

GONZALO CASTRO DE LA MATA  
Chairman  
The Inspection Panel

IPN REQUEST RQ 16/02

May 24, 2016

## NOTICE OF REGISTRATION

### Request for Inspection

#### REPUBLIC OF ARMENIA: Irrigation System Enhancement Project (P127759)

#### Summary

1. On May 3, 2016, the Inspection Panel (“the Panel”) received a Request for Inspection (“the Request”) relating to the Armenia Irrigation System Enhancement Project (the “Project”). The Project converts four pump-based irrigation systems into gravity irrigation.<sup>1</sup> The Request was submitted by Ms. Sara Petrosyan and Ms. Arusyak Ayvazyan on their own behalf and on behalf of 531 residents of Garni village affected by the Kaghtsrashen Gravity Irrigation System (“the Requesters”). The Requesters asked the Panel to keep the identities of the 531 residents confidential. The Requesters are concerned about a lack of water for gravity irrigation, the destruction of the Azat Gorge with impacts on tourism, and issues relating to consultation and participation.

2. On March 18, 2016, the Panel had received a first Request related to this Project raising concerns that the Project, through its Geghardalich Gravity Irrigation System, may lead to a shortage of irrigation water for the Goght community. The first Request also alleged a lack of consultation and participation. The Notice of Registration of the first Request was issued on April 26, 2016. Since both Requests raise similar issues relating to gravity irrigation under the same Project, the Panel, for reasons of economy and efficiency, intends to process them jointly.

#### The Project

3. The Irrigation System Enhancement Project was approved by the World Bank’s Board of Executive Directors (“the Board”) for an amount of \$30 million (IBRD Specific Investment Loan) on May 22, 2013, and will close on June 30, 2017. The total project cost is \$37.5 million. This is a Category B Project that triggered the following safeguard policies: Environmental Assessment (OP/BP 4.01); Pest Management (OP/BP 4.09); Involuntary Resettlement (OP/BP 4.12); Safety of Dams (OP/BP 4.37); and Projects on International Waterways (OP/BP 7.50).

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<sup>1</sup> The Project Appraisal Document (PAD) assumes “savings in electricity usage resulting from [...] the conversion of pumped irrigation systems to gravity fed irrigation systems, thus eliminating pumping costs [...]”. PAD, page 24.

4. The Project Development Objective relevant to this Request is “to reduce the amount of energy used and to improve the irrigation conveyance efficiency in targeted irrigation schemes.” The Request relates to the conversion of pump-based irrigation to gravity irrigation of the irrigation system enhancement component of the Project<sup>2</sup>. The Project finances the construction of gravity irrigation systems in four areas, including the Kaghtsrashen System, which is the subject of this Request, and the Gegardalich System, subject of the first Request.<sup>3</sup>

5. At the Kaghtsrashen site, the existing pump irrigation scheme takes water from the Artashat Canal and lifts it 180 meters through its pump station and then distributes it by gravity. The Project will construct an intake structure on the Azat River nine kilometers upstream from the Azat Reservoir. It will also construct a 23.5-kilometer pipeline that will take water to the current discharge basin of the Kaghtsrashen pump station to enable gravity irrigation for the land covered by the existing system.

### **Concerns Raised in the Request**

6. The Requesters claim that the Project has negative environmental and social consequences, is economically inefficient, risky and unsustainable. The Requesters explain that during public hearings Garni residents have noted that the water level in the Azat River has been continuously dropping and therefore gravity irrigation is no longer possible. The community believes that the Azat River will dry up because of the Project.

7. The Requesters are also concerned about the Azat Gorge, a national landmark and part of the Upper Azat Valley listed on UNESCO’s World Heritage List. The Requesters claim that the Gorge will be destroyed if the Project proceeds. They claim that the Project overlooked the unique importance of Garni for enhancing tourism in Armenia. The Request states that work in the Azat Gorge began on April 2, 2016, even though the government had not responded to proposals made by the community in a discussion in the World Bank’s Country Office on March 11, 2016. Garni residents then blocked the road on two occasions and forced authorities to remove construction equipment from the gorge. The Requesters explain that work has temporarily been halted but there is no official decision on this matter.

8. According to the Request, the Garni community has consistently voiced its opposition to the Project and the government has used deception to garner the community’s approval. The Requesters claim that Garni residents were intimidated on several occasions, including by those implementing the Project. They state that the public was not informed of public hearings and that opponents of the Project were prevented from participating in meetings. The Requesters also allege that documents were forged, deception was used in different instances and the expenditure procedure was not transparent.

9. The Requesters propose that a solar electric station or wind turbines be built at the reservoir, the 50-year-old pump stations be replaced with modern and energy-efficient pumps designed for current water levels, new reservoirs be built to store water flowing into the Azat

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<sup>2</sup> The Project consists of three components: (i) Irrigation System Enhancement (\$33.1 million); (ii) Management Information (\$1.7 million); and (iii) Project Management and Water Users Associations' Support (\$2.7 million).

<sup>3</sup> The Kaghtsrashen and Gegardalich systems are two different irrigation systems in which the Project constructs different facilities. The first Requesters are concerned about a lack of water in the Karmir River, while the second Requesters claim a lack of water in the Azat River.

River and five-year measurements of the Azat River be conducted, only after which the Project's usefulness should be discussed.

### **Initial Due Diligence**

10. After receipt of the Request, the Panel conducted its initial due diligence and verified that the Request was submitted by two or more people as required under the Panel's Operating Procedures. Furthermore, the Panel notes that the issues have been brought to the attention of Bank staff in a February 5, 2015, letter to the Country Office and in a March 11, 2016, discussion in the Country Office.

11. The Panel also verified that the Request meets the requirements for registration: (i) the Request is not frivolous, absurd or anonymous; (ii) the Project is supported by the Bank; (iii) at least one component of the Project, which is the subject of the Request, can be plausibly linked to the alleged harm; (iv) the Bank's financing for the Project is not closed; (v) the disbursement of the Bank's financing is less than 95 percent<sup>4</sup>; (vi) the subject matter of the Request does not concern issues of procurement; and (vii) the Request is not the same as a previous Request on which the Panel has already made a recommendation.

12. The Panel team met with Bank management on May 5, 2016. The Bank team explained to the Panel that they have been in contact with the Requester for two years, were aware of the concerns and were actively engaged with the community.

13. On May 23, 2016, the Panel team had a phone call with the Requesters to better understand their concerns. The Requesters informed the Panel about several instances where community members were intimidated, forced to attend public meetings on the Project and told not to complain. In accordance with its recently issued *Guidelines to Reduce Retaliation Risks and Respond to Retaliation during the Panel Process*, the Panel will follow up with Bank Management, monitor the situation and take additional measures as necessary.<sup>5</sup>

### **Registration of the Request**

14. As provided in paragraph 17 of the IBRD Resolution ("the Resolution") that established the Panel, "*the Chairperson of the Panel shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection.*" With this notice, I am notifying you that I have, on May 24, 2016, which is also the date of this notice, registered this Request.

15. The Panel's registration implies no judgment whatsoever concerning the merits of a Request for Inspection. As stated above, the Panel intends to consider this Request jointly with its processing of the previous Request. As provided in paragraph 18 of the Resolution, and paragraphs 2 and 8 of the "*Conclusions of the Board's Second Review of the Inspection Panel*" (the 1999 Clarification), Bank management must provide the Panel within 21 business days a response to the issues raised in the Request for Inspection. Since the Panel shared the second

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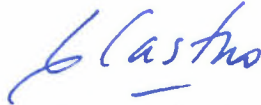
<sup>4</sup> At the time of receipt of the Request, the Project was 72 percent disbursed.

<sup>5</sup> The Panel's Guidelines on Retaliation can be found on its website at: <http://ewebapps.worldbank.org/apps/ip/PanelMandateDocuments/2016%20Retaliation%20Guidelines.pdf> (accessed May 23, 2016)

Request with Bank management on May 4, 2016, Bank management has informed the Panel that they would provide a response to the issues raised in both Requests for Inspection by June 8, 2016. The subject matter that management must deal with in the response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarification.

16. After receiving the Management Response, the Panel will, as outlined in the 1999 Clarification and as provided by paragraph 19 of the Resolution, “*determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*” The Request has been assigned IPN Request Number RQ 16/02.

Yours sincerely,



Gonzalo Castro de la Mata  
Chairman

Attachments

Mr. Jim Yong Kim, President  
International Bank for Reconstruction and Development

The Executive Directors and Alternates  
International Bank for Reconstruction and Development

Ms. Sara Petrosyan and Ms. Arusyak Ayvazyan