

ARMENIA

BASIC FACTS ABOUT PEI ARMENIA

Timescale: Phase I, April 2012–January 2014. Phase II, October 2014 – December 2016

Partners: The Ministry of Nature Protection, Ministry of Economy, Office of the Prime Minister (Deputy Head of Staff of the Government), Regional Administration of Syunik Marz, Local authorities of four communities (Pilot Area). Intergovernmental multi-stakeholder National Council on Sustainable Development chaired by the Prime Minister of Armenia will ensure strategic oversight.

Focus: Poverty reduction and inclusive development by building capacity to incorporate Ecosystem Service (ES) valuation approach tools as it links Poverty-Environment objectives into decision-making processes, new laws, standards and regulations.

MAINSTREAMING CONTEXT

Armenia is ranked as a middle-income country. The global economic crisis in 2008-2009 largely affected the economic decline and poverty alleviation process and jeopardized the achievement of many of the development targets set in National Sustainable Development Strategy. The estimated poverty gap in 2010 was 8.1 percent as compared to 5.1 percent in 2008, whereby the severity of poverty was estimated to be 2.5 percent as compared to 1.4 percent in 2008. Whilst agriculture and mining are considered to be important engines of growth in Armenia, unsustainable practices within these sectors have led to significant degradation of natural resources and high levels of pollution. Limited economic and policy-relevant information about sustainable management of natural capital are often a reason for inadequate integration of environment in macroeconomic and sectoral policies.

MAIN ACTIVITIES

Establishment and capacity-building of the Expert Group on (i) ES concepts, (ii) ES valuation methodologies, (iii) the direct and indirect drivers of ecosystem change, (iv) ES risks and opportunities, (v) policy options that will sustain the capacity of ES to meet the needs of poor hence strengthening the Sustainable Development Strategy of Armenia, and (vi) ES monitoring and feedback mechanisms. Particular emphasis will be placed on enhancing the Expert Group's capacities to conduct detailed economic valuation.

Case studies focused on provisioning and regulating services and the importance of maintaining them will be undertaken through a multi-stakeholder consultative process. Particular emphasis will be placed on target areas where mining activity takes place surrounding protected areas.

ACHIEVEMENTS

Increased awareness and political support generated through extensive stakeholder consultations with key government partners, especially at regional and local level;

Improved understanding of major stakeholders on the linkages between ecosystem services, natural capital, economic development and human development through the inception workshop and extensive

bilateral consultations.

LESSONS LEARNED

Full use of the inception period allows for the refining of the programme approach, formulation of realistic and implementable programme objectives, and proper selection of pilot site.

Lack of systematic cost-benefit analysis and alternative scenario development options during the development of projects and plans is a major challenge.

Results of pilot projects should be linked to relevant strategies at subnational and national levels and have the potential for replication.

Several specific challenges (legislative gaps, private sector interest, etc.) need to be considered in order for the potential of the ES valuation method to address poverty to be maximized.

WAY FORWARD

Elaboration of a compendium of user-friendly materials and establishment of a communication platform between relevant stakeholders and partner institutions working on similar research in Armenia to enhance collaboration and synergies by transferring research results and environmental economic information to policymakers.

Since 2000, several fiscal economic instruments are being used in Armenia in the national environmental policy framework; however the concept of “ecosystem services” is missing entirely from the legal and regulatory frameworks. Incorporate principles of eco-service valuation into new environmental framework law and other relevant policy and planning strategies.

Develop a capacity-building programme for key stakeholders based on pilot study results in mainstreaming ecosystem services within sectoral development plans and poverty reduction strategies.