



Georgia

**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 Financing miX (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

An objective of an action plan is to develop comprehensive and sustainable financing tool for local leasing institutions for financing investments in energy and resource efficiency and renewable energy, considering conservation of natural resources, including fossil fuels, water, energy and raw materials. At the end of implementation of an action plan FIs should have the following:

Objective 1: Establishment of Competence Centre and substantial staff capacities to identify and improve energy/resource efficient investments;

Objective 2: Ability to calculate and report generated savings and their effect on the financial stability of the investment;

Objective 3: Ability to promote and market innovative financing mechanisms to their customers;

Objective 4: Increase awareness of ee/re technologies and services among local vendors and suppliers;

Meanwhile existence of sustainable financing tool in the country should bring in place technical improvement of available technologies and services, increase awareness among country businesses and stakeholders.

3. ACTIVITIES FOR ACTION PLAN IMPLEMENTATION

• Task 1 – Establishment of competence centre

First and moreover task is creation of competence centre within the country in order to combine and create a single place for all stakeholders – financial institutions, technology and service vendors, marketing and visibility experts and most importantly - for businesses and individuals who are interested in investments in energy and resource efficiency;

- Activity 1: Institutional establishment of CC with support of PPs
- Activity 2: Identification of necessary human resources required for successful operation of CC
- Activity 3 Development of operation manual for CC sustainable development

Estimated time for implementation of task 1 is set from Q3 of 2020 to Q3 of 2021.

• Task 2 – Development of calculation/reporting tool

Secondly – creation of calculating tool for interested stakeholders in order to see achievable savings and its financial effect over the time period;

- Activity 1: Development of necessary information collection procedures
- Activity 2: Baseline identification for different industry sectors
- Activity 3: Development of calculation and reporting methodology
- Activity 4: Development of reporting templates

Starting time period for this task is defined from Q2 of 2021 to Q4 of 2025.

• Task 3: Awareness and promotion



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Under this task the CC will organise stakeholders' events and conferences for promotion of importance of energy conservation and efficient technologies.

- Activity 1: Development of promotional materials;
- Activity 2: Organise regular events with stakeholders;
- Activity 3: Dissemination of relevant news on EE/RE recent developments

Awareness rising and promotion activities under the Task 3 is expected to start from Q4 of 2021 and will last till Q1 of 2025.

Energy Investment Consultants, LLC will be host of competence centre that will provide support for all interested parties – development of calculating tool, provide comprehensive and sustainable consultation to the businesses and individuals;

Georgian Leasing Company, LLC – local financial institution that will be responsible for provision of financial support to the interested businesses and individuals to fulfil their investment goals through innovative financing tool – eLeasing;

Caucasus University – develop and implement ad-on materials to the existing study course and syllabus for innovative financing tools and financial modeling for assessment of energy and resource efficiency investments.

In order to achieve the set goals and targets all PPs are required to provide and contribute information and available human and financial resources.

Below listed activities are envisaged to measure and evaluate progress of the targets:

- Regular monitoring of portfolios of participant FIs;
- Regular publishing of assessment report of EE/RE investments;
- Newsletters and promotional materials of workshops, events and conferences.



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Table 1: ACTION PLAN – INNOVATIVE ENERGY FINANCING MECHANISM DEVELOPMENT IN Georgia

Nr.	Objectives	Tasks & Activities	Success criteria	Time Frame	Resources
1.	Establishment of Competence Centre and substantial staff capacities to identify and improve energy/resource efficient investments	<p>Institutional establishment of CC with support of all PPs</p> <p>Identification of necessary human resources required for successful operation of CC</p> <p>Development of operation manual for CC sustainable development</p>	NA	Q3 of 2021	EIC; GLC and CU
2.	Ability to calculate and report generated savings and their effect on the financial stability of the investment	<p>Development of necessary information collection procedures</p> <p>Baseline identification for different industry sectors</p> <p>Development of calculation and reporting methodology</p> <p>Development of reporting templates</p>	Investments of EUR 25 m and/or 15 GWh/y	Q4 of 2025	EIC and GLC
3.	Increase awareness of EE/RE technologies and services among local vendors and suppliers	<p>Development of promotional materials;</p> <p>Organise regular events with stakeholders;</p> <p>Dissemination of relevant news on EE/RE recent developments</p>	NA	Q1 of 2025	EIC; GLC; CU and stakeholders (vendors and suppliers)



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4. MEASURING SUCCESS OF IMPLEMENTATION

Task/activity	Target indicator	Method of measurement and validation
Institutional establishment of CC with support of all PPs	Development of charter for CC	Reporting
Identification of necessary human resources required for successful operation of CC	Involvement at least 2 engineers and 2 financial officers	Employment contracts
Development of operation manual for CC sustainable development	Operation manual	Approval of operation manual by all PPs
Development of necessary information collection procedures	Involvement of all PPs	Approval of calculation tools by all PPs
Baseline identification for different industry sectors	Operational manual	Approval of operation manual by all PPs
Development of calculation and reporting methodology	Operational manual	Approval of operation manual by all PPs
Development of reporting templates/project portfolio	Operational manual	Approval of operation manual by all PPs Investments of EUR 25 m and/or 15 GWh/y
Development of promotional materials;	Up to 4 flyers/brochures for different business sectors	Printing and distribution of 4000 pcs of promotional material
Organise regular events with stakeholders;	Up to 5 events	Event reports, list of participants up to 50 participants
Dissemination of relevant news on EE/RE recent developments	Up to 3 newsletters per year	Newsletter distribution list, 4K recipients



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5. IMPLEMENTATION STRATEGY

5.1. Resources needed to implement the Action Plan

Establishment of Competence Centre on the basis one of the project partner organisation requires agreement among the project partners as well as their support in financial, institutional and human resources.

Pre-agreement among the PPs are already reached and Competence Centre will be established on the basis of Energy Investment Consultants, LLC that will involve dedicated human resources from Georgian Leasing Company, LLC and Caucasus University. Under the human resources 2 engineers will be dedicated from EIC, 2 finance experts from GLC and 1 expert for capacity building and 1 expert for dissemination/promotion from Caucasus University.

Mobilisation financial resources for CC operation will be defined later based on the approved targets and activities. Strategies for fund-rising for CC operations will be defined in the operation manual and charter.

5.2. Time schedule



6. COLLABORATION WITH STAKEHOLDERS

6.1. Stakeholders involved in AP development

One of the main goal of CC is to identify and establish communications with relevant stakeholders for the development EE/RE leasing in Georgia. To achieve the goal all networks of Energy Investment Consultants, Georgian Leasing Company and Caucasus University are involved in the process – technical and financial, communication and marketing, vendors and suppliers of EE/RE technologies.

During the AP development several meetings held in the EIC and GLC offices that were involving 5 vendors/suppliers of leasable EE/RE technologies – construction equipment and machineries, solar photovoltaic panel importers.



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During the meetings idea of establishment of competence centre were introduced as well as eLeasing principles. Also achievable targets in terms of estimated investment size and savings were discussed and approved.

All participants agreed that during the implementation of the project they will provide necessary technical and informative support to achieve proposed targets. It is also approved by project partners that up to 15 vendors and suppliers will be identified and included in the stakeholders list.

Participants proposed to involve state authorities (e.g. Ministry of Economy and Sustainable Development of Georgia) in the process of AP implementation and support innovative energy financing mechanism – eLeasing development introducing state regulations.

6.2. Roles and responsibilities of Stakeholders for Action Plan implementation

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 Economy and Sustainable Development of Georgia	Introduction of new regulations	Participation in stakeholders meetings

7. MONITORING STRATEGY

Monitoring strategy includes involvement of all project partners as well as Competence Centre team with substantial support of project stakeholders. In particular:

Energy Investment Consultants, LLC will be host of competence centre that will provide support for all interested parties – development of calculating tool, provide comprehensive and sustainable consultation to the businesses and individuals; Development of leasing project portfolio on the basis of individual project assessments; Regular communication with project stakeholders (vendors and suppliers).

Georgian Leasing Company, LLC – local financial institution that will be responsible for provision of financial support to the interested businesses and individuals to fulfil their investment goals through innovative financing tool – eLeasing; Development of project pipeline for EE/RE leasing investments, Regular communication with project stakeholders (vendors and suppliers).

Caucasus University – develop and implement study course and syllabus for innovative financing tools and financial modeling for assessment of energy and resource efficiency investments preparation of promotion materials and awareness rising campaigns.

Monitoring of implementation will be conducted by all PPs in their responsible areas on the quarterly basis.



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