



PROCEEDINGS OF THE
15th MEETING OF THE STEERING COMMITTEE OF THE NATIONAL POLICY DIALOGUE
ON WATER SECTOR ISSUES IN ARMENIA

April 26, 2016
Yerevan, Armenia

The 15th Meeting of the Steering Committee (SC) of the National Policy Dialogue (NPD) on Water Sector Issues in Armenia was chaired by Mr. Volodya Narimanyan, Deputy Head of the State Committee on Water Systems (SCWS) of the Ministry of Agriculture of the Republic of Armenia.

15th Meetings of the Steering Committee of the NPD on Water Sector Issues in Armenia

The objective of the meeting was to discuss the status of NPD activities and recent developments in water sector of Armenia, as well as the progress in implementation of the EU Water Framework Directive (WFD) principles in Armenia. The meeting also served as platform for establishing synergies with other international water projects implemented in Armenia.

In the ***opening session*** Mr. Narimanyan welcomed the participants of the meeting, and presented the main points of the agenda. The SC members adopted the agenda as it was presented. Opening statements were made by Mr. John Barker from the Delegation of the European Union (EU) to Armenia, Ms. Tatiana Efimova from Organization for Economic Cooperation and Development (OECD)/Environmental Action Programme (EAP) Task Force Secretariat, and Mr. Peep Mardiste from the United Nations Economic Commission for Europe (UNECE).

In his remarks Mr. Barker welcomed the participants of the meeting, and stressed the importance of the platform, which the NPD is serving for. He also mentioned about the European Investment Bank loan of 30.7 mln Euro for financing the improvement of the quality and reliability of water supply services and the upgrading of wastewater treatment in Armenia, and the planned grant of 15 mln Euro within the EU Neighbourhood Investment Facility.

Ms. Efimova also welcomed the participants and stressed the importance of NPD as a good opportunity to discuss water issues. She highlighted that this year Armenia celebrates 10th anniversary of NPD in the country, which has played a significant role in water sector reforms. She also mentioned about the plans to continue the cooperation with Armenia through the NPD.

On behalf of UNECE, Mr. Mardiste made short opening remarks, describing the NPD process in the 9 countries of Eastern Europe, Caucasus and Central Asia. He stressed that NPD is a discussion platform to create additional layers to already existing discussions in the countries in support of water policy reforms, and provided few remarks on the dynamics of NPD process in these countries in the last 10 years. Mr. Mardiste also talked about regional cooperation within the NPD process, and informed about the recent participation of the Armenian delegation to the NPD SC meeting in Georgia, held on April 5, 2016, and earlier participation of the Armenian representative to the NPD SC meeting in Tajikistan, where the experience of irrigation sector reforms of Water Users Associations (WUAs) in Armenia was presented to Tajik colleagues.



After the opening remarks and adoption of the agenda, the Chairman of the SC briefly updated on the status of NPD activities, as well as recent developments in water sector of Armenia. Mr. Narimanyan mentioned that the Armenian government has already embarked on second-generation reforms in drinking water economy and has already taken some steps to make ties between public and private sectors closer in the territories serviced by “Yerevan Jur”, “Armenian Water and Sewerage Company”, “Lori Water and Sewerage”, “Shirak Water and Sewerage Company” and “Nor Akunk”. The aim of the reforms is to improve the quality of water supply services and management of water resources and to enhance financial sustainability of the water economy. In accordance with the government’s decision, one operator will be chosen through tender and all the mentioned companies will be handed over to the winner for a 15-year management. Ms. Luisne Taslakyan, Deputy Head of the Water Resources Management Agency of the Ministry of Nature Protection of the Republic of Armenia briefly presented the recent developments in the sector of water resources management, including the Government of Armenia Resolution No 338-N “On Approving the River Basin Management Plan (RBMP) for Ararat River Basin District (RBD) for the Period 2016-2021 and the Priority Program of Measures”, adopted on March 31, 2016.

The **first session** of the meeting was facilitated by OECD and included discussion of economic and financial aspects of water sector reforms in Armenia. First, Ms. Efimova summarized the work on economic aspects of water management reform in Armenia, and then briefly presented the overall objective of the on-going project “Assessing the environmental and economic value of water: Review of existing approaches and application to the Armenian context”. Afterwards, Ms. Gloria de Paoli from “Acteon” Environmental Research and Consultancy Organization and Mr. Vahagn Tonoyan, water management expert, presented the preliminary results of the project, paying particular attention to the assessment of value of water in agriculture, taking into consideration the case studies in “Jrvezh-Dzoraghbyur” and “Kapan” WUAs. In their presentation Ms. de Paoli and Mr. Tonoyan described the project, concept and methodology, the economic dimension of RBMP in Armenia, the preliminary results of valuation of water in agriculture, and raised policy questions for discussions.

The presentation were followed by Q&A session, during which several issues, including the water use efficiency, water pricing, valuation of water for other sectors, differences in residual value of water and efficiency of subsidies in irrigation sector, were discussed.

Based on the results of the presentations and follow-up discussion the following decisions were made:

- *The Steering Committee notes the preliminary results of the residual value of water for irrigation, and calls on fine-tuning the assessment and the results;*
- *The Steering Committee suggests including in the study brief analysis of the subsidies for the pilot areas, and proposing possible options on the amount and mechanism of subsidies.*

The **second session** of the SC meeting was devoted to future plans of the European Union Water Initiative (EUWI) NPDs and UNECE/World Health Organization (WHO) Protocol on Water and Health in Armenia. First, Mr. Mardiste made a brief presentation on the planned EUWI+ project for 2016-2020. In his presentation he described the current EU regional projects with links to water issues, and then talked about the planned EUWI+ project and the expected results.

Afterwards, presentations were made on UNECE-WHO/Europe Protocol on Water and Health. Ms. Taslakyan described the activities planned by the Ministry of Nature Protection of Armenia to promote the ratification of the Protocol, as well as the need for updating the defined short-term targets in line with recent developments and already implemented measures. Ms. Emma Anakhasyan from the “Armenian Women for Health and Healthy Environment” NGO updated the participants on the progress made within the “Self-Assessment of Equitable Access to Water and Sanitation in Armenia” project. In her presentation she



described the overall objective of the project, timeline, progress made so far, as well as the expected results. Ms. Nune Bakuntz, Deputy Director of the National Centre for Disease Control and Prevention of the Ministry of Health of the Republic of Armenia, presented the health component of the UNECE/WHO Water and Health Protocol, and implications for Armenia, as well as health related targets, defined for Armenia.

The presentations were followed by Q&A session, during which the participants of the meeting discussed issues related to defined targets according to sectors (environmental, water resources management, water supply and sanitation, health), need for formal adoption of the targets either through Government Resolution or Government of Armenia Protocol Session Resolution, status of actual implementation of the targets, identification of vulnerable groups, data gaps and related topics.

Based on the results of the presentations and follow-up discussion the following decisions were made:

- *The Steering Committee stresses the importance to continuing the works towards ratification of the Protocol in Armenia;*
- *The Steering Committee highlights the need for formal adoption of the targets through Government Resolution, Government of Armenia Protocol Session Resolution or other legal act (Order, Regulation, etc.).*

The **third session** of the meeting was devoted to updating recent developments in water sector, as well as ensuring synergies with other international water projects implemented in Armenia.

First, sectoral developments were presented by the representatives of stakeholder organizations. Mr. Mushegh Karapetyan, Adviser of the Water Supply and Sanitation Systems Department of the SCWS of the Ministry of Agriculture of the Republic of Armenia, presented the priorities and recent development in drinking water supply and sanitation sectors. He particularly talked about the Government of Armenia Resolution No 888-N of August 14, 2014 “On Defining the Form and Timeline of Public-Private Partnership in the Territories Served by “Yerevan Jur”, “Armenian Water and Sewerage Company”, “Lori Water and Sewerage”, “Shirak Water and Sewerage Company” and “Nor Akunk” Closed Joint Stock Companies”. Mr. Karapetyan mentioned that according to that resolution, one operator would be chosen for a 15-year management contract of the system, and presented the advantages of such approach.

Mr. Vrezh Galoyan, Adviser to the Chairman of the SCWS of the Ministry of Agriculture of the Republic of Armenia, presented reforms in irrigation water supply and the works of WUAs, emphasizing the projects supporting the transfer from mechanical to gravity irrigation schemes. He also touched upon the improvements in performance indicators of WUAs.

Ms. Taslakyán presented the recent developments in the field of overall water resources management and protection, and also talked about the priority directions of development. She particularly mentioned the recent revision in the Republic of Armenia Water Code and the law “On National Water Program”, the Government of Armenia Resolution on adoption of the RBMP for Ararat RBD, and Government of Armenia Protocol Session Resolution No 43 (October 16, 2014) on expanding the groundwater monitoring network from 70 monitoring springs and wells to 128. Speaking about priority directions, Ms. Taslakyán mentioned the support in implementation of the program of measures of the RBMPs developed so far, development of RBMPs for Sevan, Hrazdan and Northern RBDs, strengthening the water quantity and quality monitoring system, revision of the surface water quality norms, development of precise water balance for the major 14 river basins in Armenia, revision of the environmental flow methodology, introduction of biological monitoring system and technical strengthening of the State Water Cadastre Information System.



Mr. Artyom Ghazaryan, Chief Specialist of Tariff Policy Department of the Public Service Regulatory Commission of the Republic of Armenia, presented the current situation in water tariff policy in Armenia and development priorities.

The presentations were followed by Q&A session, during which the participants of the meeting exchanged ideas and discussion the policy implications for the identified sectoral priorities.

Based on the results of the presentations and follow-up discussion the following decision was made:

- *The Steering Committee takes into consideration the sectoral priorities, and stresses the role of the NPD as a platform to discuss those priorities and support the corresponding reforms.*

Afterwards, presentations were made by representatives of international organizations, implementing water-related projects in Armenia.

Mr. Tonoyan presented the EU funded “Environmental Protection of International River Basins” Project progress up to date, activities in the extension period and cooperation with the EUWI National Policy Dialogue in Armenia.

Mr. Varazdat Mkrtchyan from the Water Sector Project Implementation Unit (PIU) of the SCWS presented the reservoir construction projects in Armenia. Particularly, he presented Japanese International Cooperation Agency (JICA) funded project on reconstruction of Yeghvard Reservoir, KfW Bank funded project on construction of Kaps Reservoir and related gravity system, and French Development Agency funded project on construction of Vedi Reservoir.

All the presentations of the projects were followed by Q&A session, during which the SC members discussed the coordination between the projects and synergies with the Government priorities in water sector of Armenia, as well as perspective plans for construction of additional reservoirs, including Mastara reservoir and Karmir Gyugh reservoir.

The **fourth session** of the NPD Steering Committee meeting was devoted to identification and discussion of national and transboundary water issues. Regarding transboundary cooperation, Mr. Narimanyan mentioned the recent visit of the Armenian delegation to Georgia to attend the Georgian NPD Steering Committee meeting and discuss potential transboundary cooperation aspects. He added that the Armenian side is ready for cooperation, including exchange of experience in water management, institutions, legal framework, monitoring and other aspects. He also mentioned about the recent study tour of Georgian specialists of irrigation sector to Armenia, to get acquainted with the reforms and on-going work of WUAs in Armenia, and added that experience in the drinking water supply sector reforms can also be shared and discussed with the Georgian colleagues.

On behalf of the Environmental Impact Monitoring Centre of the Ministry of Nature Protection of Armenia Ms. Gayane Shahnazaryan indicated the readiness of the Armenian side to continue the joint monitoring works in Khrami-Debed transboundary River Basin, which were conducted until 2012 with the financial support of the EU Kura Phase II and EU Kura Phase III projects.

Ms. Taslakyany mentioned development of transboundary RBMP for Khrami-Debed RBD as another potential aspect of the Armenian-Georgian cooperation in water sector.

Summarizing the discussions on transboundary cooperation Mr. Mardiste indicated that UNECE can play active role in facilitation of such cooperation, and suggested also considering the potential bi-lateral water



agreement, given that currently there is an Armenian-Georgian bi-lateral agreement on environment, but it does not specify cooperation aspects in water sector. He brought the Georgian-Azeri draft cooperation agreement on Kura as an example.

Afterwards, sectoral and inter-sectoral issues and priorities were discussed with participation of the representatives of the Ministry of Nature Protection, Ministry of Energy and Natural Resources, Ministry of Agriculture, and other members of the Steering Committee.

In the ***closing session*** of the 15th Meeting of the SC of the NPD on Water Sector Issues in Armenia the chairman recalled the Steering Committee ***decisions*** made, as follows:

DECISIONS OF THE STEERING COMMITTEE

1. The SC notes the preliminary results of the residual value of water for irrigation assessed within the OECD study “Assessing the environmental and economic value of water: Review of existing approaches and application to the Armenian context”, and calls on fine-tuning the assessment and the results;
2. The SC suggests including in the OECD study “Assessing the environmental and economic value of water: Review of existing approaches and application to the Armenian context” brief analysis of the subsidies for the pilot areas, and propose possible options on the amount and mechanism of subsidies;
3. The SC stresses the importance to continuing the works towards ratification of the UNECE-WHO/Europe Protocol on Water and Health in Armenia;
4. The SC highlights the need for formal adoption of the targets, defined for Armenia within the UNECE-WHO/Europe Protocol on Water and Health, through Government Resolution, Government of Armenia Protocol Session Resolution or other legal act (Order, Regulation, etc.);
5. The Steering Committee takes into consideration the sectoral priorities, and stresses the role of the NPD as a platform to discuss those priorities and support the corresponding reforms.