

WATER AND IRRIGATION SERVICES ENHANCEMENT PROJECT

STAKEHOLDER ENGAGEMENT PLAN

STAKEHOLDER ENGAGEMENT PLAN (SEP)

FOR THE

WATER AND IRRIGATION SERVICES ENHANCEMENT PROJECT (WISE – P508124)

PREPARED BY

Ministry of Territorial Administration and Infrastructure of Armenia

DRAFT

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Table of Contents

1. INTRODUCTION	1
1.1 <i>Project Description</i>	1
1.1.1 <i>Activities and Components</i>	1
1.1.2 <i>Implementing Agencies</i>	2
1.2 <i>Objective and Scope of the Stakeholder Engagement Plan</i>	4
1.3 <i>Principles of Stakeholder Engagement</i>	6
1.4 <i>Limitations</i>	7
2. STAKEHOLDER IDENTIFICATION AND ANALYSIS	9
2.1 <i>Project Stakeholders</i>	9
2.2 <i>Potentially Affected Parties</i>	10
2.3 <i>Potentially Interested Parties</i>	12
2.4 <i>Disadvantaged and/or Vulnerable Groups</i>	13
3. STAKEHOLDER ENGAGEMENT PROGRAM	14
3.1 <i>Modalities for Engagement</i>	14
3.2 <i>National Requirements for Public Discussions and Consultations</i>	14
3.3 <i>Summary of Stakeholder Engagement during Project Preparation</i>	15
3.4 <i>Stakeholder Engagement during Project Implementation</i>	15
3.5 <i>Reporting Back to Stakeholders</i>	18
3.6 <i>Resources and Responsibilities</i>	18
3.6.1 <i>Management Functions and Responsibilities</i>	18
3.6.2 <i>Resources</i>	19
4. FEEDBACK AND GRIEVANCE REDRESS MECHANISM	20
4.1 <i>Objective of Feedback and Grievance Redress Mechanism</i>	20
4.2 <i>Grievance Submission and Resolution</i>	21
4.3 <i>Closure of Grievances</i>	22
4.4 <i>Grievance Records and Documentation</i>	22
Annex 1: Detailed Description of Project Activities under Each Component	24
Annex 2. The FGRM focal points and the FGRM coordinator's contact information publication form	31
Annex 3. SEP Budget	32

ACRONYMS

AFD	Agence Française de Développement
DPM	Deputy Prime Minister
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standards
FGRM	Feedback and Grievance Redress Mechanism
FM	Financial Management
GoA	Government of Armenia
GRC	Grievance Redress Committee
H&S	Health and Safety
HLIB	Health and Labor Inspection Body
HMC	Hydrometeorology and Monitoring Center
I&D	Irrigation and Drainage
IA	Implementation Agency
IBRD	International Bank for Reconstruction and Development
ILCS	Integrated Living Conditions Survey
ILO	International Labor Organization
IPF	Investment Project Financing
IPF-PBC	Investment Project Financing with Performance-Based Conditions
IREP	Irrigation Rehabilitation Emergency Project
ISF	Irrigation Service Fee
IWAAC	Irrigation Water Accounting and Adaptation Center
IWPC	Integrated Water and Planning Center
LMP	Labor Management Procedures
M&E	Monitoring and Evaluation
MoE	Ministry of Economy
MP	Monitoring Plan
MPA	Multi-phase Development Approach
MTAI	Ministry of Territorial Administration and Infrastructures
NRW	Non-Revenue water
O&M	Operations and maintenance
OHS	Occupational Health and Safety
PAP	Project Affected Person(s)
PBC	Performance-Based Conditions
PCT	Project Coordination Team
PDO	Project Development Objective
PEA	Project Execution Agency
RA	Republic of Armenia
RP	Resettlement Plan
RPF	Resettlement Policy Framework

Water and Irrigation Services Enhancement - SEP

RWSS	Rural Water Supply and Sanitation Services
SCADA	Supervisory Control and Data Acquisition
SEA	Sexual Exploitation and Abuse
SEF	Stakeholder Engagement Framework
SEP	Stakeholder Engagement Plan
SH	Sexual Harassment
SNCO	State Non-Commercial Organization
WB	World Bank
WC	Water Committee
WISE	Water and Irrigation Services Enhancement Project
WSA	Water Supply Agency
WSS	Water Supply and Sanitation
WUA	Water User Association

1. INTRODUCTION

Water and Irrigation Services Enhancement Project (or hereafter WISE Project) is being prepared to enhance climate resilient access, efficiency, and financial sustainability of irrigation and rural water supply and sanitation (RWSS) services in project affected areas.

This draft Stakeholder Engagement Plan (SEP) has been prepared to guide relevant stakeholder engagement activities both during the project preparation and implementation.

This draft SEP will be disclosed and open to feedback and consultation. The feedback from stakeholders will be incorporated into the final version of SEP.

1.1 Project Description

1.1.1 Activities and Components

The Project Development Objective (PDO) is to provide improved access to efficient and financially sustainable irrigation and rural WSS services in selected areas of Armenia. The project is part of a 10-year Multi-phase Development Approach (MPA) that aims to improve the delivery of irrigation and rural WSS services across Armenia. Phase 1 is designed to enhance climate-resilient irrigation and WSS services. It will equip six Water User Associations (WUAs) with modern irrigation systems and enhance irrigation service efficiency through upgrades to primary, secondary and tertiary networks in selected schemes to boost climate resilience towards drought, floods and extreme heat. Phase 1 will also improve access to sustainable WSS services by developing rural WSS investment plans and upgrading water supply infrastructure. It will also prepare feasibility studies, designs, and bidding documents for Phase 2 investments. Further, Phase 1 will also include Performance-based Conditions (PBCs) to support policy, legal and institutional reforms as well as a learning program that documents insights to guide implementation through research, data analysis and policy development. The project implementation period of Phase 1 will be six years.

Phase 1 of the project includes four components, including one component with PBCs, as follows:

- a. **Component 1. Water Sector Reform and Institutional Strengthening** supports MTAI and the Water Committee (WC) in key priority areas, including the development of national strategies for water, irrigation, and rural drinking water and sanitation; revision of irrigation tariffs based on land use and water consumption; establishment of an Asset Maintenance Fund and Plan for modernized irrigation schemes; creation of Rural Water Supply and Sanitation (RWSS) units with defined agreements, performance indicators, and monitoring systems; and the launch of a National Irrigation Water Accounting and Adaptation Center (IWAAC) to enhance water management and adaptation efforts.) with PBCs. This component will also include two PBCs that seek to support institutional capacity building within MTAI, WC and WUAs.
- b. **Component 2. Rural Water Supply and Sanitation Enhancement** will focus on providing improved access to efficient and financially sustainable rural WSS services in selected areas of Armenia. This includes a combination of institutional strengthening, capacity building as well as regulatory reforms and feasibility studies and infrastructure assessments. This subcomponent will support feasibility studies and detailed engineering designs for high-priority Water Supply and Sanitation (WSS) investments to enhance resilience against climate-induced droughts, floods, and extreme heat under both phases of the MPA. Based on an agreed investment plan with the Government of Armenia (GoA), it will implement 'no-regret' infrastructure and service improvements in the most critical unserved settlements, considering technical, economic, socio-political, and institutional factors.

- c. **Component 3. Modernizing Irrigation Infrastructure & System Management** will finance rehabilitation and modernization of selected irrigation systems at main, secondary, and tertiary canal levels currently managed jointly by WSA at the large main canal and reservoirs level and by WUAs at the secondary and tertiary distributary level. The total command area of the irrigation systems under consideration is about 39,580 ha which will be selected based on hydrological, technical, economic, and agricultural parameters, under a Framework Approach¹. Similarly, for Phase 2 a total of additional 4 irrigation schemes were short-listed for consideration under this phase.
- d. **Component 4: Project Management.** An interim WISE Project Coordination Team (PCT) will be housed within the Water Committee and will assume primary responsibility for project implementation, including implementation of civil works and related procurement and financial management (FM), compliance with agreed environmental and social management measures, and project monitoring and evaluation (M&E). This component will finance staff costs; coordination of the project-financed activities with other ongoing International Financial Institution (IFI) projects in the water sector; design, implementation, and reporting of baseline and project completion surveys; and the preparation of assessment studies (e.g., pre-feasibility and feasibility studies), detailed engineering designs, and construction supervision. The component will also include capacity building support for the PCT, including citizen engagement training skills for the staff of the PCT.

Detailed description of Project activities under each component and subcomponent is presented in Annex 1.

1.1.2 Implementing Agencies

Overall responsibilities for the project implementation will be located within the Ministry of Territorial Administration and Infrastructures (MTAI) and the Water Committee (WC). Day-to-day implementation will be supported by the Project Coordination Team (PCT) within the WC. Implementation of Components 1 - 3 will be conducted through the MTAI. A project Steering Committee will be established at the level of the Deputy Prime Minister's (DPM) office to oversee and monitor the overall progress of the project. The project director will likely report directly to the Steering Committee. The development of the National Water Strategy, the National Irrigation Strategy, and the National WSS Strategy will be carried out under the leadership of the DPM's Deputy Prime Minister's office and executed by the MTAI's and the WC with close involvement of all stakeholders engaged in the water sector in Armenia, as well as other entities involved in water sector development.

The PCT will be responsible for identifying subproject interventions for each component, developing bidding documents, procuring consultancy services and subproject designs. The PCT will ensure labor management procedures are integrated into the bidding documents/ works contracts. Additionally, it will manage the procurement of civil works and ensure technical supervision.

1.1.3 Project Area and Beneficiaries

The proposed project areas were co-selected in close partnership with the WC and the MTAI as they were identified based on marzes where irrigation systems need urgent upgrading and where climate analysis shows increasing rainfall variability as well as surface water scarcity necessitating investments to improve irrigation systems. Components 1 and 2 will intervene at a national scale focusing on legal,

regulatory, institutional, and technical capacity reforms for the WC, the WSA, and selected Water User Associations. For Component 3, the investments in irrigation modernization will be considered in the following canals/marzes: a) Kotayq main canal irrigation system in Kotayq marz, b) Arzni-Shamiram main canal irrigation system in Argatsotn and partially in Kotayq marzes, c) Lower Hrazdan main canal irrigation system in Armavir marz, d) Debetavan canal in Tavush marz, and e) Lori canal irrigation systems in Lori marz. In all proposed project areas, smallholders (average holdings of 1.2 ha) with high exposure to the effects of increasing water scarcity and climate change predominate.

Direct project beneficiaries of the component 3 (irrigation), defined as landowners across all short-listed schemes, number approximately 31,614 (see table 1), with 65 percent of beneficiaries across schemes designated as smallholders (farm plots of less than 1 ha). These comprise farmers, low-income households, women, and youth. Out of these, 7,414 are registered female landowners; thus, around 23.5 percent of beneficiaries are expected to be women. All project activities were designed to encourage proactive engagement of women and women's groups, thus ensuring equal benefits, including in WUA leadership roles. The range of expected benefits to these groups include increased livelihood opportunities and jobs in irrigated agriculture, and reduced vulnerability to droughts and floods. Direct project beneficiaries of the component 2 (RWSS), defined as individuals across all target settlements number 17,000 beneficiaries in currently underserved settlements. In addition, as it was observed in the past under the previous Irrigation Rehabilitation Emergency Project (IREP, P116681), this project will have a significant direct impact on employment in the areas where the construction activities will take place and for the country. The rehabilitation works to be financed under the project are labor intensive and will result in many jobs being created during the implementation phase. At the national level, the project will also contribute to the creation of jobs in batching plants as well as sand and gravel quarries (see table below). Most of the employment created will be during the winter months, allowing under-employed and seasonally inactive farmers' access to an alternative source of income.

Table 1. Beneficiaries by Component and Gender

Name of Component	River Basin	Basin management area	Marz	Number of Landowners/Households/Beneficiaries	Number of Female Landowners/Households/Beneficiaries	Landowners/Households with Less Than 1 ha (percent out of total)
Kotayk Irrigation Canal (Component 3)	Hrazdan	Hrazdan	Kotayk	4,171	810	98.0
Arzni-Shamiram Canal Irrigation Scheme (Component 3)	Hrazdan, Kasakh, Metsamor	Hrazdan, Akhuryan	Kotayk, Aragatsotn	18,835	5,606	80.7
Lower Hrazdan Canal	Hrazdan,	Etchmidzin, Yerevan	Armavir, Yerevan	5,089	754	58.1

Water and Irrigation Services Enhancement - SEP

Irrigation Scheme (Component 3)	Kasakh, Metsamor					
Debetavan Canal Irrigation Scheme (Component 3)	Debed	Northern	Tavush	644	35	44.2
Lori Canal Irrigation Scheme (Component 3)	Debed	Northern	Lori	2,875	209	66.3
Water Supply in Unserved Settlements (Component 2)				17,000	8,500	N/A
Total				48,614	15,914	347.3

Institutional beneficiaries. Activities supported under Components 1, 2, and 3 target central and decentralized state agencies managing water resources and delivering irrigation and drinking water and sanitation services. Staff in these public agencies are expected to benefit from increased technical and operational capacity to carry out their mandates, improved equipment, and more accessible data to support user-centered and timely decision-making related to water resources and hydro-climatic risks and system management.

1.2 Objective and Scope of the Stakeholder Engagement Plan

The WISE Project is being prepared under the World Bank's Environment and Social Framework (ESF). In line with Environmental and Social Standard (ESS) 10 on Stakeholder Engagement and Information Disclosure, the implementing agencies should provide stakeholders with timely, relevant, understandable, and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, or intimidation.

The overall objective of this SEP is to define a program for stakeholder engagement, including public information disclosure and consultation throughout the entire project cycle. The SEP outlines the ways in which the project implementing agency will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project activities or any activities related to the project.

The SEP covers the overall project activities, prioritizing those with potential environment and social risks. However, entry points will be explored in areas where development opportunities can be pursued through project's resources.

Component and/or site-specific level engagement will be integrated as part of the overall design and implementation of the activities concerned. Depending on the typology of the project activities, the expected level of engagement, as well as the approaches and modalities may be defined into i) strategic engagement, awareness raising and public consultations to inform policy development, institutional reform, and capacity building under technical assistance activities and ii) site-specific engagement for infrastructure investments both for rehabilitation and new construction.

Key areas where stakeholder engagement and outreach will be prioritized include:

- a. Management of potential adverse impacts associated with the project's activities. Such impacts may result from:
 - enforcement of certain reforms such as water tariffs and subsidies with higher costs borne by households to remain connected to services. Some vulnerable households may get excluded from support.
 - implementation of site-specific infrastructure activities due to land acquisition, temporary and permanent restrictions on land use, construction-related impacts, temporary disruptions of services, etc.
 - unequal and unfair distributions of irrigation water among users during operation prioritizing large farmers, providing irrigation water supply to vulnerable users only at night shift, etc.
- b. Enhancement of potential development opportunities and social acceptance. The project may establish additional measures to enhance participation and access to benefits in terms of access to water and water services for women and vulnerable groups, including but not limited to poor households, the elderly, people with disability. These may be explored through:
 - introduction of universal design and climate resilience through the project's investments
 - leveraging opportunities for local communities through project-generated employment, access to WSS and irrigation services, targeting vulnerable groups.
 - Dissemination of info materials on cultivation of more valuable crops
 - Organizing seminars for women in affected communities on more effective methods of consumption of their yield, on basics of marketing, etc.

The above-mentioned objectives may be explored through meaningful stakeholder engagement which is a two-way communication with the focus on **consultation, collaboration and empowerment of stakeholders**. It includes:

- **Informing** - providing information with the use of bulletins, brochures, websites, social media, press releases, press conference;
- **Consulting** - gaining information and feedback for informed decisions with the use of surveys, focus groups, social media, online discussions, public meetings, forums, workshops, individual talks;
- **Collaborating** - working with stakeholders to understand their issues and concerns to jointly formulate responses with the use of forums, advisory panels, round table discussions, partnership;
- **Empowering** – delegating decision making on some issues to stakeholders through integration of stakeholders into governance structure as committee members (for instance in Grievance Redress Committee, Community Development Committee).

At the community level, stakeholder engagement can also be seen as a continuum of community involvement.

Figure 1 below, adopted from a diagram originally drawn by the International Association for Public Participation, and illustrates the levels of

LEVELS OF COMMUNITY INVOLVEMENT				
Outreach <i>Some community involvement</i> Provide information to the community	Consult <i>More community involvement</i> Communication flows to the community and seeks feedback	Involve <i>Better community involvement</i> Communication flows both ways: participatory form of communication	Collaborate <i>Community involvement</i> Partnership with community on each aspect of the project from development to solution	Share Responsibility <i>Undertaking ownership and responsibility</i> Establishment of the sense of ownership

Figure 1 – Community Involvement Continuum

Based on the models discussed above, the project will adopt a tailored approach to stakeholder engagement that aligns with the needs and characteristics of each group. For vulnerable populations such as women, the elderly, persons with disabilities, displaced persons, and migrant workers, a more inclusive and participatory engagement model will be applied, ensuring their voices are heard and their needs addressed. For government entities, local authorities, and institutional stakeholders, a collaborative approach focusing on partnership and coordination would be most effective. This differentiated engagement strategy will help ensure that all groups are meaningfully involved in the project and that their contributions shape the project's outcomes.

This SEP builds on the existing engagement activities that have been established and/or performed by the WC to date. Such engagement includes stakeholder engagement activities conducted within the following projects of Water Committee as Project Execution Agency:

- Integrated Water Resource Management / Akhouryan River, Construction of Kaps Reservoir and Gravity Irrigation System, funded by KfW,
- Communal Infrastructure Program (CIP) II, Phase 3, funded by EIB/KfW.

The implementation of these projects started by the "Water Sector Projects Implementation Unit" of the Water Committee and were continued by the Armenian Territorial Development Fund.

1.3 Principles of Stakeholder Engagement

In order to meet good practice approaches, the project will apply the following principles for stakeholder engagement:

- **Openness and life-cycle approach:** Public consultations for the project(s) will be arranged during the whole life cycle, carried out in an open manner, free of external manipulation, interference, coercion, or intimidation.
- **Informed participation and feedback:** Information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for

communicating stakeholder feedback, and for analyzing and addressing comments and concerns.

- **Inclusiveness and sensitivity:** Stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups that may be at risk of being left out of project benefits, particularly women, the elderly, persons with disabilities, displaced persons, and migrant workers and communities, and the cultural sensitivities of diverse ethnic groups.
- **Flexibility:** Cultural context (for example, particular gender dynamics), or governance factors (for example, high risk of retaliation) inhibits traditional forms of face-to-face engagement, the methodology should adapt to other forms of engagement, including various forms of internet- or phone-based communication.

Stakeholder engagement cycle includes the following elements:

- Engagement and interaction with the stakeholders, initiation of a dialogue for collaboration;
- Identification of milestones for collaboration through a review of stakeholders' interests and needs finding cross-cutting sections of mutual interest for profound collaboration;
- Collaboration and participation in Project activities to have a chance to pursue their own interest, to satisfy their needs, to influence on decision making processes;
- The engagement in participatory processes will allow them to express their feedback, to share responsibility for outcomes and to undertake the ownership of the results.

Stakeholder engagement is a continuous cycle that begins anew after reaching its endpoint. This process involves recording achievements, gathering feedback, enhancing performance, updating objectives, and initiating the cycle again at a higher level. This approach includes identifying and engaging new stakeholders while maintaining collaboration with committed existing partners.

Specific engagement approaches will be determined based on contexts once site-specific investments and/or policy-specific reforms have been determined during the project implementation.

1.4 Limitations

Stakeholders are individuals or groups who have interest in or influence on the projects. The SEP aims to engage all stakeholders, or at least their respective groups, and to consider their needs and interests in the Project. However, managing stakeholder expectations and relationships can be challenging, especially when they have conflicting or competing interests, opinions, or demands.

Limitations to stakeholder engagement identified during the preparation stage may include the following:

a) Uncertainty in Site-Specific Investments

- Since specific sites for investments and affected stakeholders are not yet fully identified, the engagement plan remains a framework rather than a detailed plan.
- This makes it difficult to implement targeted consultations and meaningful participation for affected communities.
- The SEP must be updated semi-annually as site-specific details emerge.

b) Farming season

- During agricultural season from mid spring to mid fall most of the farmers, water users are in their fields busy with gardening, cultivation of their lands and are reluctant to leave their work and participate in consultations.
- Participants of the discussions are not stakeholders of irrigation water schemes as they are not farmers or water users.

c) Challenges with Vulnerable Group Inclusion

- Disadvantaged groups (women, elderly, small-scale farmers, displaced people) may struggle to participate due to economic or social barriers.
- Risk of exclusion in decision-making processes related to irrigation and water supply services.
- Women and marginalized groups may not be well-represented in Water User Associations (WUAs) or local committees.

d) Stakeholder Fatigue & Engagement Overload

- Continuous engagement with multiple stakeholders (government, WUAs, farmers, local businesses) can create fatigue if meetings are frequent but lack clear progress.
- Stakeholders may disengage if they feel that consultations are repetitive or lack tangible outcomes.

e) Grievance Redress Challenges

- The Feedback and Grievance Redress Mechanism (FGRM) is in place, but stakeholders may lack awareness or trust in the process.
- There is a risk that marginalized groups may not feel comfortable raising complaints.

To address above-mentioned limitations in stakeholder engagement, the Project will follow a clear process for identifying and building relationships with stakeholders, particularly vulnerable and marginalized groups, as described in this SEP.

During agricultural season, brief discussions can be organized in the fields, briefly interrupting stakeholders' farming activities for feedback collection and providing them with written informative materials.

To overcome the limitations, stakeholder interests will be regularly assessed through focus groups, consultations and other methods, ensuring that proposed SE activities are targeted and adequate to the stakeholder needs and perspectives. Both project staff and stakeholders will be provided with training and workshop for effective engagement upon need. Project information regarding environmental and social risks will be properly disclosed in a timely and accessible manner, using various formats to reach diverse audiences. Established grievance redress mechanism will facilitate two-way communication, while collaboration with local self-governmental bodies and organizations will help bridge gaps in understanding and trust. Engagement strategies will be periodically assessed to allow for continuous improvement and responsiveness to stakeholder needs.

2. STAKEHOLDER IDENTIFICATION AND ANALYSIS

2.1 Project Stakeholders

Project stakeholders are defined as individuals, formal or informal groups and organizations, and/or governmental entities whose interests or rights will be affected, directly or indirectly, by the Project, both positively and negatively, who may have an interest in Project implementation, and who have the potential to influence the Project outcomes in any way.

As per the World Bank's Environmental and Social Framework, Environmental and Social Standard 10 (ESS10) on Stakeholder Engagement and Information Disclosure, stakeholders may be categorized into:

- **Affected Parties** – stakeholders that are affected or may be affected by the Project;
- **Other Interested Parties** – other parties who may have an interest in the Project.

As a special category of stakeholders, the SEP also identifies **Disadvantaged or Vulnerable Groups**, i.e., individuals or groups who may be more likely to be adversely affected by the project impacts and/or may require special engagement efforts due to their vulnerable status¹ to ensure their equal representation in the consultation and decision-making process associated with the Project. Efforts will be made to identify vulnerable, disadvantaged, or marginalized groups and identify their specific needs.

Based on this categorization, the SEP outlines appropriate engagement mechanisms, their tentative timelines, roles and responsibilities for their implementation, and resources allocated for implementing the SEP activities. Stakeholder engagement mechanisms will be tailored to the needs of vulnerable groups as identified in the SEP.

POTENTIALLY AFFECTED STAKEHOLDERS	OTHER INTERESTED STAKEHOLDERS		PARTNERS	
COMMUNITY LEVEL	REGIONAL LEVEL	NATIONAL LEVEL	INTERNATIONAL SECTOR	PRIVATE SECTOR
PAPs, beneficiaries/ farmers	Regional and local Authorities	GoA, Ministries, State agencies, Water Committee	International financial institutions	Public-Private Partnerships
Vulnerable groups –women, people with disabilities, poor households, ethnic minorities, etc.	"Lori", "Tavush", "Kotayq" "Aragatsotn" "Ejmiatsin" and "Yerevan" WUAs and other WUAs	"Jrar" CJSC (Water Supply Agency) Company)		Agricultural business companies
Community based organizations	Local NGOs/CSOs	"Veolia Jur" CJSC (WSS Company)		
		Academic Institutions, Technical commission of water systems operation and maintenance		

¹ Vulnerable status may stem from an individual's or group's race, national, ethnic or social origin, color, gender, language, religion, political or other opinion, property, age, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

Figure 2 – Potentially affected and other interested parties

2.2 Potentially Affected Parties

Affected parties include local communities, community members, and other parties that may be subject to direct impacts from the Project.

Under Component 2, in phase 1, the investments are expected to be in several se marzes – the confirmation of which will be based on technical, economic, socio-political and institutional considerations. The beneficiaries of the Component 3 activities will be the water users of Kotayq, Lori, Tavush, Aragatsotn, Ejmiatsin and Yerevan WUAs that receive irrigation water from the following main canals: 1) Kotayk Irrigation Canal, 2) Arzni-Shamiram Canal Irrigation Scheme, 3) Lower Hrazdan Canal Irrigation Scheme, 4) Debetavan Canal Irrigation Scheme, and 5) Lori Canal Irrigation Scheme.

Policy-level reform will involve broader stakeholders at all levels to ensure the key processes are inclusive and guided by good governance principles, including transparency, disclosure and stakeholder engagement and participation. Site-specific investments, such as civil works will need to be implemented with participation of host communities and understanding of impacts and mitigation measures will need to seek the views of project affected people, including vulnerable groups.

Broadly defined, affected parties may include the following:

Adversely Affected: Stakeholders that may potentially be adversely affected from the project activities include:

- Policy and institutional reforms (i.e., tariffs, efficiency measures, potential retrenchment, etc.): households who may need to bear higher costs of accessing services, WUAs may face a challenge with water fee collection with higher tariffs WUAs during the first years.
- Site-specific infrastructure activities: farmers and households whose land parcels may be affected (permanent and temporarily), or whose farming activities may be temporarily ceased due to civil works and/or disruption s of services.

Positively Affected: Stakeholders that will benefit from the project activities include:

- Capacity building activities: key staff of MTAI, WC, PCT, Regional Governors' Administrations (Marzpetarans) and WUAs receiving training and career development opportunities.
- Institutional reform and strengthening: WC, WSA and WUAs through improved Operations and Maintenance (O&M) cost recovery, water allocation and water use efficiency.
- Access to WSS: Settlements in several marzes of RA, target households who directly benefit from improved access to and quality of WSS services
- Access to irrigation services: farmers/members of Kotayq, Lori, Tavush, Aragatsotn, Ejmiatsin and Yerevan WUAs who benefit from more reliable irrigation services, farmland owners who may receive new irrigation from the expansion of the existing networks.

Table 2. Potentially Affected Parties of the WISE Project

Type of Stakeholder	Name of Stakeholder	Interest	Description of stakeholder groups
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Water and Irrigation Services Enhancement - SEP

Positively affected parties	MTAI and WC	Water sector reform and institutional strengthening of irrigation and rural WSS service delivery	These are main stakeholders who are also responsible for elaboration and implementation of water sector reform and strengthening of national water resources policy. They should be actively engaged in this activity so as to guide the activities of this component.
	Regional Governors' Offices (Marzpetarans)		This group is responsible for implementation of water sector reform and strengthened national water resources policy at regional level, so their engagement and feedback during the preparation period is very important.
	Water User Associations, WSA, water users		This group will be supported by improved irrigation sector management and service delivery, such as tariffs and subsidy reforms, institutional strengthening, and development of tools to enhance oversight and management.
	Settlements in marzes benefiting from WSS improvements		The communities will be supported by institutional strengthening and capacity building of rural WSS services - safely managed water supply services.
	MTAI, WC and PCT	Technical assistance activities	This will support to mobilize required technical expertise, conduct monitoring and evaluation activities to ensure that the Project is on track and all project activities meet the Bank requirements on the environmental, social, fiduciary, and technical sides, enhance the staff's capacity for improved project management.
Adversely affected parties	Settlements in marzes benefiting from WSS improvements And water users of Kotayq, Lori, Tavush, Aragatsotn, Ejmiatsin and Yerevan WUAs that receive irrigation water from Arzni-Shamiram, Low Hrazdan, Kotayq, Lori and Debetavan main canals:	Site-specific infrastructure activities	The Project will contribute to social-economic and agricultural development of communities which will benefit on the whole from enhanced irrigation services and safe WSS services.
	PAPs, local businesses		There might be Project affected persons whose land or assets might be affected. In such cases a Resettlement Action Plan (RAP) will be prepared.

	Vulnerable groups		This group of different people are mostly indifferent to such Projects lacking resources for land cultivation. Special approach can be applied to start dialogue with them and to provide meaningful consultation.
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2.3 Potentially Interested Parties

The projects' stakeholders also include parties other than the directly affected communities and/or stakeholders. These include

- Other government agencies: Ministry of Economy (responsible for the development and implementation of policies, regulations, and programs related to agriculture), Ministry of Environment (formulating policies, regulations, and programs related to water resource management and conservation), Ministry of Health (oversees public health concerns related to water quality, sanitation, and hygiene).
- Non-government and civil society organizations as development partners: CARD Foundation, Country Water Partnership, Innovative Solutions for Sustainable Development, etc.
- Organisations involved in research and academia: Technical commission of water systems operation and maintenance, National Agrarian University of Armenia, Yerevan State University, Faculty of Geography and Geology, "ArmWaterProject Institute", etc.

Table 3. Other Interested Parties of the WISE Project

Type of Stakeholder	Name of Stakeholder	Interest	Description of stakeholder groups
Other interested parties	Ministry of Economy	Water sector reform and institutional strengthening of irrigation and rural WSS service delivery	This Ministry is responsible for the development and implementation of policies, regulations, and programs related to agriculture
	Ministry of Environment		This Ministry is responsible for formulating policies, regulations, and programs related to water resource management and conservation
	Ministry of Health		This Ministry is responsible for overseeing public health concerns related to water quality, sanitation, and hygiene
	Organizations involved in research and academia		This group can be supportive and have its valuable input in development of policy and reforms

Water and Irrigation Services Enhancement - SEP

	NGOs/CSOs	Site-specific infrastructure activities	This group are highly motivated and are open for collaboration around new concepts and ideas.
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2.4 Disadvantaged and/or Vulnerable Groups

Within the Project, vulnerable and/or disadvantaged groups may include people who due to their circumstances may experience disproportionate adverse impacts due to project activities and/or may face higher likelihood of exclusion rather than other groups.

These groups include the following but not limited to elderly people, persons with disabilities and their caretakers, women-headed households, small holder farmers, landless farmers, families living under poverty line, displaced population, etc.

Special attention will be given to identifying and consulting vulnerable groups within the communities impacted by the Project, as deemed necessary. Additionally, the project will identify suitable approaches and/or representative organizations to partner with for engaging these groups early in the implementation phase. Details regarding the methods of engagement will be outlined in the subsequent sections.

3. STAKEHOLDER ENGAGEMENT PROGRAM

3.1 Modalities for Engagement

Mechanisms for stakeholder engagement across different groups are expected to include but not limited to public consultations, interviews and focus groups discussions, including outreach to enable safe platforms to raise concerns.

Prior disclosure of relevant information in a format and language accessible to target groups will be performed in advance of any public consultations, interviews and/or focus group discussions. This will also include disclosure of available Feedback and Grievance Redress Mechanism (FFGRM) channels.

Engagement associated with policy and strategy development and reform activities will be integrated as part of public deliberation and consultation processes to solicit stakeholders' feedback prior to their adoption. Specific details of engagement are further elaborated as appropriate..

During the screening process the vulnerable FGRM ents of the affected community should be identified, for instance large number of women headed households, ethnic minorities, persons with disabilities, extremely poor households, etc. These groups need meaningful consultation. Meaningful stakeholder engagement should focus on consultations, collaboration and empowerment of stakeholders, and two-way communication. Special information and communication materials can be prepared and disseminated among these groups, focus group or round table discussions, separate meetings can be held with the representatives of those groups or separate people to reveal their opinion about the project, their concerns and needs for inclusion in the Project. The concerns and suggestions should be considered during the elaboration of detailed designs as much as possible and feedback should be provided to the parties concerned.

The feedback, opinions and suggestions received from the stakeholders will be taken into account and reflected in Project activities. They will be recorded by the FFGRM, discussed and considered as much as possible even if they may result in design modification.

3.2 National Requirements for Public Discussions and Consultations

Component 1 of the Project includes development of a consolidated National Water Strategy, a National Irrigation Strategy, a Rural Drinking Water and Sanitation Strategy, and a National Irrigation Master Plan, as well as revision of critical water sector legislation including the water code, irrigation norms and the WUA law.

The Law on Normative Legal Acts and the RA Government Decree N 1146-N dated 10 October 2018 "On Defining the Procedure for Organizing and Conducting Public Discussions", adopted according to this law, stipulates mandatory public consultations on draft legal acts of high significance both at the local and national level. The duration of public discussions is at least 15 days, and all drafts are published on the unified government website (www.e-draft.am), where anyone can provide feedback through submission of opinions, recommendations or amendments, as well as vote in favor or against the proposed text.

The strategy documents are subject to strategic environmental assessment (SEA) and should be disclosed in compliance with the Government Decree N 1325-N on the Procedure for Public Notification and Discussion (2014, last amended in 2023). This procedure regulates the relations connected to the procedure of public notification, discussions and hearings of the strategic environmental impact assessment of the concept document and all categories of planned

activities: environmental impact assessment and expertise.

Once the consultation period concludes, the responsible body collects and analyzes all received feedback and prepares a summary of proposals. The draft strategy is then adjusted accordingly, incorporating relevant suggestions. The revised version, along with a summary of public feedback, is made publicly available both on the e-draft.am platform and on the official website of the institution proposing the legislation.

Based on the analysis and the summary of the received proposals, the body carrying out the public consultation makes the necessary adjustments to the draft. According to the Procedure for Organizing and Conducting Public Consultations, the revised drafts and the summary from all public consultations should be available on the E-draft website, and on the website of the institution that is proposing legislation. The policy and institutional reforms under Component 1 will follow the requirements of the Law on Normative Legal Acts and will be disclosed and consulted at the e-draft.am.

3.3 Summary of Stakeholder Engagement during Project Preparation

The project seeks to foster meaningful consultations with stakeholders identified in the above section, particularly with those that may be adversely affected to ensure potential impacts can be avoided and/or mitigated through a participatory and inclusive process. The following outlines the engagement undertaken for preparation and activities planned to support Project implementation.

Based on this identification, the PCT will further identify individuals or groups who may have different concerns and priorities about project impacts, mitigation mechanisms and benefits, and who may require different, or separate forms of engagement and various methods of communication.

After finalization and approval of this SEP by the Bank it will be biannually updated to reflect the modifications of the Project and the possible change in the stakeholders with their interests and impacts.

This SEP is developed proportionate to the nature and scale of the project and its potential risks and impacts. The draft SEP will be disclosed both in Armenian and English as early as possible, and before project appraisal, to seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement. If significant changes are made to the SEP, the updated SEP will be disclosed.

3.4 Stakeholder Engagement during Project Implementation

Water User Associations have an important role in overall stakeholder engagement activities. WUAs have established internal grievance resolution procedures and they have hot lines for feedback with water users. They can also serve as local grievance focal points during construction activities. Some WUAs maintain dedicated social media pages, groups, or websites, which can be utilized for stakeholder engagement and information disclosure purposes to maintain communication with the Project beneficiaries.

The project will undertake the following engagement activities over the course of its implementation:

Table 4: Planned Stakeholder Engagement Activities

Project Stage	Timeline	Topic/Theme	Approach/ Method	Target Stakeholders	Responsibilities
Design stage	During the design	Component 1. Water Sector Reform and	• Round table discussions,	MTAI, Water Committee, State agencies,	Project Manager, Project

	preparation period	Institutional Strengthening	<ul style="list-style-type: none"> • Working group discussions • Forums on social media • Public meetings • Disclosure of the draft (i) the comprehensive national water strategy, (ii) the standalone ten-year national irrigation strategy, (iii) the drinking water and sanitation strategy, and (iv) the irrigation master plan on e-draft and the PCT website for public feedback 	Regional Governor Offices, LSGBs, CSOs, NGOs, WUAs, WSA	Coordinator, Consulting companies or Individual Consultants, E&S team of the PCT, Community Liaison
		Component 2. Rural Water Supply and Sanitation Enhancement	<ul style="list-style-type: none"> • PC meetings to present ESMPs, ESIAs and RAPs if any • Meaningful consultations with PAPs • Social Media - Facebook, • Dissemination of written information - brochures, posters, flyers, website 	Water Committee, LSGBs, Veolia Jur CSC, affected communities, households	Project Manager, Project Coordinator, E&S teams of the PCT, of the Design Consultant, Community Liaison
		Component 3. Modernizing Irrigation Infrastructure & System Management		Water Committee, LSGBs, Jrrar CSC, WUAs, communities, farmers	Project Manager, Project Coordinator, E&S teams of the PCT, of the Design Consultant, Community Liaison

		Tailored approach for vulnerable groups	<ul style="list-style-type: none"> • Separate meetings for women and vulnerable groups; • Meaningful consultation • Dissemination of written information – brochures, posters, flyers, website 	<ul style="list-style-type: none"> • Women headed households, • Child headed households, • People with disabilities, • Ethnic minorities, • refugees 	Project Manager, Project Coordinator, E&S teams of the PCT, of the Design Consultant, Community Liaison
Civil works	During the entire period of civil works	Rural water supply and sanitation enhancement, modernization of irrigation infrastructure and system management	<ul style="list-style-type: none"> • Public notification meetings, • Info boards, • Dissemination of written information - brochures, posters, flyers, website, social media 	<ul style="list-style-type: none"> • Affected communities; • PAPs (if any); • Businesses located in the area; • People residing in the project area; • Vulnerable households to be aware of temporal employment opportunities 	Project Manager, Project Coordinator, E&S teams of the PCT, of the Construction Contractor and Technical Supervision Consultant Community Liaison
		Tailored approach for vulnerable groups	<ul style="list-style-type: none"> • Separate meetings to present temporal employment opportunities 	<ul style="list-style-type: none"> • Women headed households, • Child headed households, • People with disabilities, • Ethnic minorities, • refugees 	Project Manager, Project Coordinator, E&S teams of the PCT, of the Construction Contractor and Technical Supervision Consultant Community Liaison
Operation stage	Early stage of operation	Rural water supply and sanitation enhancement, modernization of irrigation infrastructure	<ul style="list-style-type: none"> - Monitoring surveys for feedback - Separate meetings for women and vulnerable groups; 	<ul style="list-style-type: none"> • Affected communities; • PAPs (if any); • Businesses located in the area; 	Project Manager, Project Coordinator, E&S teams of the PCT, of the Construction Contractor and

		and system management		<ul style="list-style-type: none"> • People residing in the project area 	Technical Supervision Consultant Community Liaison
		Tailored approach for vulnerable groups		<ul style="list-style-type: none"> • Women headed households, • Child headed households, • People with disabilities, • Ethnic minorities, • Refugees 	Project Manager, Project Coordinator, E&S teams of the PCT, of the Construction Contractor and Technical Supervision Consultant Community Liaison

3.5 Reporting Back to Stakeholders

Stakeholders will be kept informed as the project develops, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and FGRM, and on the project's overall implementation progress.

After the disclosure of the ESMP and the commencement of civil works the following activities will be conducted by the Contractors, Technical Supervision Consultants under the coordination of the Client to keep the stakeholders informed:

- Public notification meetings,
- Info boards,
- Dissemination of written information - brochures, posters, flyers, website, social media,
- Separate meetings with the representatives of vulnerable groups to present temporal employment opportunities.

During the operation period:

- Monitoring surveys for feedback,
- Separate meetings for women and vulnerable groups to inform them about their opportunities of sharing the results of the Project through involvement in the Project.

3.6 Resources and Responsibilities

3.6.1 Management Functions and Responsibilities

Component 4 will finance a project implementation structure that will be responsible for project management, including coordination and technical supervision of project implementation, financial management (FM), procurement, monitoring, and evaluation (M&E), social and environmental standards management and oversight including gender-focused activities, communications and outreach, and progress reporting.

WC, through PCT will be responsible for the implementation of Project activities, including implementation of SEP. The implementation of the SEP involves collaboration across multiple specialists to ensure that all aspects of the project SE are adequately addressed.

The PCT will have a team of environmental and social specialists mandated to ensure project implementation in consistency with all relevant environmental and social requirements. Social Specialist, supported by PCT, will be responsible for implementation of the SEP, as detailed in the SEP activities table (Table 4) above, and to comply with the timelines specified in this document. The Social Specialist will have overall responsibility to update, adopt, and implement SEP, including various engagement mechanisms, their tentative timelines, roles and responsibilities, and resources allocated for implementing the SEP activities.

The Social Specialist will coordinate with WUAs and local communities to ensure meaningful consultations and organize public consultation meetings. Other specialists involved in SEP implementation will include Environmental Specialist, M&E specialist and technical specialists. The Environmental Specialist will assist the Social Specialist in organizing and conducting public consultations, where both environmental and social concerns can be addressed simultaneously. The M&E Specialist will support the Social Specialist by designing and implementing a monitoring framework to track the outcomes and impacts of the SEP activities. The M&E Specialist will contribute to regular reporting on SEP activities, highlighting areas where social engagement is succeeding and identifying areas for improvement. Technical Specialists (engineers, supervisors) will help explain technical aspects of the project to stakeholders during consultations, ensuring that communities understand how the project may affect their environment and social life.

The project will also contract Community Liaison Officers (CLOs) to operate in target marzes. These CLOs will support the implementation of SEP activities, reporting to the Social Specialist and the wider E&S team within PCT.

3.6.2 Resources

The resource requirements for SEP implementation are generally allocated to key areas such as staffing, communication campaigns, capacity building, GRM implementation, and other essential activities to ensure effective stakeholder engagement and project communication. SEP budget is presented in Annex 3.

4. FEEDBACK AND GRIEVANCE REDRESS MECHANISM

4.1 Objective of Feedback and Grievance Redress Mechanism

FGRM will be established and maintained throughout the course of the Project. The FGRM will ensure that citizens can submit inquiries and grievances, and have their grievances redressed in a timely and effective manner without directly addressing the court.

FGRM provides a transparent and credible process for fair, effective and lasting outcomes. It also builds trust and cooperation as an integral component of broader community consultation that facilitates corrective actions.

The FGRM addresses grievances that arise in the Project under Component 2 and 3 either due to actions by the PCT or the contractor/sub-contractors employed by the PCT from affected communities and external stakeholders. A separate mechanism is developed to address worker grievances. The process is described in Labor Management Plan (LMP). The PCT is responsible for managing the FGRM, but many of the grievances on the Project will likely relate to the actions of the Contractor and so will need to be resolved by the Contractor. The PCT with the support of the Technical Supervision Consultant will administer the FGRM process deciding whether they or the Contractor is responsible and determining the best course of action to resolve the grievance. The Consultant will support the PCT to monitor grievance resolution being undertaken by the contractor.

The project FGRM deals with resettlement issues: land and other assets acquisition (e.g., amount of compensation, suitability of residual land plots, loss of access roads and business, etc.) as well as the losses and damages caused by construction and/or rehabilitation works. The FGRM is described in the Resettlement Framework in details as well.

The FGRM is an instrument with which:

- Affected people can make a complaint or resolve any dispute that may arise during the course of the implementation of the projects;
- The PCT ensures that appropriate and mutually acceptable redress actions are identified and implemented to the satisfaction of complainants;
- The PCT supports accessibility and transparency in handling complaints and grievances;
- The PCT manages time factor (avoids the need to resort to judicial proceedings (at least at first)).

Typical grievances under components 2 and 3 may relate to:

- Land acquisition and physical displacement;
- Civil work damages;
- Environmental impacts; and
- Direct and/or indirect social - economic impacts.

Guiding principles of effective FGRMs key principles include the following:

Confidentiality and Anonymity:

- Have multiple channels through which complaints can be registered.
- Allow safe and confidential reporting: survivors should be able to report Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH) (SEA/SH) without being identified publicly.
- Protect information about the complainants.

- Log cases information in a complainant logbook and stored in a locked cabinet, documenting only limited anonymous information about the incident.

Survivor-Centricity and Safety

- Support the creation of a supportive, dignified, and protective environment for the SEA/SH survivor, and full respect of his/her rights, wishes and choices.
- Be based on the survivor's informed consent, which needs to be guaranteed throughout the FGRM.
- Maintain confidentiality and anonymity as a fundamental way to guarantee survivors' safety: survivor files should not be discussed with anyone.
- Prioritize the safety of the survivor at all times.
- Provide feedback on the case to the survivor only and exercise strong caution before communicating any results beyond the survivor.

4.2 Grievance Submission and Resolution

FGRM will include the following Steps:

Step 1: Submission of grievances in writing, via telephone hotline/mobile, mail, social media (e.g., FB), website, or grievance logbook through a contractor organization or directly to the PCT. The FGRM will also allow anonymous grievances to be raised and addressed.

Step 2: Recording and classification of grievances based on the typology of complaints and complainants to ensure a more efficient response. An initial response shall be provided as soon as possible. The typology will consider the characteristics of the complainant (e.g., vulnerable groups, persons with disabilities) as well as the nature of the complaint

Grievance Focal Point (Stage 1)

Stage 1 of the FGRM involves recording complaints, whether written or oral, in the FFGRM log, which will be prepared and made available to communities and contractors. Grievances will be recorded by designated focal points at the community level and at construction sites, as assigned by the community and the Contractor, respectively.

Once a grievance has been logged, it will be resolved immediately by the community administration or the Contractor, if feasible. If the grievance requires a more detailed examination and cannot be resolved at this stage, the PAP will be informed about the grievance resolution procedures under Stage 2. A PAP also retains the right to proceed directly to Stage 2 without first utilizing the Stage 1 procedures. The timeframe for resolving a Stage 1 grievance is seven days.

Grievances will be addressed at the local level whenever possible. If resolution at this level is not feasible, the grievance will be escalated to the GRC established at the Project level. All grievances and their resolutions will be documented, with redress provided within an appropriate timeframe, not exceeding two weeks.

Grievance Resolution at Project Level (Stage 2)

At this stage, the grievance will be reviewed at the PCT level. Unresolved grievances from Stage 1, with the complainant's consent, will be submitted to the PCT in written form. Likewise, aggrieved complainants or PAPs who are dissatisfied with the resolution at Stage 1 may escalate their grievances to the PCT. The designated community focal point will assist them in lodging an official complaint.

The PT's FGRM coordinator will review the written complaints of PAPs who were not satisfied at Stage 1 and will forward them internally to the appropriate departments for redress. The referral process shall be completed within 10 days, and the complainant shall be informed of the decision within a maximum of 30 days.

4.3 Closure of Grievances

A grievance will be considered 'resolved' or 'closed' when a resolution satisfactory to both parties has been reached and all corrective measures have been successfully implemented. Once a proposed solution is agreed upon between the Project and the complainant, the timeframe for implementation will depend on the nature of the solution. However, all necessary actions to implement the solution shall be undertaken within one month of the grievance being logged and will be tracked until completion. Once the solution is implemented or is in progress to the satisfaction of the complainant, the status of the complaint in the FGRM log will be marked as 'Closed.' The FGRM log will then be submitted to the World Bank team.

In certain circumstances, the Project may 'close' a grievance even if the complainant is not satisfied with the outcome. This may occur, for instance, if the complaint pertains to technical aspects of the project design that cannot be modified or if the grievance is determined to be unjustified, containing incorrect or misleading information. In such cases, the Project will document its efforts to investigate the grievance and justify the decision to reject the complaint. The status of the grievance in these instances will be marked as 'Rejected,' and the complainant will be informed of the decision within one month from the date the grievance was recorded.

4.4 Grievance Records and Documentation

The PCT will nominate a FGRM Focal Point to manage a grievance log to keep a record of all grievances received. The log will contain the name of the individual or organization lodging a grievance; the date and nature of the grievance; any follow-up actions taken; the solutions and corrective actions implemented by the Contractor or other relevant party; the result or status of the grievance.

The Supervisor and construction companies in their monthly monitoring reports will provide information on grievance management. Grievance monitoring and reporting will occur in the PCT's semiannual and annual progress reports to be prepared for the WB.

The FGRM focal point's and the FGRM coordinator's contact information will be publicized (Annex 2).

Information on the Project will be available on the PCT's website and will be posted on information boards in affected communities in the Project area. Information can also be obtained from the FGRM Focal Point.

The FGRM mechanism will not impede access to the Country's judicial or administrative remedies.

1.3 SEA/SH Grievances

The SEP establishes sensitive procedures related to grievances concerning SEA/SH, ensuring a survivor-centered approach.

All complaints, especially SEA/SH-related, will be treated with strict confidentiality. The identity of the survivor will be protected at all stages. The procedure will follow a survivor-centered approach, prioritizing the survivor's needs, consent, and preferences. Referral mechanisms to support services

Water and Irrigation Services Enhancement - SEP

will be established to support the survivor to find services they might need (health, legal, or psychosocial, etc.).

Investigations into SEA/SH grievances will be handled sensitively and confidentially. No action will be taken without the survivor's informed consent. The survivor will be involved in deciding how the complaint is handled, including whether an investigation proceeds. A strict no-retaliation policy will be in place, ensuring that survivors and witnesses are protected from any form of retaliation for reporting SEA/SH cases.

SEA/SH grievances will be prioritized and resolved within a clearly defined timeframe, typically within 30 days or sooner, depending on the severity of the case. The survivor will be regularly updated on the progress of the grievance resolution process, ensuring transparency and trust in the procedure.

Details on addressing grievances related to workplace concerns, including those involving SEA/SH, are provided in the Project LMP.

Annex 1: Detailed Description of Project Activities under Each Component

The project will finance four components. The project implementation period will be six years.

The project instrument is Investment Project Financing with Performance-Based Conditions (IPF-PBC), organized around the four components, including one component with PBCs, as follows: (i) Component 1: Water Sector Reform and Institutional Strengthening (with PBCs); (ii) Component 2: Rural Water Supply and Sanitation Enhancement; (iii) Component 3: Modernizing Irrigation Infrastructure & System Management; and (iv) Component 4: Project Management. A gender gap and social assessment will be carried out to provide missing information relevant especially to the proposed interventions under components 1 and 2, on membership and representation in WUA and in rural WSS decision making bodies, and of WC and WSA HR policies related to female staff attraction, retention, and promotion.

Component 1: Water Sector Reform and Institutional Strengthening (US\$20M). This is a component with PBCs which will provide support to the MTAI and the WC in key identified priority areas including: (i) the development of a consolidated National Water Strategy, a National Irrigation Strategy, a Rural Drinking Water and Sanitation Strategy, and a National Irrigation Master Plan, all to be developed and approved by GoA, and which will take into account potential OP7.50 transboundary riparian concerns; (ii) revision of the irrigation sector tariffs system, to transition to setting fixed fees based on actual irrigated land and variable fees based on actual use of water on the irrigated land; (iii) an Asset Maintenance Fund and an Asset Maintenance Plan to be established by the WC and/or WSA dedicated to the proper operations and maintenance (O&M) of any newly modernized irrigation scheme; (iv) revision of critical water sector legislation including the water code, irrigation norms and the WUA law; and (iv) establishment of a national Irrigation Water Accounting and Adaptation Center (IWAAC). IWAAC will provide essential information, tools, and applications required for monitoring, forecasting, and climate adaptation. IWAAC will also serve as a mechanism for outreach to communities for example through participatory consultations, community dialogue forums, collaboration with local NGOs to share critical climate and water data and to receive feedback to calibrate the applications. Component 1 will include two Performance-Based Conditions (PBCs) as described below.

Subcomponent 1.1 and PBC 1: Strengthening national water resources policy and planning (US\$3.4M). This PBC will provide support to the MTAI and the WC to develop and approve a comprehensive National Water Strategy, a ten-year National Irrigation Strategy, a Rural WSS Strategy, and an Irrigation Master Plan. This subcomponent will also examine all existing legal frameworks for water sector management in Armenia, including the Water Code, the WUA law, revision of irrigation norms and other related legislative acts.

PBC 1 includes three sub-PBCs, which are related to the drafting, development, and GoA approval of: (i) a comprehensive National Water Strategy (PBC#1.1); (ii) a National Irrigation Strategy (PBC#1.2); and (iii) a Rural Drinking Water and Sanitation Strategy (PBC#1.3). Approval of these strategies will be a pre-requisite for the initiation of Phase 2. The project will also invest in a National Irrigation Master Plan, which will assess technical feasibility, economic viability, environmental sustainability, social inclusivity, and climate adaptation in water-stressed areas. A thorough analysis of agricultural dynamics and market potential will guide investments, with the associated terms of reference (TOR) for preparing the master plan addressing potential riparian issues under OP 7.50.

Subcomponent 1.2: Improving irrigation sector management and service delivery (US\$16.6M) will finance the following activities:

A comprehensive institutional reform program to improve the functions of the WC and the WSA (US\$5.3M). This activity will finance: (i) TA for an organizational audit/institutional assessment, including gender and inclusion aspects, of the WC and WSA internal structure and/or support to GoA to establish a new water agency. If GoA creates a new agency, this component will finance TA and procurement of goods and services to help establish and operationalize it; (ii) a separate follow-on TA for the internal capacity development of WC, the WSA, and field-based staff. Related purchases will include equipment (including computers, field instruments, transportation and water measurement instruments) as well as an Asset Management System comprising a Geographic Information System (GIS)-based management information system (MIS).

Implementation of revised irrigation tariffs (US\$1.55M). This activity will focus on reforming irrigation sector tariffs and farmer contributions, balancing the main principles of cost-recovery and affordability³⁵, and transitioning to fixed fees based on irrigated land and variable fees based on water consumption. To inform the reform process, this activity includes conducting a baseline analysis of bulk irrigation water supply costs and conducting affordability and willingness-to-pay studies, designing a tariff methodology, and a roll out plan including a phased approach with support to farmers unable to afford full O&M cost recovery fees.

PBC 2 includes three sub-PBCs: (i) establishment of an Asset Maintenance Fund dedicated for the O&M of any newly modernized irrigation scheme under the WISE project. The fund can initially be funded by the state budget and gradually start receiving funding from the revised WSA bulk water supply tariffs and WUA ISFs within two years of the system becoming operational (PBC#2.1); (ii) a revised bulk irrigation tariff and WUA ISF methodology is approved for 6 WUAs which aligns with the WUA law as well as having a two-part structure (fixed and volumetric) for the ISF (PBC#2.2); and (iii) development and approval of a tariff roll out plan with communications strategy for outreach to those WUAs which will be impacted by increased tariffs and an increased ISFs (PBC#2.3).

Capacity building program for Water User Associations (US\$1.6M). Through this activity the project will provide support to six 6 target WUAs. The TA will be provided through the re-established WUA Support Groups and will include strengthening legal, administrative, technical, managerial, and financial management capabilities. This may include training on different topics (informed by a comprehensive capacity needs assessment conducted in year 1 of the project for all WUA staff and members, including among women and across all age groups), and provision of goods (such as water meters, IT equipment and office furniture, specific technical tools, and machinery). Several key issues will be addressed under this activity: (i) strengthening institutional/governance by assessing the size and reorganization of the WUAs, strengthening Administrative Councils³⁶, enhancing participatory governance, improving elections and participatory decision-making, and increasing water user awareness on efficient water use; (ii) strengthening WUA capacities through gender-centric training, upgrading equipment, improving working conditions, and attracting women and young professionals, including into leadership and technical positions, especially in remote areas, by establishing targeted outreach programs for women and young graduates in universities and technical schools to inform them of internship and job opportunities in the water sector and by promoting and nominating young users and women candidates for elections; and (iii) improving water resources management, by upgrading GIS water accounting, implementing annual water planning, installing metering, and shifting to volumetric irrigation fees.

This Activity will also finance water saving and management technologies for male and female WUA members to mitigate heat stress, reduce climate risks, and enhance water efficiency for climate adaptation. It will provide modern climate resilient-irrigation systems, Decision Support Systems via mobile apps, and digital advisory and early warning services to improve access to climate and weather data. Training will be integrated with technology access to support informed decision-making and climate resilience, as well as fostering dialogue with (young) farmers, capturing their experiences and needs. The activity will also promote the participation of young people and women in WUA decision-making, reviewing barriers, recommending actions, and conducting awareness campaigns and skill development programs to increase their participation in Management, Operations, and Maintenance (MOM).

Establishment and Operationalization of a National Irrigation Water Accounting and Adaptation Center (US\$8.15M). This activity will establish IWAAC within the WC or in a new land and water agency to enhance water and irrigation management. Building on Armenia's GIS-based system, it will integrate remote sensing, ground monitoring, and climate data to improve water accounting, crop monitoring, and adaptive irrigation planning. The center will modernize decision-making with state-of-the-art technology, offering weather forecasting, early warning systems for floods and droughts, and climate-resilient water management tools. IWAAC will also strengthen local monitoring networks, establish a national remote sensing platform, and coordinate inter-agency collaboration. It will streamline data collection and analysis, address monitoring gaps, support climate adaptation in irrigation planning and water allocation, and develop decision-support tools to enhance resilience against extreme weather and climate variability while defining sectoral roles, responsibilities, and accountability. IWAAC will also establish a Water Professionals Training Unit to enhance in-country technical expertise in irrigation modernization covering operation, maintenance, management, and collaboration with international designers. It will develop a national digital irrigation library, translating key resources into Armenian. A targeted training program for young to mid-level professionals will focus on irrigation infrastructure development and management, including Supervisory Control and Data Acquisition (SCADA) systems, canal lining, pipeline design, and corrosion mitigation. Training will be conducted domestically and internationally in collaboration with global experts, with participants contributing materials to the digital library.

Component 2. Rural Water Supply and Sanitation Enhancement (US\$30M) will focus on providing improved access to efficient and financially sustainable rural WSS services in selected areas of Armenia to enhance climate resilience against drought, floods and extreme heat. It will do so by improving the regulatory framework and institutional capacity to advance sector reform and promote sustainable service delivery, duly accounting for current and expected climate change impacts. It will furthermore support GoA in improving access to safely managed water supply in unserved rural settlements through the rehabilitation and construction of water supply infrastructure that will incorporate engineering design principles from the WB Resilient Water Infrastructure Brief, in conjunction with establishing inclusive water supply service provision with the participation of women during the planning, implementation, and operating processes through consultations, focus groups and other means. Phase 1 will not consider sanitation infrastructure, which will only be considered for Phase 2 of the Program. This component will include consultations with all affected community members to highlight the role communities play in WSS planning and service delivery and will enhance accountable and transparent WSS service delivery.

Subcomponent 2.1. Institutional strengthening, capacity building, and regulatory reform (US\$7M). This subcomponent will support activities at the national, the marz and the local levels to build institutional capacity for delivering WSS services and for expanding coverage in anticipation of climate change droughts, floods and extreme heat. Specifically, the subcomponent will support (i) the collection of baseline information on the status of the RWSS services in all the country's marzes; (ii) the preparation of a service improvement and implementation roadmap for unserved areas, including improving the institutional set-up and enabling environment of the sector; (iii) the development of a framework for a sector-wide monitoring system; (iv) the implementation of monitoring and control tools in the WC to enhance the effectiveness of supervision and control of the WSS sector across the country; (v) the implementation of technical assistance to improve water quality, increase water quantity, reduce non-revenue water (NRW) and increase community satisfaction; (vi) a socio-cultural and gender assessment to examine how these dimensions are reflected in national policies, strategies, sectoral plans and programs, and to identify any related gaps with regard to WSS access and services in the targeted unserved areas; (vii) development of a capacity building strategy and plan for the RWSS sector and its associated costs for better identifying, designing, implementing and managing WSS services; (viii) the design and delivery of a learning program and an Information, Education and Communications (IEC) program that include training activities for (a) WSS system planning, design, construction, and management, (b) system operations and maintenance arrangements for sustainable RWSS service delivery, (c) procurement procedures and practices; (d) financial accounting and reporting, and (e) RWSS system monitoring and evaluation; (ix) the development of a national catalogue of rural sanitation system technologies and WSS service delivery models, including assessing private sector options, for future implementation across the country; (x) the development of an investment plan for rural WSS systems and services for all the unserved areas of all marzes in the country, in line with prioritization criteria agreed with the client and based on the comprehensive assessment of RWSS services across the country; and (xi) the development of a RWSS roadmap for the unserved areas, including improving the institutional set-up of the sector (and considering private sector options).

Comprehensive regulatory reform to improve the financial sustainability of WSS services. A key component of the enabling environment of the WSS sector is a solid regulatory framework. The component will support the development and implementation of a comprehensive WSS tariff reform program to ensure that sustainable pricing models reflecting both operational costs and fair and equitable consumer rates are in place, while considering regional socio-economic conditions and aligning with good international practice. The regulatory reform developed should consider a long-term vision for the sector and should be sufficiently flexible to accommodate future developments. To inform the reform process, this activity includes conducting a baseline analysis of WSS costs and conducting affordability and willingness-to-pay studies. Additional activities to be explored in this reform process include recommendations for government subsidies for water users unable to afford full O&M cost recovery fees. In addition to developing a tariff methodology, as part of project implementation the GoA will develop and approve a tariff roll out plan with a corresponding communications strategy for outreach to those communities affected by increased tariffs, as well as a behavior change campaign and a marketing campaign.

Private concession contractual arrangements. To support and allow for future infrastructure investments and effective WSS service delivery, the contractual relationship between the lessee and GoA is extremely important. As the current contract is creating some tensions, the project will support GoA in improving its performance under the contract and its capacity to

collaborate with the lessee by providing independent TA for reviewing the goals, achievements and binding constraints of the PPP contract, while also reviewing the technical, institutional, commercial, financial and legal aspects of the contract. This TA will aim to ensure that GoA has the necessary data, analyses and improved technical capacity to assist it in achieving these goals. It should be noted that Phase 1 will not directly support or intervene in any potential negotiations that may take place between GoA and the lessee. If such support is requested by GoA, it could be provided by the World Bank Group (including IFC) during the preparation or implementation of Phase 2 of the MPA.

Subcomponent 2.2. Feasibility Studies and Infrastructure Investments (US\$23M). This subcomponent will support the undertaking of feasibility studies to prepare and structure WSS investments that will withstand climate change exacerbated droughts, floods, and extreme heat. Feasibility studies and detailed engineering designs will be developed for the highest-priority investments for implementation under both phases 1 and 2 of the MPA³⁷. Based on the prioritization of activities under the investment plan, the subcomponent will implement infrastructure and service improvement interventions deemed to be ‘no-regret’ in nature for the highest-priority unserved settlements, based on criteria agreed with GoA based on technical, economic, socio-political and institutional considerations. Infrastructure investments will include construction of water networks - which constitute minor additions or alterations to existing schemes - including household connections (and connections to schools and healthcare facilities, where necessary), metering, and any necessary water treatment systems, which will incorporate climate resilient engineering principles. In phase 1, these investments are expected to be in several marzes – the confirmation of which will be based on technical, economic, socio-political and institutional considerations. This will exclude activities that: (A) are unable to meet the requirements set forth in the Environmental and Social Commitment Plan of the Project; (B) result in the establishment of new schemes that use or risk pollution of water of international waterways, (C) have high-risk environmental or social impacts; and/or (D) will have a negative impact on any critical natural habitats or cultural heritage areas”.

Component 3. Modernizing Irrigation Infrastructure & System Management (US\$119M) will boost drought resilience by financing rehabilitation and modernization of selected irrigation systems at main, secondary, and tertiary canal levels currently managed jointly by WSA at the large main canal and reservoirs level and by WUAs at the secondary and tertiary distributary level. In cooperation with the Water Committee, a sample of five irrigation schemes are short-listed for consideration under Phase 1 (see Table 3). The total command area of the irrigation systems under consideration is about 39,580 ha which will be selected based on hydrological, technical, economic, and agricultural parameters, under a Framework Approach³⁸. For Phase 2, an additional four irrigation schemes have been identified. It must be noted that under this component, there will be no construction of new irrigation schemes and no construction of any extension to the existing schemes.

Subcomponent 3.1: Modernizing Climate Resilient Irrigation Infrastructure & System Management (US\$114 million). The activities to be carried out in schemes selection consist of detailed feasibility studies, including Economic and Financial Analysis, and Environmental and Social Impact Assessment for rehabilitation/modernization of five short-listed irrigation systems (Table 2). Final selection of schemes will be based on technical feasibility, estimated investment cost, financial and economic viability, allocated budget, OP7.50 considerations. In addition, the project will engage WUAs at an early stage of design to participate and sign-off on the designs. The following structures will be considered for rehabilitation and/or reconstruction/modernization across the selected schemes: headworks; critical sections of

main canals inverted syphons; aqueducts, secondary and tertiary network (pipeline or lined); water control/distribution; outlets; mudflows; flood protection; flow and/or volumetric measurement structures, wherever necessary check structures for easy removal or flushing of trash, bridges, maintenance roads, and related pump stations with aim of identifying technological advancements that can modernize selected systems (e.g., conversion from pumping to gravity or transition from gravity to pressurized pipe networks, where feasible, or construction of off-line canal side regulating reservoirs), and other required ancillary structures. This sub-component will also carry out technical and institutional assessments of Vorotan-Arpa-Sevan Conveyance Tunnel. Wherever feasible, the project will maximize elevation to convert from pumped to gravity systems, to reduce energy consumption and minimize GHG emissions. The feasibility and detailed design studies will systematically examine the opportunities to rehabilitate/modernize existing systems by considering water control and delivery structures, that are operated to maintain a constant canal water levels over time, regardless of the flow rate. Climate adaptation and hazard resilience principles will be embedded in the selection and in the design of all investments based on the Bank's Water GP's guidelines.

Table 2. Short-List of Irrigation Schemes for Phase 1

No	Irrigation scheme	Water source	WUAs involved in O&M	Command Area (ha)	Actual Irrigated Area (ha)	Type of irrigation	Length of Main Canal (km)	Length of secondary distributors (km)	Cost of Modernization (US\$M)
1	Lower Hrazdan canal	River Hrazdan/Ranchp ar p/s	Yerevan WUA, Echmiadzi n WUA	11,400	7,000	mixed	53.0	43.00	75
2	Arzni-Shamiram	River Hrazdan/Aparan reservoir	Kotayk WUA, Aragatsot n WUA	20,600	12,000	gravity	89.1	15.2	130
3	Kotayk canal	River Hrazdan	Kotayk WUA,	4,000	1,400	mixed	32.0	74.0	35
4	Lori canal	Rivers Tashir and Dzoraget, (also dotaton from Rivers Miskhanka, Agarak and Hovandar)	Lori WUA	3,080	410	gravity	47.6	18.0	14
5	Debetavan	River Debet	Tavush WUA	500	500	mixed	14.0	3.0	4.5
TOTAL				39,580	21,310				258

Sub-component 3.2: Introduction of SCADA (US\$5 million). This sub-component will finance two activities. The first activity will be related to collection, processing and management of field data from throughout the canal and pipeline systems to boost climate resilience. Following the development of a comprehensive SCADA plan, the field data activity will include (i) accurate real-time measurement of critical flow rates and water levels that are impacted by climate change (ii) transmission of that data, (iii) organization and archiving of that data, (iv) providing easy access to real-time as well as historical data, (v) standardization of equipment and software for these purposes, (vi) training of an excellent SCADA team of technicians for installation, troubleshooting, and repair, and (vii) establishment of a high quality, well-stocked SCADA center with spare parts, equipment for testing, diagnostics, and component assembly. Of particular importance will be the establishment of data security and backup. Once the first activity is well established, investments will be made for a second SCADA activity. The second SCADA activity will provide limited remote manual operation and monitoring of headwork gates. This will not be the primary focus of SCADA but will provide valuable experience for future Armenian irrigation investments in remote manual and automatic (not included here) operation of gates and monitoring of water distribution in the larger canal systems, where modernization investments that consider climate change induced rainfall variability will be made. The use of flow measurement data will be integrated. The SCADA system will not only assist operators with real-time information for improved water management; it will also provide historical databases for later analysis and planning.

Component 4: Project Management (US\$6M). An interim Project Coordination Team (PCT) will be housed within the WC and will assume primary responsibility for project implementation, including procurement of civil works and of goods and services, as well as related procurement and financial management (FM), compliance with agreed environmental and social management measures, and project M&E. This component will finance staff costs, design, implementation, and reporting of baseline and project completion surveys; and the preparation of assessment studies (e.g., pre-feasibility and feasibility studies), detailed engineering designs, and construction supervision. The component will also include capacity building support for the PCT, including citizen engagement training skills for the PCT staff.

Annex 2. The FGRM focal points and the FGRM coordinator's contact information publication form

Description	Contact Details
FGRM focal point at community level	
FGRM Coordinator	
To:	
Address:	
E-mail:	
Website:	
Telephone:	

Annex 3. SEP Budget

The following tentative budget is estimated based on potential activities that could be funded under Component 4 on the Project's Management.

Budget categories	Quantity	Unit costs, \$ per year	Times per year	Years	Total costs, \$
Staff salaries					
Community Liaison Officers in 6 provinces /marzes ²	6	1,000	1	6	36,000
Events					
Project launch meetings (space rent, catering, printed materials)	6	1,500	1	1	9,000
Communications materials, PR kit (posters, brochures)	lump sum				6,000
Round table discussions	2	2,000	1	2	8,000
Consultations with vulnerable groups in 6 provinces /marzes	18	500	3	1	27,000
Trainings					
Training on environmental, social issues (including SEA/SH) for Contractor /Consultant staff	2	2,000	1	3	12,000
Feedback					
Monitoring survey for feedback	1	12,000	1	1	12,000
TOTAL STAKEHOLDER ENGAGEMENT BUDGET					110,000

² Community liaison officers will not be municipality staff, they will be selected as individual consultants in each marz where the works will be implemented to support the Project