

Falling into the same trap: The EBRD's indirect exposure to the Amulsar gold mine



Amulsar gold mine in Armenia.

The European Bank for Reconstruction and Development (EBRD) has become entangled once again in the controversial Amulsar gold mine in Armenia – this time indirectly, through its financial intermediary Ameriabank. This renewed exposure raises serious concerns about the Bank's compliance with its own Environmental and Social Policy, particularly given the unresolved legacy issues from its previous involvement in the project.

The Amulsar project is a controversial mining investment whose environmental and social risks have been extensively documented.¹ Since the cessation of mining operations in 2018, the project operator Lydian Armenia (a subsidiary of Lydian International) has attempted to attract further international investment.

These efforts have proved unsuccessful due to the project's high environmental and social risks, which have drawn widespread public opposition. A landmark

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¹ CEE Bankwatch network, [Amulsar gold mine, Armenia](#), accessed 18 May 2026.

ruling by the Administrative Court of Armenia in December 2024 identified serious deficiencies in the project’s environmental impact assessment (EIA), a process described as flawed and overly formalistic.² Despite these shortcomings, however, the project is now being revived without addressing these underlying issues.

From direct investor to indirect enabler

In January 2024, Lydian Armenia donated a 12.5% stake in the company to the Armenian government.³ This was swiftly followed by the government’s decision to use its shareholding to provide state-backed guarantees for financing to five private Armenian banks to support the project.⁴ The banks approached – Ardshinbank, Acba Bank, ID Bank, Inecobank, and Evocabank – ultimately declined to participate, with some indicating that involvement would conflict with their environmental and social commitments. In late April 2025, the government amended its decision,⁵ designating Ameriabank as the beneficiary of a state guarantee amounting to USD 150 million in financing.⁶

EBRD’s financial ties to Ameriabank

The EBRD acquired a 20% equity stake in Ameriabank in 2016,⁷ which has since been diluted to approximately 10%.⁸ Ameriabank’s principal shareholder is the Bank of Georgia, another long-standing EBRD client. This means that the EBRD is not merely a passive investor; it is a shareholder in a financial intermediary that is now directly financing a highly controversial project.

Over the past five years, Ameriabank has benefitted from EBRD investments totalling EUR 225 million. In 2025 alone, the EBRD signed two major agreements with Ameriabank, including a EUR 50 million risk-sharing framework agreement and a loan package of up to EUR 150 million aimed at supporting micro, small, and medium-sized enterprises. This relationship is particularly significant given that Ameriabank is now providing the primary financing for the Amulsar project. The loan facility is the key factor enabling the project’s revival and the intensive construction currently underway at the site.

² Ecolur, [Հրապարակվեց Ամուլսարի գործով 2015թ-ից ի վեր ընթացող դատական գործի վճիռը](#), 4 December 2024.

³ Prime Minister of the Republic of Armenia, [«Լիդիան Արմենիա»-ի բաժնետոմսերի 12,5 տոկոսը կանցնի ՀՀ կառավարությանը, այսինքն՝ ՀՀ ժողովրդին. Վարչապետ](#), 18 January 2024.

⁴ Government of the Republic of Armenia, [Որոշում 27 փետրվարի 2025 թվականի N 220-Ա Բյուջետային երաշխիք տրամադրելու մասին](#), 27 February 2025.

⁵ Government of the Republic of Armenia, [Որոշում 27 փետրվարի 2025 թվականի N 220-Ա Բյուջետային երաշխիք տրամադրելու մասին](#), amended 30 April 2025.

⁶ Transparency International Anti-Corruption Center, [Lawsuit Filed with the RA Administrative Court Against the Government Decision to Provide a Budgetary Guarantee for the Operation of the Amulsar Mine](#), 4 May 2025.

⁷ Loretta Martikian, [EBRD buys equity stake in Ameriabank](#), European Bank of Reconstruction and Development, 21 January 2016.

⁸ Ameriabank, [Significant shareholders](#), last updated 2 April 2025.

The EBRD's Environmental and Social Policy sets out specific due diligence requirements for financial intermediaries that receive EBRD investments, including through equity acquisitions, and establishes dedicated environmental and social requirements for projects within financial intermediary portfolios.

The EBRD claims that the decision to invest in Ameriabank equity was governed by the 2014 edition of its Environmental and Social Policy, which requires the application of relevant environmental and social requirements to all future projects financed by the financial intermediary in the case of equity investments. In this context, Ameriabank was expected to undertake the following actions, while the EBRD retained responsibility for ensuring compliance with these requirements:

- Develop an environmental and social management system (ESMS), including risk assessment and monitoring mechanisms.
- Ensure that these policies and procedures are commensurate with the type of projects and subprojects in its portfolio, including the Amulsar gold mine project.
- Ensure that no subprojects fall under the EBRD Environmental and Social Exclusion List, which includes 'activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage', particularly in light of the Bern Convention decision concerning the Amulsar project.
- Ensure compliance of the Amulsar project, as a high-risk project, with all environmental and social performance requirements established by the EBRD for category A projects.
- Monitor subprojects, including the Amulsar gold mine, regularly update environmental and social records, and ensure compliance with national legislation on environment, health and safety, and labour standards.
- Establish a system of communication on environmental and social matters, respond to related enquiries, and disclose environmental and social impact assessments (ESIAs) for category A subprojects financed by the financial intermediary.

There is no publicly available information that confirms these actions have been taken or that Ameriabank is fully compliant with EBRD safeguards. The EBRD's recent investments in Ameriabank were governed by the 2024 edition of the Environmental and Social Policy, which requires the EBRD itself to apply a defined level of due diligence. Prior to project approval, the EBRD was therefore expected to:

- assess Ameriabank's existing environmental and social policies and procedures, as well as its capacity to implement them;
- evaluate the environmental and social risks and impacts associated with Ameriabank's existing portfolio and expected future projects, including the Amulsar project;

- identify any measures necessary to strengthen the client’s existing ESMS; and
- monitor Ameriabank’s environmental and social performance through site visits and annual reporting mechanisms.

In its response to CEE Bankwatch Network, the EBRD confirmed that, once it became aware of Ameriabank’s involvement in the Amulsar transaction, the Environment and Sustainability Department engaged with Ameriabank to review its ESMS and its approach to identifying and managing higher-risk category A exposures.

However, no information has been disclosed regarding the findings of this review, nor has the EBRD indicated whether any measures were required to strengthen Ameriabank’s ESMS for such a high-risk project. This raises broader questions regarding the adequacy of the EBRD’s due diligence in relation to Ameriabank and its overall compliance with its Environmental and Social Policy.

In 2017, the International Finance Corporation withdrew from the Amulsar gold mine project following complaints by non-governmental organisations and local residents concerning environmental and health risks. In 2020, the EBRD exited the Amulsar project following the restructuring of Lydian International. However, the EBRD’s Independent Project Accountability Mechanism continues to investigate the EBRD’s compliance with its Environmental and Social Policy in relation to the project. Ultimately, this legacy of non-compliance makes the EBRD’s renewed, indirect exposure to the mine in 2026 highly problematic.

Integrity concerns

Since the launch of the Amulsar project, Lydian International has been connected to a series of donations to government- and community-linked entities. In 2013 and 2014, Lydian’s predecessor, Geoteam, reportedly provided approximately USD 150 000 to the Jermuk City Development Fund. The fund was headed by the son of the former mayor of Jermuk – the main affected community. The mayor – who served on the board of the fund – had been a vocal critic of the mining project until 2013,⁹ when he publicly altered his position by expressing support for the development and calling for an end to further public consultations.¹⁰ Subsequently, in 2014, Lydian donated almost USD 250 000 to the Luys Foundation, whose board members included the former President and former Prime Minister of Armenia.¹¹

In addition to these developments, the Armenian government removed several legal barriers to project implementation. Specifically, in July 2014 – just one week before a critical public hearing on the Amulsar

⁹ Ecolur, [Ջերմուկի քաղաքապետ Վարդան Հովհաննիսյանի բաց նամակը՝ ուղղված «Գեոթիմ» ընկերությանը](#), 12 June 2012.

¹⁰ Grisha Balasanyan, [Ջերմուկի քաղաքապետը՝ Ամուլսարի հանքի վերաբերյալ «ապացուցում են, որ դա Ջերմուկին չի խանգարում»](#), HETQ, 3 July 2013.

¹¹ International Federation for Human Rights, CEE Bankwatch Network, Civil Society Institute Armenia, [Amulsar: Human Rights Violations and Environmental Negligence in the Search for Gold](#), June 2022.

gold mine – the government adopted a decree sanctioning the relocation of endangered species.¹² Environmental groups argued that this measure directly bypassed Article 26 of the Armenian Mining Code and other environmental laws, which strictly prohibited open-pit mine in the habitats of endangered fauna and flora.¹³ The decree directly facilitated the handling of *Potentilla porphyrantha*, a strictly protected plant species found within the project’s direct impact zone. Critics contend that without this specific regulatory intervention, the project could not have legally proceeded.

Compounding these issues are long-standing allegations of irregular land acquisition practices. Since 2014, Lydian has acquired 278 plots of land (covering some 150 hectares) from 145 landowners for a total expenditure exceeding USD 2.8 million. However, evidence suggests that a disproportionate share of payments was concentrated among a small group of beneficiaries, including the family of the former village head of Gndevaz, local officials and their relatives.¹⁴ Analysis indicates that 22 of the 145 landowners received approximately 75% of the total compensation. As a result, a criminal investigation was launched against the mayor of Gndevaz, who was subsequently arrested on corruption charges.

Taken together, these historical compliance failures and alleged prohibited practices raise concerns regarding the financial integrity of the project. On 22 February 2023, the government signed [a trilateral memorandum of understanding](#) with Lydian Armenia and the Eurasian Development Bank (EDB) – an interstate financial institution funded primarily by Russian and Kazakhstani capital¹⁵ – announcing an anticipated USD 250 million financing package to relaunch the mine.¹⁶

However, Lydian Armenia later withdrew its loan application, with its executive director citing a prohibitively long time frame for the EDB loan disbursement. Despite being a subsidiary of Lydian Canada Ventures, the company reportedly still faces a USD 100 million financing gap to complete the construction phase.¹⁷ In this context, the cumulative risks outlined above should be considered as contributing to significant project-level integrity risk.

Contextual risks

The Amulsar gold mine project, located in one of Armenia’s most hydrologically and biodiverse areas, poses significant environmental, social and political risks. Ameriabank is now funding a project whose EIA process

¹² Government of the Republic of Armenia, [Որոշում 31 հուլիսի 2014 թվականի N 781-Ն | Հայաստանի Հանրապետության բուսական աշխարհի օբյեկտների պահպանության և բնական պայմաններում վերարտադրության նպատակով դրանց օգտագործման կարգը սահմանելու մասին](#), 31 July 2014.

¹³ Ecolur, [Բնապահպաններ՝ Ամուլսարի ծրագիրն իրականացվում է քաղաքական ու ֆինանսական ճնշումների ներքո](#), 2 December 2014.

¹⁴ Levon Hayrapetyan, [Ովքեր են սեփականաշնորհել և վաճառել Գնդեվազի հողերը](#), HETQ, 29 January 2021.

¹⁵ Eurasian Development Bank, [The Government of Armenia, the EDB and Lydian Armenia to restart the Amulsar gold mine project](#), 22 February 2023.

¹⁶ Armenian Environmental Front, Green Armenia NGO, [250 միլիոն դոլարանոց փուլիկ. հուշագիր Ամուլսարում ոսկու կորզման ծրագրի մասին](#), HETQ, 8 May 2023.

¹⁷ Artak Khulian, [Western Firm Set To Revive Key Mining Project In Armenia](#), Radio Free Europe/Radio Liberty – Armenia, 27 December 2024.

was found to have significant deficiencies, in terms of both the adequacy of the expertise enlisted and the robustness of the assessment underpinning the mining permits.

The court ruling echoes numerous lawsuits and complaints brought by local communities and civil society organisations. In 2018, the Inspectorate Body for Nature Protection and Mineral Resources of Armenia formally requested that the Ministry of Environment revoke approval of the EIA, issued by the then Ministry of Natural Protection in 2016.¹⁸ In 2019, the EIA was formally invalidated by the Ministry of Environment, which identified 13 instances of non-compliance.¹⁹

In April 2025 – almost seven years after the controversy began – the Bern Convention Bureau²⁰ reiterated its request for the Armenian authorities to conduct a new EIA that accounts for all species and habitats within the Amulsar area. The Bureau specifically called for the suspension of all subsoil exploitation permits until the new EIA has been completed, as required by the Inspectorate in 2018.²¹

However, the government has disregarded the Bureau’s concerns, contending that the original 2016 EIA and related environmental permits remain valid and enforceable. The government also claims that there is no legal obligation to conduct new public hearings. The project continues to operate under previously approved environmental management plans and monitoring programmes.²²

Between 2018 and 2024, Lydian Armenia launched more than 20 strategic lawsuits against public participation targeting human rights and environmental defenders as well as journalists. These lawsuits, typically filed on defamation grounds, have been accompanied by active smear campaigns against critics of the project.²³ In February 2026, Lydian Armenia filed a lawsuit against environmental lawyer Nazeli Vardanyan, seeking a retraction of what the company considers ‘defamatory statements’, made during an interview with media outlet Panorama in January 2026.²⁴

¹⁸ Radio Free Europe/Radio Liberty – Armenia, «Լիդիան Արմենիա»-ին հանձնարարվել է ձեռնպահ մնալ Ամուլսարում ընդերքօգտագործման հետ կապված որևէ գործողություն կատարելուց, 27 August 2018.

¹⁹ Minister of Environment of the Republic of Armenia, [Correspondence from the Minister of Environment to the Chief of Staff of the Prime Minister of the Republic of Armenia](#), 4 September 2019.

²⁰ Secretariat of the Bern Convention, [Convention on the Conservation of European Wildlife and Natural Habitats | Standing Committee | 45th meeting | Bureau meeting | 8th-10th April 2025 | \(Strasbourg\) | Meeting Report](#), 14 May 2025.

²¹ ARKA News Agency, [Armenian inspectorate suggests that Amulsar gold mine stop mining operations](#), 27 August 2018.

²² Ministry of the Environment of the Republic of Armenia, [Convention on the Conservation of European Wildlife and Natural Habitats | Standing Committee | 46th meeting | Strasbourg, 7-11 December 2026 | Bureau of the Standing Committee | 7-9 April 2026 | Strasbourg | Possible File: 2020/04 | The Amulsar gold mine project and its impacts on Emerald Network sites \(Armenia\)](#), 26 February 2026.

²³ International Federation for Human Rights, [Amulsar gold mine: a test for Armenian democracy, a failure for development banks](#), 28 June 2022.

²⁴ Panorama.am, [Lydian Armenia sues environmental lawyer over Panorama.am interview](#), 7 March 2026.

Conclusions and recommendations

On 15 July 2025, a coalition of Armenian civil society organisations issued a statement urging the EBRD to disclose to its partner banks the technical and environmental grounds for its exit from Amulsar project.²⁵ The coalition highlighted the project's significant environmental and social risks, and called on the EBRD to ensure its financing of Armenian banks does not directly or indirectly support the mine.

The EBRD's continued exposure to the Amulsar project – indirectly through a financial intermediary – undermines its environmental and social commitments and poses significant reputational risks. Without decisive action, the EBRD risks repeating past experiences and further eroding its credibility as a development finance institution committed to international standards.

Given these concerns, we call upon the EBRD Board of Directors to take the following actions:

1. Disclose information on Ameriabank's ESMS, including confirmation of whether it is commensurate with the level of environmental and social risks associated with Ameriabank's portfolio – including the Amulsar gold mine project – given the EBRD's equity stake in the financial intermediary. This should be done by updating the relevant project summary documents in line with the EBRD's Access to Information Policy.
2. Provide disclosure information on the environmental and social risks and impacts associated with the EBRD's investment in Ameriabank, taking into account the financial intermediary's existing portfolio, including the Amulsar gold mine project, as well as the EBRD's role as a shareholder. This should likewise be reflected through updates to the relevant project summary documents in line with the Access to Information Policy.
3. Require full compliance with the EBRD's Environmental and Social Policy in relation to equity investments, including verification that Ameriabank's ESMS is commensurate with the risks associated with projects in its portfolio, including the Amulsar gold mine project, and that these projects comply with all applicable EBRD environmental and social requirements for high-risk projects.
4. Ensure that Ameriabank discloses ESIA's for the Amulsar gold mine project as a category A project, and regularly monitors and publicly discloses updates to environmental and social records related to the project.
5. Confirm that Ameriabank does not finance projects that fall under the EBRD's Environmental and Social Exclusion List.

²⁵ Transparency International Ant-Corruption Center, [Civil Society Appeals to EBRD, Urges Armenian Banks to Disclose Reasons for Exiting Amulsar Project](#), 16 July 2025.

6. Suspend any new EBRD investment in Ameriabank until all relevant assessments have been completed and compliance with the EBRD's Environmental and Social Policy has been confirmed, including completion of a new EIA for the Amulsar project, as repeatedly requested by the Bern Convention Standing Committee and its Bureau (2020/04).
7. Conduct comprehensive integrity due diligence on Lydian Armenia, including an assessment of potential risks related to prohibited practices involving Ameriabank's client and the implications for the EBRD's continued involvement.