



EAP Task Force

**National Policy Dialogue
on the Integrated Water Resources Management
in Armenia**

Fourth meeting of the Steering Committee
04 March 2010
Picasso Conference Hall of the Congress Hotel
1 Italy str., Yerevan

PROCEEDINGS OF THE MEETING

The meeting was chaired by Mr. Volodya Narimanyan, Deputy Head of WRMA of the Ministry of Nature Protection of Armenia. Opening remarks were made by Mr. Peter Borkey from OECD and Mrs. Gulnara Roll from UN ECE.

During the first session the financial dimensions of water resources management in the Marmarik River basin were discussed. Mr. Narimanyan presented the purpose of launching a new activity related to issues of financing water resources management in Marmarik River basin. Mr. Borkey presented OECD work on financing water, and Mrs. Tatiana Efimova presented the approach applied in the analysis of financing water management in the Marmarik River basin. Afterwards, Mr. Vahagn Tononyan presented the analysis of baseline scenario versus improvement scenario, including the assessment of O&M and capital costs in all relevant sub-sectors in the basin. The presentations were followed by discussion and Q&A session.

The second session of the Steering Committee meeting was devoted to discussion of available financing and existing financing gap in Marmarik River basin. Mr. Narimanyan presented the main instruments in water management financing in Armenia, as well as the status of financing the existing river management plans. Mr. Artur Avagyan, Head of Sevan-Hrazdan Basin Management Organization (BMO) under WRMA presented the principles of BMO financing, activities, annual budget and related items. Afterwards, Mr. Vahagn Tonoyan made a presentation on estimated total available financing in Marmarik basin and existing financial gap. The presentations were followed by discussions and Q&A session. Based on discussion, the Steering Committee made the following decisions:

- a) given the extent of financial deficit, and particularly the huge share of measures related to capital costs, review and realistically revise the proposed program of measures leaving the list of measures only the priority ones,**
- b) propose revision of water abstraction and discharge fees, given the studies conducted by other donors (particularly draft "Water Resources Fee Strategy", prepared within**

USAID/ARD Sustainable Water Resources Management Project, 2000-2004) and taking into consideration the extent and structure of the financial gap.

The third session of the meeting included discussion of development scenarios. Mr. Narimanyan made presented on the need for regulatory reform, which mainly incorporated the vision to transfer of revenue-raising responsibilities from the national to the basin level, creation of the incentives for private investments. Mrs. Gulnara Roll UN ECE made presentation on the innovative financing mechanisms, particularly ecosystem taxes. Afterwards, the representatives of the working group presented development scenarios options which implied a variety of possible water allocation trade-offs, and which will result in improving of water quality and minimizing of seasonal water scarcity in the Marmarik River basin. Based on discussion, the Steering Committee made the following decisions:

c) study the draft soci-economic development program for Kotayq Marz of the Republic of Armenia, and extend the financial analysis in Marmarik River basin in the line with that development scenario,

d) review the sectoral development plans (irrigation, industry, tourism, fisheries, economy) in the basin, paying particular attention to potential increase in tourism sector, and extend the financial analysis in Marmarik River basin in the line with that development scenario,

e) review the expected changes of water demand and supply (water-economic balance) in the line with forecasted climate change in Marmarik River basin, and extend the financial analysis in Marmarik River basin in the line with that development scenario.

The fourth session of the meeting included presentations of other technical assistance projects in Armenia. Representatives of UNDP Climate Change Projects and EU "Transboundary River Management Phase II for the Kura River basin - Armenia, Azerbaijan and Georgia" Project made presentations. The presentations were followed by discussions and Q&A session. Based on discussion, the Steering Committee made the following decisions:

f) to apply to OECD and UN ECE to explore the possibility of assisting in development of comparative analysis legal framework in financing water sector between the Armenian Water Code and EU WFD,

g) to apply to OECD and UN ECE to explore the possibility of assisting in development of proposals towards application of effective economic mechanisms in management of water resources in Armenia, based on the experience from Marmarik River basin,

h) to apply to OECD and UN ECE to explore the possibility of assisting in development of recommendations on payments for ecosystem services in IWRM in Marmarik River basin.

The Steering Committee meeting was concluded by summary speeches by Mr. Narimanyan, as well as representatives of OECD and UN ECE.