



Assessment of the impact of current drinking water and sanitation tariffs on vulnerable and marginalized groups



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Acronyms

| | |
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| AMD | Armenian Dram |
| AWHHE | Armenian Women for Health and Healthy Environment |
| CJSC | Closed Joint Stock Company |
| HLPF | UN High - level Political Forum |
| MTAI | Ministry of Territorial Administration and Infrastructures |
| PSRC | Public Services Regulatory Commission |
| RA | Republic of Armenia |
| SDGs | Sustainable Development Goals |
| UNDEF | United Nations Democracy Fund |
| UNECE | United Nations Economic Commission for Europe |
| USSR | Union of Soviet Socialist Republics |
| VNR | Voluntary National Review |
| WHO | World Health Organization |

Introduction

The “Assessment of the impact of current drinking water and sanitation tariffs on vulnerable and marginalized groups” technical report was developed by the non-governmental organization (NGO) Armenian Women for Health and Healthy Environment (AWHHE) in the framework of the project "**Enabling Women to Participate in Sustainable Water Management in Armenia**", funded by **The United Nations Democracy Fund (UNDEF)**.

The project aims to contribute to strategies regarding the sustainable management of natural water resources in the Ararat Valley through enhancement of women’s groups that supply oversight and equity in community water and sanitation resources. Three groups are interlinked in their actions to facilitate discussion on tariff compensation; monitor the participation of oversight activities on irrigation; and implement four pilot projects at the community level. Pilot projects will identify community-based participatory approaches to decision-making involving women to improve access and management of water resources.

The main purpose of this report is to identify the financial problems and gaps in equitable water supply and sanitation access and affordability for vulnerable and marginalized groups.

This technical report includes an analysis of existing legal frameworks, institutional arrangements of the country, and situation in the drinking water and sanitation sector of the Republic of Armenia (RA).

With the view of ensuring equitable access to water supply and sanitation, in 2015-2016, the project titled "Assessment of Equitable Access through the Self-Assessment Card" was implemented within the framework of the Protocol on Water and Health supported by the United Nations Economic Commission for Europe (UNECE) / World Health Organization (WHO) European Regional Office and the Government of France. The AWHHE NGO implemented that project under the coordination of the State Committee on Water Economy¹ of the Ministry of Agriculture of the Republic of Armenia (currently Water Committee of the RA Ministry of Territorial Administration and Infrastructures (MTAI)).

The objectives of the self-assessment of the situation in equitable access to water and sanitation in Armenia were as follows: to achieve a better understanding of the situation and challenges related to equitable access to water and sanitation to facilitate the identification and prioritization of problems to be considered when setting targets under the Protocol; to identify relevant stakeholders and create links with them; to raise awareness among stakeholders on equity issues and to develop a comprehensive overview of the existing policy measures to address.

In the framework of the project, an assessment of the situation of equitable access to drinking water and sanitation in Armenia was conducted through the Self-Assessment Card.

¹ The governmental structure of departments has changed by the Law of May 8, 2019 on Amendments and Additions to the Law on Structure and Activities of the Government of the Republic of Armenia. The Water Committee of the Ministry of Energy Infrastructures and Natural Resources of the Republic of Armenia has been transferred and renamed to the Water Committee of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia.

The Self-Assessment Card has been an analytical tool that enables assessment of equitable access to water supply and sanitation in the Republic of Armenia, with baseline indicators available, including legislative, financial, and stakeholder frameworks.

Within the framework of the project “Development of an Action Plan for the Provision of Equitable Access to Water Supply and Sanitation in Armenia”, an Action Plan was developed for 2018-2020, including the assessment of the impact of existing tariffs on vulnerable and marginalized groups and development of tariff compensation mechanisms to ensure equitable access to water and sanitation.

Providing access to water supply and sanitation services implies an application of a systematic approach as well as a case-by-case approach.

The Action Plan was approved on August 4, 2017 by the official Decree No. 130-A of the Chairman of the State Committee on Water Economy of the RA Ministry of Energy Infrastructures and Natural Resources (currently Water Committee).

The Action Plan includes three main parts of the tasks identified in the Equitable Access Self-Assessment Card.

- improvement of equitable access to water supply and sanitation management (financing and legal regulations);
- reduction of geographic disparities in ensuring equitable access to water supply and sanitation;
- provision of equitable access to water supply and sanitation for marginalized and vulnerable groups.

Objective: Review the current tariff compensation mechanism for ensuring equitable access to water supply and sanitation for vulnerable and marginalized groups as per Section III of the Action Plan on Equitable Access to Water Supply and Sanitation for improving the existing tariff mechanism to protect vulnerable populations, particularly women.

Methodology: The report is based on the literature review and assessment of the existing documents and open sources, such as websites, statistics, reports, etc.

The national consultants with expertise and experience in the water sector, compiled the information needed and produced the draft of the baseline analysis.

Equitable access to water and sanitation for vulnerable and isolated groups and a number of other issues related to water supply and sanitation were addressed at a meeting held at the “Ibis Yerevan Center” Hotel on January 30, 2020 organized by the “Armenian Women for Health and Healthy Environment” NGO within the framework of the UNDEF - funded project “Enabling Women to Participate in Sustainable Water Management in Armenia”.

The meeting was attended by 23 participants (19 female, 4 male participants) representing key national stakeholders, such as, representatives of the Ministry of Territorial Administration and Infrastructures, Ministry of Labor and Social Affairs, Public Services Regulatory Commission, mayors' of settlements of Ararat marz, NGOs and independent experts. Mayors' of settlements of Armavir marz were not present as urgent meeting was organized at the marz level.

The speeches delivered at the meeting touched upon such issues like the tariff policy in the Republic of Armenia, the process of formation of drinking water, sanitation and irrigation water tariffs, social assistance to vulnerable groups, and other issues.

When talking about the tariff policy, the participants' attention was drawn to the fact that the unified tariff is applied to all customers of the settlements included in the service area of “Veolia Djur” CJSC, including vulnerable and marginalized groups. However, there is no complete information on the tariffs for the settlements outside the above mentioned service area, as in these settlements, even access to water and sanitation is a common issue. In addition, at present the RA legislation does not define vulnerable and marginalized groups.

It was also mentioned, that there is currently a need to make legislative changes, in particular to the RA Water Code, relating to the inclusion of the definition of vulnerable and isolated groups and ensuring equitable access to drinking water for those groups.

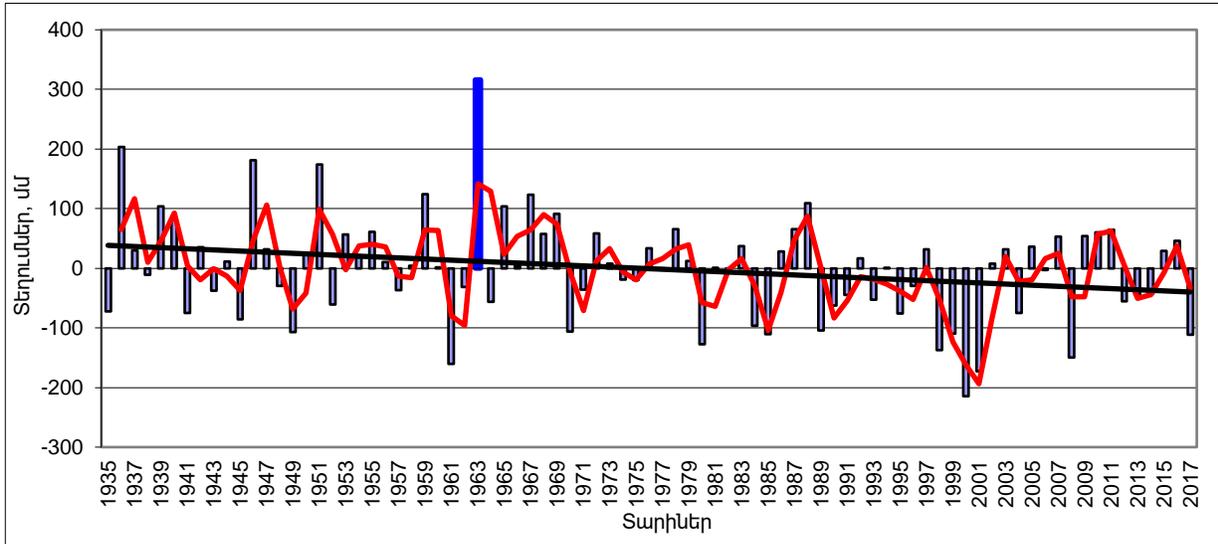
At the end of the meeting, the participants presented a number of recommendations to ensure the exercise of drinking water supply and sanitation rights for vulnerable groups.

Agenda and photos of the meeting are included in the Annex 1 and 2 respectively in this report.

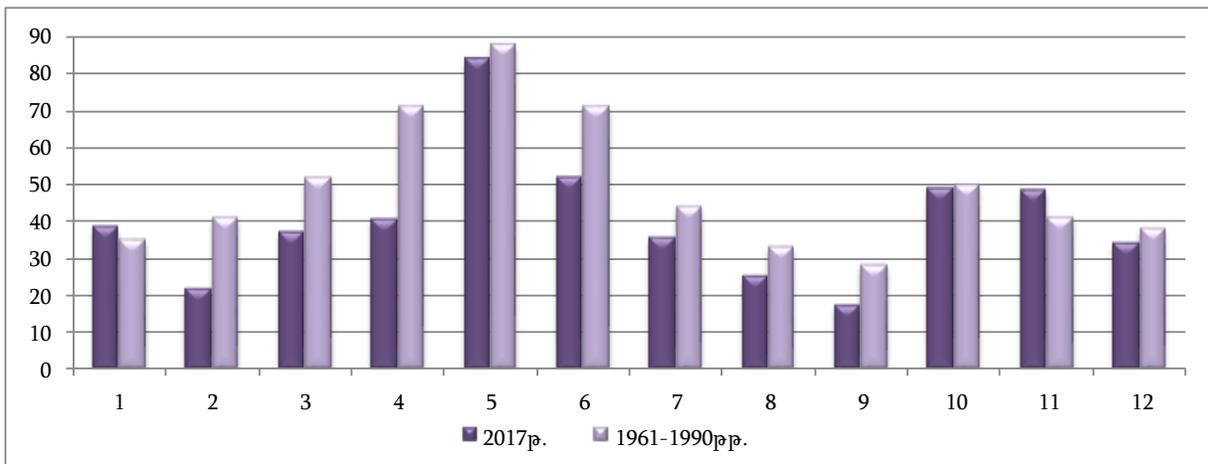
General information about the country

Armenia is a unitary, multi-party, democratic nation-state. Modern Armenia occupies an area of 29 743 km² and, as of 2018, had a population of 2 972 700. Gross domestic product per capita amounted to USD 3872. The population living below the poverty threshold constituted 27.1%; the unemployment rate was 17.8%; 63.8% of total population lived in urban areas and 36.2% in rural areas (www.armstat.am).

Annual average precipitation and the deviations from the norm of 1961-1990, mm⁴



Monthly average precipitation in the RA, 2017, mm⁵



⁴ <https://www.armstat.am/am/?nid=81&id=2075>

⁵ <https://www.armstat.am/am/?nid=81&id=2075>

PART I. Legislation and Institutional Frameworks

Legal framework

At present, great attention is paid to the effective management, development and use of water resources in the republic. In order to regulate this sphere, many laws, legislative acts, decisions and other documents have been adopted by the legislative and executive bodies of the country over the last several years, based on which a number of reforms have been implemented.

According to Part 1 of Article 12 of the **Constitution of RA**, state promotes the protection, improvement and restoration of the environment, the rational use of natural resources guided by the principle of sustainable development and taking into account the responsibility to the future generations. According to Part 2 of the same Article, everyone is obligated to care for the protection of environment. Article 85 of the Constitution of RA envisages that everyone has the right of health protection in accordance with the law. According to Article 23 of the Constitution, human dignity is inviolable.

Accordingly, the mechanisms for detailed implementation of the abovementioned rights are defined by the laws.

The main legal acts regulating the sector

| Type of legal act | Title | Adoption year | Comment |
|--------------------------|--|----------------------|--|
| Code | Water Code | 2002 | The Code is the main legal document defining and regulating the concepts and relationships of the water industry. The Water Code regulates the issues relating to the protection, use, distribution of water resources and systems, as well as defines the principles and forms of private sector involvement. |
| Law | On Provision of Sanitary-Epidemiological Security of the Population of the Republic of Armenia | 1992 | This law defines the legal, economic and organizational aspects of the sanitary-epidemiological security of the population of Armenia, as well as the safeguards envisaged by the State to prevent the impact of environmentally harmful and hazardous factors on the human organism and to ensure favorable conditions for the well-being of the population |

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| | | | and future generations. The main requirements for water supply and water use are set out in Article 16 of the Law. |
| Law | On Population Protection in Emergency Situations | 1998 | This law defines the bases and organization of the protection of the population in emergencies, the rights and responsibilities of public administration and local self-governing bodies, enterprises, institutions, organizations, irrespective of their organizational and legal types, as well as officials and the citizens in this sphere. |
| Law | On Freedom of Information | 2003 | This law regulates the relations connected with freedom of information, defines the jurisdiction of the holders of information, as well as the procedures, ways and conditions to get information. The law applies to state and local self-governing bodies, state institutions, organizations financed from budgets, as well as to organizations of public interest and their officials. |
| Law | On Fundamental Provisions of the National Water Policy | 2005 | The law is a long-term development concept for the strategic use and maintenance of water resources and water systems. The purpose of this law is to ensure the availability and accessibility of water resources necessary for human well-being, for the development of the country's socioeconomic system and satisfaction of the economic and ecological needs in the present and future. |
| Law | On National Water Programme | 2006 | The law is the main instrument for the development of water |

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| | | | <p>resources and water systems through which the objectives of the Water Code are implemented. This law regulates the relations associated with establishment and implementation of the National Water Programme of Armenia, including the assessment of national water resources, the strategic water reserve, usable water resources, and the demand for water supply, and the main issues and prospects of water sector maintenance and development.</p> <p>Activities under the Law are based on the scarcity of water, the consideration of water as one of the main means supporting human life and health, fauna and flora, and on the requirements for ensuring access to water.</p> <p>The overall goal of this law is to establish measures aimed at solving the problems related to the satisfaction of the needs of the population and economy, ensuring environmental sustainability, the creation and use of the strategic water reserve, the protection of the national water reserve, as well as the objectives of the RA Water Code and the RA Law “On the Fundamental Provisions of the National Water Policy” through efficient water resources management.</p> |
| Law | On Making Amendments and Supplements to the RA Water Code | 2018 | Under this law, legal relationships in sanitation sector are fully regulated, as well as the types of wastewater and drainage systems and the |

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| | | | requirements for wastewater discharge, treatment and monitoring are defined. The law will enter into force on January 1, 2020. Meanwhile, the timing of the measures set out in the transitional provisions has been adapted to the target dates of Sustainable Development Goals. |
| Government Decision | On the Establishment of State Land Management Authorities | 2002 | According to this decision, the Ministry of Health is the state authorized body for establishing sanitary norms and restrictions in the use of sanitary protection zones. |
| Government Decision | On Approving the Model Water Use Form and Water Use Permit Forms | 2003 | According to this decision, a relevant document (conclusion) is required issued by the Health Inspection Body of the Republic of Armenia in case of water use for communal - household, medical and health purposes. |
| Government Decision | On Approving the Procedures for the Free Use of Water | 2003 | <p>1. This procedure regulates the legal relationships related to the free use of water (except for the legal relationships regarding the use of water resources for tourism, sports and recreational needs), the use of groundwater on privatized land, and the use of water for fire-fighting purposes, which are regulated by separate procedures established by the Government of Armenia.</p> <p>6. The Ministry of Nature Protection, based on the information provided by the authorized healthcare body on the danger of water resources for human health, may limit or suspend free water use by</p> |

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| | | | <p>water resource (s) or its (their) part (s) if:</p> <p>a) epidemic cases are reported in the region, and there is a danger of spread of water-related diseases;</p> <p>b) the water resource is polluted to the extent that could endanger people's lives and health.</p> |
| Government Decision | On Defining the Rules for the Use of Sanitation Systems and Wastewater Treatment | 2003 | <p>The provisions set out in these rules apply to organizations using (exploiting) and managing drainage systems by the right of ownership or use.</p> <p>Sanitation systems may be used (exploited) by their owners or organizations that have a right to use (exploit) for a certain period in accordance with the legislation of the Republic of Armenia.</p> |
| Government Decision | On the Procedure for Establishing Emergency State Regimes for the Use and Protection of Water Resources, Instructions, the Minimum Quantities of Drinking Water Supplied to the Population, as well as the Compensation Procedure for Any Damage Caused to the Water System Operator | 2005 | <p>This decision establishes the procedure for establishing emergency state regimes for the use and protection of water resources, instructions, the minimum quantities of drinking water supplied to the population, as well as the reimbursement procedure for damage caused to the water system operator.</p> |
| Government Decision | On Regulations for Establishing Water Standards | 2005 | <p>This decision establishes the standards for drinking, economic and cultural (household needs), irrigation, industrial water quality standards, as well as the rules for determining the standards for permitted pollutant</p> |

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| | | | discharge into surface water resources. |
| Government Decision | 2014-2025 Strategic Program on Prospective Development of the Republic of Armenia | 2014 | <p>The Program envisages a continuation of the reforms of the drinking water systems with a view to increasing the reliability and efficiency of operation of the systems and improving the quality of water supply and sanitation services by focusing on the mitigation of regional disparities.</p> <p>Reconstruction of sewer systems of towns and large settlements and construction of removed wastewater treatment plants are also important in the field of sanitation.</p> <p>The tariff policy will be targeted at gradual increase in tariffs cost recovery for the project period, taking into account the affordability for households in the lowest income group. A maximum threshold for affordable tariffs for water supply and sanitation services will be established for water and sanitation services, and in case the services are rendered with higher tariffs, the State shall subsidize to cover the difference for poor families.</p> |
| Government Decision | On Revoking the Decree No. 130-N of January 22, 2004 of the Republic of Armenia and Regulation of the Use of Drinking Water for Irrigation Purposes, and on Recording the Illicit Use of Drinking Water from Drinking Water Supply Systems and | 2017 | The decision provides for a definition of illicit consumption for recording the illicit utilization of sanitation (wastewater treatment) systems, the procedure for recording and calculating the daily amounts of removed (treated) wastewater. |

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| | Illicit Utilization of Sanitation (Wastewater Treatment) Systems | | |
| Government Protocol Decision | On Approving the Water and Sanitation Sector Strategy and Financing Program for 2018-2030 Approved by Paragraph 13 of No. 10 Protocol Decision of RA Government Session of March 15, 2018 | 2018 | The RA Government Protocol Decision approves the Water and Sanitation Sector Strategy and Financing Program for 2018-2030, sets out the main objectives of the strategy, current issues, proposed solutions, risks and expected outcomes. The main objective is to improve the water supply and sanitation services in the served and non - served areas, to improve the drainage and wastewater treatment sectors, which has not been viewed as a priority in the past. |
| Ministerial Decree | Order of the Minister of Health on Approving the Sanitary Rules and Regulations No. 2-III-A2-2 on Sanitary Protection zones for Household Drinking Water Supply and Water Supply Sources | 2002 | This order establishes the sanitary-hygiene and <i>anti</i> -epidemiological requirements for organization and operation of sanitary protection zones for household drinking water supply and water supply sources. |
| Ministerial Decree | Order of the Minister of Health on Approving Sanitary Rules and Regulations No. N2-III-A2-1 on Drinking water. Requirements Imposed on Water Quality for Centralized Systems. Quality Control | 2002 | This order establishes the hygienic requirements for drinking water quality, as well for drinking water produced and supplied to human settlements through water supply systems. |
| Decision of the RA Public Services Regulatory Commission | On Establishing Exemplary Forms of Contracts for Drinking Water Supply and Sanitation (Wastewater Treatment) Services | 2016 | This decision establishes the exemplary forms of supplier-resident subscriber and supplier-non-resident customer service contracts for providing drinking water and sanitation |

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| | | | (wastewater treatment) services. |
| Decision of the Public Services Regulatory Commission | On Establishing Rules for the Delivery of Drinking Water Supply and Wastewater Treatment Services | 2016 | These rules define the relationship between the provider and the subscriber, the supplier and the applicant related to the connection to the supplier's water supply and sanitation system, delivery of drinking water supply and sanitation (wastewater treatment) services to the customer. |

An overview of other processes in Armenia

The UNECE/WHO Regional Office for Europe Protocol on Water and Health explicitly focuses on providing safe and sustainable drinking water and sanitation (Targets 6.1 and 6.2), as well as creating healthy environments for people and ecosystems (Target 6.6). It directly links with all aspects of the SDG target on water and sanitation, comprising the entire water cycle: from source to use (Targets 6.4 and 6.5) and to wastewater reuse (Target 6.3).

In September 2015, the Government of Armenia signed on to Agenda 2030 and its 17 Sustainable Development Goals. In May 2016, the Government launched the MDGs wrap-up report and formally kicked off the SDGs nationalization process with setting up also its architecture.

Since 2015, Armenia has created necessary infrastructure for the implementation of the SDGs, including the National Council on Sustainable Development under the Prime Minister of Armenia, SDG Nationalization Inter-agency Task Force and Armenia National SDG Innovation Lab. The SDG Innovation Lab is an innovation platform where the Government and the UN are joining forces to support the implementation of the SDGs in a country. Global metadata of relevant documentation on all indicators has been developed by the National Statistical Committee⁶ which will help to assess the current state of affairs with regard to the SDGs.

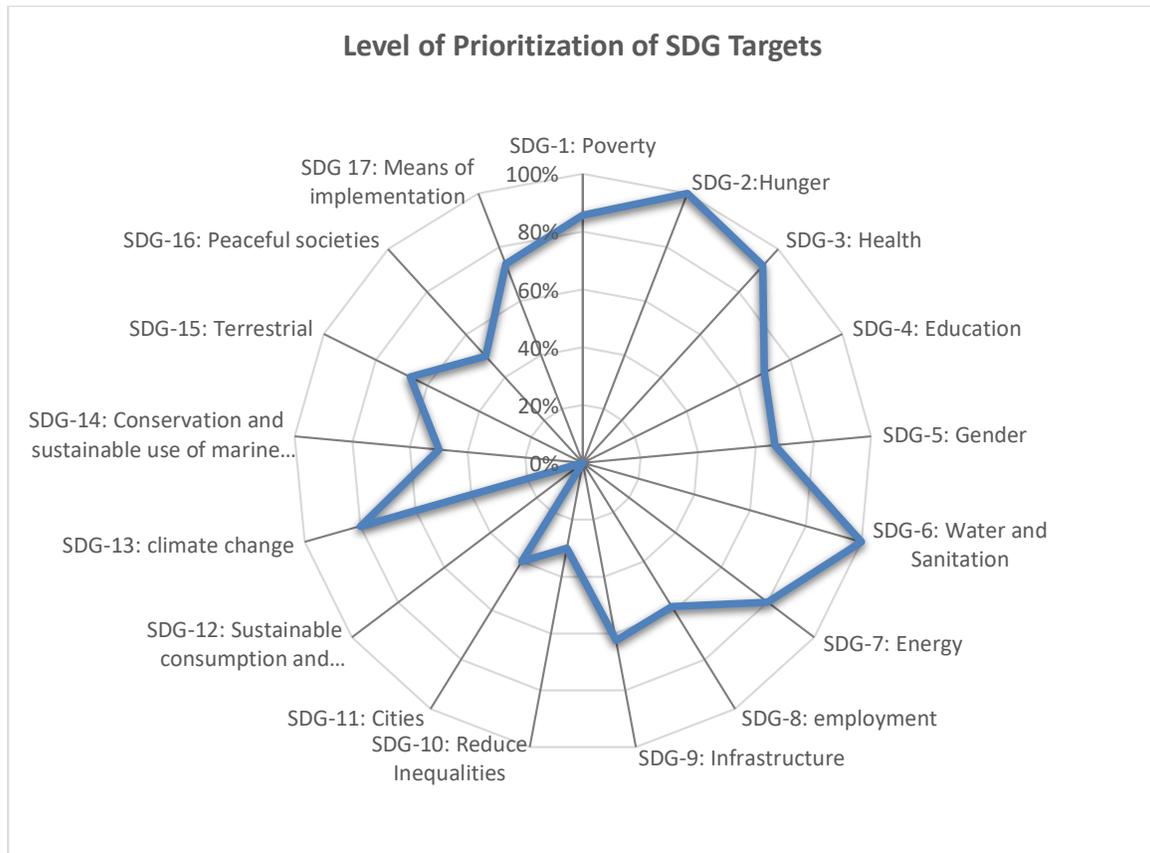
In May 2016, the Government started the SDGs nationalization process.

In June 2017, the Government prepared its medium-term development programme, which established strong synergies with the SDGs. Furthermore, the Center for Strategic Initiatives was tasked to revise and update the Armenia’s Development Strategy transforming it to a long-term strategic development framework until 2030, incorporating into it emerging priorities and needs, integrating crosscutting and innovative approaches as both a vision and a methodological

⁶ The structure of all the departments has changed by Decision N 580-A of the Government of the Republic of Armenia "On the Subordination of Subordinate Bodies to the Ministry" dated 22 May 2018. The RA National Statistical Service was renamed into the RA Statistical Committee.

tool. The Armenia’s Development Strategy 2014-2025 sets out the strategic goals, targets and indicators in multiple economic and social areas.

The figure below shows the level of prioritization of SDG targets. SDG 6 is considered a priority area for Armenia.



Source: Rapid Policy Integrated Assessment in Armenia

Level of prioritization of SDG targets

The RA Government presented the first Voluntary National Review (VNR)⁷ in July 2018 at the UN High - level Political Forum (HLPF).

The VNR presents the progress and experience gained by Armenia so far during the process of nationalising and implementing the 2030 Agenda and the SDGs. Several challenges were raised in the VNR, particularly the low level of access to sanitation services in rural areas; unequal access to safely managed sanitation services between urban and rural population; inefficient water use and the consequent water loss; lack of data, especially in communities where water supply and sanitation services are provided by the municipalities; etc.

⁷ Voluntary National Review is available at: https://sustainabledevelopment.un.org/content/documents/19586Armenia_VNR_2018.pdf

Undoubtedly, the process confirms the cross-cutting and broad-ranging nature of the exercise that most probably will go beyond 2030 and will require concerted efforts and commitment at both national and international levels.

On November 24 2017, Armenia and the European Union officially signed **the Comprehensive and Enhanced Partnership Agreement**, which among other things, includes obligations for Armenia to approximate its legislation to the following five Directives in the field of water quality and resources management: Water Framework Directive, Floods Directive, Urban Wastewater Directive, Drinking Water Directive and Nitrates Directive.

| EU Directive | Obligations of the Republic of Armenia |
|--|--|
| Water Framework Directive | <ul style="list-style-type: none"> • Adoption of national legislation • Analysis of the characteristics of river basin areas • Establishment of water quality monitoring programmes • Development of river basin management plans, consultations with the public and publication of the plans |
| Floods Directive | <ul style="list-style-type: none"> • Adoption of national legislation • Implementation of flood risk initial evaluation • Preparation of flood hazard maps and flood risk maps • Development of flood risk management plans |
| Urban Wastewater Treatment Directive | <ul style="list-style-type: none"> • Assessment of the status of urban wastewater collection and treatment • Identification of vulnerable areas and agglomerations • Preparation of a technical and investment programme on implementation of municipal wastewater treatment requirements |
| Directive on the protection of waters against pollution caused by nitrates from agricultural sources | <ul style="list-style-type: none"> • Specification of polluted waters or waters at risk and designation of nitrate vulnerable zones • Establishment of codes of good agricultural practice and of measures to be implemented in action programmes for nitrate vulnerable zones • Establishment of monitoring programmes |

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| Directive on water quality intended for human consumption | <ul style="list-style-type: none"> • Establishment of drinking water standards • Establishment of a monitoring system • Establishment of a mechanism to provide information for consumers • Development of a roadmap for the implementation of the Comprehensive and Enhanced Partnership Agreement |
|---|---|

Currently, Armenia is one of the target countries of the **EUWI Plus programme for Eastern Partnership Countries** with the aim to support Armenia in water sector reforms. By signing the Agreement on the Comprehensive and Enhanced Partnership, Armenia agreed to harmonize the national legislation with the EU legislation. The first step for the harmonization is to analyse national water legislation with regards to five EU Directives. This is supported by the UNECE in the frame of the EUWI+ programme through the development of a roadmap for harmonization of the national legislation and through suggesting amendments to national legislation such as the Water Code.

Institutional Framework

Key stakeholders in the water resources management are:

- The Water Resources Management Agency of the Ministry of Environment of the Republic of Armenia provides services in the field of water resources management (surface and groundwater) by the law, and, in some cases, as provided for by the RA legislation, acting on behalf of the Republic of Armenia.
- The Water Committee is responsible for the organization of water supply and sanitation, water systems management, provision of security and protection thereof.
- The RA Public Services Regulatory Commission is responsible for a tariff policy.

Other institutions, which have certain roles in water sector are:

The main subject and one of the objectives of the activity of the "***Environmental Monitoring and Information Center***" (***EMIC***) ***SNCO of the Ministry of Environment of the Republic of Armenia*** is to contribute to the provision of a high level protection of the environment and natural resources (excluding mineral resources) through implementation of environmental and natural resources monitoring, compilation of sufficient data on the assessment of the situation, the registration, analysis, provision and storage of these data. EMIC carries out monitoring, assessment and forecasting of the physical, chemical and biological impacts of waters, the spread of contaminants and their consequences as prescribed by law.

The ***Ministry of Health of the Republic of Armenia*** is responsible for providing sanitary and epidemiological safety of the population. Through its structural subdivisions, the Ministry elaborates and monitors the implementation of sanitary-epidemiological regulations and standards,

including the drinking water sector. It also exerts control over the quality of water used for drinking purposes through observations.

The “**National Center for Disease Control and Prevention**” **SNCO of the Republic of Armenia** is responsible for: (i) implementation of integrated measures to prevent contagious and non-infectious diseases; (ii) disinfection of sources of infectious and parasitic diseases; (iii) capacity building and response capability in case of public security threats, (iv) sanitary-epidemiological surveillance of the population; and (v) public-hygienic monitoring of the environmental factors on the health of the population.

The **Ministry of Finance of the Republic of Armenia** is responsible for the sector-related budget and financial-credit policies.

The **Ministry of Economy of the Republic of Armenia** is a republican body of executive power that elaborates the policy of economic development of the Government of the Republic of Armenia.

The **Ministry of Emergency Situations of the Republic of Armenia** elaborates and implements the policy of the Government of the Republic of Armenia in the area under its management pursuant to the law of the Republic of Armenia, the main objectives of which are as follows: development of a unified state policy on civil defense and population protection in emergency situations; the coordination and development of state regulation policy for displacement and sheltering processes and coordination of implementation of that policy; organization of emergency response and disaster response measures; ensuring compliance with technical safety rules; coordination of forces conducting international rescue operations in the Republic of Armenia; development of a disaster medicine system; ensuring the implementation of seismic risk mitigation measures; ensuring the implementation of regular and special observations, studies and forecasts of hydro-meteorological phenomena; formation, preservation and maintenance of material stocks of the state reserve, etc.

The main objective of the **Hydrometeorology and Monitoring Service of the Ministry of Emergency Situations of the Republic of Armenia** is the provision of hydro-meteorological services, as well as the implementation of hydro-meteorological programs of national importance, study of spatial and temporal regularities of hydrological regime of rivers, lakes and reservoirs, and national registration of surface waters.

The **Health and Labor Inspection Body of the Republic of Armenia** carries out supervision and (or) other functions prescribed by law. The Inspectorate can impose sanctions in the spheres of healthcare, workers’ health and safety, acting on behalf of the Republic of Armenia in the manner established by law. In particular, (i) it ensures sanitary safety of population, (ii) implements state hygiene and anti-epidemic surveillance; (iii) organizes sanitary – hygienic and anti-epidemic measures, as well as preventive measures to combat contagious and non-infectious diseases, including water-borne diseases.

The **Urban Development, Technical Standards and Fire Safety Inspectorate of the Republic of Armenia** is a subordinate body responsible for the supervision and other functions prescribed by the law, which applies liability measures in the fields of urban development, technical and fire safety, transport, energy, national and local geodetic and cartographic works and land use, acting on behalf of the Republic of Armenia.

The **local self-governing bodies** are the community council and the community leader.

The “*Veolia Djur*” *CJSC* is a specialized company providing water supply and sanitation (wastewater treatment) services in the centralized drinking water supply and sanitation sectors.

The *RA Public Services Regulatory Commission* shall define tariff policy. Main competencies of *the Public Services Regulatory Commission*:

- a) licensing of activity, definition of license conditions and their control;
- b) introduction of accounts, sub-accounts for licensed entities to report to regulatory authority in accordance with the national accounting plan, accounting laws and regulations;
- c) definition of regulated tariffs;
- d) definition of exemplary forms or mandatory conditions for the supply (provision of services) of energy and (or) natural gas between entities licensed for business, as well as definition of exemplary forms or mandatory conditions for energy and (or) natural gas supply (trading) contracts concluded with consumers; registration of contracts signed between persons licensed for business;
- e) definition of market rules and procedures;
- f) definition of legal acts by a regulatory body within its competence, performance monitoring;
- g) definition of service quality requirements;
- h) review of development investment programs submitted by licensed entities for inclusion or rejection of investments (full or partial) in future tariffs.

PART II. Equitable access to drinking water and sanitation

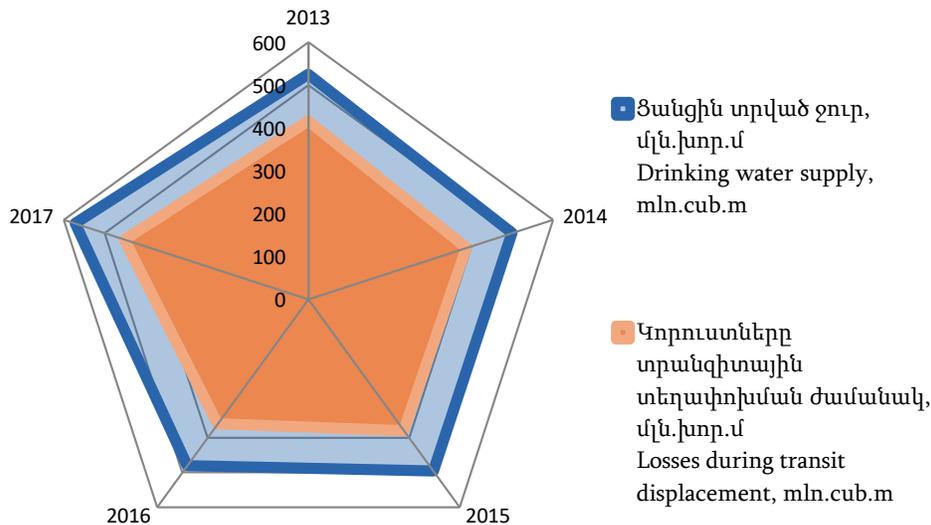
Current situation in drinking water supply and sanitation

Access to available, accessible, affordable, acceptable and safe drinking water and sanitation is a human right, which has been recognized as a human right by the UN General Assembly with the Recommendation 64/292 of July 28, 2010.

About 96% of the drinking water of Armenia is groundwater. “Veolia Djur” CJSC is the single operator in the country providing drinking water and sanitation services. There are about 570 settlements in the republic (in total less than 1000 settlements) which are not serviced by specialized water supply and sanitation companies. Water supply is provided through local sources; water systems operate through a community or community residents.

Water losses amount to 825.6 million cubic meters.

Drinking water supply and water losses due to transit, 2013-2017⁸



⁸ <https://www.armstat.am/am/?nid=81&id=2075>

The towns and some major settlements of the republic have drainage systems. In general, there are 3700 km long drainage network, 350 km long surface water and rainwater drainage system, and 8 pump stations of the drainage system (see www.veolia.am). As for those 570 settlements, there are settlements where there is a sewage network, but it is in poor condition. There are also individual solutions: waterproof wells designed for wastewater disposal. The wastewater discharge service is almost absent from these wells, and these wells are generally not properly constructed, i.e. they are not waterproof.

The volume of contaminated wastewater (without treatment and insufficiently treated) in total amounted to 42.20 million cubic meters.

Volume of Discharged Wastewater by the Basin Management Areas, 2017, million cubic meters⁹

| | Discharged wastewater, total | of which: by quality | | |
|-----------------|------------------------------|---------------------------------|--|-------------------------|
| | | polluted (without purification) | pure according to standards (without purification) | insufficiently purified |
| Akhuryan | 80.1 | 2.8 | 65.7 | 11.6 |
| Araratyan | 11.7 | 3.4 | 7.8 | 0.5 |
| Southern | 60.0 | 4.7 | 9.1 | 46.2 |
| Northern | 31.3 | 2.4 | 0.1 | 28.8 |
| Hrazdan | 363.7 | 48.4 | 236.3 | 79.0 |
| Sevan | 4.0 | 1.9 | 0.6 | 1.5 |
| Total RA | 550.8 | 63.6 | 319.6 | 167.6 |

The global indicators were selected by UN Member States for monitoring SDG target 6.1 (proportion of population using safely managed drinking water services) and 6.2 (proportion of population using (a) safely managed sanitation services and (b) a hand-washing facility with soap and water). In this relation, proportion of population using safely managed drinking water supply services made 98.1% in Armenia (2015)¹⁰. Proportion of population using safely managed sanitation facility, including the proportion of population using hand-washing facility with soap and water made 69.7% (2016).

⁹ <https://www.armstat.am/am/?nid=81&id=2075>

¹⁰ <https://www.armstat.am/am/?nid=655>

Drinking water supply and sanitation services

Since January 1, 2017, water supply and sanitation (wastewater treatment) services have been provided by "Veolia Djur" CJSC, in accordance with the Lease Agreement signed on the 21st of November, 2016 between the State Water Committee of the Republic of Armenia (Lessor) and "Veolia Djur" CJSC (Lessee) on water systems and other property used and maintained by the "Yerevan Djur", "Armenian Water and Sewerage", "Lori Water and Sewerage", "Shirak Water and Sewerage" and "Nor Akunq" CJSCs.

The main objectives of "Veolia Djur" CJSC include effective operation and maintenance of the following five spheres:

- Water sources and treatment plants, transmission lines;
- Water supply distribution networks;
- Wastewater collection systems;
- Wastewater treatment plants;
- Relevant services provision to the customers.

The objective of the Lease Contract is to improve efficiency, viability and quality of the services provided to the customers, efficiency of the water and wastewater systems, facilities and infrastructures management, ensuring continuation of the RA drinking water system reforms directed towards further development of Public-Private Partnership (PPP).

During the Contract Year 2, the average water supply duration in Yerevan has reached up to 23.6 hours from the previous 23.5 hours. According to the new Water Supply Schedule published in 2018, the average water supply duration for the other urban and rural areas increased by 7.5% and 1.2%, respectively.

| Indicator | M/U | 2017 | 2018 | Difference |
|---|--------------------|------------|--------|------------|
| Water supply continuity (average duration) | | | | |
| Yerevan | % | 97.9% | 98.3% | 0.4% |
| | hour | 23.5 | 23.6 | |
| Other urban areas | % | 67.9% | 75.4% | 7.5% |
| | hour | 16.3 | 18.1 | |
| Rural areas | % | 68.8% | 70.0% | 1.2% |
| | hour | 16.5 | 16.8 | |
| Water production | mln m ³ | 571.5 | 587.3 | |
| Water sold | mln m ³ | 119.1 | 122.0 | |
| Non revenue water (including Billed | | Basic year | 80.2 % | |

| | | | | |
|------------------------|--|--------|--|--|
| unmetered consumption) | | 81.24% | | |
|------------------------|--|--------|--|--|

Up to 01.12.2019, water production was about 519.405 mln m³, water sold 111.94 mln m³ and non-revenue water 78.1%

Drinking water supply and sanitation tariffs

Water supply services are considered economically available if consumers are able to pay for those services without significantly reducing other vital costs.

The powers and responsibilities in drinking water supply sector are defined for the state, represented by the Government of Armenia, for the drinking water service provider, represented by the lessee, and for the customer. In legislative terms, the framework of the state - water supply utility - subscriber is enshrined in the legislation, in particular, in the Water and Sanitation Sector Strategy and Financing Program for 2018-2030.

Proper tariff policy is one of the key factors contributing to the solution of the main problems of the drinking water supply sector of Armenia and revealing opportunities for effective activity.

The Public Services Regulatory Commission of the Republic of Armenia sets tariffs for retail services, wholesale water supply and wholesale sanitation in accordance with the established procedure and terms.

The RA Public Services Regulatory Commission Decision N 397 A of December 9, 2016 approved the terms and conditions of the License LG No. 0001 granted to “Veolia Djur” CJSC for the provision of drinking water supply and sanitation (wastewater treatment) services. The license is valid from January 1, 2017 to December 31, 2031. From January 1, 2018 (beginning of the second accounting year), tariffs are calculated each year based on the base tariffs for all 15 years of license and the license adjustment formulas. There is one governance model within the public-private partnership under the Lease Agreement.

Retail service provision is the provision of services to the subscriber by the licensee at retail tariffs. Wholesale water supply is the sale of potable water by the licensee at a wholesale tariff and wholesale sanitation is the provision of a sanitation service by a licensee outside the service area at a wholesale tariff.

The basic tariffs are the tariffs established in the result of the Water System Lease Competition and set out in the License. The basic tariffs are adjusted taking into account the volume of retail water supply, inflation and the change in electricity tariffs.

The current single tariff for water is 180 AMD per 1 cubic meter (Resolution No. 398 of 9 December 2016 of the RA Public Services Regulatory Commission). By Decree No. 499 of the Public Services Regulatory Commission of the Republic of Armenia, dated November 22, 2017, the tariff rate was AMD 191.41 per cubic meter, and by the RA Government Decree No. 1697-N of November 21, 2017 the subsidy was AMD 11.414. Subsidizing also applies for 2019.

The tariff is applicable to all customers of the settlements included in the service area of "Veolia Djur" CJSC, including for vulnerable and marginalized groups. Currently, the RA legislation does not define vulnerable and marginalized groups.

For the settlements, which are not included in the Company's service area, there is no complete information on water tariffs, as even the provision of water and sanitation is a common issue in these settlements.

In the result of the Lease Contest, the basic tariffs for services provided by "Veolia Djur" CJSC have been established and fixed for 15 years.

The scenario of the base tariff for 2017-2023 (including VAT) was planned to increase from 180.0 AMD to 212.4 AMD, then decrease starting from 2024 from 202.4 AMD to 129.6 AMD until the end of the contract in 2031, with the base volume increasing from 123.0 million cubic meters to 174.0 million cubic meters.

Tariffs set by "Veolia Djur" CJSC for the provision of drinking water supply

| N/N | Names | The tariff set by the Decree No. 499 of the PSRC dated 22 November 2017 | The size of the subsidy provided by the RA Government Decree No. 1697-N of December 21, 2017 | The tariff charged by the subscriber |
|-----|---|---|--|--------------------------------------|
| 1. | Total tariff for delivery of retail water supply services to subscribers, of which: | 191.414 | 11.414 | 180.00 |
| 1.1 | for the provision of drinking water supply services | 162.702 | 9.702 | 153.00 |
| 2. | the tariff for a wholesale drinking water supply services | 38.282 | | |

The tariff is set for all consumers, with the exception of consumers of special groups, for whom there are set discounts.

The discounted tariffs for the above-mentioned special groups are used not only for access to water supply and sanitation but also for covering the general utilities.

The impact of the tariff on vulnerable and isolated groups in terms of access to water supply and sanitation is not included in the tariffs set both in the Republic of Armenia and in the above-mentioned European countries.

The tariff set by the RA Public Services Regulatory Commission for water supply and sanitation services shall be subject to adjustment in accordance with the Lease Agreement, conditioned by the following factors:

- change in the volume of retail water supply;
- inflation;
- change of electricity supplied to the company;
- reduction due to additional revenue from the use of the water system for other purposes and from the supply of drinking water for irrigation.

The RA Law on National Water Program (adopted on November 27, 2006) is the key document for the perspective development of water resources and water systems with regard to equal access to water supply and sanitation for disadvantaged consumers in the Republic of Armenia, pursuant to which the objectives identified by the RA Water Code are implemented. In particular, one of the priority objectives in the water supply sector is to ensure access to water services for disadvantaged consumers.

Most of the legislative framework refers to social assistance based on the social status of the general consumers, but without separating the equal access to water supply and sanitation for vulnerable groups.

Equity issues in drinking water supply and sanitation

Basically, all legal documents include articles / items on water supply and sanitation services for vulnerable or marginalized groups, but information on drinking water supply and sanitation for separate groups is limited.

Despite overall progress in access to safe drinking water and sanitation, both social and geographical disparities still remain in Armenia (98.9% of access to safely managed drinking water services in urban areas against 97% in rural areas; 96,1% of access to safely managed sanitation facility, including the use of hand-washing facility with soap and water in urban areas against only 48.6% in rural areas (Armenia Sustainable Development Goals Indicators¹¹). Such disparities impede the full realization of the human right to water and sanitation.

The Defender's Office monitored 201 educational and elementary *educational institutions* in Yerevan and regions: 121 schools and 80 kindergartens. From those schools, lack of water supply has been revealed in 16 schools: in 1 school (Syunik region) no water indoors, in the other school with the schedule once in three days (Syunik region) and in 14 schools with a supply schedule. The provision with internal drainage system of the organizations is a mandatory requirement of sanitary rules and norms. Six of the monitored schools were not provided with an internal drainage system. All 80 preschools were provided with an internal water supply network. Whereas, 45 out

¹¹ <https://www.armstat.am/am/?nid=655>

of the 80 studied institutions (56%) were not provided with hot water supply. At that, there is lack of hot water supply in the 62% of cases in the rural preschools¹².

The 2018 annual report of the RA Ombudsman mainly deals with *psychiatric institutions and penitentiaries*. According to the report, in terms of health protection, it is extremely important to ensure adequate sanitary and hygienic conditions in psychiatric organizations. Water taps and washbasins were installed in the wards of the Armash Health Center, but there was no running water at the time of the visit. According to the management, Armash community's water supply issue remains unresolved for years. In such conditions, the management had to install plastic tanks to alleviate the problem of sanitation. Similar problems were reported in the “Dzorak” mental health care center and in the Sevan psychiatric hospital. In the Sevan psychiatric hospital, there was a container filled with water for drinking medicine; disposable cups were insufficient and used repeatedly without observing the rules of hygiene.

According to the report, there is no toilet for the controller on the first floor of the “Nubarashen” *penitentiary institution*, and according to information provided during the visit, the latter is forced to call another supervisor who will replace him so as to be able to go to another facility to take care of his natural needs. The controller also does not have access to running water, a sink is installed in the corridor, and the water in the plastic container attached to the unused water pipe is used for washing.

There was no access to potable water in some cells of the Gyumri penitentiary institution of the Shirak Marz of the Republic of Armenia due to the absence of faucets or malfunction. The bathrooms of some temporary detention cells in both Gyumri and Maralik were not completely separated from the living area, and the cells were furnished with 1.5-2 - meter long benches.

Disaggregated data (e.g. sex, vulnerable groups, etc.) of the customers of water and sanitation are not available.

The *affordability* of drinking water supply and sanitation services is included in the Law “On Fundamental Provisions of the National Water Policy”, according to which it is necessary to ensure the affordability of water in adequate quantity and acceptable quality to meet the basic needs of population, especially vulnerable groups.

Women play a central role in water provision and management. Increased water tariff brings to the negative impact on the household budgets and results in inconsistent water supply, less willingness to pay, less possibilities to buy cloths and food, hygiene and increased water-related health issues.

Social Support

The RA Law “On National Water Programme” (adopted on 27 November 2006) is the main instrument for the development of water resources and water systems through which the objectives of the Water Code are implemented.

¹² Human Rights Defender of the Republic of Armenia. AD HOC Public Report on Ensuring the Right of Access to Water and Sanitation in Preschools and Schools, 2018 (<https://www.ombuds.am/images/files/8c0177c0a2e30efa30db055ae8268657.pdf>)

One of the priority tasks in the water supply sector is to ensure access to water supply for poor consumers.

According to the RA Law “About Social Assistance” (adopted on 17 December 2014), difficult life experience is defined as an objective situation breaking vital activity of the person owing to disability, loss of capabilities to self-service in connection with age, illnesses, leaving without care of parents, poverty, the long-term unemployment, the conflicts, ill treatment in the family, violence, human trafficking, helplessness, loneliness, social isolation, bad habits, accident or stay in the emergency situation, being held in places of imprisonment or homing from such places which the person cannot independently overcome.

According to Article 18 (Social assistance and the right to it) of the Law, everyone residing in the Republic of Armenia shall have the right to social assistance, including the citizens of the Republic of Armenia, the foreign citizens having a residence permit (residence status) in the Republic of Armenia, the persons with no citizenship, as well as the persons having the status of the refugee in the Republic of Armenia in case of availability of the law- stipulated grounds.

The basic amount of social assistance allowance for 2018 is set at AMD 18,000, plus the 5,500-7,000 AMD allowances for family members under the age of 18¹³.

The average amount of this allowance varies from 25,000 to 35,000 AMD in different families. To say that this money is enough to get the family out of poverty would be an exaggeration. Most of the poor families are able to cover their utilities with this money. Many people joke that the money is so small that it does not get to the house after receiving it, as they receive it from one window, immediately pay utility bills in another, and return home. That is, the current family benefit policy is still in its old format. Although the provision of integrated social services under the new law has officially begun on January 1, 2017, the real policy is still in its former form. It is currently in a transition phase, which has to be acknowledged to lack the necessary efficiency yet. That is, no tangible change affecting the improvement of the social status of the family is evident in the implementation of the family benefits policy.

The laws of the Republic of Armenia generally refer to monetary compensation, which also includes general utility costs.

- The RA Law “On Social Assistance” (adopted on 17 December 2014) defines the concepts of social services, social assistance and integrated social services, basic social services, their classification and providers, the basic principles of social services and social assistance, the right to social assistance, the purpose, the social assistance management system, persons receiving social assistance, rights and obligations, sources of funding for social assistance, regulates the relations regarding the other aspects of social cooperation, implementation of local social programs and provision of social support in the Republic of Armenia.
- The RA Law “About State Benefits” (adopted on 12 December 2013) regulates the relations regarding the provision of state benefits in the Republic of Armenia, defines the concept of public benefit, types and manner of granting state benefits.
- The Law on “Social protection of disabled people in the Republic of Armenia” (adopted on April 14, 1993) defines the legal, economic and organizational bases of social protection of persons with disabilities in the Republic of Armenia, as well as the bases of

¹³ <http://www.osf.am/wp>

the state policy of providing more favorable conditions and privileges for the realization of their rights and abilities in equal opportunities with other citizens of the republic.

- The RA Law “About Repressed People” adopted on 25 May 1994.

Customers availing of 50% Discount of Fees

The privilege of 50% discount of drinking water and wastewater (wastewater treatment) services is applied only for the groups of the citizens stated by the RA legislation, i.e. the former USSR Heroes, Socialist Work Heroes, National Heroes of Armenia, the persons awarded with Combat Cross 1st and 2nd Degree Medals and “Glory” 3 Degree Medals, as well as the individual retirees, and for the military servicemen entitled to receive a disability military pension, as well as the families (spouse, parents, members entitled to receive the military pension in case of decease of the bread winner) of the military servicemen deceased (dead) during the fulfillment of the official duties, privilege of 50% discount of only wastewater service fees is applied, as envisaged by Chapter 9 of Article 34 of the RA Law “On Social Security of Military Servicemen and their Families”.

| Reporting period | Customer Description | Number of Customers | Discount Amount (AMD) | Water consumption (ths AMD) | Billing (ths AMD) | Collection (ths AMD) |
|------------------------------|-----------------------------------|---------------------|-----------------------|-----------------------------|-------------------|----------------------|
| 1 st half of 2018 | Domestic customer | 736 905 | 129 | 37 691 | 6 949 501 | 6 071 893 |
| | including | | | | | |
| | Customers with discount privilege | 64 | 129 | 3 | 422 | 350 |
| 2 nd half of 2019 | Domestic customer | 742 670 | 107 | 40 365 | 7 466 152 | 6 683 311 |
| | including | | | | | |
| | Customers with discount privilege | 54 | 107 | 2.3 | 317 | 285 |

Source: Semi-Annual report by Veolia Djur CJSC, January-June 2019

According to data from the Statistical Committee, monetary income for the I decile group was 10 299 AMD in 2015.

The nominal per capita consumer expenditures of the households in the 1st quintile (the poorest) were 16845 AMD in 2017, while services expenditures accounted 27.1% for the same group (Armenia. Household income, expenditures and basic food consumption, 2018).

Nominal per capita consumer expenditures of the household by quintile groups and vulnerable groups, AMD

| Quintile Groups | 2015 | 2016 | 2017 | 2018 |
|--|-------------|-------------|-------------|-------------|
| Quintile 1 | 16 562 | 16 899 | 16 845 | 18 123 |
| Quintile 2 | 25 507 | 26 077 | 25 602 | 27 301 |
| Quintile 3 | 34 367 | 36 483 | 33 967 | 35 553 |
| Quintile 4 | 46 051 | 49 233 | 45 979 | 46 001 |
| Quintile 5 | 91 778 | 91 178 | 99 688 | 101 942 |
| Vulnerable groups | | | | |
| Households with unemployed head | 41 982 | 46 094 | 42 427 | 43 675 |
| Households with many members (6 and more) | 32 452 | 36 146 | 31 842 | 34 707 |
| Households with pensioners | 41 947 | 41 726 | 42 498 | 43 910 |
| Households with three and more children (0-14 years old) | 27 077 | 31 041 | 27 632 | 31 825 |
| Female headed households | 45 406 | 46 503 | 42 883 | 46 883 |
| Households with children aged or under five | 34 944 | 37 077 | 34 790 | 36 068 |

The data clearly show that services are unbearable for the poorest households in the country.

Case studies on water tariffs and social policy in other countries

Access to available, accessible, affordable, acceptable and safe drinking water and sanitation is a human right.

Currently, the vulnerable and isolated groups in terms of access to drinking water supply and sanitation are not legally established in the Republic of Armenia in order to be able to analyze, assess the impact of the current tariff on these groups.

Therefore, let us try to refer to tariffs for water supply and sanitation services in European countries, for all consumers in general. The study of experience of providing water services in these countries shows that water services are implemented through different management models,

for example, through public-private partnerships, through municipalities or through the private sector. Different tariffs apply for service provision.

Below are the European countries with the following principle: Denmark has the highest tariff, Greece has the lowest tariff, and the Czech Republic uses a mixed management model for water and sanitation services (EurEau, The Governance of Water Services in Europe)¹⁴.

| | Denamrk | Greece | Czech Republic |
|-----------------------|--|--|--|
| Water services | The water services deliver drinking water and take care of waste water, including storm water, from customers. Drinking water companies and waste water companies are separate entities and carry out their activities independent of each other. | According to national legislation of Greece, “water services” covers drinking water supply and waste water collection and treatment. | Water servies activities consist of water treatment to meet drinking water quality parameters, distribution of drinking water to customers and discharge of waste water to public sewers, followed by subsequent treatment, to reach the limits for discharge into the receiving water bodies. |
| Water tariffs | Water tariffs for small water operators (< 200.000 m ³ /year): the provider proposes the tariff and the municipal council approves it. For water service and waste water operators (at least 200.000 m ³ /year): The operator proposes the tariff and the municipal council approves it, taking into account the demands from the national regulator. | | Water tariffs are included in the list of goods with regulated prices and governed by the Law on Prices. Water tariffs are calculated by water operators. The Ministry of Finance acts as the regulating authority supervising cost elements and prices. With the exception of direct private management, there is also an essential regulatory function of the public sector (municipalities, associations of municipalities, etc.) based on operational concession contracts, |

¹⁴ <http://www.eureau.org/resources/publications/150-report-on-the-governance-of-water-services-in-europe/file>

| | | | |
|--------------------------|--|---|---|
| | | | defining in detail pricing schemes, risk transfers and the efficiency parameters to be met by the operator. As infrastructure owners, they approve each tariff proposal submitted by the local water company – private or public. The law authorises entities with the right to charge water and sewage fees to subsidise the price for water and sewage services from other activities (cross-sector subsidies). |
| Management models | Management models: private management with around 2.100 consumers-owned water service providers; and delegated public management with around 140 publicly owned limited companies responsible for water services and around 110 publicly owned limited companies responsible for waste water services. | The main management model for water services is delegated public management, such as in the two biggest cities of Greece - Athens and Thessaloniki – that provide water services to approximately 5 million people (out of a total population of 11 million people (2011)). The Greek state delegated two public companies to provide water services. The Greek state is the main shareholder. The President of the Board of Directors and the CEO of both companies are appointed by the government. | Several management models co-exist in the Czech Republic. 1. Delegated private management (59% of the market) a. directly – based on contracts among municipalities and private entities b. indirectly: (i) through associations of municipalities that rent the asset to private entities and (ii) through publicly owned companies that rent the asset to private entities 2. Delegated public management either through public water companies or through a public multiservice company (usually municipal technical |

| | | | |
|----------------------|--|---|---|
| | | | services company) – 25% of the market. 3. Direct private management (private ownership and operation of public water systems) – 9% of the market. 4. Direct public management – 7% of the market. |
| Average price | 9.00 €/m3, population 5, 717, 014 inhabitants. | 1.40 €/m3, population 11,200,200 inhabitants. | 3.27 €/m3, population 10,526,284 inhabitants. |

Cases on social tariffs in other countries

Social protection is one of the priority directions of the state policy of the Republic of Armenia. The state policy on social protection and social assistance implements highly specific and targeted policies of social security and insurance, aimed at reducing poverty in the country, mitigating inequality, ensuring a dignified old age, expanding opportunities for vulnerable groups of the population and providing certain social guarantees for them, and improving the demographic situation. Social tariffs are a way of providing these more vulnerable customers with cheaper service bills.

Portugal

In the framework of the Portuguese social protection system, Social Security Services may pay water debts of families or individuals who are in difficult economic situations. Individuals or families in situations of proven economic need - per capita income lower than the social pension, updated annually - are entitled to such benefits. The cash benefits may be granted by means of: (I) one-off payment when a temporary economic need is identified; and (II) monthly allowances for a maximum of 6 months. Prior to granting this type of grants technical intervention by the social security services is mandatory, to collect the necessary information to complete a social diagnosis and the study of the economic situation of the individual/family. These measures are not included in the national strategy for the sector (Assessing progress in achieving equitable access to water and sanitation. Pilot project in Portugal, 2013).

Bulgaria

In Bulgaria, there is a uniform price for the territories serviced by one operator and the possibilities are to introduce tariffs according to the way the water is obtained, namely pumping, gravity and mixed. With regard to sewerage services, three tariffs were also introduced, depending on the degree of wastewater pollution. The country has experience in introducing a social tariff from the Targovishte operator - consumption up to and above 20 m³/month because the tariff set by the norm has exceeded the amount of social tolerance determined on National Statistical Institute data

base for the average income of the population in the region (Situational analysis on equitable access to water and sanitation in Bulgaria, 2018).

North Macedonia

For the use of utility services, a fee from the individual and collective utility consumption is paid stipulated by the Law on water supply and disposal of urban waste water of Macedonia, which regulates certain utilities. The methodology for the calculation is carried out and developed by the Ministry of Transport and Communications, and the fee / tariff are determined by the service provider (PE Water and Sanitation) after prior approval from the municipalities or the City of Skopje. The City of Skopje and its formative utility PE Water and Sanitation, have a policy which covers the needs of vulnerable and marginalized groups. In 2002, PE Water and Sanitation under the Statute and the session of the Management Board has passed a Resolution for exemption from payment of water consumption of beneficiaries who receive financial assistance which was approved by the City Council (Achieving the human right to water and sanitation, 2016).

The water supply and sanitation services in the Republic of Armenia were subsidized but since 2020 no subsidies will be provided (PSRC Decision N 429 N of 20 November 2019), and the Water Committee has signed an agreement that a certain amount of money will be deducted from the water fee. Benefit is for the customers, and the subsidy is provided for one year from the state budget.

Lessons learnt

Issues related to water resources management, water supply, sanitation and health in Armenia are shared between different policy areas and require close cooperation between different bodies at both the policy and management levels.

However, stakeholders in Armenia are not fully aware of the situation of equitable access to water and sanitation and do not have sufficient capacity to respond to the challenges of access to potable water and sanitation.

Despite overall progress in the area of access to safe drinking water and sanitation, both social and geographical disparities in Armenia still remain. Such disparities impede the full realization of the human right to water and sanitation.

One of the major challenges in the field of water supply and sanitation is the solution of the drinking water issue of around 570 settlements that are not provided with centralized water supply and are not included in the water supply service area. Issues of equitable access due to geographical location have been discussed many times and are in the spotlight, but problem-solving activities are slow.

Currently, there is a need to make legislative changes, particularly in the Water Code of the Republic of Armenia, where it is also intended to include the definition of vulnerable and marginalized groups and provision of equitable access to drinking water for those groups.

First, it is necessary to collect data on the impact of tariffs on the provision of drinking water supply and sanitation services to consumers in general across the country, and then determine the impact assessment of these services in percentage for specific vulnerable and marginalized groups

based on the availability of information in Armenia. At present, information for vulnerable and marginalized groups is not sufficient for carrying out an impact assessment.

Recommendations

Everyone has the right to access to water supply and sanitation and everyone is obliged to pay for the services provided. The state should establish mechanisms to enable the socially disadvantaged groups to use these services and to ensure that people pay for these services.

Water cost and water tariff, water production and distribution costs vary very much according to local conditions. Water service cost analysis needs to be done very carefully, with reliable local data. It is recommended to distinguish upfront investment costs, running costs and expansion costs. The water tariff should reflect the water costs in order to achieve coverage (most customers having access to proper water services) and to guarantee service reliability. Nevertheless, the water tariff is not equal to the water costs, as it takes into account subsidies as well as profits and losses. Indeed, if private sector skills are to be mobilized to improve the service delivery, then profit must be accepted as part of the equation.

Subsidizing of the water sector is generally implemented for the purpose of sustainable management of services, which should mainly be aimed at providing access for the population as a fundamental human right. Governments, development agencies and communities in many parts of the world are struggling with the financing issue and few countries only have realistic policies, strategies or plans for cost recovery and sustainable financing for increased service coverage, particularly for the poor.

It is difficult to secure subsidies on the long term, the running costs must be fully supported by the tariff and eventual cross-subsidy mechanisms. Cross-subsidies are a powerful tool to enlarge service coverage to low-income and rural areas. “Water for free for the poor” is a promising concept in rich countries where the percentage of poor people is low. The concept is however more questionable in poor developing countries where water system coverage is still low. Poor rural communities are ready to pay for water and this willingness-to-pay is a key factor of success to develop effectively and sustainably rural water supply.

Cross-subsidy mechanisms were applied at former water companies.

To grant direct subsidies to the sector, it is necessary to consider the following:

- Which services should be subsidized: water or sewerage, consumption or connection?
- Who should benefit from the subsidy and how will eligibility be determined?
- How large should the subsidy be and for how long should it be granted?

In different countries, the responsibility for the application of tariffs lies with different agencies: municipalities, private companies, local self-government bodies, etc. In the Republic of Armenia, the Public Services Regulatory Commission of the Republic of Armenia is the responsible body for setting tariffs. It has set a single tariff regardless of social affiliation.

Taking into account the above it is necessary to carry out the following:

- introduce legislative changes in terms of affordability and accessibility of water supply and sanitation services considering different areas of legislation;
- involve local governments in the process of providing affordability and access to water and sanitation services;
- define vulnerable and isolated groups;
- set a social tariff for the consumers of the mentioned groups without creating barriers for other consumers;
- provide subsidies by the state;
- engage more women in decision-making in the water sector;
- set a norm for minimum water quantity needed and provide water to vulnerable and marginalized groups free of charge.

Annex 1. Preliminary agenda

EQUITABLE ACCESS TO AND AFFORDABILITY OF WATER SUPPLY AND SANITATION IN THE REPUBLIC OF ARMENIA

Meeting

Date: 30 January 2020

Venue: “Ibis Yerevan Center” Hotel, “Yerevan” hall, Yerevan

Address: Northern Ave. 5/1, Yerevan

Facilitator: Emma Anakhasyan, “Armenian Women for Health and Healthy Environment” NGO

| TIME | AGENDA ISSUE |
|-------------|---|
| 09:30-10:00 | Registration of participants, coffee |
| 10:00-10:15 | <i>Opening speech</i> - Elena Manvelyan, President of the “Armenian Women for Health and Healthy Environment” NGO - Water Committee of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia (tbc) |
| 10:15-10:30 | Presentation of the “Enabling Women to Participate in Sustainable Water Management in Armenia” project Gohar Khojayan, “Armenian Women for Health and Healthy Environment” NGO |
| 10:30-10:45 | Accessibility and affordability of water supply and sanitation in Armenia Armine Arushanyan, Water Committee of RA MTAI |
| 10:45-11:00 | Assessment of the Impact of Drinking Water Supply and Sanitation Tariffs on Vulnerable and Marginalized Groups Emma Anakhasyan, “Armenian Women for Health and Healthy Environment” NGO |
| 11:00-11:20 | Questions and discussion |
| 11:20-11:40 | Coffee break |

| | |
|-------------|--|
| 11:40-11:55 | Process of formation of tariffs for drinking water, sanitation and irrigation water in Armenia Mariam Momjyan, Public Services Regulatory Commission of the Republic of Armenia |
| 11:55-12:10 | Social assistance to vulnerable groups, in particular, regarding the public services Armen Margaryan, Ministry of Labor and Social Affairs of the Republic of Armenia |
| 12:10-12:45 | Questions and discussion |
| 12:45-13:45 | <i>Lunch</i> |
| TIME | <i>AGENDA ISSUE</i> |
| 13:45-14:00 | Implementation of human rights to drinking water and sanitation in Armenian schools and kindergartens Office of the Human Rights Defender of the Republic of Armenia (tbc) |
| 14:00-14:15 | Implementation of works on access to drinking water and sanitation Arevik Hovsepyan, “National Water Partnership” NGO |
| 14:15-15:15 | Presentation of recommendations for realization of water supply and sanitation rights of vulnerable groups |
| 15:15-15:20 | <i>Closing the meeting</i> |

Annex 2. Photos: National Meeting



Gohar Khojayan, AWHHE



Emma Anakhasyan, Elena Manvelyan,
AWHHE



Armen Margaryan, Ministry of Labor and Social
Affairs of the Republic of Armenia
Armine Arushanyan, Water Committee



Discussion