



## PROCEEDINGS

of the

### **Seventh meeting of the Steering Committee of the National Water Policy Dialogue on IWRM in Armenia**

The Seventh meeting of the Steering Committee of the National Water Policy Dialogue (NPD) on Integrated Water Resources Management (IWRM) in Armenia took place on December 8, 2011 in Yerevan, Armenia.

The meeting will be chaired by Mr. Volodya Narimanyan, Deputy Head of the Water Resources Management Agency of the Ministry of Nature Protection of Armenia and the Chairman of the NPD Steering Committee.

In his opening remarks during the **first session** Mr. Narimanyan stressed the importance of the NPD on IWRM in Armenia, indicating the success recorded during the last 3-4 years in that regard. Mr. Nicola Di-Pietrantonio, Programme Manager of the Regional Programmes Neighbourhood East of the European Commission (EC), welcomed the participants of the meeting and mentioned the EC is closely following the NPD process in Eastern Europe, Caucasus and Central Asia (EECCA) countries. He added that in February 2012 another EC project on "Protection of Freshwaters and Marine Environment in the Wider Black Sea Region" and particularly the component on "Environmental Protection of International River Basins" will commence, which will cover the Western EECCA countries. On behalf of OECD Ms. Tatiana Efimova welcomed the participants and briefly summarized the work done by OECD on analysis of financial dimension of IWRM in Armenia during the last two years.

As her opening remark, Ms. Gulnara Roll, Environmental Affairs Officer of the United Nations Economic Commission for Europe, made a brief presentation of NPD on IWRM under the European Union Water Initiative (EUWI). In her presentation Ms. Roll provided update on the status of implementation of NPD in 9 EECCA countries, gave some specific examples of development of NPD roadmaps in Tajikistan and Georgia, and talked about the main activities in Armenia within the EUWI NPD since 2007. As for future plans, she mentioned that with the co-financing of the Government of Finland pilot project will be implemented on planning target setting in Armenia under the UNECE Water and Health Protocol.

Afterwards, the participants introduced themselves and adopted agenda of the meeting. Following to that Mr. Narimanyan provided a detailed report on the status of NDP activities in Armenia, highlighting the importance of implementation of pilot projects in Marmarik River basin by UNECE, OECD and UNDP Armenia, as a result of which Decision of the Protocol Session No4 of the Government of the Republic of Armenia of February 3, 2011 was adopted "On Approving the Contents of the Model River Basin Management Plans", which is mainly based on the outcomes of the UNECE and OECD components of the NDP activities in Armenia.

The **second session** of the Steering Committee meeting was devoted to the use of economic instruments for better water allocation in the Debed River basin of Armenia. First, Ms. Efimova made a general presentation on OECD activities in that regard with focus in the EECCA region. In



her presentation Ms. Efimova talked about policies for sustainable management of water, economic analysis needed to inject financial realism into water management plans, and briefly touched upon the evaluation criteria for assessing economic instruments. As for the pilot project in Armenia, she mentioned that the currently on-going project aims to (a) review if and how economic instruments are being used in the Debed river basin and in the water management plan, which was elaborated in the framework of the pilot project on transboundary river management of the Kura river, phase II, with support from the EU, and (b) explore ways to strengthen their use to manage the demand for water, promote low costs options, and raise additional revenues for water policies in the basin.

Then Mr. Narimanyan then summarized the main expectations from the pilot project in Armenia, after which Mr. Pierre Strosser from "ACTeon Environment" and Mr. Vahagn Tonoyan made presentations on economics in Debed River basin. First, Mr. Tonoyan briefly presented the participants overall characteristics of Debed River basin and main water-related issues in the basin, after which Mr. Pierre Strosser made a presentation on the "Economics to support water management: What has been tested in the draft Debed RBMP?". In his presentation Mr. Strosser talked about economic importance of water uses, assessment of current status of water pricing, cost-effectiveness analysis and cost-benefit analysis, and for each aspect presented what the draft Debed RBMP has included and what has not been included. In conclusion, he mentioned that a limited role for economics is placed in the draft Debed RBMP and there is a room for testing economic tools in the forthcoming projects.

In the next presentation Mr. Tonoyan talked about economic instruments and water management in the Debed River basin. Main topics included in the presentation of Mr. Tonoyan included water management issues in the basin, water tariffs for households, water tariffs for irrigation, and water abstraction and pollution fees. At the end of his presentation he provided summary tabular information on the share of water abstraction and fees paid in Debed River basin according to different water use sectors.

Following to that, Mr. Strosser made a presentation on "Are the existing instruments coherent with sound management principles? First lessons". In his presentation Mr. Strosser discussed the results of preliminary assessments and addressed the following policy questions: (a) Are existing economic instruments coherent with the "polluter pays principle" or "user pays principle"? (b) Do the revenues collected from these instruments cover costs? (c) Do existing economic instruments provide an incentive for more efficient use (allocation) of water resources? (d) How affordable are the existing instruments for various water uses?

The last presentation of the second session was again made by Mr. Strosser and covered the topic "Which economic instruments are needed for investigation in follow-up steps?". In his presentation Mr. Strosser presented initial list of options for further investigation, and then the participants of the meeting jointly discussed and identified additional relevant options, priorities for further assessment and proposed economic instruments to be tested in Debed River basin.

In the Q&A session the participants asked several questions about the presentations, methodologies applied and other aspects of the draft reports on economic tools in Debed River basin. Several comments were also made by the participants. As a result of discussions the Steering Committee recommended that in the next stage of pilot study in Debed River basin the consultants concentrate on Article 77 of the Water Code of Armenia and investigate the feasibility



of applying the economic tools included in that article in Debed River basin. It was agreed that the results will be presented in the next Steering Committee meeting to be organized in February/March 2012 in Yerevan, Armenia.

The **third session** of the meeting was devoted to Payments for Ecosystem Services in IWRM. Mr. Benyamin Zakaryan, Director of "Geoinfo" LLC, presented the main outcomes of the PES pilot project in the upper Hrazdan River basin of Armenia. In his presentation Mr. Zakaryan mentioned the main concepts related to water-related PES schemes, described the general approaches in PES schemes, and presented the scope of the work, implemented steps, the results of the characterization of the pilot basin, analysis of natural resources use, diagnostic analysis, and legislative framework for applying economic tools. He then presented the proposed PES schemes for the pilot river basin, as well as proposals to revise the legal framework of Armenia, so the proposed scheme can be applied in practice.

Afterwards, Mr. Vram Tevosyan, National Consultant of the UNEP financed study "Development of Alternative PES Scheme for Lake Sevan Water Quality", made a presentation on "Payment for Ecosystem Services: Feasibility Study for Lake Sevan". In his presentation Mr. Tevosyan provided information about the project, described the ecosystem of Lake Sevan, including water resources, biodiversity, land resources, settlements and recreation resources, and talked about the industry of the basin. At the end of his presentation he provided the PES functional scheme and talked about the alternative PES scheme.

Ms. Nataliia Zakorchevna, International Expert for PES Study in the upper Hrazdan River Basin, made a presentation on "PES Experience in Ukraine". In her presentation Ms. Zakorchevna analyzed the rationale for introduction of PES schemes in Ukraine, and then provided some specific examples of such schemes in Ukraine, including the ecotourism in Low Danube, example of local PES scheme in Vilkovo village, Danube biosphere reserve, and project of the local level public PES scheme in Azov Sea basin of Ukraine.

In the Q&A session few comments were made to Mr. Zakaryan regarding the proposed PES scheme in upper Hrazdan River basin of Armenia. Particularly, Mr. Sahradyan from the Ministry of Finance and Economy of Armenia proposed that the document is once again discussed with the state agencies involved in drinking water supply and sanitation, as well as tourism sector and that the proposed approach is agreed with them.

The Steering Committee agreed that the report presented by Mr. Zakaryan is successful and there is a need to print it and further distribute among the stakeholder agencies to initiate discussions on the proposed new government resolution in the field of PES schemes in Armenia.

In the **fourth session** of the Steering Committee meeting representative of international organizations and projects, working in water sector of Armenia and South Caucasus region, made presentations on the project activities.

Ms. Mary Matthews, Project Coordinator of the "Reducing Transboundary Degradation in the Kura-Aras River Basin" regional project between Armenia, Azerbaijan and Georgia, provided overview of the project. She showed the project video, after which presented the main four components of the project: transboundary diagnostic analysis, IWRM plans and Strategic Action Plan, stakeholder



involvement activity, and demonstration projects on environmental flows using biomonitoring and rapid ecological assessment.

Ms. Lilit Harutyunyan, Task Leader of the USAID Clean Water and Energy Program (CEW) in Armenia, made a presentation on the project activities which have just started recently. In her presentation Ms. Harutyunyan talked about CEW program goals and objectives, four program tasks (develop capacity for integrated energy and water resources planning; provide local clean energy, water access, sanitation, hygiene and water management and development practices; improve hydropower and water regulation; and donor coordination), key activities, demonstration projects and expected achievements.

Ms. Diana Harutyunyan, UNDP Armenia Climate Change Programs Manager, made a presentation on the "Third National Communication of Armenia to UNFCCC: Climate Change and Water Vulnerability". In her presentation Ms. Harutyunyan described the Armenia's climate profile, Armenia's vulnerability to climate change according to the Second National Communication, and publications on climate change impact on water resources prepared within the last years. She then presented the planned activities for water resources vulnerability and adaptation assessment under the Third National Communication to climate change and expected outputs of the project.

Mr. Aram Gevorgyan, Data Management Expert of the EU Kura Rive Phase II Project between Armenia, Azerbaijan and Georgia, made a presentation on "Debed and Aghstev Pilot River Basin Management Plans". In his presentation Mr. Gevorgyan covered the following topics: natural conditions in pilot river basins, anthropogenic activities, pressure-impact analysis according to EU WFD methodologies, evaluation of monitoring data, delineation of water bodies, program of measures and costing of measures. At the end of his presentation Mr. Gevorgyan talked about the data and knowledge gaps, which were identified in the course of preparation of river basin management plans and presented some recommendations on how to fill the data gaps.

Afterwards, two presentations were made on the UNDP/ENVSEC "Regional Climate Change Impacts Study for the South Caucasus Region" project. Mr. Hamlet Melkonyan, Deputy Director of the Armenian State Hydrometeorological and Monitoring Service of the Ministry of Emergency Situations of Armenia, presented the historical climate change, forecasted future climate change and the impact of climate change on transboundary water resources in the South Caucasus. Mr. Seyran Minasyan, Deputy Head of the Environmental Impact Monitoring Centre of the Ministry of Nature Protection of Armenia, made a presentation on the impact of climate change on water quality of the South Caucasus rivers.

Ms. Kristine Sahakyan from "Eco-peace" NGO made a presentation on the project "Support to Increasing Awareness on Industrial Accidents through Inclusion of Young Specialists", financed by the German Federal Ministry of Environment. In her presentation Ms. Sahakyan covered the following topics: project objective, implementation locations, main actions and activities, and expected results.

All the presentations of representatives of international organizations and projects were followed by Q&A sessions, during which the participants asked questions, provided comments and observations. This was considered as very useful by all participants of the meeting, and thus at the end of the fourth session, the Steering Committee stressed the importance of all national-level and regional-level projects which support implementation of IWRM in Armenia and highlighted the



importance of improved coordination among the project and the need to avoid duplication of efforts. In this regard it was decided that in the subsequent NPD Steering Committee meetings the representatives of international projects and organizations will again be invited.

The **fifth session** of the meeting was the last one. During that session the Steering Committee adopted several decisions. First, the Steering Committee recalled its earlier decisions, adopted in the second, third and fourth sessions. Afterwards, additional decisions were adopted.

The **decisions of the Steering Committee** are summarized as follows:

1. Steering Committee recommends that in the next stage of pilot study in Debed River basin the consultants concentrate on Article 77 of the Water Code of Armenia and investigate the feasibility of applying the economic tools included in that article in Debed River basin. It was agreed that the results will be presented in the next Steering Committee meeting to be organized in February/March 2012 in Yerevan, Armenia.
2. The Steering Committee agrees that the report presented by Mr. Zakaryan is successful and there is a need to print it and further distribute among the stakeholder agencies to initiate discussions on the proposed new government resolution in the field of PES schemes in Armenia.
3. Steering Committee stresses the importance of all national-level and regional-level projects which support implementation of IWRM in Armenia and highlighted the importance of improved coordination among the project and the need to avoid duplication of efforts. In this regard it is decided that in the subsequent NPD Steering Committee meetings the representatives of international projects and organizations will again be invited.
4. Stressing the importance of the subsequent steps in the NPD process in Armenia the Steering Committee applies to the European Commission, OECD and UNECE to continue the NPD in Armenia and provide support in the following areas:
  - translating into Armenian the Directive 2006/118/EC of the European Parliament and of the Council of 12 December 2006 on the protection of groundwater against pollution and deterioration (Groundwater Directive) and testing its principles in one of the pilot river basins of Armenia,
  - sharing the European experience in development of methodologies and criteria for water pricing and assessing the economic value of water, which will help in making corresponding and justified adjustments in water resources fees of Armenia,
  - setting targets under the UNECE Water and Health protocol,
  - sharing contemporary methodologies for transforming the actual flows to natural flows and other hydrological characteristics, which will help in more accurate assessment of water resources, volume of water return and other hydrological characteristics,
  - sharing contemporary methodologies for assessing the damage caused to water bodies due to economic activities, since the methods currently used in Armenia are based on Soviet methodology and are outdated.