

REPUBLIC OF ARMENIA

ENTITY – "ARMSWISSBANK" CJSC



GREEN
CLIMATE
FUND

GLOBAL
PROGRAMMING
CONFERENCE

Project title Renewable energy financing tool				
Result areas	Sector	Total financing, USD	GCF financing, USD	Financial instrument
Low-emission energy access and power generation	Private	50 mln USD	30 mln USD	Grant/Loan
Description of specific climate change problem and how the project will address it	The proposed project is aimed at launching on-lending facility that will address low-emission energy generation issues through providing concessional loans to 1) utility scale solar projects, 2) autonomous producers (rural households, agricultural SME). All 2 intervention areas are targeting reduction of dependence from fossil fuel-generated energy and increasing environmental resilience of households and agricultural farms that are located in the vulnerable regions that are mostly exposed to the harmful impact of climate change.			
Alignment with key country priorities and stakeholders engaged	This priority is in line with Armenia's NDC in general as well as identified through rigorous consultation process with national ministries and agencies, with private sector representatives, internationally accredited entities that present in Armenia and other donor agencies. It is reflected in the Armenia Country Programme for GCF (currently in finalization phase) under <u>Strategic Pillar 1 – Energy</u> , <u>Investment area – Promotion of generation of energy from renewable resources</u> .			

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Project title: Renewable energy financing tool

Activities

Suggested on-lending facility will be aimed at provision of competitive loan instruments to the following projects (otherwise not attractive for private investments):

Autonomous producers and enterprises. These are households and SMEs (primarily operating in agricultural sector) from Armenia's vulnerable regions. „Energy cost“ is comparably high for both sub-groups – leaving households below the line of „energy poverty“. Rather high energy tariff will be offset through utilisation of advanced legislative opportunity to install autonomous solar systems, sell overall surplus to the Electric Network of Armenia and, more importantly, avoid the need of accumulation facility using flexible connection arrangements provided by law.

Utility scale solar projects. Currently regulator has issued licenses for utility scale solar projects from 1 MW to 5 MW (with the total installed capacity equivalent to 100 MW). The low tariff makes these projects non-feasible as repayment period (with existing cost of the credit) is more than 10 years.

Expected outcomes

30 MW of installations by households and agricultural SMEs
25 MW of utility scale solar projects

Paradigm shift potential

Through demonstration effect, ensuring critical mass of changes, significant GHG emission reduction in the electric power sector through blended different financial instruments.

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ENTITY - REVOLVING FUND



GREEN
CLIMATE
FUND

GLOBAL
PROGRAMMING
CONFERENCE

Project title Installation of solar water heaters and combined PV systems for 320 vulnerable communities

Result areas

Low-emission energy access and power generation

Sector

Private

Total financing, USD

20 mln USD

GCF financing, USD

10 mln USD

Financial instrument

Grant/Loan

Description of specific climate change problem and how the project will address it

Via the envisaged revolving fund, the project aims at complimenting to the GoA efforts in meeting its national targets aimed at reduction of rural poverty, as well as greenhouse gas (GHG) emissions via providing **320 vulnerable communities (around 28,000 households)** with competitive funding instruments for installation of solar water heaters and combined PV systems. Particular focus will be placed on communities neighboring to the forests, where people traditionally use wood for heating purposes.

Alignment with key country priorities and stakeholders engaged

This priority is in line with Armenia's NDC in general as well as identified through rigorous consultation process with national ministries and agencies, with private sector representatives, internationally accredited entities that present in Armenia and other donor agencies. It is reflected in the **Armenia Country Programme for GCF** (currently in finalization phase) under Strategic Pillar 1 – Energy, Investment area – Promotion of generation of energy from renewable resources and **Advancement of energy efficiency**.

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Project title: Installation of solar water heaters and combined PV systems for 320 vulnerable communities

Activities

Generate affordable “green Kilowatts” and reduce “energy bills” for more than 28,000 deprived families, raise awareness of population from the regions on benefits and available financing instruments for renewable energy and energy efficiency solutions and widely promoting concept of “green growth”, mitigating social development in the targeted regions of Armenia.
Introduction of proposed financial instrument, along with financing interest rates for credits aimed at procurement and installation of solar water heaters and combined PV systems and capacity building activities will greatly contribute towards further market development, attraction of investments and other funds, as well achievement of the ultimate goal – reduction of greenhouse gas emissions.

Expected outcomes

10,000 families benefited from installation of the solar appliances (during 2 years of project implementation) through Revolving Fund .

Paradigm shift potential

Through demonstration effect, ensuring critical mass of changes, significant GHG emission reduction in the electric power sector through blended different financial instruments.