



Armenia

**Action Plan for Sustainable
Roll-out of Financing
Mechanisms**

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1. ABOUT E-FIX PROJECT

The private sector is expected to play an important role for reducing energy demand and reaching of energy targets. About 40 % of the final energy consumption of the EU-28 can be accounted to industry and services (public sector included). In the EU a combination of regulatory mechanisms and incentive schemes are used to trigger energy efficiency and renewable energy development in the private sector. Still, progress is slow and although energy efficiency and renewable energy projects offer a range of financial and non-financial advantages both for public and private actors, little is done to exceed minimum legal requirements. Main barriers for the realisation of private energy efficiency projects can be divided in barriers with regard to the development and implementation of energy projects, on the one hand, and barriers to access funds for financing innovative sustainable energy projects, on the other.

In the target countries of the E-FIX project there is considerable idle potential for energy efficiency and renewable energy products and services. However, both, potential energy project developers and financiers, to a large extent face barriers regarding the accurate assessment of energy project feasibility and achieving investment security.

The underlying approach considered by this project is that an innovative Energy FinancingmiX (E-FIX) is needed in order to access new sources of finance and facilitate an increased implementation of sustainable energy projects. The E-FIX project will trigger private investments using a mix of innovative financing mechanisms, to be specific: credit lines for energy performance contracting, crowdfunding models and leasing models for energy efficiency and renewable energy projects.

The overall objective of the E-FIX project is to prepare the European market – with a focus on countries of various EU enlargement rounds, as well as markets of countries, which have recently reached EU association status – for the intensified usage of these innovative financing mechanisms in the energy sector in order to facilitate the increase of investments in energy projects and services. The E-FIX project will thus initiate a comprehensive roll-out of energy financing mechanisms in the 6 partner countries (PL, CZ, AT, HR, AM and GE). The 3-dimensional roll-out will cover capacity building, strategy development and piloting of model solutions.

The E-FIX project will result in increased investments in sustainable energy projects in the partner countries as well as lay the groundwork for better-informed and equipped stakeholders. The trainings of these stakeholders will provide them with the capacity to act as E-FIX Ambassadors, multipliers to promote and implement the E-FIX approach. On a larger scale, the E-FIX approach will be disseminated EU-wide, activating dormant private finance thereby contributing to the general growth of the EU markets of energy technology and services as one step into the direction of a low carbon economy.



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2. OBJECTIVE

2.1. Objective scope and target values

The main objective of the action plan is to outline necessary steps and measures for creation and implementation of the new innovative energy efficiency financial mechanism based on leasing.

The four strategic objectives underpinning the AP are:

Objective 1. Creation of EE/RE Competence Centre, which will play central role in the promotion of the EE/RE financial mechanism

Objective 2. Creation of the standardized tools for EE/RE financing

Objective 3. Accelerate the uptake of energy efficiency financing across all sectors of economy

Objective 4. Increase awareness on EE/RE technologies

3. ACTIVITIES FOR ACTION PLAN IMPLEMENTATION

Task 1 – Creation of EE Competence center

The central goal of the EE competence center is the creation of the centralized platform for the EE/RE market actors (including governmental agencies, utilities, FIs, vendors, users etc) for the information exchange, capacity building, awareness raising and constant improvement of the financial mechanism through the exchange of information, monitoring and assessment programs, educational programs etc.

This Task includes the following activities

Activity 1 - Select the legal form of the CC (NGO, Union, Voluntary Union, Commercial etc) and define resources for the sustainable operation of the CC

Activity 2 – Prepare operational plan for CC (short and long term), set-up the CC

Activity 3 – Develop CC policy documents (including operating memorandum) in consultation with the stakeholders

Estimated time for implementation of task 1 is set from Q2 of 2021 to Q4 of 2021

Task 2 - Creation of the standardized tools for EE/RE financing

Simple, logical and transparent assessment tools for the evaluation of the EE projects (including calculation and projections of the savings, financial analysis methods etc) are the key drivers for the growth of the EE financing. In addition to the assessment tools it is necessary to develop standardised EE implementation (e.g. EPC contracts) and financing contracts, which will reduce transaction costs and make energy efficiency more accessible and affordable for SMEs and residential consumers.

This Task includes the following activities:

Activity 1 – Create the database of the EE technologies with typical savings and simplified calculation methods

Activity 2 – Develop hands-on tools for financial analysis of EE/RE projects

Activity 3 – Develop EE/RE standardized financing contracts

Estimated time for implementation of the Task 2 is set from Q2 of 2021 to Q4 of 2021



Task 3 - Accelerate the uptake of energy efficiency financing

To support the expansion of the innovative energy efficiency financing in Armenia the FIs shall implement the following activities:

Activity 1 – Design standard comprehensive EE/RE financing packages for the specific technologies/equipment

Activity 2 – Promotional campaigns for the EE/RE financing with the active involvement of vendors, consultants etc

Activity 3– Complement the EE/RE financing with other support mechanisms available in the country, e.g. COVID support programmes

Activity 4 – Maintain flexibility in the program through constant monitoring of the implemented projects and assessment of the market needs.

The vast majority of activities listed above are very much aligned with the strategies and priorities of the local FIs. Moreover, some activities (i.e. standard financing packages or promotional campaigns) are already implemented in the country. Therefore, the local FIs will be actively engaged in the implementation of the activities, aimed at acceleration of their energy efficiency programs.

Estimated time for implementation of the Task 3 is set from Q1 of 2021 to Q1 of 2022

Task 4 – Increase awareness on EE/RE technologies

Increased awareness on the benefits of EE/RE is one of the key drivers for the successful dissemination of the new financial mechanism. The CC will organise capacity building programs and awareness raising campaigns for all groups of the market participants, including:

Task 1- Development of promotion materials

Task 2 - Development and provision of the trainings and workshops

Task 3 - Active collaboration with other educational platforms and institutions, including joint trainings for the students of engineering universities

Task 4 – Creation of the information exchange platform(e.g. newsletters, regular reports from CC and stakeholders etc)

Task 5 - Regular events on EE/RE financing

Estimated time for implementation of task 4 is set from Q4 of 2021 to Q2 of 2025

CCG-AM will be responsible for setting up of CC and will coordinate the operations of CC. In addition, CCG-AM in coordination with the stakeholders will develop supporting materials listed in the Task 1.

ACBA Leasing will be responsible for financing of EE/RE projects and promotion of the new financial mechanism through the Green Leasing program. In addition, ACBA Leasing will be responsible for the monitoring and dissemination of the results of financing campaigns.



Nr.	Objectives	Tasks & Activities	Success criteria	Time Frame	Resources
1.	Creation of EE Competence centre	Set-up of CC, including development of the operational guidelines	Established CC	Q2 of 2021	CCG and ACBA L
2.	Creation of the standardized tools for EE/RE financing	Create the EE/RE technologies database, incl. typical savings Develop hands-on tools for financial analysis of EE/RE projects Develop EE/RE standardized financing contracts Development of calculation and reporting methodology Development of reporting templates	(online) database, which is accessible for the stakeholders and can be constantly updated. The financing for the database creation will	Q4 of 2025	CCG and ACBA L
3.	Accelerate the uptake of energy efficiency financing	Design standard comprehensive EE/RE financing packages for the specific technologies/equipment	Increased investments in EE/RE in USD Savings in GWh	Q1 of 2025	ACBA L
4.	Increase awareness on EE/RE technologies	Development of promotion materials Trainings and workshops collaboration with other educational platforms and institutions creation of the information exchange platform	Number of trained experts Number of the events Number of trainings		CCG



4. MEASURING SUCCESS OF IMPLEMENTATION

Task/activity	Target indicator	Method of measurement and validation
Creation of EE Competence centre	Fully operational CC Trained professional staff New programs (promotion campaigns, capacity building, education etc)	Reporting
EE financing tools	User friendly, web-based tools for EE/RE financing	Number of loans or projects implemented using the tools
Accelerate the uptake of energy efficiency financing	Growth of EE investments – by 10-15% pa compared to base year - 2021	Investments in EE/RE, Number of projects, MWh savings
Increase awareness on EE/RE technologies	Reduction of energy consumption through non-technological measures. (i.e energy behaviour change)	Participation in the awareness raising campaigns, distribution of promotional materials (leaflets, booklets, newsletters etc)

5. IMPLEMENTATION STRATEGY

5.1. Resources needed to implement the Action Plan

Establishment and successful operation of the Competence Center at the inception phase will require financial and in-kind contribution from the founders, i.e. provision of human resources, back office services (IT, accounting etc). At this stage will require 4-6 experts (energy, financial, marketing). This stage can be also supported by the donor organizations (such as EU, WB) and industrial leading companies (utilities, service providers etc).

However, the long-term strategy of the CC is to become financially independent organization, which will generate revenues through the provision of the services in a range of sectors, including industrial, agricultural, municipal, institutional, commercial and residential.

The detailed business plan and implementation strategy will be elaborated on a later stage after the discussion with the stakeholders.



6. COLLABORATION WITH STAKEHOLDERS

6.1. Stakeholders involved in AP development

The AP development process includes identification and consultation with the key stakeholders involved in the leasing of EE/RE products and technologies in Armenia. CCG-AM and ACBA L held several meetings (physical and online) with the following groups of stakeholders:

- Governmental agencies (Public Services Regulating Commission, R2E2 Fund etc)
- Vendors and suppliers of EE/RE technologies
- Consulting and engineering companies
- Educational Institutions

During the meetings with the stakeholders the objectives of the Action Plan, including promotion of EE/RE financing and establishment of EE Competence Centre was presented and discussed.

All participants agreed that during the implementation of the project they will provide necessary technical and informative support to achieve proposed targets. The stakeholders also agreed to continue the dialogue and contribute with the necessary resources for further improvement of the Action Plan, considering economic situation in the country.

6.2. Stakeholders involved in AP development

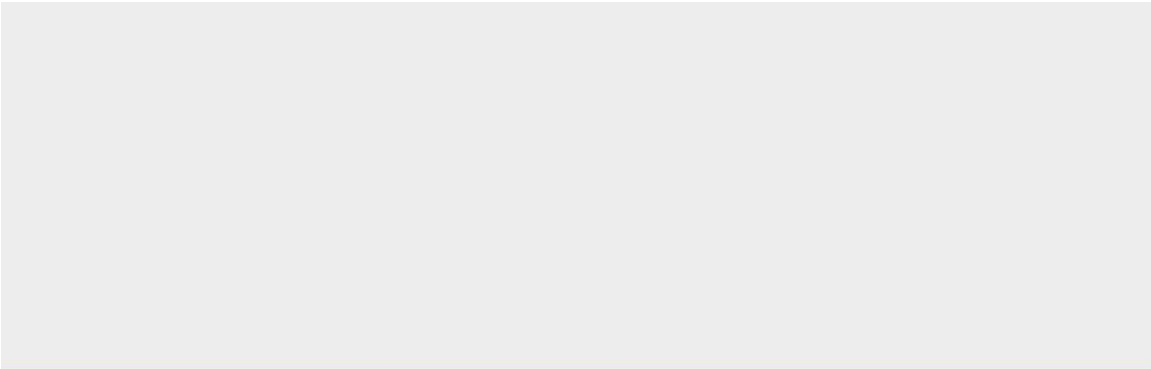
Stakeholder groups		Role and responsibility	Involvement and communication strategy
Implementing parties	Vendors and suppliers of: Construction equipment and machineries; Transport equipment; RE technology	Provision of technical information about EE/RE technologies;	Participation in stakeholders meetings; Provision of technical information about EE/RE technologies; Country/sector baseline identification
Political decision-makers	Ministry of Territorial Administration and Ministry of Economy of Armenia	Introduction of new regulations	Participation in stakeholders meetings

7. MONITORING STRATEGY

CCG-AM and ACBA L will jointly elaborate monitoring system to follow-up the implementation of the AP. The CC team will be responsible for the implementation of the monitoring plan, including:

- Identification of the relevant indicators for each task
- Elaboration of the monitoring procedures for the identified indicators, including responsible persons, monitoring frequency, reporting and archiving formats etc
- Periodic review and update of the monitoring plan





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