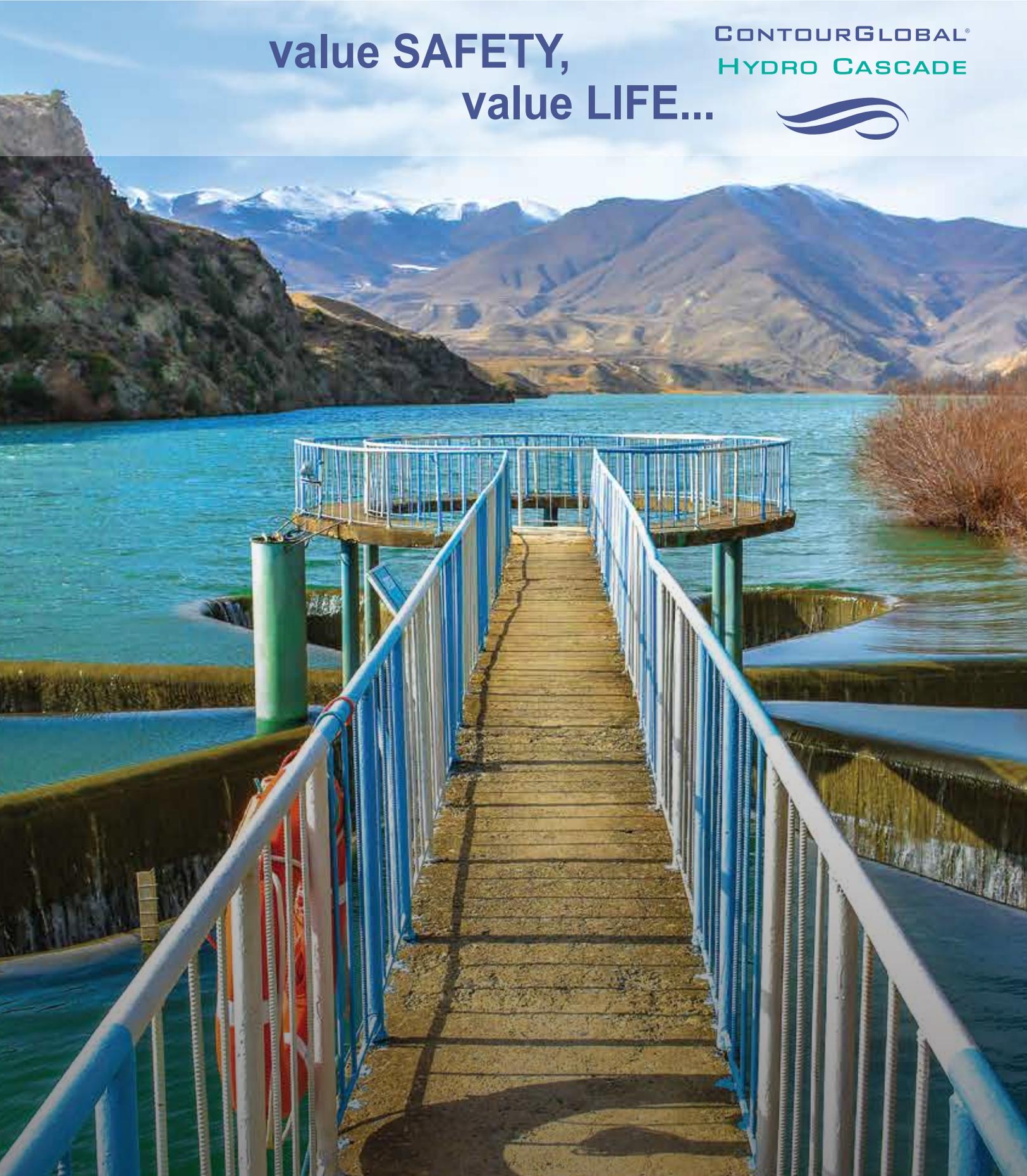
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WHAT IS “eRegulations Armenia”?

armenia.eregulation.org is an online step-by-step guide showing business-related procedures in Armenia. For each step, it provides up-to-date and comprehensive information on where to go, who to see, which documents to submit, which documents you should receive, how much to pay, the duration of the step, who to contact with complaints or feedback, and the legal justification of the step.



PROCEDURES DOCUMENTED ON “eRegulation Armenia” PORTAL



Starting a business



Obtaining a residence permit



Registering intellectual property



Registering property rights



Obtaining an e-Signature



Becoming a resident of free economic zone



Obtaining a certificate of origin



Obtaining a construction permit



Signing subscription contracts with utility providers



Obtaining a statement on origin for exporting to the EU

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MESSAGE FROM THE EXECUTIVE DIRECTOR



KARINE SARKISSIAN
EXECUTIVE DIRECTOR

American Chamber of Commerce in Armenia

Dear Readers,

Hope, so far, our Member Companies enjoy their AmCham membership advantage of being part of our leading business network. We always welcome new members to join the AmCham family and make the experience even richer!

Based on AmCham members' preference we are dedicating the current issue of the Business Magazine to the Mining and Energy Sectors in Armenia as it is also one of the current hot topics in the society.

I truly believe that all the companies in the Mining and Energy Sector should strive to implement the principles of good mining practices and commit to an efficient energy production, which complies with the highest environmental standards. All the decisions should be made to strictly adhere to the laws and regulations on the environment via ensuring required Environmental Impact Analysis, environmental management and monitoring plans. The companies should actively apply environment-friendly practices, ranging from saving energy and excluding air pollution to the encouragement of recycling within every operational activity to minimize the negative impact on the ecosystem and on the public health.

Given the high potential and priorities of Armenia for developing the organic agriculture within the country, it is even crucial that the companies should attempt to minimize the land areas and water resources disturbed, to ensure the preservation of the flora and fauna biodiversity for favorable production conditions of natural and organic products.

At the same time the Government should ensure a fair, transparent and equal treatment of businesses excluding a selective approach and, all the requirements imposed by the Government should be evenly and fairly applicable to all the industry players.

I would like to take this opportunity to welcome our new Executive Team Member, Ms. Lusine Shaljian as a Member Relations and Communications Lead and wish her success!

We are there to serve your business advocacy and networking needs and make AmCham a better place for your membership. We are open to your recommendations to make your membership experience better!

Enjoy the reading!

MESSAGE FROM THE AMCHAM PRESIDENT



ARA HOVSEPYAN
AMCHAM PRESIDENT
ContourGlobal Hydro Cascade CJSC
General Manager

Dear Readers,

In the world the rising energy costs, as well as environmental concerns, are driving engineering innovation to reduce energy consumption while remaining competitive, diversify energy supplies and reduce carbon emissions. In that context, the alternative energy will become common for sourcing sustainable energy cost reduction.

Armenia's energy sector is considered commercially viable, still there are some issues related to the energy supply, subsidies and administration. Armenia has very low levels of energy efficiency compared to developed countries. Therefore, the government has adopted several laws focused on developing domestic, especially, renewable energy resources and widespread implementation of energy efficiency measures.

Armenia has sufficient electricity-generating capacity to meet current domestic needs, but electricity demand is projected to grow by 2-3 % annually and it needs to be addressed. In Armenia, around 30-50 % of electricity is being generated by the Metsamor Nuclear Power Plant, which is considered to be unsafe as per the international experts. 20-40% of the country energy need is covered by hydro-electric plants, and the remaining by the thermal plants from the

natural gas, which is considered very expensive. The most advanced renewable energy technology in Armenia is in the hydropower sector, both in the use of large-scale power and of small run-of-the-river hydropower plants. Total capacity of all hydropower systems is 1,032 MW. Hrazdan Hydroelectric Power Station and ContourGlobal Vorotan Hydro Cascade rivers generate the majority of the country's hydroelectric power and are exemplary. But Armenia also has significant solar energy potential which is in the development stage.

The electric power system of Armenia is considered to have significant potential for sustainable energy production because of the presence and opportunity of hydroelectric and other renewable energy sources such as solar, wind and geothermal powers. Armenia should focus to increase the production of renewable energy in order not to be dependent on expensive natural gas resources and reduce its cost to be competitive in the long-run and comply with the international sustainable environmental requirements.

Hope you enjoy the reading!

STATEMENT

AMERICAN CHAMBER OF COMMERCE IN ARMENIA

Since 2000, the American Chamber of Commerce in Armenia (AmCham) has served as the leading voice of the business community in Armenia. AmCham represents and supports over 140 members. These members come from a broad range of sectors and industries. Among them are some of Armenia's largest investors, taxpayers, and employers. Through their innovation and dedication, they represent some of the very best of what Armenia and the United States have to offer. Their choice to partner with AmCham reflects a desire to have their voice heard and see Armenia thrive as a secure, democratic and prosperous country.

AmCham appreciates the Government of Armenia enthusiasm for reform and its efforts to improve the business and investment climate in Armenia. AmCham welcomes proactive reforms that will create expanded opportunities, generate high-quality economic growth, and improve livelihoods. AmCham approaches the government in the spirit of cooperation and friendship to increase the wellbeing of all.

AmCham has identified 10 key priorities for advancing the vision of Armenia better for all:

- Enacting **fair, equal, predictable, and transparent tax policies** that support a level playing field.
- Articulating **clear and specific goals for attracting investment and protecting investors' interests.**
- Supporting **export promotion** and improved trade facilitation with foreign partners.
- Providing **macroeconomic stability** and pursuing continued cooperation with the international partners to ensure sustainable development and economic growth.
- **Fighting corruption** and ensuring the integrity of government officials and bodies.
- Guaranteeing **effective judicial reform and ensuring the rule of law.**
- **Securing investment and property rights**, particularly intellectual property, and improving cybersecurity and personal data protection.
- **Developing vital infrastructure**, especially with the involvement of the private sector, to foster integration with the global economy and attract investment.
- **Reducing the outflow of human capital abroad and attracting diaspora** to work and invest in Armenia.
- **Increasing the effectiveness of government spending on social services and healthcare**, as well as enhancing food safety to ensure the public health.

Working towards these objectives with optimism and courage will create new and exciting opportunities in Armenia. AmCham Members believe in Armenia's future and will continue to invest, create and innovate with the right conditions. They will voice their opinions—frankly and honestly—on what can be done to create the conditions for dynamic, sustainable and inclusive economic growth in Armenia.

AmCham welcomes continuing dialogue with the Government of Armenia and other stakeholders to create a better future for Armenia and its citizens.



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MEET OUR NEW GOLD MEMBER



Gazelle Finance was registered and licensed by the Central Bank of Armenia in 2018 as a Universal Credit Organization. The activities of the Company are regulated by the Central Bank of Armenia. Gazelle Finance is an international investment fund that carries out its operations in Armenia through Gazelle Finance UCO LLC. The investment fund is backed by reputable international institutional investors from the EU and the US, such as OPIC, FMO, DGGF, Partnership Fund.

The Company provides tailored financial solutions for strong, fast-growing small and medium enterprises that need capital to further expand their businesses to reach a new level of revenue in the shortest possible time and fully utilize their existing growth potential.

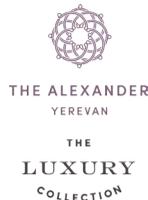
Gazelle Finance typically invests between \$100,000 and \$1 million in each company. The financial instruments offered by Gazelle Finance are in their essence closer to equity financing and are based on the principle of sharing existing risks and expected returns by a certain logic. Focused on enhancing the ability to drive revenue growth and profitability, Gazelle Finance also provides active and ongoing strategic engagement to the extent possible, particularly through financing the so-called “technical assistance”. Technical assistance is a separate subsidized financial facility that can be provided as a zero-interest loan and can be used to develop production, marketing, financial management, legal management and other capacities.

As of the beginning of November 2019, Gazelle Finance UCO LLC has invested in 5 projects with a total amount of USD 1,405,000.

SILVER REGULAR MEMBERS



SILVER REGULAR MEMBERS





The American Councils for International Education: ACTR/ACCELS office in Armenia

In its four decades, American Councils has developed into one of the premier American education and international training organizations, conducting an extensive range of educational projects and initiatives across 30 regional offices, representing more than 90 countries. American Councils' educational portfolio includes regions which are vital to the US and international relations, the economy, peace, and security. Core services include cultural exchanges, scholarship administration, language training and immersion learning, professional development, innovation and capacity building, and educational advising.

American Councils partners with governments and institutions to support learners of all levels, from students to educators, civil servants and professionals. To date, American Councils has built a community of more than 94,000 alumni, including national leaders, ministers, members of parliament, ambassadors, and CEOs.

The American Councils for International Education: ACTR/ACCELS office in Armenia was established in 1996. Since its establishment, American Councils has implemented more than a dozen programs in Armenia funded by the US Government and other donor organizations. American Councils in Armenia has provided over 1,500 high school and university students, educators, specialists and faculty members with the opportunity to study, research and get professional training in the US and Armenian institutions.



ARC lab LLC was founded in 2018. The company provides such services as Architecture, Interior and Exterior design, Construction, Consulting, etc. In this short period of time the company achieved several targets in the local market as well as abroad. ARC lab has planned and implemented architectural and conceptual design projects in Las Vegas, USA; Lisbon, Portugal; Sochi, Russia; Yerevan, Armenia and etc.

The mission of ARC lab is to create the best by combining tradition, history, quality and the modern style. In spite of the company being very young, its professional, skillful and experienced specialists and enthusiastic people are unstoppable in creating out of box and mind projects and solutions. ARC lab received some exclusive contracts from foreign supply companies and presents high quality construction and decorative materials. The company tries to take part in most of the international meaningful events within the sector for a professional development and learning on the best and new in the world, as well as to increase the awareness and role of the Armenian companies in the international market.

ARC lab also is one of the few Armenian companies which, successfully, uses the Building Information Modeling (BIM) technologies. It also provides Augmented and Virtual Reality (AR/VR) services, which is not very popular in Armenia. ARC lab specialists and partners create great projects to clearly understand the main design of the Future Project and to make the construction process more convenient, which is very useful for the owner and for the future exploitation of the building, as well.

ARC lab - developing ourselves, we develop the world...



RRR Mineral Water Plant CJSC produces natural drinking and mineral water and sparkling soft drinks, such as Bjni mineral natural plain and lemon-flavored water, NOY spring still water, Aragats filtered still water and NOY and Aragats sparkling lemonades.

In 2010, the **RRR Mineral Water Plant** acquired the internationally acclaimed mineral water producer, **Bjni**, becoming a leader in the Armenian mineral water market, offering innovative and higher-quality products. The mineral water plant Bjni was founded in 1976 with a capacity of 8 million bottles/year located on the 2.6 hectares of farm land. The plant manufacturing area and the producing capacity have now increased several times. Since its inception, RRR has been permanently in a process of technical modernization and reconstruction, expanding its production capacity and carrying out technical refurbishment. The company is equipped with the necessary manufacturing units, workshops and facilities in compliance with all the requirements of the general manufacturing practices. Since 2018 the company has installed a new generation of plastic bottles automated production line of European production. In 2019 **RRR Mineral Water Plant** introduced a system of a solar energy usage in the manufacturing processes to save energy and be more efficient.

The Company's products comply with the quality standards of not only Armenia but also Russia, Ukraine, Belarus, Kazakhstan, United States, Canada, Europe, UAE and other countries in the Arab world. The compliance with the ISO 22000 international standard also attests the high quality of our products.

The natural spring of the drinking

waters of Noy and Aragats is in Alapars, a village located in Armenia's Kotayk province, 35km away from Yerevan, at an altitude of 1,700 m above the sea level. The spring of the mineral water Bjni is located in the gorge of the Hrazdan river at an altitude of 1,700 m above the sea level. The Mineral water is extracted from a ground in depth of 200 m.

The beautiful landscape in the picturesque gorge of Bjni, surrounded by basalt and tufa rocks, combined with the pure fresh air makes Bjni mineral water incomparable and unique, as per the famous saying by Aristotle: "The taste and savor of mineral water bears the hallmark of its origins".



FINARM Financial Market Members Association is a non-governmental public organization. It is a public union to which legal entities operating both in Armenian and foreign financial markets can adhere.

FINARM's mission is to ensure continued development of the Armenian financial market through mutually beneficial cooperation of market participants, issuers, institutional investors and other stakeholders interested in market development, as well as to support the increase of the role of the Armenian financial market in the region and beyond its borders.

FINARM is the leading and most representative organization of

the Armenian financial market that unites professional players from all market segments - banks, investment companies, fund managers, financial market infrastructure, and among them are Government bond primary dealers, corporate securities market-makers, listed companies and bond issuers, underwriters, pension and investment fund managers, depository system account operators, members of settlement system, as well as Stock Exchange and Central Securities Depository representatives.

The Association objectives are to:

- represent and advocate the interests of financial market members and issuers, establish a mutually beneficial effective cooperation between them,
- contribute to experience and knowledge sharing,
- raise the level of professionalism of financial market specialists,
- coordinate all the efforts towards development initiatives and find solutions of existing problems,
- disseminate information on Association members and their activities both in Armenia and abroad,
- contribute to the development of the Armenian financial market to a qualitatively new level.

FINARM ensures the achievement of its statutory objectives via four main focus areas:

1. Advocacy of Members' Interests,
2. Implementation of Project Management Office Functions for the Market,
3. Establishment and Maintenance of Local and International Ties, Exchange of Experience,
4. Knowledge Sharing, Awareness Raising and Educational Programs.

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Jeep, Alfa Romeo, Fiat, Fiat Professional, Chrysler, Dodge and RAM are available with various models and types presented for the first time in Armenia providing customers with a variety of selection in design, performance, convenience and affordability.

Fiat Professional range offers solutions for all the types of businesses, from passenger transportation to delivery of goods.

The Company provides the customer with a complete solution which includes the following services: Financing & Leasing, Insurance, Pre-Delivery Services, Maintenance Plans, Trade-In and much more.





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Holiday Inn Express Yerevan is the first IHG (InterContinental Hotels Group) hotel in Armenia, operating since 2018. IHG is one of the leading hotel chains, combining the world known brands that stand out with their True Hospitality. The IHG Rewards Club is a true value for the consumer which aims to benefit the travelers and business partners worldwide.

Holiday Inn Express, being the fastest growing hotel brand in IHG chain, is the first choice for travelers who seek a simple and smart place to rest, re-charge and get work done.

Our hotel is located in the very heart of Yerevan city and makes the most popular spots accessible by walk. The beautiful park in front of the hotel gives the opportunity to rest and have a good night sleep.

Our hotel offers 130 well equipped and comfortable rooms, designed for business travelers and short-stay guests. The Express breakfast is always included in the rate, to give our guests a fresh start, while our cozy lobby is well suited for business meetings. In addition to all, free fast Wi-Fi and complimentary room amenities come as a plus. The hotel also offers a well-equipped conference room with a panoramic park view and a terrace, fitting up to 120 people. Our well trained and professional hotel staff, always insures our guests experience comfortable stay and unforgettable meetings.

Holiday Inn Express runs a highly sustainable business bringing the impact on environment to a minimum, by eliminating plastic, reducing the carbon emission and using renewable sources of energy such as sun-pipes, and by building a green roof. Every year our team tries to make an impact on our community by covering

multiple voluntarily events, raising awareness for environmental and other important issues, and helping the ones in need. We know what matters...



My Forest Armenia is a non-profit, non-governmental organization that aims to decrease carbon footprint in the atmosphere and increase forest coverage in Armenia. While doing this, it aims to educate people and improve the quality of life in rural Armenia.

The organization was founded by Mr. Andre Gumuchdjian in Yerevan in Q3 of 2019. My Forest Armenia is funded through monetary and in-kind donations made by investors from abroad and crowdfunding activities. Additionally, it is financed by grants and co-financing opportunities.

My Forest Armenia has nurseries in different regions of Armenia and at different altitudes. They already have established a nursery in Debet, in collaboration, with the COAF SMART Center and in Gugark. The reason for having the nurseries in different regions is to raise the opportunity to grow more trees and shrub species that will specifically address reforestation/afforestation requirements. The aim is to ensure a quality and biodiversity. The initial goal of the organization is to plant 400.000 trees annually, or about 200 hectares of new forest every year. My Forest Armenia doesn't just plant trees, but also is fully committed to ensuring that the survival rate of the trees should be among the highest in the field.

The goal is to conserve the rich biodiversity of Armenia. Biodiversity is essential to have a healthy and self-sustaining environment. In order to ensure

biodiversity, only native plant seeds of shrubs and trees are being used.



SCHNEIDER GROUP was founded in Moscow in 2003 by Mr. Ulf Schneider, former CFO of international insurance company in Russia. It was his idea to give hands-on support to companies entering the Russian market.

Over the years, we have developed our service range as well as our geographical presence. After Moscow, we opened the St. Petersburg office in 2004, the Kyiv office in 2006, the Almaty office in 2007 and Minsk followed a year later, in 2008.

Further expansion occurred in 2012, when we opened our office in Warsaw. With the opening of our offices in Berlin, we gave international companies the opportunity to enter the German market. In 2018, we opened new offices in Tashkent, Uzbekistan and Yerevan, Armenia.

We are the company with more than 15 years of experience in business consulting services provided to our partners when they need to expand their business into or within Russia, Ukraine, Belarus, Kazakhstan, Poland, Armenia, Uzbekistan. For more information, please visit our website: <https://schneider-group.com/en/>.

SCHNEIDER GROUP Armenia office services include but are not limited to:

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- Business Set-up,
- Import and Export, Customs clearance and Support in

- Certification,
- Recruiting and Out staffing,
- Market research.

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We take care of our partners and clients and feel ourselves responsible for their success in business.

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SolarOn is the first Armenian solar panel manufacturing company since 2017 and one of the leading brands in renewable energy industry in Armenia, providing high-quality new energy products and services.

The annual production capacity is about 60 megawatt.

Just premium grade solar cells(A grade) and components from leading manufacturers are used in the production of monocrystal line, polycrystal line and monocrystal line PERC photovoltaic solar panels.

The factory accomplished with high quality Italian line and test machines, which provides 100% guarantee against microcracks and damages.

SolarOn produces solar panels and solar solutions to the customer as well as solar consulting, calculation, design and installation of Solar Photovoltaic (PV) Plants (Solar Energy Systems), warranty and post-warranty service.

SolarOn provides ready-made, customized solutions, taking into account the clients' needs, interests and requirements. We are specialized in offering ground based and rooftop applications for homeowners

and corporate customers and have already implemented more than 200 projects in all over Armenia.



Teach For Armenia began in 2013 with an ambitious mission to transform Armenia's public education system.

Founded by Larisa Hovannisian, at Teach For Armenia, we help to build a movement of committed and diverse leaders who will contribute to ensure a better Armenia where all children are given an equal opportunity to acquire an excellent education and reach their full potential. We build an organized movement of informed and connected professionals whose leadership is informed by their classroom experiences.

During the program, we place each leader into a pathway of a professional experience: Public Policy and School Leadership through Teacher Development, Social Innovations and Entrepreneurship, and Corporate/Private Sectors. We provide the additional training, professional experience and internship opportunities as well as resources throughout the two years' program and strongly encourage our leaders to continue in one of these pathways after being inducted as Alumni Ambassadors. When our leaders complete their commitment, they join our Alumni Network as Alumni Ambassadors for an Educational Equity. Their transition into careers is as diverse as business, teaching, educational reform and politics.

Today, Teach For Armenia is present in Armenia and Artsakh and works with 100+ partner schools impacting over 14,000+ children. Currently, we have 120+ Teacher-Leaders and 80+ Alumni Ambassadors actively working to enable the long-term vision of Teach For Armenia, until all children in even the most remote communities of Armenia have access to an excellent education.



Ramada Worldwide offers more than 850 locations in 64 countries, including major business centers around the world and the most international airport locations of any hotel brand. Every Ramada offers a warm, friendly and comfortable stay, with a free high-speed wireless Internet access, spacious rooms, comfortable beds, business services, and fitness centers.

Ramada Hotel and Suites by Wyndham Yerevan has opened its doors in April 2019. The hotel is situated in a great location in the city center and consists of 202 cozy rooms from a single standard room up to a presidential suite. There are 2 restaurants in the hotel. In the TARTAR restaurant our guests can relax, have business meetings or special events. Those who prefer a panoramic view, can visit the RED POINT restaurant and the outdoor RED POINT terrace on the 13th floor, which will be the best place for our visitors with its perfect view of Ararat and the lights of the capital. The EASE lobby-bar, decorated with original and unique carpets of famous Armenian masters, brings the true Armenian flavor and atmosphere. Here our guests can enjoy the variety of drinks and dishes from the lobby-bar menu.

Guests, who prefer a healthy lifestyle, can use the services of the fitness center. The hotel also has a sauna and a Hammam.

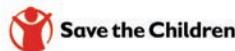
For business events and various formats conferences we offer four conference halls, equipped with all the necessary modern equipment, thoughtful design and support with all the setups for different occasions.

Enjoy your stay at Ramada Hotel & Suites Wyndham Yerevan!

BRONZE ASSOCIATE MEMBERS



BRONZE ASSOCIATE MEMBERS





SUREN PAPIKYAN

Minister of Territorial Administration and Infrastructures



I imagine Armenia as a country where everyone dreams to live, a country of opportunities for people, a country which people associate their future with... and we will build that country...

Q: Mr. Papikyan, please tell us about yourself and how did you decide to develop your career in the government?

A: Well, of course, it is not a long story, because I am a member of the revolutionary team and my political background is greatly tied to the leading political team from the very beginning of its formation and this path has been visible to all. Of course, in the post-revolutionary period we have taken on political responsibility and I share that hard work and responsibility as well. I am trying to make people's dreams come true as a part of the Government.

I never dreamed of a position, however, in my choice of profession, I had the vision of being in politics and in the governmental system as well. It is obvious that my profession of a historian has a strong political background, as you need to analyze the past historical events – successes and failures in order to succeed in the future, and it is very important.

Q: Mr. Papikyan, what is your Ministry's long-term vision in managing the energy infrastructure and natural resources sector?

A: It is a very important question, of course! In the past, the energy infrastructures and natural resources used to be under one

ministry and surely they are interrelated. Meanwhile, they are essentially different infrastructures and directions. However, the recent restructuring of the Government and the Ministry of Territorial Administration and Infrastructures targeted to put all the infrastructures under one roof, in order to have a very tight and focused links and to eliminate the potential gaps or difficulties in the management and communication of different state agencies. In short, we tried to streamline the governance with less bureaucracy and increased productivity.

In the terms of natural resources, Armenia is rich in certain ones, such as, metal mines. In the long run, for a landlocked country like ours, we are talking about a very important sector of the economy, and we must take all the required measures to make the Armenian mining sector attractive for the investors, as well as to make it transparent, productive, environmentally friendly without any hazards, which will ensure work places for the communities and additional state revenues. The transparency of the sector is the most important guarantee for the future success.

Q: What are the main targets and challenges of the mining and energy sectors?

A: Energy infrastructures were

the driving force of our economy in the recent period, besides they are one of the main focus points of our Government. During my tenure as a Minister, we have made a number of important decisions that are a continuation of the previous decisions with the long-term development objective of making Armenia an important electricity exporter, as well as a transit route for other countries. Currently, we are finalizing the works on the 3rd Armenia-Iran high voltage transmission power line. Most recently, we have also approved a joint project initiative with the KfW Bank to build the Armenia-Georgia high voltage transmission line. In parallel, we will also have a transformer station and a series of substations that will enable us to export additional electricity to Iran and the neighboring countries, including, Iraq.

At the final stage, taking into account the Eurasia Economic Union (EEU) agreement with Iran, Armenia will connect the EEU countries with Iran and the Persian Gulf countries, as well as with Georgia, hence, moving the energy communication and management process to a new and higher level. In the long run, we will create an additional opportunity for Armenia, as a peaceful user of an atomic energy and as a generator of additional energy through the

nuclear power plant, for which we need new markets, in view of the blockade conditions as well. Of course, we also have to diversify the energy resources, because we cannot depend on one center or one entity. The energy security is very important for Armenia, and it can be based on the nuclear and/or alternative energy, including solar and on the hydropower plants as well.

Q: What does the state do for making the mining industry to be fair, transparent, and to have a level playing field for all?

A: Recently, during the term of our Government, no one can voice a dissatisfaction that a differentiated approach exists in the sector, as we have an equal, one-size-fits-all transparent style and approach. At the same time, with a number of legislative initiatives we are trying to make the field more visible and controllable for the public as well.

We have recently passed a law according to which the sector will be more transparent and the owners of the mining sector will be fully reported.

In the mining industry, it is important for us to be able to process the ore to have a value-added final product in Armenia. Delivering a finished product will allow us to generate several times more revenue for the state, and simultaneously provide the population with new jobs. We will become an exporting country of finished products vs. ore exporting country, and currently the work is in process.

Q: Mr. Papikyan, what are the possible developments in the field of renewable energy in Armenia in the next 5 years and what incentive mechanisms the state can use to encourage the producers and are there any investments?

A: In Armenia, there are really good conditions in this regard. The Public Services Regulatory Commission sets a certain price level every year, as well as gives an annual license for about 100 megawatts (MW) of solar energy development. As a result of it the companies with 5 MW projects are able to participate and

are able to have their overrun power generation in Armenia. Also I want to mention that by 2024, it is vital and we will need to take actions to liberate the energy market sector because it is obvious that the interest towards the solar energy production is huge, and I strongly believe that at one stage more energy will be produced than Armenia needs and there will be a great opportunity for the export. That is why we need to liberalize the market so that these companies can find potential buyers and start exporting their products. We do important work in this area and work closely with a number of international organizations to create more affordable credit conditions and create more opportunities for the sector development, because eventually at some stage we must focus on alternative energy sources, taking into account the regional situation and the challenges Armenia faces. We have to go in a more affordable direction, but I do not want to exclude that at some stage we may also consider the possibility of having a smaller nuclear power plant. Today, a number of countries around the world, particularly the United States of America, the Russian Federation, Korea and China are already implementing similar project models, starting from 100 MW to 400-500 MW plants. In accordance with our needs, and taking into account the price and our capabilities, we can also think of smaller-capacity nuclear power plant, because the current nuclear power plant operation is extended to 2026 at this stage and could be prolonged until 2036. But all these are subject of time and decision.

In the Government Program we noted that at this stage we can grant up to 400 MW capacity. For example, currently Masdar is interested to invest and there is also a Memorandum of Understanding signed with the company on a 2 phase project with 200 MW station per phase to be implemented by 2026 and 2030 accordingly.

Overall, we can afford up to 800 MW of solar power stations in Armenia, in different proportions. But those stations need to have

the required infrastructure in order to off-set the night hours' electricity which is not being produced. We have to balance all these as well as, and if there are investors, give them the required tools. For example, today I have applied to the Ministry of Finance to give us an opportunity to offer compatible investment financing packages as different international organizations are providing an opportunity to invest in this area through more affordable loans.

In Armenia, we also have two locations for a windmill testing, but the price of the 1-unit energy production is not compatible, as the cost is high and Armenia cannot afford to pay more for it, today. There are interested investors with whom the Public Services Regulatory Commission is negotiating as the current price is not very attractive for them. We are ready to support the process, as well as provide the land and infrastructure that will enable them to connect with their wind farms. We are greatly improving these opportunities, but we cannot do more than the Armenian economy allows.

Q: Mr. Papikyan, how do you imagine Armenia in 2050?

A: I imagine Armenia as a country where everyone dreams to live, a country of opportunities for people, a country which people associate their future with... and we will build that country.

Q: Minister, what is the biggest achievement in life that you are proud of?

A: I am proud of the changes in my country, and I was part of the changes I have dreamed of and many people have dreamed of, I am proud of that opportunity. I am proud to be a member of the Government of the Republic of Armenia and a citizen of the Republic of Armenia.

Q: What would you like to wish the mining and energy businesses in Armenia?

A: Transparency, at the same time collaboration, a strong will and desire of development by contributing to the prosperity of the Republic of Armenia economy.



ARA HOVSEPYAN

General Manager

CONTOURGLOBAL®
HYDRO CASCADE



value Safety, value Life...

EDITOR'S NOTE

Mr. Ara Hovsepyan was born in Yerevan. He graduated from the State Institute of Foreign languages, with major in History and English, in 1995 and the American University of Armenia, with Master's in Political Science and International Relations, in 1997. He is also a graduate of the Oxford University Foreign Service 1-year Special Professional Program for Diplomats, at Exeter college.

Mr. Hovsepyan started his professional career in the Ministry of Foreign Affairs, in 1995, in the Department of International Organizations. From 2000 to 2006, Mr. Hovsepyan lead the Armenia program of the UK Department for International Development (DFID), at the British Embassy in Yerevan and for a year, in DFID HQ in London. In 2006, Mr. Hovsepyan was selected as the CEO of the MCA-Armenia Program, a USD 235 mln program aimed at rural roads construction and agriculture infrastructure development in Armenia. Having successfully accomplished the 5 years MCA program, Mr. Hovsepyan for a short period (2012-May 2013) served as the CEO of the North-South Road Corridor Development Program. In September 2013, Mr. Hovsepyan joined ContourGlobal (CG) and for about 2.5 years, he assisted to negotiate and close the transaction between the Armenian Government and the ContourGlobal. Since August 2015, Mr. Hovsepyan is the General Manager at ContourGlobal Hydro

Cascade CJSC, the Armenian subsidiary of ContourGlobal which owns, operates and develops the Vorotan hydro cascade.

In 2016, Mr. Hovsepyan was elected, first, as a Board Member and then as the President of the American Chamber of Commerce (AmCham). He has been leading the AmCham since then, contributing effortlessly, together with 12 other Board Members, to AmCham's further expansion, operational strengthening and organizational sustainability.

COMPANY BRIEF

ContourGlobal Hydro Cascade (CGHC) CJSC or Vorotan cascade consists of three level Hydro Power Plants (HPP) located on the river of Vorotan in Syunik Marz (Goris and Sisian Regions) using both river water and streams. The length of the river is 129 km, waterfall is 1,333 m, natural annual flow speed is 18.6 m³/sec for Tatev Hydro Power Plant. Overall, the production capacity is 404.2 MW and the annual average planned production is 1.11 billion kW/h. The highest-pressure station in the cascade is the Tatev HPP. The plant is known for its bucket turbine which was the first to be operated in the former USSR. The self-cost of the 1kW/h electricity production is the lowest in Armenia.

Q: Mr. Hovsepyan, please tell us about yourself, your educational background and work experience. What kind of impact they had on your life and career path?

A: I was born in Yerevan, graduated from a Russian school. Since early childhood, my parents gave me an opportunity for a private tutorship in the English language, every year since the first grade, until the last year at school – something which impacted immensely my further educational and career development. Through the

tutorials, I developed a lot of affection for the world affairs, international relations, political developments and the history of diplomacy.

Q: Mr. Hovsepyan, most of your career you were in the international and development sector, first in the Foreign Ministry as a junior career diplomat, and then in the international technical assistance at DFID and big infrastructure support projects of MCA and North-South. What can you say about that experience?

A: It was a huge learning curve filling me with an understanding of international development agenda worldwide, as well as serving as a base for developing my future senior level management skills. While in DFID, I had an opportunity to spend a year in the London head office, which allowed to make stark and eye-opening comparisons between the way public sector should operate and what was the situation then with the civil service in Armenia. It sparked my big interest in finding the right

methods and tools of upholding the formation of civil servants in Armenia, notably through a big public sector reforms program.

Moving to MCA and then to the North-South allowed to understand the importance of public infrastructure projects in the economic development of transition countries. Both the American and British experiences are unique and very rich in the public infrastructure re-building and development, and there is a lot that the countries such as ours should learn from them. My first experience and knowledge with International Financial Institutions (IFIs), in particular, the ADB, EIB, EBRD and others edge would help later when negotiating quite complicated re-financing schemes with OPIC, IFC and other lenders in the Vorotan transaction. It is essential that we are on a good standing and work effectively with the international lenders as they are a good source of a low cost and development oriented funding that is so much needed for Armenia.

Q: Please tell us about ContourGlobal Hydro Cascade operations in Armenia. What is the size of the investment CGHC is doing and plans to do in the future?

A: CG acquired Vorotan cascade in July 2015, with a USD 180 mln purchase price and a commitment to modernize and refurbish the major components of the facility in 6 years with capital expenditure programs of around USD 70 mln. It was not an easy transaction to do. We spent about 3 years discussing and negotiating almost every aspect of the deal to make sure that the final Assets Purchase Agreement takes into account interests of both parties – CG and the Government of Armenia. For us, this was a new and attractive, albeit challenging market at the beginning. Having done a proper due diligence, we could say that the Armenian energy market had a very well established legal background and regulatory mechanisms. The fine synergy between the Government (Energy Ministry) as the policy maker, the Public Services Regulatory Commission (PSRC) as the regulatory body and the Systems Operator as the manager of energy resources and

production seemed quite balanced, clear and working well in practice, and I should say that it continues to improve.

For the Government, it was a crucial moment to concede the refurbishment and management of the old Soviet style plants into private hands, in particular, those who would show international experience and bring world class standards into the sector. ContourGlobal happened to be one of the first western companies to respond to the proposal to investigate the Armenian market and consider a sizeable investment.

Since then, we are glad we have made the right choice, and now Vorotan is not only continuing to take the steady 15% of Armenian electricity production, but we do so in a safer, healthy, environmentally friendly, human development focused and, importantly, with a gradually modernizing the electromechanical equipment.

Generally, the Vorotan acquisition is considered a very important milestone for strengthening the Armenian-American bilateral relationship. This is also considered the biggest American lump-sum investment in Armenia.

Q: Mr. Hovsepyan, what are the key challenges CGHC faces currently? What are opportunities that you consider taking for a further growth and expansion?

A: Our biggest challenge now and in 2020 is to continue with the Electromechanical Refurbishment Project (EMR) and to complete it within the contractually committed timeline. We should finish it by mid-2021 and so far we are convinced that we will meet our obligation, despite the unexpected technical issues while opening and dismantling the old equipment. You can find more details in a special Featured Article of this issue, under “**An Innovative Hydroelectric Refurbishment in Armenia**”.

Q: What are the ContourGlobal Hydro Cascade Corporate Social Responsibility (CSR) targets and what projects do you do?

A: As a business we take our social responsibility very seriously. At the very beginning of our operation, we have been working with the communities in Goris and Sisian regions to alleviate some of the

difficulties they face in trying their ends meet with a particular focus on education.

During four years overall 36 social investment projects and stakeholder engagement activities have been implemented in the communities with more than 60,000 beneficiaries with total budget of USD 250,000, from establishment of engineering School laboratories to the renovation of the toilet facilities in the kindergartens and support to the sports and cultural education.

We also look continuously to expanding our business projects in Armenia and in the region - considering very seriously investing into solar and wind energy production. We work with public and private partners and, hopefully, very soon, we will be able to announce new investment projects, especially, for further development of Armenia's energy market, as well as to the benefit of investors.

Q: Mr. Hovsepyan what will be your advice to the business community in the mining and energy sectors?

A: Potential investors should calculate and take reasonable risks to do business in Armenia as, in general, the legal and investment environment is attractive, as well as the Government currently has new approaches towards the businesses. The broader business community is happy with the potential opportunities, and some local and foreign colleagues strongly believe that Armenia is a good place for investments. We, as Contour, also believe and plan to expand our operations. We are happy to share our experience, knowledge and learning with the business community.

I want to point out the AmCham Member companies as exemplary businesses which follow and apply the international trends and practices in their operations and will continue to do that. Moreover, we have great partners in the Government and the US Embassy and we should not get frustrated from the hardships as there is always time and room for improvement for moving forward.

I want to wish AmCham to expand its Membership base with companies who are ready to invest in Armenia and share their organizational values and culture.



HAYK ALOYAN
Managing Director



Be open for a change, it will benefit everyone... as the change triggers progress.

EDITOR'S NOTE

Mr. Hayk Aloyan was born in Armenia. He holds a PhD degree in Geology from Yerevan State University, as well as a degree of a Master in Business Administration from the Cambridge Judge Business School. Mr. Aloyan has a 20 years' work experience in the mining and energy sectors. He served as a Senior Researcher at the Geological Department of Mining and Metallurgical Institute and as a Deputy Chief at the Exploration Department in the Armenian Mining and Metallurgical Institute. He is also an expert in resource estimation with more than 30 research papers. Now Mr. Aloyan is the Co-Founder and Managing Director of Lydian Armenia. He also serves as a Director in the AMCHAM Board of Directors since 2016.

COMPANY BRIEF

Lydian Armenia CJSC is an Armenian mineral exploration and development company. Lydian Armenia CJSC is a 100% owned subsidiary of Lydian International Limited. The company is a legal successor of Geoteam CJSC that was incorporated in 2005 and after an extensive campaign of geological exploration in Armenia discovered what is now Lydian Armenia's

flagship project, Amulsar Gold Mine. Amulsar is a new gold discovery, the first for over 20 years in Armenia. Lydian Armenia is carrying out geological exploration in the Amulsar area of Vayots Dzor Marz since 2006. Located along a high ridge top on the boarder of Vayots Dzor and Syunik Marzes, the Amulsar deposit is 170 km south of Yerevan.

In 2014 mining right and environmental permit for the project construction were granted to the company. In 2015 Lydian International disclosed Environmental and Social Impact Assessment of Amulsar Project; its updated version was disclosed in 2016. After having secured necessary financing in 2016, the construction of Amulsar started. Lydian Armenia is committed to construct and operate Amulsar mine in line with the industry best practice and IFC and EBRD Performance Standards and Requirements. Lydian International is a publicly quoted company listed on the Toronto (Canada) Stock Exchange (TSX: LYD). A number of reputable institutional investors such as EBRD are among the shareholders of the Company. In June 2018 the construction of the project was disrupted by illegal blockades that were called to be lifted by local and international business organizations, diplomats and government representatives.

Q: Mr. Aloyan can you tell us about your childhood, education and work experience, and how you ended up with the current Managing Director job at a mining company?

A: I come from a traditional family of geologists. My father and uncle were famous for their contribution in the Soviet geological science and both held Doctoral Degrees in Geology. Since my childhood I

was fascinated about geology. My father would take me to geological expeditions when I was a teenager and that seemed so romantic to me. By the time I was at the high school I knew for sure that geology will be

my profession. I graduated from the faculty of Geology of the State University but started working as a geologist since I was a student. Since then I have had a participation in the geology of almost all mining projects in Armenia. I did my PhD degree in Geology in 2000. In 2003 my father and I authored a scientific article about gold in Armenia in a Russian mining journal. A group of British geologists, including the future CEO of Lydian International Mr. Tim Coughlin read the journal, contacted me and came to Armenia for a geological exploration tour. That is how Amulsar was discovered and that is how Lydian started.

Q: Have the mining industry sustainable mining practices requirements in Armenia been changed dramatically, recently? What have you seen from inside your company? Where do you think the changes will happen in the next five years?

A: I believe that the tradition and experience of international responsible mining that Lydian brought to Armenia was a complete novelty for the country. I will bring you one example. The modern Environmental Impact Assessment (EIA) in the mining sector includes all possible risk assessment and mitigation measures, and if one wants to have a well-managed mine it needs to be a serious scientific work, with all the risks properly assessed and solutions offered. Amulsar EIA is over 8 thousand pages. The usual volume of EIAs in Armenia have hardly ever exceeded several hundred pages. The challenge of bringing the international standards to Armenian mining sector may only be solved by having more international investors, who will bring these standards and expertise into the sector?

Q: What kind of opportunities are there in the mining sector, and how you see the development processes?

A: The Mining is going to be in trend in the coming decades, since the renewables (electric cars, wind turbines, solar energy) will need material supply and that will need to be mined. Those countries that

will be able to modernize and raise the efficiency of their mining sector will be able to attract investments and see huge economic benefits that will then provide opportunities for diversification. Armenian mining sector desperately needs good investments to modernize the sector. To secure that, the country needs to treat the current investments properly. This is where I see unharvested opportunities.

Q: Can you please tell us about Lydian Armenia long-term plans and how do you position your Company in comparison with other mining firms? What kind of changes are required to make the sector fair and transparent?

A: Our long-term plan has always been to build an exemplary mine that will lead the changes in the industry in Armenia. Unfortunately, the latest events around Amulsar project have shown that there is a strong resistance to change in different layers of our society. But I believe if the country wants to succeed, change is inevitable. Bringing the change and teaming up with those players in the field that are ready for change is, I believe, Lydian's mission. International best practices can't be enforced by the state agencies only. There is limited capacity in the country to guarantee the change. It needs to come from outside-bought in by reputable international investors.

Q: Mr. Aloyan, are there any environmental risks and issues that Armenia can face and how can you eliminate them, or what kind of activities are being taken to minimize the risks?

A: Contrary to the myths disseminated in Armenia, the modern mining can be safe and sound. In fact, there is a common term in international practices "zero harm", that is widely used by the industry and that is possible. The existing engineering solutions, modern technologies and science provide all the tools to make sure here is no pollution from a well-managed mining project. Unfortunately, Armenian mining industry is far from accomplishing that standard yet, but it doesn't mean

it is not possible. Unfortunately, the accepted concept that is, in my belief, sometimes deliberately being promoted in Armenia - is that mines inevitably pollute, those mines that are already in production may continue to pollute, and we need to come to the terms with it, but we do not need any new mines. Well, the truth is just the contrary. We need new, of international standards mines, that will also bring the know-how and expertise to raise the bar for the rest. The current status quo is not acceptable.

Q: Nowadays, the engagement of the Government of RA in the mining and energy sector has increased. How can you identify the efficiency level of engagement and how it can impact the future development of the mining and energy sectors?

A: I cannot evaluate how has the engagement increased? However, I think that the efficiency of any government engagement should be measured by the ability to attract good investments into the sector and of course the ability to use all legal means to fully and fairly protect the investors. That is the key to the proper development of the sector.

Q: If you could start all over again, would you change your career path in any way? Why?

A: I think I wouldn't have changed anything, and even considering the current challenges, if I had to start all over again, I would do the same - never change my principles and choose the difficult path of not succumbing to the "traditional way of doing business" in Armenia.

Q: What is your best tip for making the world a better place?

A: More responsibility and respect on behalf of everyone towards their actions - be it in personal life or at work.

Q: Mr. Aloyan, what will be your advice to the business community in the mining sector?

A: Be open for change, it will benefit everyone...



Narine Beglaryan

Partner, Attorney



TRANSPARENCY IN METAL MINING INDUSTRY OF ARMENIA

persons authorized to conduct geological survey for the purpose of metal mineral extraction) shall submit to the State Register of Legal Entities the first disclosure on their real owners no later than November 30, 2019.

Thus, the company, who is required to disclose its real owner, i.e. the person authorized to conduct a metal mineral extraction or a person authorized to conduct geological survey for the purpose of metal mineral extraction, shall submit to the State Register of Legal Entities an annual disclosure(s) on the real owner by February 20 of the year following the reporting year. The disclosure should be signed as a proof that the submitted information is true. If any change is made on the information on the real owner prior to the submission date of the disclosure, the Company, who is required to disclose its real owner shall submit the updates to the State Register of Legal Entities within 40 days:

Furthermore, both the persons authorized to conduct metal mineral extraction and the persons authorized to conduct geological survey for the purpose of metal mineral extraction, shall be required to submit to the government authority responsible for the mining sector the information on the real owner, any change and update thereof, including the excerpt from the State Register of Legal Entities.

It is worth mentioning that while applying for the granting of rights under the Mining Code one should also consider the amended list of documents which now includes excerpt/information about the real owner(s) of a mining company for

those of who extract metal mineral or make geological study therefor.

In case the information on the real owner of the mining company is inaccurate, obviously false or incomplete, the State Register of Legal Entities shall inform about it to the government authority who is entitled to impose liability for submission of inaccurate, obviously false or incomplete disclosure.

Who is a real owner?

Law of Armenia on State Registration of Legal Persons and Separated Subdivisions of Legal Persons, Institutions and Individual Entrepreneurs defines that a real owner is a natural person. Thereafter, the law specifies that a real owner is a natural person who:

- Separately or together with his/her affiliates controls or possesses at least 10 percent of the authorized (share) capital of a legal person, including a total 10 percent of participation, shares or right to vote in the authorized (share) capital of the member or shareholder of the given legal person;
- Controls the legal person by virtue of participation in the authorized (share) capital of the given person via preferred shares or shares granting one vote;
- Receives at least 15% of the annual revenue of the legal person;
- Is entitled to appoint or dismiss the persons involved in the corporate governance bodies of the legal person;
- Without being involved in the corporate governance

This article presents the amendments to the Mining Code adopted on 23.04.2019 by Law HO-24-N on amendments to Mining Code of the Republic of Armenia as well as amendments to other related laws (e.g. Law of Armenia on State Registration of Legal Entities and Registration of Separated Subdivisions of Legal Persons, Institutions and Individual Entrepreneurs). The amendments to be clarified below concern the legal regulations to disclose information on the metal mine owner in the country.

The requirement to disclose the real owner.

The aforementioned amendments stipulate that the mining companies (i.e. persons authorised to conduct metal mineral extraction and

bodies of the legal person has the possibility to impact on the governance of the legal person, control the governance or activity of the legal person or is entitled to predetermine the decision of the legal person by other means, including through trust management, joint venture agreement, option agreement, loan agreement with the right to convert the debt into shares and by other means.

In case a person with political influence possesses, control or gain et a profit from the legal

entity as it is described above, this person shall be considered as a real owner no matter the amount of control, participation or profit.

The consequences of violation of the requirement to disclose the real owner.

If there is a violation of the requirement to disclose the real owner, including failure to provide information or submit false, inaccurate or incomplete information, the followings may be imposed in the listed subsequence:

- A warning;

- If the violation continues after the warning is received, the mining right may be suspended until 120 days;
- If the mining company does not cease the violation of law in 120 days of suspension of the mining rights, the mining rights may be terminated.

To summarize, the requirement of law is strict, including the consequences of breaching it. However, it is still unclear how strict the implementation and tools of state authorities for examination of the submitted disclosures will be.



Lilit Karapetyan

Senior Associate, Attorney



The Energy Investment Risk Assessment (EIRA) is a publication of the Energy Charter Secretariat (<https://www.energycharter.org/>) assessing specific risks affecting energy investment that can be mitigated through adjustments to policy, legal and regulatory frameworks. It gives

WHAT IS EIRA?

guidance to countries on how they can improve their investment climate and benchmarks their performance against international best practices. In 2018, the first public edition of this report was published.

The second edition of EIRA was recently launched on 30 September 2019. It expands and builds on the findings of its predecessor and gives deeper insights into the participating countries. Apart from highlighting the key strengths and areas for improvement in each country, the profiles of the recurrent participants include a year-on-year comparison table. Through this, the countries can benchmark their performance and take stock of any changes to their risk level. By tracking changes to regulatory frameworks, the report will also provide some evidence of the real progress made by countries towards energy transition.

This year a website dedicated to EIRA has also been launched. It is intended to offer extensive and updated data on the evolving regulatory regimes of the participating countries. It projects the year-on-year trajectory of the country on different EIRA parameters, provides detailed

information for each question on the EIRA questionnaire and includes an online library of over 1,500 primary legal documents. Some of these documents are exclusively available on the EIRA website.

Energy investment risk in Armenia has been assessed both in 2018 and 2019. The investment risk in country has been evaluated as low. Armenia's performance against EIRA's four indicators has been assessed as good. It has received 82 points on the indicator rule of law. On regulatory environment and investment conditions it has retained a very good score of 81. Management of decision-making processes is once again at 70 points. The performance on foresight of policy and regulatory change has improved by a point and stands at 63.

Among the contributors to EIRA are representatives from government authorities and external contributors. Concern Dialog Law firm has contributed both to #EIRA2018 and #EIRA2019 for assessment of investment in the energy sector in Armenia. For details refer to EIRA website for a download the #EIRA2019 publication at <https://eira.energycharter.org/>.



Alen Amirkhonian

Director, Center for Responsible Mining and Acopian Center for the Environment, American University of Armenia



Mining is among the industries that triggers highly divisive discourse around much of the world. The tensions between the real and perceived benefits and costs/harms of the mining sector lead to heated, often virulent, disputes between the proponents and the opponents of the sector. Armenian society has not been immune from such discord, particularly in the past fifteen years as major state-owned mining operations were privatized and a multitude of new licenses were issued.

ArmStat data shows that in 2018 the mining and quarrying sector constituted 2.9% of Armenia's GDP. This was down from 3.3% in the previous year. The decline could be explained by the early 2018 shutdown of the Teghut Mine in the Lori Region, reportedly due to serious environmental concerns. The prospects of the sector growing significantly are uncertain as the only new major mining project, the Amulsar mine, is tangled in a gridlock.

ON MINING, WHICH WAY ARMENIA?

ArmStat data also show that mineral exports constitute a sizable portion of goods traded by Armenia internationally. Minerals formed about a third of the value of all goods exported. In 2018, this amounted to about US\$800 million, with 99% as ores and related metals. The remaining 1% were stones, clays, and the like.

If we add export of services to the mix, the share of mineral exports will be smaller. Armenia's service exports—such as tourism, IT and arts and entertainment—are also sizable. Rough estimates suggest that in the context of export of goods and services, the share of minerals exports is about 15% of the total. Further analysis is needed to ensure that the typically underestimated tourism and IT sector exports are adequately captured.

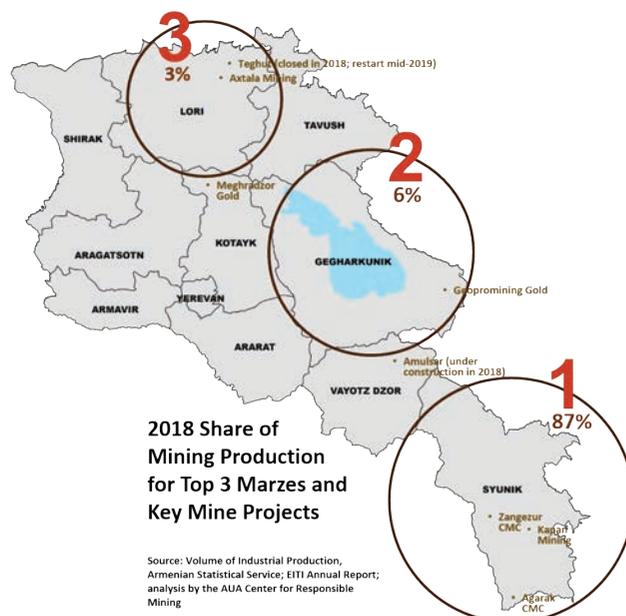
The metal mining sector in Armenia is dominated by the Zangezur Copper Molybdenum Combine (ZCMC), a behemoth by Armenian standards, located in the country's southern region of Syunik. The company, in effect 75% owned by the German privately-held

Chronimet Mining AG, accounts for about 70-80% of the country's total mining production and employs about 4,000 workers, or almost half of the 9,000 employed in the mining and quarrying sector in Armenia.

In 2017, there were about 6 other active metal mining operations in the country, though there were 23 active mining licenses (see EITI.am). The active mining facilities demonstrate a wide variety of operational sophistication. All, however, need significant upgrade in their environmental and social performance. Further, the state needs to aggressively improve its governance capacities in this sector to ensure that public interest is served.

A 2016 seminal study commissioned by the World Bank and conducted by the Swedish Geological AB pointed out that Armenia is missing a mining policy. The study also identified the major economic, environmental and social improvements needed for the sector.

Based on this study, the previous and current governments undertook two



major assessments, one focused on understanding mining's economic impact in Armenia (currently being led by the Armenian EV Consulting) while the other on assessing the environmental and public-health impact of the sector (being led by the German-headquartered DMT Group).

These studies should be completed early next year. With these and the Swedish Geological assessment in hand, by mid-2020 the government is slated to commence its mining policy and strategy development process. The outcome of the process will be critical to setting our expectations regarding mining's role in the country's future.

Much hangs on how the government conducts the process of developing this policy and its related strategy. If the process lacks transparency and inclusiveness, the outcome risks lacking legitimacy. This may be seen as a black eye for the government, with its aspirations for democratic and inclusive governance.

As there are widely divergent views on mining in the country, we should have no illusion—an inclusive process will be very complex. To conduct it properly, the government will need much attention and support.

The multi-stakeholder group of the

Extractive Industries Transparency Initiative (EITI) is one platform where multiple views can be heard. Moreover, the strategic environmental assessment (SEA), mandated by law for any government policies and strategies, has public hearing requirements, offering another platform for public and stakeholder input.

The Government, however, should not limit itself to these. It should set up or encourage consultative hearings and deliberations outside of these formal processes, then offer a path for these inputs to be considered in the final outcome. There are a number of institutions and organizations in Armenia that can help in this process.

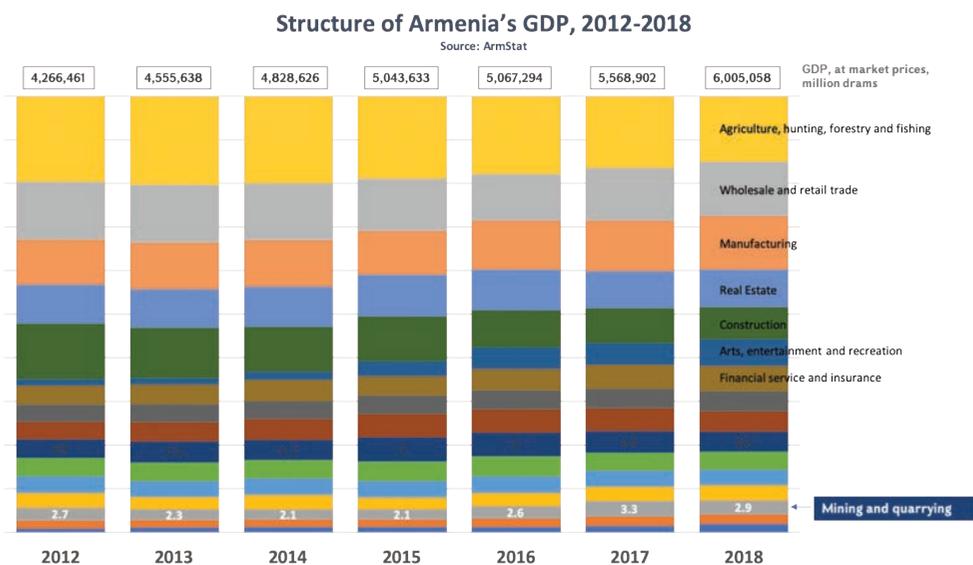
Importantly, all stakeholders should be prepared to engage in dialogue and not warfare. All sides should also show patience, as not all changes will happen overnight.

The list of topics around which constructive dialogues should be held is long. From the economic viewpoint, we could discuss sovereign wealth funds; having a system for verifying metals exported; increasing the sector's multiplier effect; better and more transparent approach to determining reserves; adding economic cost-benefit analysis as a decision making tool; to name a few.

From a social and environmental viewpoint, the topics are also numerous. They include improving occupational health and safety standards and enforcement; significantly improving the disaster prevention and readiness of mining communities; improving environmental and public-health governance; rooting out unacceptable practices common in mining such as discharge of polluted water and, in some cases, tailings into rivers; and the list can go on.

Armenia will have to deal with mining, both current and legacy, for a long time to come. Even if as a country we decide to disengage from this sector, it would take decades to do this. We would need to address significant closure, re-cultivation, cleanup and socio-economic transition challenges, particularly in the Syunik and Lori regions.

The upcoming policy and strategy development process affords us a unique opportunity to deeply search our souls as a country and decide which way we are going with this sector. Future generations will look at our efforts today to see if we made wise choices. My hope is that we will be seen as a generation that got it (basically) right.





Ara Hovsepyan
General Manager

CONTOURGLOBAL®
HYDRO CASCADE



ContourGlobal (CG) is a growth platform for acquiring and developing wholesale power generation with long-term contracts diversified across fuel types and geographies. It was founded in 2005 by CEO Joseph Brandt and Reservoir Capital Group. We have developed the highest of operating standards and practices which we ensure are applied globally in all of our projects. Today, we are uniquely positioned to capitalize on market opportunities that rely on operators with best-in-class track records with refurbishment and development expertise.

CG currently has 101 Thermal and Renewable power generation assets in 18 countries across Europe, Latin America and Africa. Its assets have a total installed capacity of 4.3 GW. We believe that we can create value through best-in-class operations both in our existing portfolio and those new assets we develop or acquire. The energy that CG generates has a positive impact on people,

CONTOURGLOBAL HYDRO CASCADE GENERATED ENERGY HAS A POSITIVE IMPACT ON PEOPLE, BUSINESSES AND COMMUNITIES...

businesses and communities around the world – powering cities, providing heat and light, enabling businesses to run around the clock. And through its social investing program CG invests in making the places where people live and work better.

An Innovative Hydroelectric Refurbishment in Armenia

As a world-class operator with a reputation for a reliability and innovation, CG sees opportunity to bring these capabilities to many over-looked areas of the world. CG has enjoyed collaborative relationships with many of the world’s leading Development Finance Institutions (DFI) and together mobilized investment and innovation in many marquee projects in the developing world. One of these is the Vоротan hydro-electric complex located in the South-West of Armenia, a spectacular 404 MW facility that we acquired in 2015 and, simultaneously, entered into a substantial commitment to rehabilitate in a unique collaboration with the Government of Armenia, the International Finance Corporation, the Dutch and German Development Banks - FMO and KfW and DEG respectively.

Phase one of the rehabilitation commenced in 2018 with the upgrading of the control systems, turbines and generators. This work was executed safely, on time and on budget despite the remote conditions and significant mobilization of people and material. In addition, to the financing provided by DFIs who support private sector projects such as this one, CG achieved a very innovative solution

with the development bank of Germany, KfW and the Government of Armenia to enable the German Bank, which usually lends directly to sovereign states, to enable the Armenian Government to on-lend a very long duration, low interest rate concessionary loan to the project. This unique arrangement enabled CG to substantially upgrade the facility – a facility that represents 15% of the energy generated in Armenia – while keeping the price of the generated electricity in our Power Purchase Agreement at a very low 2.8 USD cents per kWh. Along with the electromechanical refurbishment works the company also ensured uninterrupted operation of the hydro cascade, as well as prepared to invest into keeping safety and stability of the hydro structures. It was planned to invest about 10 mln USD in upgrading of the hydro structures, including the 4 dams, as well as upgrading the dams’ performance monitoring systems.

The EMR project had been designed before Contour acquired the Vоротan, but was put on hold specifically due to its complexity and need for an internationally experienced arm to perform and oversee those works. The objective was to replace the old turbines, generators, transformers, low-medium and high voltage cables and auxiliary equipment with new ones, in order to extend their lifespan. Usually, such heavy pieces of equipment have useful life of up to 40 years, not more. In Vоротan’s case, they came close to 50 years. So it was just about the right time to initiate such a big renovation and replacement of equipment and their parts.

The project started in 2018. The source of funds was from the KfW – a concessional loan that they had provided to the Government back in 2010 and which was put on hold. The previous Government was paying non-disbursement fees for keeping the loan but not using it. As part of the acquisition, we have agreed to the Government’s proposal to take over the loan, since otherwise it should have been returned at quite heavy cancellation fees. There is an excellent partnership both with the Government and the KfW in the framework of this project and it is planned to finish the scope of work in full and on time.

As a result of the announced international tender, on 29 September, 2017 Engineering, Procurement and Construction (EPC) contracts have been signed with two companies of international experience and reputation in the energy sector, Austrian Voith Hydro and Portuguese Efacec Engenharia, for mechanical (Lot1A) and electrical (Lot1B) refurbishment works, respectively. A German engineering company Fichtner has been involved in the program as a technical supervisor and a consultant.

Refurbishment Project

- The main objectives of the electromechanical rehabilitation program for the power plants are:
- To Improve the performance, reliability and availability of the hydro power units and related equipment for at least another 30 years of trouble-free operation by refurbishing and replacing worn out, defective, obsolete or inefficient equipment,
- To ensure efficiency improvements and loss reductions (water/energy),
- To save in maintenance costs and to provide higher security and safety,
- To modernize and automate the operation of power plants through modern state-of-the-art equipment.

The rehabilitation program has been aimed to be implemented during 2017-2020, which has implied not only pure refurbishment works, but also manufacturing and procurement of equipment.

To ensure a trouble-free operation of the hydro power plants, to increase reliability and availability, and to ensure a higher class of

safety the following main scope of works have been considered within the rehabilitation:

Tatev HPP

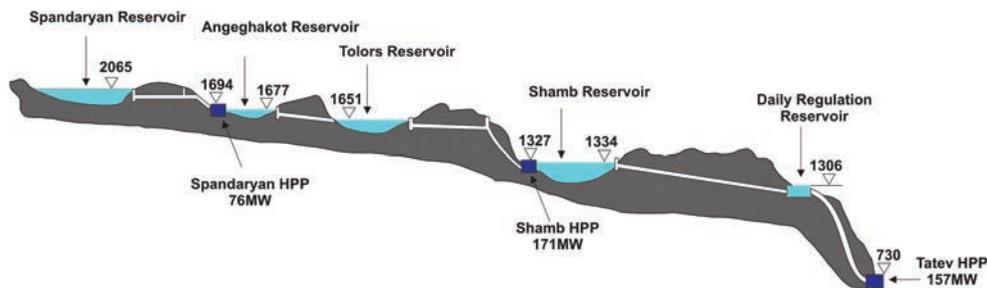
- Replacement of 3 hydro generators, 3 turbine nozzles, control, automation and protection, DC and AC supply systems, generator switches and 3 power transformers,
- Installation of new 110KV switches and meters.

Shamb HPP

- Replacement of 2 hydro generators, 2 turbines and runners, control, automation and protection systems, DC and AC supply systems, generator switches and 220KV switchyard fully,
- Installation of new 110KV switches and meters,
- Refurbishment of 2 power transformers.

Spandaryan HPP

- Installation of speed governors (2) and replacement of oil pressure units,
- Replacement of 220KV switchyard and overhead lines protection and DC and AC supply systems,
- Installation of additional 220KV switch.





Sargis Grigoryan
Partner, GPartners



Susanna Amirkhanyan
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• *Introduction*

Attracting foreign investment to explore and exploit natural resources has long been a source for economic development in Armenia. The same goes to the energy industry where there have been the growing number of projects, not only in traditional energy sources e.g., gas and nuclear power, but also in the expanding field of alternative energy e.g., solar and hydropower.

The number of energy and mining projects has increased with every passing year. However, those projects require significant up-

ARBITRATING ENERGY AND MINING DISPUTES IN ARMENIA

front investments during scoping, feasibility and development phases to reach the production stage, and most often several years of continued production are needed before they yield a positive return. During this period, the projects are subject to risks such as volatile markets, cost variability (e.g., increased OPEX or higher costs for EPCM contracts), geological risks (e.g., ore grade variability), legal and regulatory changes (e.g., to the royalty regime, mining licenses), and social and environmental challenges.

Conflicts over social and environmental issues related to mining and energy projects have been a recurring theme in Armenia e.g., Amulsar, Shnogh. These issues are ranging from a straightforward permit denial to situations of acute social conflict compromising public order and safety. Often, less than harmonious relationships between the investors and the local communities have been at the root of the conflicts. Recent developments confirm a new trend in which social and environmental issues play an important role in arbitral awards or court decisions, a trend that is likely to affect the outcome of any proceedings in the future.

• *Overview of Investment Disputes*

A foreign investment dispute is a controversy between an investor from one state and a foreign government relating to an investment in the host state. Foreign investment has been given protection through international treaties and by customary international law, and over time a subset of international

law regulating investment disputes has emerged. Today, there are a sizeable number of international arbitral awards relating to the mining and energy industries. Since 2007, Armenia has faced five investment disputes, however, this has a tendency to increase in number.

Diplomatic protection

In the past, the investor did not have standing to bring claims directly against governments. Diplomatic protection was the only remedy available to a citizen of a state with a claim against a foreign government. Under this regime, the foreign investor would bring grievances to the domestic courts of the host state or to the officials of their own country. The investor's government would then have the discretion to espouse the claim against the foreign government and protect the investor's rights through an exchange of diplomatic notes, or more recently by bringing a claim before the International Court of Justice.

The ICSID Convention

In 1965, under the sponsorship of the International Bank for Reconstruction and Development, the Convention on the Settlement of Investment Disputes between States and Nationals of Other States was executed (the ICSID Convention). The Convention created the International Centre for Settlement of Investment Disputes (ICSID) to administer arbitrations between contracting governments and nationals of other contracting governments for disputes relating directly to an investment. ICSID, in turn, promulgated sets of arbitral rules. ICSID was designed specifically to administer arbitrations of foreign investment disputes. Unlike other major arbitral institutions, ICSID

has jurisdictional requirements. As of this publication, 151 countries have ratified the ICSID Convention.

Reports show that almost 40% of all cases registered with ICSID (and its Additional Facility) between 1972 and 2012 involved the energy sector, with oil, gas and mining disputes representing 35% of all ICSID claims in 2014.

The New York Convention

The United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) was adopted on 10 June 1958. This treaty is the most significant contemporary legislative instrument relating to international commercial arbitration. It provides a universal legal framework for the arbitral process and has proven to be an effective framework for enforcing international arbitration agreements and awards. It is of relevance in enforcing all non-ICSID investment arbitral awards; ICSID cases exclusively involve the ICSID Convention.

Eurasian Economic Union

There are several regional trade agreements in place. But the Eurasian Economic Union (EEU) is of particular importance. Since 2015, Armenia is a party to the EEU. It provides standards of treatment that governments must afford investors from other EEU states. As in bilateral investment treaties, the governments consent to international arbitration of any investment disputes with qualifying private investors from the other contracting states.

The Energy Charter Treaty

The Energy Charter Treaty (ECT) first came into effect in 1994. It now includes more than 50 member states, mostly in Eastern and Central Europe, and the European Union and Euratom. Armenia ratified the ECT on 18 December 1997.

It is the only multinational treaty specifically dealing with investment issues in the energy industry. The

introduction to the ECT explains that the fundamental aim of the ECT is to strengthen the rule of law on energy issues, by creating a level playing field of rules to be observed by all participating governments, thus minimising the risks associated with energy-related investments and trade. It “ensures the protection of foreign energy investments based on the principle of non-discrimination”. The treaty also provides governmental consent to ad hoc arbitration to resolve disputes with foreign investors arising from their substantive obligations. More than 50 arbitrations have been brought under the ECT.

Bilateral Investment Treaties

Modern bilateral investment treaties (BITs) were first adopted in the 1960s by European countries seeking to protect their nationals’ investments abroad. The proliferation of BITs signalled an important landmark in international relations and arbitration. To date, almost 3,000 BITs have been signed. Armenia is a party to the forty-three BITs signed with the US, Canada, Russia, France etc.

They contain similar provisions, leading some scholars to conclude that they may now express the customary international law standards for foreign investment. These treaties create actionable standards of conduct for governments in their treatment of foreign investment, and typically provide for international arbitration to resolve disputes arising from allegations of a violation of the treaty.

• *Standards of Investment Protection*

All treaties ratified Armenia that provide for the protection of foreign investment, define the meaning of “investments” and “investors” that qualify for that protection. These definitions are key to determining the scope of application of the treaty rights and obligations, as



well as determining the jurisdiction *ratione personae* of tribunals. They contain a broad and open-ended list of every conceivable right or interest that is in the nature of an investment. Thus, “investment” means every kind of asset, owned or controlled directly or indirectly by an investor including (a) tangible and intangible, and movable and immovable, property, and any property rights; (b) a company, shares, stock, or other forms of equity participation in a company, and bonds and other debt of a; (c) claims to money and claims to performance pursuant to contract having an economic value and associated with an investment.

Moreover, the BITs also define the type of “investor” who qualifies for the benefits of the investment protection. Thus, “investor” means: (1) a natural person having the citizenship or nationality of or who is permanently residing in that contracting party and (1) a company organized in accordance with the law applicable in that contracting party.

The BITs investment regime set forth the substantive rights and protections that Armenia is obligated to accord to foreign investors and their investments. Thus, some of the most prominent and frequently claimed protections are the following:

- fair and equitable treatment;
- full protection and security;
- the prohibition against unreasonable and discriminatory measures;
- the prohibition against unlawful expropriation; and
- the umbrella clause.



WE GIVE AN ACCESS TO A RENEWABLE AND EFFICIENT ENERGY IN VAYK AND SPITAK TOWNS

Armenia's geographic location is advantageous with a significant solar energy potential. The average annual solar energy flow per square meter of horizontal surface in Armenia is ~1720 kWh (Europe is ~1000 kWh). One quarter of the country's territory is endowed with solar energy resources of 1850 kWh/m²/year. Therefore, usage of solar panels is theoretically beneficial and can be linked directly to the relatively limited number of solutions available for addressing to improve the living conditions of low-income families in Armenia. It allows households to have an affordable water heating systems for a major part of the calendar year, while not being dependent on the imported and increasingly expensive fossil or nuclear energy sources.

In Armenia, the solar thermal energy is rapidly developing.

Currently, solar water-heating systems not only ensure energy saving, but are also very cost-effective. The heating systems energy consumption in public, commercial and residential buildings accounts for more than 35% of total energy consumption in most countries of the region. It is important to address the issues associated with residential energy efficiency as it will facilitate the country to move towards energy reforms and limit the energy waste.

Over the last decade, the price of natural gas has more than doubled in Armenia. This drastic price increase has adversely impacted the heating conditions of low- and middle-income families. Thus, a successful implementation of alternative energy sources will significantly combat the constantly rising energy prices, as well as improve the social well-being of the

population-at-large.

Currently, Humanity Armenia Foundation - Habitat Armenia, focuses to develop energy efficiency solutions and increase the usage of solar energy as a top priority. In the past, the construction and heating methods did not focus on energy efficiency. As a result, inefficient energy use intensified the impact of rising energy prices on households or public institutions. The majority of Armenia's housing stock, especially in urban areas, consists of pre-fabricated multi-story apartment buildings which are generally badly insulated and maintained, resulting in a low level of energy efficiency, comfort and high costs.

By pushing to institutionalize energy efficiency in the country, Habitat Armenia has been implementing a Project on Access to Renewable and Efficient Energy



in Municipalities (AREEM) Vayk and Spitak since December 2014. This 5-year Project was funded by the European Union and co-funded by the municipalities of Spitak and Vayk since the residential and public buildings in those cities did not meet the current energy efficiency standards. As part of the Covenant of Mayors (CoM) commitment, these towns have adopted to reduce their CO2 emissions by at least 20% by 2020 through implementation of Sustainable Energy Action Plans (SEAPs). The project supports the municipalities of Spitak and Vayk to develop and test replicable and efficient model(s) of energy saving through use of effective measures and renewable sources in residential and public buildings. It is incorporated into their Community Development Plans or SEAPs within the CoM requirements.

The Project target groups are:

- a) Residential buildings’ tenants - 33 buildings in Spitak and 12 in Vayk, totaling to 3,800 tenants.
- b) Beneficiaries and staff of the public buildings under the Municipality Management in total of 860 people including 1 kindergarten with 200 children and 40 staff members in Spitak and 1 Culture house with 580 children and 40 staff members in Vayk.
- c) Staff members of Spitak and Vayk municipalities totaling to 20 people.

As of October 2019, the Project has registered the below mentioned major results:

- Implementation of energy

efficiency measures with construction works completed in 33 multi-apartments 23 buildings in Spitak and 10 in Vayk.

- Implementation of energy efficiency measures in 12 apartment buildings - 10 in Spitak, 2 in Vayk, are in process, including enveloping 5 buildings in Spitak.
- The Lighting systems in Kindergarten #2 in Spitak were upgraded by replacing the old incandescent and fluorescent lamps with 210 LED luminaries. The kitchen was equipped with a dishwasher and 13 electrical water heaters.
- In the library of the House of Culture in Vayk the following works were completed – an Energy efficiency retrofitting - thermal insulation of external walls, ceilings and floors in 3 rooms, installation of energy efficient windows and doors, replacement of luminaries with LED lamps and general improvement works were completed.
- A solar photovoltaic (PV) system was installed in Spitak with a capacity of 43.5 kW, which will meet power consumption needs of Kindergarten #2 and the Municipality of Spitak.
- A Solar PV systems with an aggregate power capacity of 42.9 kW were installed in 6 public areas of Vayk such as – the Municipality, the House of Culture, the Library, the Arts School, the Kindergartens No 1 and No 3.
- All 23 staff members in



municipalities of Vayk and Spitak were trained and educated on the implementation of sustainable energy projects.

These activities will result in energy saving in the selected residential and public buildings from **15% to 30 %**, annually. Additionally, tenants in the impacted residential buildings will have an increased awareness and knowledge on the importance of energy efficiency, energy saving behavior and attitude. Besides, the capacity of Spitak and Vayk municipalities for implementing sustainable energy projects, as well as the share of renewable energy in the total energy consumption of the municipalities has been increased, as well. According to AREEM Project Manager Mr. Sergey Arzumanyan, the energy efficiency measures applied in the AREEM Project targeted buildings, is essential to improve the comfort level of the inside of the apartments and to save significant quantities of energy by households. Mr. Arzumanyan, also confirms that the savings on energy production due to installation of solar photovoltaic systems will be transferred to a special community budget accounts which will be used for promoting energy efficiency awareness and savings initiatives.

Thanks to Project intervention, approximately **1,821.64MW energy** in 45 apartment buildings will be saved which will result in the reduction of **CO² emissions by 479.3 tons annually.**





Karine Danielyan
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This Article has been prepared on the basis of the Report, elaborated within the framework of the UNICEF project

THE ENVIRONMENTAL POLLUTION IMPACT ON CHILDREN HEALTH IN ARMENIA

in 2016. Ms. Karine Danielyan was the head of the project with 30 expert participants, from the universities, scientific institutes, ministries and NGOs.

In the territory of Armenia there have been discovered about 570 mines of metal and non-metal **useful minerals**. Almost all the metals used by people are available in the Earth’s crust, and most of the mines are polymetallic: Cu, Hg, As, Mo, Ni, Cd, Cr, Fe, Zn, etc. Mining wastes are stored in 23 tailing dumps, which are a serious threat to the environment and consequently to the human health. [1]

Detailed studies on the pollution of soil and water by heavy metals have

been carried out by various scientific-research institutions, specifically, by the Center of Ecological Noosphere Studies, National Academy of Science (NAS), the American University of Armenia, Agricultural University of Armenia, Yerevan State University and others. By summing up the studies, it was concluded that there are serious ecological risks, as well as public health risks of the population residing in the industrial mining areas. Especially, the risks are connected with the penetration of heavy metals through the air-water-soil-agriproducts, including first class toxic elements penetrating into the food chain of different levels. [1-5]

The Table № 1 summarizes the collected environmental Official and Expert data. It could be concluded that the riskiest zones are Yerevan, Syunik and Lori Regions, followed by Kotayk, Ararat, Aragatsotn and Gegharkunik Regions by various Risk Factors.

Table № 1. Assessment of environmental situation by Marzes (regions)

Risk Factors	Yerevan	Aragatsotn	Ararat	Armavir	Gegharkunik	Lori	Kotayk	Shirak	Syunik	Vayots Dzor	Tavush
Heat waves	V		V						V		
Natural disasters	V			V	V	V	V	V	V	V	
Technological disasters	V					V	V		V		
Desertification risks	V	V	V	V						V	
Biodiversity loss					V	V			V		V
Air basin pollution /emissions/	V					V	V				V
Water resources pollution • rivers, irrigation water, • fresh water	V V	V V				V V	V	V	V		V
Waste generation	V				V	V			V		
Soil pollution by heavy metals	V		V		V	V	V	V	V		
Soil pollution by pesticides and other toxic substances (PoPs)	V	V	V								
Abandoned settlements			V		V		V	V	V		
Disturbed settlements		V		V							
Concentration of tailing dumps						V			V		
TOTAL NEGATIVE POINTS	10	5	5	3	5	9	6	4	9	2	3

V – Official data, V- Expert data

Table № 2 indicates data on a limited number of nosologies, especially, focusing on cancer and congenital abnormalities as the most dangerous and intractable diseases, which are also mostly depending on the existence of cancerous-genes and mutagens-density in the environment.[1-5].

Table № 2. Morbidity and some demographic indices

Characteristics of indices	Yerevan	Aragatsotn	Ararat	Armavir	Gegharkunik	Lori	Kotayk	Shirak	Syunik	Vayots Dzor	Tavush
Morbidity with neoplasms /0-14 years old/, 2013	V					V	V				V
Morbidity with neoplasms /0-14 years old/, 2015	V					V	V				
Morbidity with congenital abnormalities in 2012 -2013 /0-14 years old/	V			V		V			V		
Morbidity with congenital abnormalities in 2014 /0-14 years old/	V			V		V	V		V		
Cancer as the most common cause of death	V					V		V	V		
Blood and blood forming organs diseases: separate disorders, with the invasion of immune mechanisms, 2013 /0-14 years old/		V				V				V	
Blood and blood forming organs diseases: separate disorders, with the invasion of immune mechanisms, 2015 /0-14 years old/		V	V	V		V			V	V	V
Number of children with disabilities /100 thousand/			V			V		V	V		
General coefficient of natural growth						V			V		V
THE SUM OF NEGATIVE POINTS	5	2	2	3	0	9	3	2	6	2	3

In Figure № 1 the Project tried to correlate the sums of negative points of ecological and health coefficients, which revealed the existence of significant correlation (the correlation coefficient = 0,58) between the ecological pollution and public health. Of course, the results are somewhat approximate, as the calculation was made by summarizing points, which was the only possibility at that moment. However, it could be stated that the results are quite notable and should be considered.

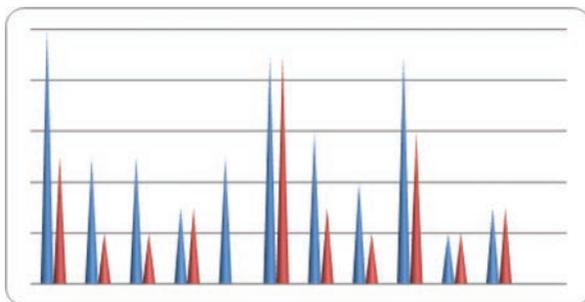


Figure № 1 The correlation of the sums of ecological and healthcare negative points
 Red –environmental negative points sum, blue – sum of health negative points.

It could be indicated that there are different sources of pollution in Armenia. However, within the framework of this article it was revealed the riskiest causes of harming the environment and the public health.

As a basic conclusion, the most impacted, degraded and riskiest ecosystems in terms of public health, especially, children’s health, are Yerevan, Lori and Syunik Regions. The ecological risks in Yerevan area are

multivariable, whereas, the high risks that should be managed in the Lori and Syunik Regions are the pollution of the soil, water, food-chain with heavy metals which is being caused by the mining industry.

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Armen Stepanyan
VP Sustainability



I am a professional environmental scientist. I am afraid these words have a different meaning than they should have had, if the aim of environmental professionals was to protect the planet from a rapid degradation. The environmental professionals for me are the people who look for science based technical solutions to a wide range of environmental problems. Emotion can raise awareness and, maybe, even deliver some short-term political change, but only science and technology can deliver long-term solutions and progress. I have spent most of my life studying environmental science. I completed my PhD degree long before I joined a mining company. Surprisingly, I have come to a firm belief that the best place an environmental scientist can use his knowledge and capacity, is with a business that lets you operate to your full capacity.

Let us speak about a current, trendy topic: renewable energy. All environmentally conscious citizens, organizations and governments are fascinated by renewables,

SUSTAINABILITY IS A SCIENCE, WE CAN'T PROTECT THE ENVIRONMENT WITH EMOTIONS ONLY

including myself. Setting goals for 2050 when we aim at a significant reduction in the use of fossil fuel and replacing them with green technologies. Everybody loves renewables. But does everybody love mining? Certainly not, and I wonder how many of those people fascinated by renewables have ever thought about the fact that the renewables need metals and other minerals – and these ALL come from the mining sector. Wind turbines, solar panels, electric cars and batteries all are assembled from many materials that are the products of the mining sector. Did you know, for example, that an electric vehicle requires 2-3 times more copper than a regular vehicle?¹ I am sure many people did not. Here are some more examples: according to the World Bank analysis², global production of critical metals and minerals used in low-carbon technologies is projected to grow by 965% for lithium, 585% for cobalt, 383% for graphite, 241% for indium, 173% for vanadium by 2050. The list goes on. This means that not only the mining won't be marginalized as an industry, on the contrary, the demand for mining products will grow.

The mining in Armenia is not a “bad legacy” as some try to present, it is an opportunity. However, whether or not we can realize (or capitalize on) that opportunity is entirely up to us - Armenians. The world needs the mining and will need it more and more in the future. Armenia is

not cursed, it is blessed to have the mineral resources. Demonizing the mining, will not make the industry to go away, rather it will allow things to continue as they are with the same low environmental performance. To have a world-class and a modern mining industry we need to look at our mineral resources as an opportunity, we need to assess what was wrong in the past and fix it, not shut the future down, just because the past was not good.

No More Old Mines

The environmental movement has taken a large emotional stance in Armenia with the slogans like “no more new mines” and “let's protect the mountains and stop the new mines”. I want to consider an alternative to this emotional approach. One senior official in a global environmental organization, World Wildlife Foundation, Mr. Stewart Orr, was once quoted in the article. He said: “you can't protect the places you care about by building fences around them”. I agree with that sentiment and believe that you can only protect such places by finding the balance between an environmental protection, development and responsible use of our resources. Indeed, Armenia has many mountains, but what Armenia does not have is investments, blooming economy, development of industries, a modern healthcare system, etc.

With a proper fiscal oversight and

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by implementing such Standards as the Extractive Industries Transparency Initiative, the revenue from just a “one mountain” can then be used to deliver significant societal improvements and to protect the natural environment and people around hundreds of other mountains. On a local level, the improvement to the peoples livelihoods, from the project related opportunities, means that they do not cut down the forest to warm their house, do not burn manure in their houses exposing their children to toxins³, do not hunt and kill legally protected animals to feed their family and do not leave their communities because of the lack of local economic prospects.

Am I happy with the environmental performance of the mining sector in Armenia? In short, NO! The Armenian mining sector is outdated and needs serious reforms.

The question is, which approach will bring changes to the sector? Is it to fence one mountain and “save” it from becoming a mine, while, at the same time allowing the old mines to continue with their outdated, old-school practices? I seriously doubt it, because “no more new mines” will likely mean – let us shut down investment opportunities for new projects, therefore, preventing modern, tried and tested technologies to drive the modernization and improvements in Armenia. Some people say: “Let

the State fix the old mines”, and once this has been completed, we can think about the new ones. This approach has a serious drawback, because with all the respect, the State does not have the capacity, the knowledge and the means to “fix” the industry. If it does have, then why it is not happening? The relevant Ministry itself accepts that they do not have the expertise and the capacity to properly oversee the mining industry. The companies who are backed up by institutional investors, that demand compliance with recognized sustainability related standards, could bring the necessary knowledge and experience into Armenia and even help to build the capacity within the Government.

I will demonstrate this with one example, and that will be the only reference to Lydian and the Amulsar project in this article. The guarantee of a safe, sustainable and modern mine is the quality of its legally binding Environmental Impact Assessment (EIA). The quality of the EIA is a direct reflection of how well were the risks assessed and how thoroughly the mitigation measures were considered? The Lydian’s impact assessment and supporting documents consists of several thousand pages. For comparison, the largest ever impact assessment in any other mine in Armenia was around 400 pages. That is what has been acceptable for the Armenian authorities for around 30 years.

How else would it be possible to change the industry if there are no new projects, delivered to a new and higher standard, as a benchmark, against which the others could be measured? How else would a country be able to say to the industry representatives and investors: “Here are the new standards and norms that we expect you to adopt.”, if the project which is committed to raise the bar is not allowed to proceed.

Therefore, the emotional argument of “no more new mines” should be re-formulated as “no more old mines”. One of my early years’ mentors and supervisors said, “the resource exists to be extracted and the role of an environmental professional is not to stop it but to make sure the exploitation is done properly”. Let us work together to raise the bar and make sure our Country has a modern sustainable industry. It has to be a matter of honor, if, for example, Sweden, Canada, USA, Australia, Spain or Finland can have it, then we can and have to have it, too.

The solution is not to stop new projects but to support new projects which deliver and improve Armenia’s environmental performance and, where possible, help address the legacy issues of previous decades. This is something that science can deliver but emotions cannot...



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Artur Alaverdyan
Founder of SolarOn



Solar power has gained a lot of interest over the last few years in Armenia and it has become increasingly popular both for residential and commercial

SOLAR SERVICES FROM THE FIRST SOLAR PANELS MANUFACTURER IN ARMENIA

markets. The use of solar power is the best choice and solution in every field. They are designed to reduce electricity bill as you will require less electricity from the power grid.

Renewable energy systems are practical, reliable, productive for people and for the environment. SolarOn provides ready-made, customized solutions, taking into account the clients' needs, interests and requirements.

SolarOn is specialized in offering ground based and rooftop applications for homeowners and corporate customers and have already implemented number of projects in all over Armenia.

SolarOn is not only manufacturing company but service provider. Life long service is one of the key points which suppose taking care of solar

modules throughout life (from installation till utilization).

Besides SolarOn implements extended 24 hour monitoring system and looks after solar power plant performance starting its connection to the grid.

Separate direction of our activities is BIPV (building integrated photovoltaics)– solar panels integrated into the architecture of the building. In BIPV, PV modules are components of the building materials, an integral part of the building structure and, at the same time, part of the overall architectural image of the building. This innovative sector of the construction industry requires the joint creative work of architects, planners, designers, engineers and manufacturers of photovoltaic modules.



CX DAY AT FINCA: SETTING FOUNDATION FOR EVEN BETTER CUSTOMER EXPERIENCE FOR THE NEXT 20 YEARS



Over the last twenty years, FINCA has developed a strong bond and a long lasting relationship with thousands of clients thanks to its commitment to the continuous improvement of customer experience through warmth, trust and responsible financial services. In this anniversary year, we celebrated the International Customer Experience Day with our most loyal and long-standing customers to appreciate our partnership and to listen to their insights on what would make their experience with FINCA even better.

Sometimes all it takes to make someone's day is a nice gesture: a warm smile, a surprise visit or a cake. That is exactly what we did. For two weeks, from October 1 to 15, 2019, employees of FINCA branches all over the country paid surprise visits with cakes and treats to our loyal clients who had started or expanded their businesses with the help of FINCA loans. Some of them had been our clients for more than a decade. It was

with great pride and a feeling of accomplishment that they talked about their success. Building a business from the bottom up is a rocky road, and maintaining it stable is even rockier. FINCA's financial support, provided when the clients needed it the most, helped them to stay motivated and keep moving forward.

Despite the risks of setting up a business and maintaining it, one of our long-term clients, Gevorg from Kapan, didn't hesitate to take further risks and to diversify his business. During the years of being a FINCA client, Gevorg managed to expand his taxi service, open a bakery and launch car repair and maintenance services. With this visit we celebrated not only the Customer Experience Day but also the success of Gevorg's businesses.

Another surprise visit was paid to Iveta and Simon from Yerevan,



who had been running their family business - a sewing workshop, for over ten years. When they first started the workshop, all they had were 5-6 sewing machines. Now, having been cooperating with FINCA for 6 years, the Simonyan family manages two workshops with a staff of over 30 people.

The Customer Experience Day celebrations provided a great way both to appreciate our loyal clients and to listen to their feedback on the quality of our services and on what could be done to make their experience at FINCA even better.





Creating and Preserving Eco-Friendly Environment

We founded **HyeLandz Eco Village Resort in Geghadir village**, Kotayk region inspired by Armenia's ecotourism high potential and the lack of serious initiatives in the field. First we started to save the water resources and clean the environment via garbage separation, and further proceeded to install solar panels and water heating systems in the resort area. Thus, the **HyeLandz Eco Village Resort** is fully dedicated to

build environmental awareness and respect. We are creating ecologically clean environment via using the resources of Mother Nature more efficiently and, of course, preserving what we had created with so much love and passion.

In the coming new year of 2020, our number one goal is expanding our existing solar electricity and hot water supply to cover our maximum needs. To sustain a greener,

healthier and more nature-friendly environment the implementation of more solar powered products will be proceeded by building wastewater treatment system for fertilizers production and irrigation water proposes.

HyeLandz Eco Village Resort will be happy to be an encouraging and leading example for others to produce more organic and natural products.



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BSC Announces about its New Projects

BSC Business Support Center, a consulting company founded in 1994, celebrates its 25th anniversary and comes up with new ideas and projects for the Armenian business community and not only. The company has adopted a policy providing one stop business consulting services to businesses. BSC increases its field of action by showing the readiness to find investors for businesses and promoting the development of the business in the digital world. It also runs market research and based on the results provides targeted consultancy and advisory services to the start-ups, works with them to find their place in the market. BSC has planned calendar of its events, which will raise the awareness level of business literate management in the Armenian business community. The series of articles developed by BSC director Mr. Samvel Gevorgyan named "The Business Faces of Armenian regions" were published, which discovers the high potential for each of the regions, which it could be developed. In terms of all these novelties, BSC Business

Support Center has also a new project called "Your Business". BSC expert consultants are leading this project. It is a three day, three-hour consultancy service, with a pre-meeting of 30 minutes in order to understand the needs of the business and to discuss partnership directions. The company aims to find solutions by giving business plan development tools, models for financial forecasts and calculations, marketing strategies and selection of relevant ones, helping to learn effective presentation of business and idea, developing presentation skills and effective communication with investors. This product is targeted not only for new businesses or startups, but also to the ones, who are in a standstill in their business, however, need advisory services for a specific direction or on shaping its business strategies.

BSC Business Support Center is glad to announce that it will continue to have an ongoing and huge impact on the entrepreneurship life development in Armenia.





Building a better working world

Transfer Pricing: Challenges and Opportunities A Workshop Held by EY Armenia

In 2015, EY Armenia launched a Transfer Pricing (TP) Service line within the Tax & Law department by creating a transfer pricing hub with 6 specialists focusing on professional assistance in benchmarking and documentations. In addition, EY has a team of more than 60 full-time dedicated transfer pricing professionals in the CIS.

All the TP professionals of EY Armenia have obtained an on-job experience when working on transfer pricing projects of EY in other CIS countries, such as Russia, Belarus and Georgia. Since forming the local transfer pricing practice in Yerevan, the team has been involved in multiple projects for its clients from different sectors, such as diversified industrial products, consumer products, technology, oil and gas, etc. The team is engaged in review of transactions and pricing, developing transfer pricing policies and setting up internal procedures, preparing transfer pricing documentation.

The year of 2020 is going to be very important for multinational companies operating in Armenia. On 4 October 2016, Armenian Parliament adopted a new Tax Code introducing transfer pricing regulations to come into force from 1 January 2020. Taking into consideration that transfer pricing regulations are new to Armenian taxpayers, on 22 October 2019, EY organized a workshop for businesses aimed at discussing international trends, the Armenian transfer pricing rules, draft Government decrees,



practical considerations and preparing for the new rules. Participants of the event had a unique opportunity to learn more about transfer pricing in the international and Armenian context, share views and raise questions to the representatives of the Transfer Pricing Department at the State Revenue Authority of Armenia and EY's leading transfer pricing experts from Armenia, Kazakhstan and Georgia.

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help to build trust and confidence in the capital markets and in economies the world over. EY works together with companies across the CIS and assists them in realizing their business goals.

In the Armenian market EY has more than 10 years of experience with its major activities in Assurance, Tax & Law, Transaction and Advisory services.



Adventure Comes in All Shapes and Sizes: The Iconic Jeep® is Built to Conquer them All

Fine Cars of Armenia offers 5% discount for AmCham Members

Finally, the wide range of new Jeep® models – the Real Jeep® is available in the showroom of Fine Cars of Armenia. Now the customer has an opportunity to select from the various models of the Iconic brand and experience the Legend.

Wrangler (Rubicon, Sahara), Grand Cherokee, Cherokee and Compass satisfy any demand: from off-roading in the countryside to cruising in the city. The latest Jeep® is born ready for any terrain. Powerful and sophisticated 4x4 systems make this the most capable vehicle ever. Fully equipped with standard active and passive safety & security

features Jeep® gives the confidence to take on any terrain.

Sculptured forms, signature Jeep® design elements, high-quality materials and state-of-the-art technology makes the Jeep® interior the perfect environment to accommodate adventures.

Get ready to start your drive!

Fine Cars of Armenia is committed to provide exceptional customer service and product knowledge. For the Customers convenience, the Company offers finance and leasing options, after-sales services, genuine spare parts and a service for all models.





FINARM Latest News

FINARM Published Newsletter Inaugural Issue

First ever financial market professional electronic Newsletter FINARM has been published for professionals, young specialists and those generally interested in financial markets. The Newsletter in Armenian for the period of 2019 first half is available at the organization's website - finarm.am.

Armenian Parliament Has Approved in the First Reading the Tax Code Amendments to Support the Capital Market Development

Advocated by FINARM, the National Assembly of the Republic of Armenia has adopted in the first reading the Tax Code amendments which are stipulating more favorable regime for the capital market development. The amendments were long anticipated and the important milestone has been possible to reach thanks to effective collaboration with the Parliament. The amendments, in particular, are supposed to:

- Exempt from VAT securities transactions, order routing and market-making services
- Exempt from income tax listed corporate bonds
- Exempt from dividend tax listed equities.

FINARM and Parliament Will Cooperate

FINARM and the Standing Committee on Financial-Credit and Budgetary Affairs of the National Assembly of the Republic of Armenia have signed a Memorandum of Understanding. The parties agreed to cooperate in the following fields:

- Program budgeting implementation in Armenia
- Increase in financial literacy
- Capital and financial markets development
- Reforms in public finance management systems
- Joint organization of topic-specific and public hearings, seminars, workshops and other practical initiatives related to the sphere of activities of the Standing Committee.



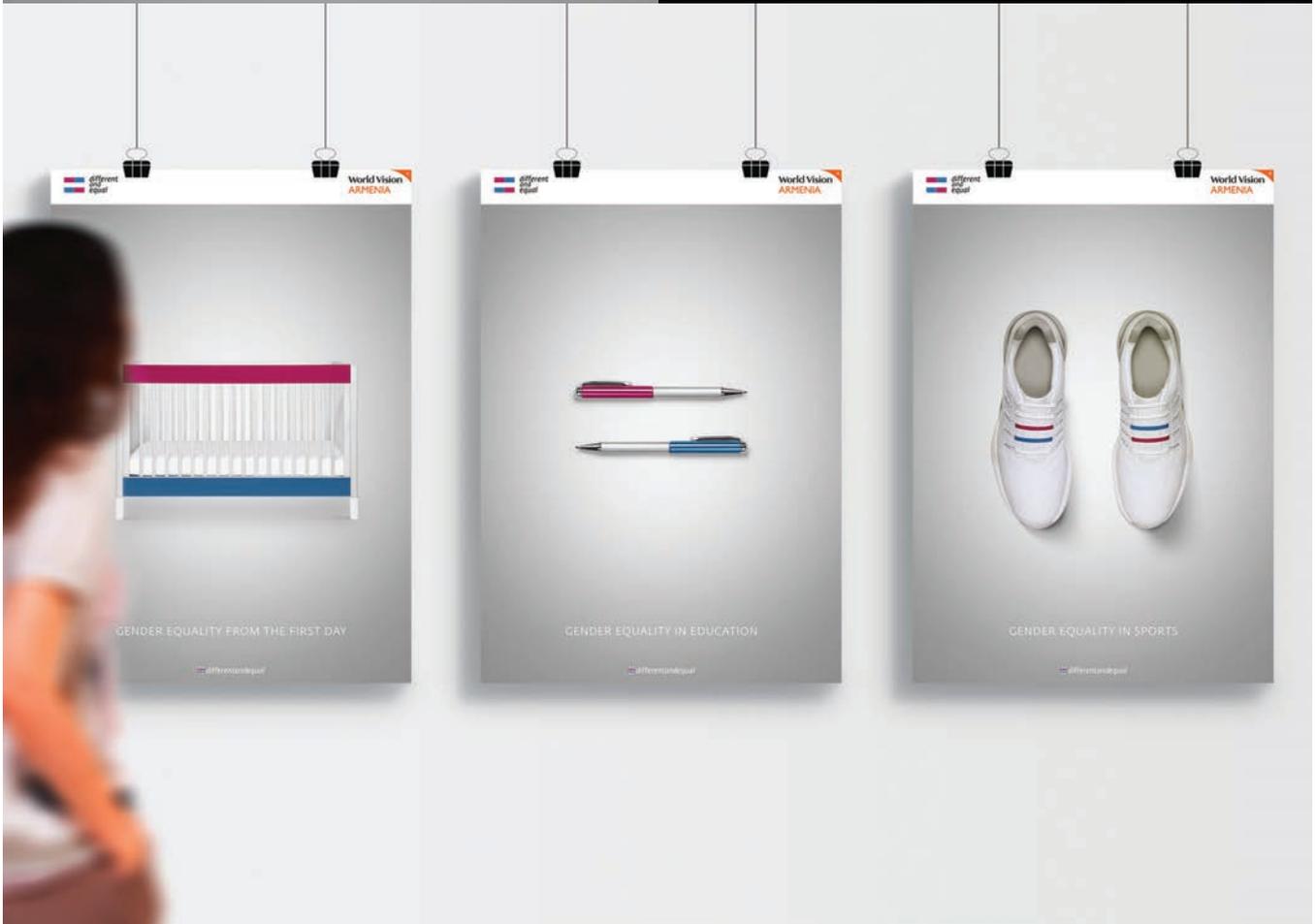


Publicis Armenia Advertising Agency Award in Cannes

Nearly 30 years, in some countries 25% more male births are being registered than female births. According to the United Nations Population Fund (UNFPA), today, around 126 million women are believed to be "missing" around the world as a result of a son preference and a gender-biased sex selection, a form of discrimination. According to the UNFPA, nearly 93,000 women will be missing in Armenian society by 2060 if the country's high pre-natal sex selection rate remains unchanged. This data is troubling as it reflects the ongoing low status of women in different corners of the world.

To raise the awareness and change this cultural issue Publicis Armenia advertising agency developed the "Different and Equal" campaign against sex-selective abortions for World Vision Armenia in December 2016. The colors of the campaign represent two genders which form equality sign being included in different items symbolizing various situations in every child's life. The campaign was highly recognized and highlighted in the international advertising communities such as "Ads of the World".

In June 2019 "The Great Ads for Good" advertising exhibition took place in Cannes, France gathering under one roof 81 of the most creative campaigns in support of good causes, responsible behavior and sustainable development. The organizers gathered the work of 72 agencies from 30 countries. This exhibition is a unique opportunity for agencies to celebrate the best side of advertising at the most prestigious event in the industry. In the framework of the exhibition Publicis Armenia created and presented the "Different and Equal" campaign, which was honored by an ACT Tribute in the Human Rights Category. The ACT Tributes are the "public's favorite good cause ads", selected every year. Online voting is being organized during the advertising events where agencies are being recognized for their outstanding work in promoting and raising awareness campaigns supported by ACT Responsible.





Ensuring Future Prosperity by Educating Children Today: FINCA Armenia Promotes Financial Literacy in Schools

What do these people have in common - a serial entrepreneur from Northern part of Armenia switching from one successful business to another every couple of years, a small convenience shop owner in a remote mountainous village, a young self-employed mom running a small business from home and a passionate gardener? They all strive to create a brighter future for their families with the help of FINCA, an organization committed to enabling low-income people to invest in their futures through innovative and impactful financial solutions. This is what our clients come to us for. But this is not all we can do to help them reach their goals. We believe that in the long run financial literacy is as critical for increasing the living standards, as the access to financial services. This is why financial literacy has been at the heart of our Corporate Social Responsibility (CSR) efforts for years.

To celebrate the new academic year, from September 2 to 13, 2019, FINCA UCO organized competitive financial games aiming to develop basic financial management skills among schoolchildren in all the regions of Armenia. Around 800 students from 40 schools across the country learned how to manage their personal budget properly, to make well-thought purchases and responsible financial decisions, as well as to save money in a fun and playful environment. All this was made possible through a game called “Byudgetik” developed by the Central Bank of Armenia specifically for middle school students.



During the game, students managed the personal budget of the game’s main character for a week, did shopping and made decisions on his behalf. The teams, which made the smartest choices and had the biggest savings amount, won the game.

“It is very important that financial knowledge is available to people from the moment they start dealing with money, that is, from an early age. This is why children’s financial education is always in the center of FINCA’s attention. By educating children today, we are building a more conscious and financially literate generation for tomorrow, who will have a higher quality of life through responsible and smart decisions,” — says Mr. Hrachya Tokhmakhyan, CEO, FINCA UCO.



Partnering to Reunite Children with Their Families



When the Government of Armenia Reform of De-Institutionalization reached Lori province, 250 children were about to leave four residential institutions in the province and return to their biological families. Most of them were residing in these overnight institutions due to extreme social poverty, limited parenting and livelihood capacities, low competitiveness in the labor market and minor disabilities of parents. Due to lack of adequate funding and expertise, the Government failed to ensure a full-scale transitional support to this process. This was where the timely support by the partnership of Save the Children in Armenia, UNICEF and "Aravot" NGO arrived.

For around 8 months, the resilience of families through socio-economic support and holistic case management was strengthened to prevent the re-institutionalization of children and to ensure family support. Towards the end of the provided resources, to keep up this transitional support, a new partnership arose, now, with the private sector. It was very timely when Rosgosstrakh Armenia, another AmCham member and the largest private insurance company in Armenia, approached Save the Children for a New Year initiative of a social purpose. 80 children in Lori wrote letters to Santa and got every single gift they wished for, including wheelchairs, bicycles, computers, and many more. Rosgosstrakh Armenia employees fulfilled these wishes and dreams. When

they met the children, the excitement and emotional touch was above imagination. Rosgosstrakh Armenia demonstrated its willingness to continue, and this was where their resources could complement the existing efforts effectively. They clearly perceived the need and their role in addressing it by funding the core intervention for additional two months. The trust they demonstrated towards Save the Children in Armenia was obliging and strategic. Their engagement happened only with the pre-condition of having Save the Children as the entity that ensures efficient spending of funds, as well as the financial accountability for the overall efforts through rigorous monitoring and oversight.

Trust, collaboration, insight for a social cause made Rosgosstrakh Armenia a partner with Save the Children in promoting a zero case of re-institutionalization of children and ensuring that children live in a safe and caring families where parents have basic parenting, housekeeping and family budget management skills, and whereas children attend regular schools and are cared for. Save the Children particularly appreciates those partnerships not only for funding support, but also for enhanced social perspectives and insights of private sector organizations, especially, those who are willing and able to make a change in the best interest of each child in Armenia.





A New, Higher Level of Quality from SolarOn

The first Armenian solar panels manufacturer receives Certificates from TÜV InterCert SAAR International Certification Bureau.

Founded in 2017, Solaron aims to become the catalyst for the development of the solar energy industry in Armenia and in the long term to contribute to the transformation of Armenia's energetics to its own resources, and it is renewable energy.

In order to make the panels production process more up to date, this year a modern and innovative production line was acquired by the Italian company Ecoprogetti, which allows to fully automate the production process and increase production capacity.

Ecoprogetti is an internationally recognized company that is among the top 5 photovoltaic companies in the world thanks to its high quality products.

The line performs several actions simultaneously, making the level of human intervention minimal. The features of the line are:

- patented hybrid welding technology,
- the most compact aggregate on the market,

- Works with PERC, HJT, BI-FACIAL, MONO and POLY cells
 - Four-sided robot with the ability to mount a successive chain of solar cells on the glass without disturbance;
 - low service function;
 - 5 and 6 bass-bars(BB) standard welding,
 - Working with 156X156MM and 156,75X156,75mm cells
- The line also includes the Ecolab EL automatic testing system, a completely new approach to electromagnetic radiation testing. It enables complete control of the product quality before and after lamination. Due to innovations Solaron was awarded several internationally recognized Certificate Institutions this year.

The first Armenian solar panels manufacturer receives certificates from TÜV InterCert SAAR International Certification Bureau.

SolarOn's PV panels receive certificates from Fraunhofer Institute for Solar Energy Systems ISE (Deutschland): SolarOn makes every effort to make his vision come true and make Armenia 100% solar powered.



Who Runs the World...?

McCANN
YEREVAN



“There is no tool for development more effective than the empowerment of women.”

Kofi Annan

Being a company, which shares this vision McCann Yerevan envisions its future development with empowered female employees. Nowadays, companies all over the world promote gender equality and women empowerment in workplace. McCann is not an exception. Most of our staff are female and we can surely say that they are our energizing force. In order for them to feel more empowered, promoted and of course, equal, McCann Yerevan stepped out of the box and signed the Women Empowerment Principles (WEPEs) by UN Women. By signing WEPEs we make gender equality our top priority and we hope to be a role model for other companies to sign WEPEs and to encourage and empower their feminine part of staff.

At the beginning of December, our Deputy CEO Irina Chaltikyan participated and gave a speech in **“Business Leaders Drive for Change”** 2019 WEPEs Forum in Georgia. Three more representatives who signed WEPEs were present from Armenia in this forum Elena Kozhemyakina, Head of Marketing- MBG Hospitality, Parandzem Avagyan, Head of Marketing and Communications- Armenia Securities Exchange, Isabella Adilkhanyan, CFO- C-Quadrat Ampega Armenia.

What is WEPEs? Seven principles tailored to meet the needs, priorities, rights and equal opportunities for girls and women. Here they are:

- Establish high-level corporate leadership for gender equality.
- Treat all women and men fairly at work — respect and support human rights and non-discrimination.
- Ensure health, safety and well-being of all workers, regardless of gender.
- Promote women’s education, training and professional development.
- Implement enterprise development, supply chain and marketing practices that empower women.
- Promote equality through community initiatives and advocacy.
- Measure and publicly report on progress to achieve gender equality.

A key contributor to effective independent board leadership is diversity of thought, which requires directors with different skills, backgrounds and expertise.

Go ahead empower girls for better life quality.



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WHY AMCHAM ARMENIA?

- The biggest, longest standing and **MOST INFLUENTIAL LEADING INTERNATIONAL BUSINESS ASSOCIATION**, operating **since 2000**, dedicated to promote US-Armenia economic and commercial relations
- **More than 140+ members** from various sectors of the economy, AmCham works to improve the business environment through advocacy and lobbying to establish favorable eco-system for investments
- **Excellent source of information** on Armenian business community via **the only English-language business magazine in Armenia and monthly newsletter**
- Among AmCham members are American, British, French and other European and local companies
- AmCham is on the board of SME DNC council and is a member of the **U.S. Chamber of Commerce** and **European Council of American Chambers of Commerce**

AmCham Contribution to the Armenia Economy as of 2018

	# of Employees	# of Tax Payers	# of Tax Payers from Import	Total Turnover	Profit Tax	Income Tax	VAT	Turnover Tax	Other - including Environmental Taxes from import	Customs Duty	Excise tax	Export
				USD	USD	USD	USD	USD	USD	USD	USD	USD
				'000	'000	'000	'000	'000	'000	'000	'000	'000
AmCham in Armenia Outlook	17,718	141	67	777,605	23,813	45,751	49,071	119	5,279	4,763	30,495	66,968
Total Armenia Outlook	506,000	146,158	8,775	17,231,985	342,645	687,175	1,008,063	38,872	241,264	112,763	78,197	2,347,833
AmCham Contr. %	4%	0%	1%	5%	7%	7%	5%	0%	2%	4%	39%	3%

PRIME MINISTER OF RA NIKOL PASHINYAN PARTICIPATED IN AMCHAM END-YEAR MEETING

Prime Minister Nikol Pashinyan attended the American Chamber of Commerce in Armenia (AmCham), year-end meeting. The meeting was also attended by the U.S. Ambassador to Armenia Lynne Tracey, the AmCham Board of Directors, more than 100 members, as well as representatives from the Armenian Government and International Donor Organizations.

Addressing the audience, the Prime Minister noted that from the very first days of 2018 political revolution in Armenia, his Government set an agenda of economic revolution. He singled out three main tools of the economic revolution:

- Fight against corruption,
- Abolition of monopolies,
- Fight against the shadow economy.

“The immediate actions planned for the first stage were aimed fighting the corruption, and they were justified, as the Government expects 7% economic growth in 2019, which should bring drastic and tangible changes in the economy, and most of the changes will be a vision for the future. Of course, we understand that these three tools have some limited potential, and need to be expanded, as those instruments’ potential will at some point be exhausted,” the Prime Minister said, adding that the Government should plan and apply new instruments for the further economic development.

In this regard, Prime Minister Pashinyan said that the Government will introduce a new toolkit in 2020, which includes the amendments to the Tax Code, which reflect the Government’s perception for the future of the Armenian economy and development vectors.

“As a first step, it is the introduction of a flat income tax, which was criticized in an ideological nature. I want to say, that the proposed legislative amendment reflects our understanding of the economic trends, and we want to stimulate those areas which are considered as high-wage sectors. We know that the income tax will be substantially lowered for high salaries. Starting from 1 January, 2020, a 23 % of flat income tax will be applied and the process will be continued in the future and, eventually, we will have a 20 % flat income tax. A certain reduction is also expected in the profit tax. The most important thing is that we are exempting the micro-business sector from the taxes. This reflects two main vectors of our efforts: firstly, we stimulate the technological investments in Armenia and increase the country’s attractiveness, and in parallel, we adopt the well-known law on start-ups. As a tool for overcoming the poverty, the micro-business is being exempt from taxes because our perception is that there is no other way out of poverty than work. Therefore, if we want to help our citizens to overcome poverty, we must create new jobs,” Prime Minister Nikol Pashinyan said.

The Prime Minister stressed that the government is implementing specific programs to overcome poverty and the social policy is aimed at providing labor incentives. Prime Minister Pashinyan also mentioned the Law on VAT returns arrears has already been approved and a relevant process is on its way, and the Government plans to repay 45-56 billion AMD VAT arrears to the businesses. “By the way, we are talking about overdue debt, but in the meantime, we have already doubled the rate of VAT returns for the first 10 months of 2019 as compared to 2017. That is, 114 billion AMD VAT returns settled vs.



54 billion AMD returns in 2017 in the first 10 months of this year. This is the value which was removed from the economy, unfairly, or due to legal inconsistencies. And now we are sending that money back into the economy for a turnover. Of course, we do not have repressive or administrative leverages to compel entities to invest in the Republic of Armenia. But we have made an appeal to those companies that have received the VAT refunds, calling on them to reinvest that money in Armenia. Indeed, some of them will respond to this call, and we will welcome such companies as our partners," the Prime Minister said.

Referring to the current investment environment in Armenia, Prime Minister Pashinyan noted that he

cannot say that the Government has reached an ideal situation and added that we have well-known and latent issues in this area which are under the Government's spotlight. In the Premier's words, a key development factor from the institutional point of view or one of the biggest obstacles today is lack of a developed securities market. "This creates problems both for companies and citizens because citizens have no alternative to invest except the banking system, and companies have no alternative to attract new funds except the banking system. Unfortunately, we cannot boast that the interest rates in our banking system are low, but we must note that there is a clear process of lowering interest rates in the banking system. It should be also pleasantly noted that a number of entities did not wait for the development of



PRIME MINISTER OF RA NIKOL PASHINYAN PARTICIPATED IN AMCHAM END-YEAR MEETING

the securities market and have taken the lead of issuing securities,” the Head of Government said.

Speaking about the foreign investments, the Prime Minister said that there are some issues, still specific criteria has been developed for assessing the situation. “There is a strong tool available for the international community engagement in the economic activity in Armenia, as the Eurobonds have a record low interest rate for Armenia and a record high demand in Armenia. We are going to refinance the debt of USD 500 million, though the market demand is over 2 billion dollars. Here we will have to deal with one of the most important issues -

capital expenditures. The capital spending in Armenia has always been accompanied by various institutional bottlenecks. Following the events of 2018, this problem was aggravated by another component - the fight against corruption, which has not allowed us to exercise or overstate our plans for capital expenditures,” the Premier said, noting that the Government is very sensitive on the matter of tenders and will do everything possible to prevent the bad practices. “What does this have to do with the Eurobonds? We can see that the Republic of Armenia is capable to implement mega projects as a serious boost for the economy. In this regard, we need to make balanced and accurate decisions on such mega projects in order to



stimulate the economy in the best possible manner.

We can also see that we have the necessary potential to fund such projects, namely the issue of the new Eurobonds. This should be discussed for specific projects. Another piece of good news is that the Government can attract funds from the internal market. Most importantly, the high economic mood available in Armenia instills hope that we will be able to step up the growth rates in 2020. In this regard, I would like to state that the most authoritative international organizations have reassessed our country's growth forecasts for the coming years, and they all have estimated the growth to be higher than before. Against this backdrop, we are left with the task of addressing issues of speed, efficiency, and effectiveness of legislative, regulatory and government responses. We can state that the base for a new economic activity is ready," Prime Minister Pashinyan emphasized.

It is crucial for the public at large to trace down this causal connection, that is, to see the businessman's image change in our country, since no improvement will come without shaping a new attitude toward the business. We are past the time when the economy was

fueled by the exploitation of human beings. Modern, well-developed companies are the ones that sometimes make disproportionate investments as part of their social responsibility projects," Prime Minister Pashinyan said.

Taking the opportunity, the Prime Minister thanked all the AmCham Member Companies that are generating added value in our country, paying taxes and promoting Armenia's economic development.

"Our Government had set the task of changing the image, the concept, and the perception of the economic entities in Armenia. I feel that we have tangible changes in this field as business people are gradually taking on a new image, especially in the context of the increased state budget receipts. They are growing as the Government fights against the shadow economy through specific tools to boost the economy. But above all, the revenue surplus comes primarily because there are law-abiding companies, businesses and individuals who create an added value."

At the end of the meeting the Premier answered questions related to economic developments, tax administration and reforms.



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AmCham Armenia and USAID joint Meeting-Discussion



AmCham Armenia and USAID joint Meeting-Discussion



AmCham Armenia and USAID joint Meeting-Discussion



AmCham Strategy Development Meeting



AmCham Strategy Development Meeting



Best Practice Conference. AmChams in Europe



Best Practice Conference. AmChams in Europe



Best Practice Conference. AmChams in Europe



Best Practice Conference. AmChams in Europe



Board meeting with Mr. Mihail Seroka, Desk Officer, US Department of State



Board meeting with Mr. Mihail Seroka, Desk Officer, US Department of State



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Digital Economy Committee Meeting



Digital Economy Committee Meeting



Digital Economy Committee Meeting



Digital Economy Committee Meeting



Digital Economy Committee Meeting

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GE Aviation Czech Meetings



GE Aviation Czech Meetings



GE Aviation Czech Meetings



GE Aviation Czech Meetings



GE Aviation Czech Meetings



Student Engagement Project by AUA and NerUzh Project by the Ministry of High-Tech Industry of Armenia



Student Engagement Project by AUA and NerUzh Project by the Ministry of High-Tech Industry of Armenia



Student Engagement Project by AUA and NerUzh Project by the Ministry of High-Tech Industry of Armenia



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Meeting with Global Citizen Forum Representatives



Meeting with Global Citizen Forum Representatives



Meeting with Global Citizen Forum Representatives



Meeting with Global Citizen Forum Representatives



Meeting with Global Citizen Forum Representatives



Meeting with Global Citizen Forum Representatives



Interview with Mr. Suren Papikyan, Minister of Territorial Administration and Infrastructures



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Sustainable Waste Management International
Experience sharing in Armenia



Sustainable Waste Management International
Experience sharing in Armenia



Sustainable Waste Management International
Experience sharing in Armenia



Sustainable Waste Management International
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Experience sharing in Armenia



Sustainable Waste Management International
Experience sharing in Armenia



Tax, Customs and Fiscal Policy Committee Meeting



Tax, Customs and Fiscal Policy Committee Meeting



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FMCG Committe Meeting



Breakfast Meeting with Mr. Zareh Sinanyan, High Commissioner for Diaspora Affairs



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Breakfast Meeting with Mr. Zareh Sinanyan, High Commissioner for Diaspora Affairs



Breakfast Meeting with Ameria



Breakfast Meeting with Ameria

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