

STAKEHOLDER ENGAGEMENT PLAN

SEVAN-HRAZDAN CASCADE REHABILITATION PROJECT REPUBLIC OF ARMENIA

Final Version

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1. Introduction

1.1. Summary of Proposed Project

The International Energy Corporation (IEC) of Armenia, which owns a cascade of seven hydropower plants of 565 MW total nominal capacity and its main shareholder JSC RusHydro plan to rehabilitate these plants. This hydro power cascade, known as the Sevan-Hrazdan Cascade (SH Cascade) is a key part of the Armenian electricity system. It urgently needs substantial investments to ensure safe and stable operation and to restore output capacity.

The SH Cascade is built on the Hrazdan River and spreads from the Sevan Lake to Yerevan City, over 70 km distance. General layout of the hydro power scheme is shown on Figure 1.

The planned rehabilitation of the SH Cascade involves:

- reconstruction of Yerevan 1 plant - reconstruction of the weir, replacement of turbines, dredging of the reservoir;
- replacement of much of the electrical equipment in Sevan, Hrazdan, Argel, Arzni and Kanaker HPPs (accumulator battery, generator, excitation equipment, stators)
- reconstruction of diversion channels (all within existing footprint) for Hrazdan, Argel and Arzni HPPs;
- replacement of hydro units in Argel, Hrazdan and Kanaker HPPs.

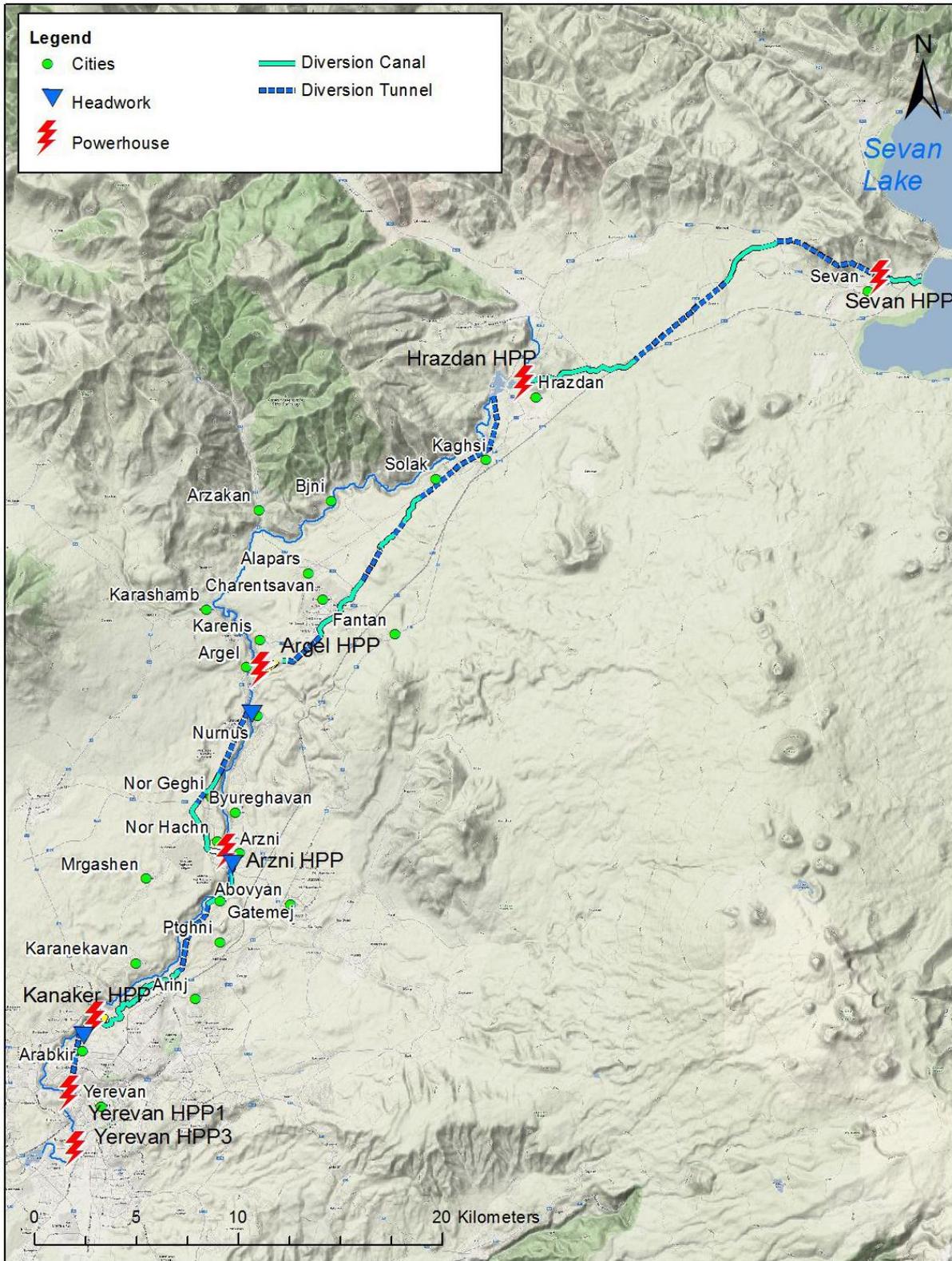
The planned rehabilitation works will be carried out within the existing footprint. Expansion of the existing facilities is not planned. The project's potential adverse impacts will be readily understood and mitigated. Planned works and mitigation measures will have net positive environmental and social effects as soon as they decrease community and labour health and safety risks, and reduce environmental pollution. ,.

Main adverse impact of the planned rehabilitation include: air emissions, noise disturbance, increased turbidity downstream dredging site, increased traffic, waste generation including hazardous waste, incidental damage to private properties, etc. All these impact will be short term. Activities will be planned and implemented so that to manage and minimize them.

Among the project's positive environmental and social impacts are: reduction of water pollution with oils, removal of PCBs, clean-up of oil polluted sites, significant reduction of health and safety risks among the plant's personnel and affected communities, increased employment opportunities during construction works, etc. In addition the project will increase efficiency of HPPs and decrease water losses, which will allow generation of more electricity with the same renewable resource. These beneficiary effects will be mostly long-term.

The owners addressed the European Bank for Reconstruction and Development (EBRD) and Asian Development Bank (ADB) to partially finance its investment plan for 2012 to 2017. The Project has been categorised as B under the EBRD's Environmental and Social Policy 2008 and is expected to be classified as category B for environment and both category C for involuntary resettlement and Indigenous Peoples under ADB Safeguard Policy Statement (SPS) 2009.

Figure 1: General Layout of the SH Cascade



1.2. Objectives of the Stakeholder Engagement Plan (SEP)

To meet EBRD and ADB requirements for stakeholder engagement and public consultation and disclosure (EBRD Performance Requirement PR10 and ADB's 2011 Public Communication Policy), a stakeholder and public engagement process with development of a Stakeholder Engagement Plan (SEP) should be applied to this project. The goal of a stakeholder engagement is to inform public and interested parties about planned project, its potential environmental and socio-economic impacts and proposed mitigation measures.

This Stakeholder Engagement Plan has been developed with the aim of explaining how IEC will communicate with people and institutions which may be affected by or interested in the SH Cascade Rehabilitation Project, at various stages of project preparation and implementation. The plan includes a grievance mechanism for stakeholders to raise any concerns related to the project for IEC's attention.

2. Regulatory Context

2.1. National Requirements for Stakeholder Engagement/Public Consultation

In May 2001, Armenia ratified the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (UNECE). The convention is designed to improve the way ordinary people engage with government and decision-makers on environmental matters. Consequently, citizens of Armenia are entitled to be informed about all environment related issues pertaining to the project and it is the responsibility of public authorities, local authorities, or government departments to reveal such environmental information.

The Armenian legal and regulatory framework relevant to the public consultation is based on the following major laws:

- Law on Environmental Impact Assessment, which requires public engagement in decision making during process
- Law on Freedom of Information, which secures a right of Armenian citizens to be informed regarding matters affecting them and deliver their concerns to decision makers

The *Law on Environmental Impact Assessment (EIA Law)* (adopted in 1995) contains the list of economic activities (projects) which are subject to the environmental expertise and public hearings. The Law regulates the legal, economic, institutional and procedural aspects of the environmental impact assessment and respective public hearings.

In compliance with the EIA Law, rehabilitation projects in general are not subject to EIA process and respectively public hearings. However, one of the project components, in particular dredging of the reservoir falls within the list of such activities as according to Article 4, the following related activities are subject to EIA and public engagement:

- disposal or recycling of hazardous waste
- establishment of waste disposal facilities.

Further on, the Law on EIA defines the public notification and hearing procedures. According to the law, the project owner informs authorized bodies about planned activities which screen the project against local legislation to determine need for EIA. Authorized bodies are liable to engage impacted

communities and local authorities in the screening process and inform them about the planned activities. Public hearing shall be organized for screening process within 15 days after notification about planned activities to get the concerns of local communities. Following 15 days are also allocated for public to deliver further concerns. In 30 days after notifying affected communities the authorized bodies make decision regarding necessity of the EIA.

Further, after fulfilling EIA study respective documentation and information is circulated among officials of affected communities, which are obliged to respectively inform affected communities about planned activities and make documentation available for them. Public hearings on planned activities and EIA study should be arranged within 30 days after community notification and officials of the affected municipality can submit the opinion of the public to the authorized body. Other stage bodies which are involved in the process shall also provide their opinion to the authorized body within this 30-days period.

Armenian law does not require that public consultation and community engagement continue after approval of the EIA and permitting, i.e. on the project's construction and operation phases; and there is no requirement related to dealing with grievances after the EIA consultation period. Neither SEP is required.

According to Armenian Law, the public engagement is not required for the planned project until starting official procedures for EIA study for the reservoir's dredging and sediments disposal operations.

2.2. EBRD and ADB Requirements for Stakeholder Engagement and Public Consultation

The principles and requirements of stakeholder engagement for **EBRD** and **ADB** Category B projects are described in detail respectively in EBRD's PR10 "Information Disclosure and Stakeholder Engagement" and **ADB's** 2011 Public Communications Policy. General principles and approaches of these two financial institutions towards public engagement are aligned and outline a systematic approach to stakeholder engagement that will help clients build and maintain a constructive relationship with their stakeholders and with affected communities in particular.

According to the banks' policies, stakeholder engagement is an ongoing process comprising the public disclosure of appropriate information (whether positive or negative) about planned activities, as well as related social and environmental issues and mitigation measures so as to enable meaningful consultation with stakeholders and potentially affected parties. Information should be delivered in a timely, understandable manner and should be readily available for stakeholders. This process should begin at the earliest stage of project planning and continue throughout the life of the project. Consultations should be undertaken in a free atmosphere to enable the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

To ensure successful stakeholder engagement, the project implementation body should identify the project stakeholders, especially those directly impacted. The engagement program must actively address vulnerable and disadvantaged population who may be affected by the project. Besides, stakeholders should be offered a procedure by which they can make comment or complaints.

Both Banks require development of a stakeholder engagement plan (SEP), with the aim to ensure that all project stakeholders are identified and appropriately addressed throughout consultations process, and grievance mechanism is in place for the project.

2.3. Project's Public Consultations Principles

As mentioned above, Armenian law does not require public consultations for the planned SH Cascade Rehabilitation until starting official public hearings which should be organized after development of EIA study for reservoir's dredging and sediments disposal operations; and continuation of consultations is not necessary as soon as public hearings are finished and environmental permit issued. Respectively, on the current stage the process of public consultations will be entirely planned and implemented to the requirements of the EBRD and ADB and Armenian requirements will be followed only after starting public hearings for the EIA study. In particular the following steps will be undertaken for public engagement in the SH Cascade Rehabilitation Project:

- Stakeholders groups including potentially affected communities and people and parties which may have interest in the project will be identified for further consultations and level of their engagement will be determined
- Consultation mechanism will be developed for each category of stakeholders to ensure their informed consultations and effective engagement in respective decision making process.
- All stakeholder groups will be consulted and engaged to the required level
- Grievance mechanism will be developed and put in place to ensure that all concerns and claims are received and handled in a prompt and consistent manner.

3. Stakeholder Identification and Communication Methods

In order to define a communication process in line with EBRD PR10, and ADB's 2011 Public Communications Policy, it is recommended that IEC identifies all stakeholder groups that may be interested and/or affected by the SH Cascade Rehabilitation Project.

The stakeholders identified include:

- internal stakeholders, such as:
 - IEC employees
 - Workers of IEC construction contractors
- external stakeholders
 - Project affected communities
 - Local authorities of project affected communities
 - State governmental authorities, including those in charge of energy, environment protection, water, irrigation, agriculture and social sectors
 - Entities responsible for water allocation from the Sevan Lake and water released through Sevan-Hrazdan system
 - Community based and non-governmental organisations.

The SH Cascade stretches through Kotayk and Gegharkunik Regions and the Municipality of Yerevan. Considering the planned activities, the following communities can be potentially affected:

- In the Municipality of Yerevan
 - Kanaker-Zeytun District of Yerevan City
- In the Gegharkunik Region
 - Village Geghamavan
- In the Kotayk Region
 - Villages of Getamej, Solak and Nor Geghi, as well as the cities of Nor Hachn, Charentsavan and Hrazdan

Respectively public administration bodies of these settlements are deemed among local authorities to be engaged in the project consultations process. For communication of project related information including planned activities and mitigation measures and get community concerns, public meetings will be arranged in each of the affected communities with participation of community member and local administration. Meetings will be held prior to launching of preparatory or construction operations. A grievance mechanism will be made available for affected communities to submit their further concerns and claims.

The state governmental authorities which are in charge of energy, environmental, water, agriculture and social affairs and are deemed to be the project's stakeholders are represented by the following entities:

- The Ministry of Nature Protection
- The Ministry of Energy and Natural Resources

- The Ministry of Labour and Social Affairs
- The Ministry of Economy
- The Ministry of Agriculture
- The Ministry of Territorial Administration

Ongoing communication will be ensured with governmental structures to ensure that they are informed regarding planned operations, obtain their support and documentation required for project implementation.

Entities responsible for water allocation and intake from the Sevan Lake include:

- State Committee of Water Systems (SCWS), which functions under the Ministry of Territorial Administration and is responsible for allocation and monitoring of irrigation and drinking water among users
- Sevan-Hrazdan Water Intake, Closed Joint Stock Company (*Sevan-Hrazdan Jerar*), established under SCWS. Function the *Jerar* is establishment of quotas on irrigation water and issuing irrigation water abstraction permits

These two structures will be consulted so that to solve problem of illegal water intake from diversion canals by communities. They will be contacted early on the planning stage to ensure that the issue of illegal connections is resolved to the satisfaction both the illegal water users and these entities.

Community organizations are not well developed in Armenia and no active CBOs were identified within the project's area during Due Diligence study. NGO sector, which is likely to have particular interest in issues related to the Sevan Lake protection, are mostly present in the capital city of Yerevan. The planned rehabilitation project does not imply any impact on Sevan Lake, as soon IEC of Armenia is just using the water from Lake Sevan which is dedicated for irrigation in the quantities approved by the Parliament of country. Based on above mentioned, no special engagement activities are considered for NGO sector. The interested NGO,s will have access to the project related information through corporative web site, via communicating to the corporation or from the information disclosed to the local population and administrative offices.

Table 1 below summarizes the stakeholder engagement program and communication methods that will be used to notify stakeholders of information regarding the planned rehabilitation. Any suggestions for improvement of proposed communication methods are welcomed and can be submitted via the contact information at the end of this document.

Table 1. Stakeholder engagement program for IEC SH Cascade Rehabilitation Project

Stakeholder group	Communication method /channel
Internal Stakeholders	
Company's employees	<ul style="list-style-type: none"> - Internal newsletters - Grievance procedure - Information boards - Staff meetings - Company's web-site
Temporary Construction Workers, subcontractors	<ul style="list-style-type: none"> - Information in contract - Induction sessions - Information board, training - Grievance procedure
External Stakeholders	
Potentially affected communities <ul style="list-style-type: none"> • Kanaker-Zeytun District of Yerevan City • Geghamavan, Gegharkunik Region • Getamej, Solak, Nor Geghi, Nor Hachn, Charentsavan and Hrazdan, Kotayk Region 	<ul style="list-style-type: none"> - Formal and informal meetings - NTS - Ongoing contacts with company staff and contractors - Grievance procedure - Company's web-site - Information letters - TV announcements (if required)
Local authorities	<ul style="list-style-type: none"> - Formal meetings with officials and communities - NTS - Information letters - Company's web-site
State Authorities	<ul style="list-style-type: none"> - Official environmental monitoring and performance reports (water flow rate/levels, etc) - NTS, ESAP - Official correspondence - Meetings
Entities responsible for water allocation and intake from the Sevan Lake	<ul style="list-style-type: none"> - Meetings and negotiations - NTS - Official letters - Company's web-site
NGOs	<ul style="list-style-type: none"> - Company's web-site

4. Project Consultation and Disclosure Program

To meet the environmental and social requirements and performance standards of EBRD and ADB, IEC will develop, disclose to the public and then implement an Environmental and Social Action Plan (ESAP), which will identify mitigation measures to minimize, reduce, eliminate or control potential adverse impacts on environment and people. The final version of ESAP will be published on IECs official website, printed copies will be distributed among affected parties on public meetings and available on request from the IEC's Yerevan Office (contact information available below). In addition, IEC will have a Non-Technical Summary of the Project which can be disclosed to major stakeholders, including state authorities, interested organizations and local communities.

Potentially affected communities including the population of Yerevan City and the settlements along the channel (see Table 1) will receive timely information through public meetings and circulated documents regarding planned activities, as well as measures planned to avoid and mitigate potential impacts of construction works including safety measures in the vicinity of the construction site, traffic management, employment opportunities, grievance mechanisms and others identified through the development of the ESAP. Public meeting will be arranged in each potentially affected community prior starting rehabilitation works. On the rehabilitation phase ongoing contacts will be maintained with locals through the company's staff working at construction sites or constructor contractors. Besides, communities will be offered a grievance mechanism (see below) to submit their concerns to the company.

CJSC Sevan-Hrazdan Water Intake (*Sevan-Hrazdan Jerar*) will be consulted so that to solve problem of illegal connections to the diversion canals. Consultations will be carried out on early stage to ensure that the issue of illegal connections is resolved to the satisfaction of illegal water users to prevent significant adverse socio-economic impact on local population.

Ongoing contacts will be maintained with state governmental bodies to ensure that they are adequately informed regarding the planned works and all permits required for rehabilitation are obtained.

Main disclosure documents will be the Project's Non-Technical Summary and ESAP, which will be made available to all stakeholders. In addition, letters and advertisements can be used to communicate information updates. The project's grievance mechanism will be made available also for all stakeholders to receive their concerns and undertake responsive actions. To ensure smooth flow and effectiveness of the stakeholder engagement process the IEC will designate a person responsible for community liaison within the company. Among responsibilities of the designated person will be communication of project related information and information updates, organization of public meetings, facilitation to collection and addressing of community concerns and claims, etc.

Further, public hearings for the reservoir's dredging EIA will be organized and held to the requirements of Armenian Law and the banks standards. The SEP will be respectively updated so that to comprise newly emerged stakeholders and plan engagement process.

Annual progress reports describing environmental and social impacts, health and safety performance and implementation of the external grievance mechanism will also be disclosed on IEC's official website and will be available on request at the IEC office in Yerevan and from the local governance offices.

5. Grievance Mechanism

The objective of a grievance procedure is to ensure that all comments and complaints from any project stakeholder, including local/regional authorities, residents of neighbouring residential areas, IEC employees, IEC contractors' staff and other interested parties, are received and addressed in an appropriate and timely manner.

IEC will accept all comments and complaints associated with the project. A sample of a Comments and Complaints Form which can help community members to draw up their concerns is shown in **Appendix A**. Petitions in any other format are also acceptable; though, petitions should include contact information to enable the IEC to contact claimant for response or further details. Individuals who submit their comments or grievances have the right to request that their name be kept confidential.

The Comments and Complaints form will be made available to the local communities through the offices in each plant. Local people may also approach the managers of each HPP for any grievance. The plant security guards will be informed, that in case of request from public, they will arrange meeting with appropriate person, who will be trained to record verbal claims and register it in special form.

Depending on the nature of the complaint, corrective actions will be implemented by the respective HPP or contractor within 3 to 5 days upon receipt of complaint. More complex complaints or grievance may take longer to be resolved. Information regarding the solutions will be recorded

The IEC will develop a separate, formalized internal grievance mechanism for the company personnel, which will enable company staff to effectively deliver their concerns to the attention of the management and seek for solution of their problems. All company staff will be consequently informed about the availability internal grievance mechanism and prescribed procedures.

Any person or organization can send comments and/or complaints in person or via post, email, or fax using the contact information specified below:

- IEC Office address: 10B, Adonts St, Yerevan, 0012, Armenia
- official web-site of IEC: www.mek.am
- email: office@mek.am
- phone: (+374 10) 24 50 99, 23 08 12
- fax: (+374 10) 24 51 99

All grievances will be registered and acknowledged within 5 days and responded to within 20 working days. All comments and complaints will be responded to either verbally or in writing, in accordance with preferred method of communication specified by the complainant in the Comments and Complaints Form. Comments will be reviewed and taken into account in the project; however, claimers may not receive an individual response unless requested.

Grievances in relation to construction activities will be managed by the IEC and construction contractor. The Corporative Management & Legal Matter Department (CMLMD) of the IEC will have overall responsibilities for collection of community grievances and their solution. On sites responsibility for claim collection will be assigned to the managers of each HPP and construction work supervisors. In case if problems cannot be solved in situ, they will involve the CMLMD in the process.

Affected communities will be informed about the contractors contact information before construction begins through announcements in public places. A separate grievance mechanism will be available for workers, both employees of IEC, contractors and sub-contractors.

The comments and complaints will be summarized and listed in a Complaints/Comments Log Book, containing the name/group of commenter/complainant, date the comment was received, brief description of issues, information on proposed corrective actions to be implemented (if appropriate) and the date of response sent to the commenter/complainant. The IEC will report on grievance management, as part of annual project progress reports, available at the IEC website and on request at the IEC office in Yerevan.

Appendix A Comments and complaints sample form

Comments and complaints sample form

Form for comments, complaints and reports of Individuals

Reference No:	
Full Name	
Contact Information and preferred method of communication Please mark how you wish to be contacted (mail, telephone, e-mail).	<input type="checkbox"/> By Post: Please provide mailing address: _____ _____
	<input type="checkbox"/> By Telephone: _____ <input type="checkbox"/> By E-mail _____
Description of Incident or Grievance:	
What happened? Where did it happen? Who did it happen to? What is the result of the problem? 	
Date of Incident/Grievance	
	<input type="checkbox"/> One time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)
What would you like to see happen to resolve the problem?	

Signature: _____

Date: _____