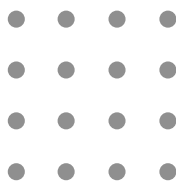




Inception Report

Enhancing Resilience of Communities to Climate Change in Shirak Marz Leveraging Best Practices of the Pilot Project Implemented in Artik Community

2026



Executive Summary

The Inception Report summarizes the Inception Workshop and the start-up phase of the Project. The project entitled "Enhancing Resilience of Communities to Climate Change in Shirak Marz Leveraging Best Practices of the Pilot Project Implemented in Artik Community" is financed by the Adaptation Fund and is being implemented by the "Environmental Project Implementation Unit" State Agency under the Ministry of Environment of the Republic of Armenia in the Shirak Marz for the period 2026–2030. The overall objective of the Project is to strengthen the resilience of the Artik, Ani, and Ashotsk communities to climate change through integrated ecosystem restoration, flood risk reduction, and improved community awareness and preparedness, while scaling up successful adaptation measures demonstrated under the previous pilot project implemented in Artik community.

The Project is structured around three strategic components:

Component 1: Restoration, management, and increase of adaptation potential of natural landscapes of the area affected by climate change and anthropogenic factors;

Component 2: Prevention and management of floods;

Component 3: Raising awareness and knowledge level of population for the management of stone pit wastes and floods.

The Project was officially launched through the Inception Workshop held in Yerevan on 16 February 2026, marking the commencement of Project implementation. The workshop brought together representatives of national and local authorities, the Shirak Regional Administration, the target communities of Artik, Ani and Ashotsk, civil society organizations, the private sector, and the "EPIU" SA to present the Project's objectives, implementation arrangements and expected results. The event strengthened stakeholder coordination and commitment, while the recommendations and feedback received will be incorporated into the implementation of Project activities to support the successful achievement of the Project's objectives.

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Project Information

AF Project ID	AF00000368
Project Title:	Enhancing resilience of communities to climate change in Shirak Marz leveraging best practices of the pilot project implemented in Artik community
Implementing Agency:	“Environmental Project Implementation Unit” State Agency
Executing Entity:	“Environmental Project Implementation Unit” State Agency
Approval Total Budget	4,472,630 US Dollars

Project Starting Date			Project Completion Date
AFB Approval Date	Date of Signature /Availability	Start of the Project	End of the Project
October 10, 2025	December 4, 2025	February 16, 2026	February 16, 2029

1. Project Overview

The project titled *“Enhancing Community Climate Resilience in Shirak Region through Best Practices from the Pilot Project Implemented in Artik Community”* is financed by the Adaptation Fund and implemented by the “Environmental Project Implementation Unit” state agency (“EPIU” SA) as the National Implementing Entity. The project aims to strengthen the resilience and adaptive capacity of vulnerable communities in the Artik, Ani and Ashotsk regions of Shirak Marz in the face of increasing climate change impacts. Building on the successful experiences and lessons learned from the previous Adaptation Fund-supported pilot project, the project promotes an integrated approach to climate adaptation that combines ecosystem restoration, climate-resilient agriculture, sustainable land and waste management, flood risk reduction, and awareness-raising activities. Through these interventions, the project seeks to address key climate-related challenges affecting local communities, including land degradation, declining agricultural productivity, ecosystem deterioration and increased exposure to climate-induced hazards.

The project is founded on the principle that strengthening community capacities and supporting sustainable management of natural resources are essential prerequisites for long-term climate resilience. By providing communities with practical tools, technical knowledge and access to innovative adaptation solutions, the project aims to improve their ability to respond to climate-related risks while enhancing livelihoods and environmental sustainability.

A central element of the project is the restoration and sustainable management of natural and agricultural landscapes. These efforts are complemented by measures aimed at improving agricultural productivity, promoting climate-smart practices, reducing flood risks and enhancing local awareness of climate change adaptation. Together, these interventions are expected to generate environmental, social and economic co-benefits, contributing to improved ecosystem health, increased livelihood opportunities and strengthened community resilience.

1.1 Background and Brief Analysis

Armenia is highly vulnerable to the impacts of climate change due to its mountainous terrain, diverse climatic conditions, and increasing frequency and intensity of extreme weather events. Rising temperatures, changing precipitation patterns, and more frequent climate hazards, including droughts and floods, pose growing risks to ecosystems, agricultural production, water resources, and rural livelihoods.

The project is implemented in Shirak Marz, located in the north-western part of Armenia. The region is characterized by a harsh mountainous climate with long winters, relatively short growing seasons and annual precipitation averaging 500–600 mm. A major environmental challenge in the region is associated with historical mining activities, particularly in and around Artik community. For decades, extensive extraction of construction stone contributed significantly to local economic development. However, the closure of numerous stone quarries without proper reclamation and restoration

measures has resulted in severe environmental degradation. Large areas of agricultural and natural landscapes have been disturbed, soil productivity has declined and natural regeneration processes have been significantly impaired. Degraded mining sites continue to generate environmental pressures through windborne dust and runoff from exposed quarry waste, negatively affecting surrounding ecosystems and agricultural lands. These impacts have contributed to reduced agricultural productivity, deterioration of landscape quality and diminished resilience of local ecosystems to climate change. At the same time, Shirak region has experienced an increase in the frequency and intensity of flood events. Rising temperatures and accelerated snowmelt processes have altered hydrological regimes, increasing the risk of seasonal flooding. In Artik community, flood risks are further exacerbated by the accumulation of mining waste within stormwater drainage systems, reducing their capacity and increasing the likelihood of overflow during periods of heavy rainfall and rapid snowmelt. Repeated flood events have caused significant damage to public infrastructure, residential areas, agricultural lands and community assets. The scale of these impacts often exceeds the financial and technical capacities of local governments, highlighting the need for integrated adaptation measures capable of reducing climate risks while restoring degraded ecosystems and strengthening community resilience.

In response to these challenges, the project adopts an integrated climate adaptation approach that combines ecosystem restoration, sustainable land management, climate-resilient agricultural practices, flood risk reduction and community awareness-building activities. By addressing both environmental degradation and climate vulnerability, the project aims to strengthen the adaptive capacity of communities in Artik, Ani and Ashotsk and contribute to sustainable and climate-resilient development across Shirak region.

1.2 Project Objective

The *overall objective* of the project is to enhance the resilience of Artik, Ani, and Ashotsk communities in the Shirak Marz region of Armenia to climate change impacts. This will be achieved by restoring and managing natural landscapes, improving agricultural practices, and implementing flood prevention measures, while fostering community capacity to adapt to ongoing climate variability.

The *specific objectives* of proposed Project are:

1. *Increase the adaptation level of natural and agricultural landscapes:* This will focus on the restoration of degraded lands, the implementation of climate-resilient agricultural practices and the enhancement of biodiversity to support long-term climate resilience in the region.
2. *Prevent floods and eliminate their consequences:* The project will work to reduce flood risks through the maintenance and improvement of existing flood prevention infrastructure, alongside the construction of new flood control measures, thereby safeguarding vulnerable communities and their livelihoods.

3. *Restore the natural landscape of the area affected by climate change and anthropogenic impacts:* The project will restore areas damaged by climate change and human activity, particularly those affected by mining, by implementing sustainable land management and natural resource recovery techniques.
4. *Improve the adaptation potential of community producers, institutions, and other relevant stakeholders regarding climate change:* This objective will enhance the capacity of local stakeholders, including farmers and local institutions, to adapt to climate change through training, knowledge sharing, and the introduction of innovative climate-smart practices;
5. *Replicate and scale up good practices achieved during the implementation of the pilot project “Artik city closed stone pit waste and flood management pilot project”:* The project will build on the lessons learned and successes from the pilot project, expanding and scaling up successful interventions for broader impact.

1.3 Project Components and Expected Results

The project is structured around three complementary components that collectively aim to strengthen the climate resilience of communities in Artik, Ani and Ashotsk. The project combines ecosystem restoration, sustainable land and agricultural management, flood risk reduction, and capacity-building activities to address the interconnected environmental and socio-economic challenges faced by the region. Through restoration of degraded landscapes, improvement of climate-resilient infrastructure, promotion of sustainable practices, and enhancement of local knowledge and awareness, the project seeks to reduce climate-related vulnerabilities, improve livelihoods, and support long-term sustainable development in Shirak region.

N	Project/Program Components	Expected Concrete Outputs	Expected Outcomes
1.	<u>Component 1:</u> Restoration, management, and increase of adaptation potential of natural and agricultural landscapes of the area affected by climate change and anthropogenic factors.	<u>Output 1.1</u> Soil cover of mine adjacent to Ani community is recultivated (<i>10 ha of forest cover will be created</i>). <u>Output 1.2</u> Forest grove established with support of previous project is taken care of and became sustainable. <u>Output 1.3</u> Sowing areas of perennial plants are created, reducing rangeland degradation and enhancing the adaptability of degraded arable lands in Ani, Ashotsk and Artik (<i>900 ha of perennial sowing area established</i>). <u>Output 1.4</u> Crop yield and crop quality of the adjacent natural landscapes are increased in Ani, Ashotsk and Artik communities (<i>45 ha hay meadows and 570 ha pastures</i>). <u>Output 1.5</u> Waste collection practices are introduced in Ani, Ashotsk and Artik communities (<i>garbage tracks, bins and collection</i>), and a pilot program for integrated management of household waste in the village of Vardakar is implemented. <u>Output 1.6</u> Mapping of all degraded lands in Shirak region is implemented. <u>Output 1.7</u> Infrastructure for piloting high-value agriculture models (including new types of climate-resilient crops) at 100 ha of degraded land is implemented with commercial lending from a private financier engaged (construction of the facilities). <u>Output 1.8</u> Demonstration sites for intensive orchards in all beneficiary communities are constructed (10 ha in each community). <u>Output 1.9</u> Architecture and design work for all components are carried out. <u>Output 1.10</u>	<u>Outcome 1:</u> Adaptation and sustainability of natural landscapes of the area affected by climate change and anthropogenic factors increased.

		Index insurance piloted in beneficiary municipalities	
2.	<u>Component 2:</u> Prevention and management of floods	<u>Output 2.1</u> Infrastructure constructed during the pilot project is maintained. <u>Output 2.1</u> Road infrastructure (two small bridges and renovation of existing road) is advanced to divert the heavy-duty vehicles away from the adjacent to the mine communities.	<u>Outcome 2:</u> Social, economic, and environmental threats caused by floods as a result of climate change are reduced
3.	<u>Component 3:</u> Raising awareness and knowledge level of population for the management of stone pit wastes and floods	<u>Output 3.1</u> The level of knowledge on effective recovery methods of degraded natural and agro landscapes will be increased. <u>Output 3.1</u> The knowledge level of the population on natural and agro landscape adaptation to climate change will be increased. <u>Output 3.3</u> Increasing of the knowledge level of the population on the occurrence and prevention possibilities of floods. <u>Output 3.4</u> Promoting the importance of sustainable thinking, learning, and dissemination of information related to the landscape adaptation to climate change in communities. <u>Output 3.5</u> The involvement of local media and environmental NGOs in the process of mitigating the negative effects of climate change will be increased.	<u>Outcome 3:</u> Raising awareness and knowledge level of population on the recovery of agro landscapes and flood risk reduction

2. Project Inception Workshop and Stakeholder Engagement

The Project Inception Workshop was held on 16 February 2026 in Yerevan, marking the official launch of the Project and the commencement of its implementation phase. The workshop provided a platform to present the Project's objectives, components, expected results, and implementation arrangements, while promoting a shared understanding of the Project's implementation approach among stakeholders. The event brought together representatives of the Ministry of Environment, Ministry of Economy, Ministry of Territorial Administration and Infrastructure, Shirak Regional Administration, the municipalities of Artik, Ani, and Ashotsk, commercial banks, insurance companies, civil society organizations, individual farmers, and the “EPIU” SA. The workshop facilitated constructive dialogue and stakeholder engagement, and the recommendations and feedback received will contribute to the effective implementation of Project activities and the achievement of the Project's objectives.

2.1 Objectives and Expected Outputs

The Project Inception Workshop was organized as a key milestone in the launch of the project and served as the primary platform for introducing the project's objectives, expected results, and implementation approach to stakeholders. The workshop aimed to establish a common understanding of the project's intervention logic, strengthen stakeholder ownership, and initiate a participatory dialogue on implementation priorities and modalities.

More specifically, the workshop aimed to:

- (i) present the Adaptation Fund and its role in supporting climate change adaptation initiatives in Armenia;
- (ii) introduce the project objectives, components, planned activities and expected outcomes;
- (iii) share lessons learned from the previous Adaptation Fund-supported pilot project implemented in Artik community;
- (iv) facilitate dialogue among government institutions, local authorities, financial institutions, civil society organizations and community representatives regarding climate adaptation priorities in Shirak region; and
- (v) collect stakeholder feedback and recommendations to support effective project implementation.

The expected outputs of the workshop included:

- (i) Increased awareness and understanding of the Project's objectives, implementation approach, and expected results.
- (ii) Strengthened stakeholder engagement and commitment to Project implementation.
- (iii) Enhanced coordination among participating institutions and key stakeholders.
- (iv) Collection of stakeholder feedback and practical recommendations to inform Project implementation.



2.2 Summary of the Inception Workshop

The Project Inception workshop commenced with opening remarks delivered by *Ms. Nona Budoyan, Head of the Climate Policy Department of the Ministry of Environment of the Republic of Armenia*. In her address, Ms. Budoyan emphasized the strategic importance of strengthening climate resilience in vulnerable communities and highlighted the significance of the project as a continuation and expansion of the successful Adaptation Fund-supported pilot initiative previously implemented in the Artik community. She stressed the importance of building on existing achievements, scaling up successful adaptation practices and strengthening cooperation among national institutions, local authorities and communities to ensure long-term sustainability and impact.

Following the opening remarks, *Ms. Milena Kiramijyan, Head of the Monitoring and Project Implementation Department of the Environmental Project Implementation Unit*, delivered a presentation on the Adaptation Fund and its contribution to climate change adaptation efforts in Armenia. The presentation provided an overview of the Fund's mandate, financing mechanisms and strategic priorities, while also highlighting Armenia's experience in implementing Adaptation Fund-supported projects through "EPIU" SA. As part of her presentation, Ms. Kiramijyan delivered a thematic session entitled *"Adaptation as a Key to Sustainable Development"*, which emphasized the importance of climate adaptation in supporting sustainable economic growth, strengthening ecosystem resilience and reducing climate-related risks for local communities. The presentation

highlighted the need for integrating adaptation measures into local development processes and promoting long-term resilience through ecosystem-based and community-driven approaches.

Subsequently, *Ms. Lusine Sargsyan, Project Manager*, presented the overall concept and implementation framework of the Project. During her presentation, she outlined the Project's overall objective, strategic components, planned interventions, and expected results, while providing an overview of the target communities and the implementation arrangements. She explained how the Project will build on the successful experience of the pilot project implemented in Artik community to scale up climate adaptation measures across the Artik, Ani, and Ashotsk communities. Particular attention was given to the key environmental and climate-related challenges affecting the Shirak region, including degraded quarry landscapes, increased flood risks, ecosystem degradation, and the growing vulnerability of agricultural and natural systems to climate change. Ms. Sargsyan demonstrated how the Project's integrated interventions will contribute to strengthening community resilience, improving ecosystem health, and reducing climate-related risks. She also presented the Project's implementation approach and results framework, highlighting the expected long-term environmental, social, and adaptation benefits for the target communities.



Panel Discussion

Following the project presentation, a panel discussion was organized to reflect on the lessons learned from the previous Adaptation Fund-supported pilot project implemented in Artik community and to identify key considerations for the successful implementation of the current project.

The discussion was moderated by *Mr. Armen Ajamoghlyan, Project Coordinator*, and featured Mr. Arman Ajamoghlyan, Deputy Head of Artik Community, Mr. Rubik Shahazizyan, Project Coordinator at “EPIU” SA, and Mr. Arman Nalbandyan, Head of the Citizenship, Land Management, Agriculture and Environmental Protection Division of Ashotsk Municipality.

Panelists discussed the achievements and challenges encountered during implementation of the previous project, including experiences related to ecosystem restoration, community engagement and climate adaptation interventions. Particular attention was given to the sustainability of project investments, the importance of community participation and the practical lessons gained from working with beneficiaries and local stakeholders. Participants reflected on successful practices that could be replicated under the new project, while also identifying challenges that continue to affect local communities and require further intervention.

An active contribution to the discussion was also made by *Mr. Armen Yesoyan, Acting Director of “EPIU” SA*, who shared practical insights and observations based on his extensive experience with the implementation of previous adaptation initiatives and emphasized the importance of maintaining strong cooperation among stakeholders throughout the project cycle.



Roundtable Discussion

The workshop concluded with an interactive roundtable discussion involving representatives of government institutions, municipalities, financial organizations, insurance companies, civil society organizations, community representatives and individual farmers.

The discussions focused on four key thematic areas.

The first area concerned *community participation and beneficiary selection mechanisms*. Participants discussed approaches for ensuring meaningful community engagement throughout project planning and implementation, including transparent procedures for selecting intervention sites and project beneficiaries.

The second area focused on *agricultural development priorities and capacity-building needs*. Farmers and local stakeholders shared their experiences and identified priority needs related to technical advisory services, training opportunities, and climate-resilient agricultural development. Discussions also explored agricultural products and production models that could provide sustainable economic opportunities under changing climatic conditions.

The third thematic area addressed *access to finance and agricultural credit products*. Representatives of financial institutions presented existing green financing mechanisms and agricultural lending instruments while discussing opportunities for developing financial products tailored to climate-resilient investments. Participants also explored the potential benefits of cooperative and group-based financing mechanisms for rural communities.

The fourth area focused on *climate risk management and index-based agricultural insurance*. Representatives of insurance companies presented ongoing developments in agricultural insurance and discussed potential approaches for introducing index-based insurance mechanisms. Discussions examined climate-related indices, methodologies for damage assessment and compensation calculations, and opportunities for strengthening cooperation between financial institutions and insurance providers.

Representatives of civil society organizations actively contributed to the discussions by sharing perspectives on community engagement, environmental awareness, and long-term sustainability of adaptation interventions.

Key Conclusions and Recommendations

The workshop generated valuable stakeholder feedback and practical recommendations that will inform Project implementation. Key recommendations included ensuring transparent beneficiary selection procedures, maintaining active community participation throughout project implementation, strengthening agricultural advisory and extension services, promoting access to climate-resilient financial products and exploring opportunities for expanding climate risk insurance mechanisms.

Overall, the workshop established a common understanding of the project's objectives and implementation approach, strengthened stakeholder ownership and provided an important platform for dialogue among national institutions, local authorities, financial organizations, civil society organizations and beneficiary communities. The discussions also laid the foundation for continued cooperation and stakeholder engagement throughout the implementation period.

3. Current Status of Project Implementation

Following the official launch of the Project, comprehensive institutional, managerial, and operational arrangements have been established to ensure the effective, transparent, and timely implementation of Project activities in full accordance with the approved project document, the Adaptation Fund policies, and the Implementing Entity's internal procedures.

Baseline Assessments and Technical Preparatory Activities

Following the completion of the procurement process, consultancy services were mobilized to undertake the baseline assessments and technical studies required for the implementation of Project interventions. These activities represent an important milestone in establishing the analytical and technical foundation for evidence-based planning and decision-making throughout the Project lifecycle.

The ongoing assessments adopt a multidisciplinary approach, integrating climate risk analysis, environmental assessments, ecosystem evaluations, GIS mapping, and stakeholder consultations across the target communities of Artik, Ani, and Ashotsk. Preliminary analytical outputs have already been developed, including assessments of climate-related risks, ecosystem conditions, landscape degradation, and environmental vulnerabilities. The results of these studies will support the prioritization and detailed design of Project interventions, while providing baseline information for monitoring and evaluating Project outcomes.

Field Surveys and Community Consultations

Field activities were initiated during the reporting period and are continuing across all target communities. Technical teams have carried out site visits, field investigations, and consultations with municipal authorities and local stakeholders to verify existing conditions and collect baseline environmental and socio-economic information.

The consultation process has ensured the active participation of local authorities, technical specialists, and community representatives in identifying priority issues, validating assessment findings, and discussing potential adaptation measures. The information collected will support the development of technically sound and locally appropriate interventions that respond to the specific climate risks and environmental challenges of the Project area.

Preparatory Activities for Restoration of Degraded Landscapes in Ani Community

Preparatory technical activities have also commenced to support the restoration of degraded landscapes in the Ani community affected by historical stone extraction. These activities aim to

generate the technical, environmental, and spatial information necessary for the design and implementation of restoration measures.

The ongoing studies include topographic and geotechnical surveys, soil and hydrological investigations, biodiversity assessments, and GIS-based spatial analyses. The findings will inform the preparation of restoration plans, the selection of climate-resilient vegetation species, and the identification of appropriate engineering and nature-based solutions for rehabilitating degraded landscapes, restoring ecosystem functions, and strengthening climate resilience within the Project area.

Project Management and Coordination

The “EPIU” SA has assumed overall responsibility for project implementation and coordination. Internal management and communication arrangements have been established to support implementation planning, stakeholder engagement, procurement processes and reporting activities.

During the reporting period, coordination was maintained with relevant national institutions, local authorities, and other project stakeholders to ensure that planned activities aligned with local needs and project objectives.

Key results achieved during the reporting period include:

- Organization of the Project Inception Workshop on 16 February 2026 with participation of approximately 75–80 representatives of government institutions, local authorities, financial organizations, civil society organizations and local communities.
- Establishment of project management and coordination arrangements.
- Completion of procurement procedures regarding baseline report.
- Initiation of baseline assessments and field investigations in the target communities.
- Launch of technical assessment activities for the 40-hectare forest park established under the previous Adaptation Fund-supported pilot project.
- Commencement of technical assessments and restoration planning activities for degraded landscapes in Ani community.
- Initiation of climate risk, ecosystem and landscape vulnerability assessments to support evidence-based implementation planning.

Overall Status

Overall, the project has completed its initial start-up phase and transitioned to implementation. Baseline assessments are underway, providing the foundation for evidence-based implementation of restoration, flood management, and community resilience interventions planned under the project.

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