

**Meeting of SREP Pilot Countries  
May 28-30, 2013 – Bandos Island, Maldives**

**Progress Updates from Countries without Endorsed Investment Plans**

**Country/regional pilot: Republic of Armenia**

<i>Please describe any advances made in the following areas, arising from your SREP programming process since the last meeting of SREP pilots.</i>	
Stakeholder engagement (e.g., CSOs, private sector, development partners)	<p>During the last joint MDB mission a conference were organised with participation of large group of stakeholders, including public and municipal administration, private sector, NGO, regulatory authority, scientific institutions, etc. They were informed about the CIFs and SREP program, policy and procedural regulation. MDBs representatives clarified raised issues and presented opportunities for country. The stakeholders discussed challenges and priorities of different RE technologies, suggested potential areas to consider as projects for financing.</p> <p>After that several meetings were held with different stakeholders, i.e. representatives of banks, NGOs, public administration, municipal authorities, USAID energy project teams, UNDP/GEF projects staff, other international projects, national academy of science, etc.</p> <p>A special Commission is established for discussion of the priorities and programs in RE and EE area, including activities under the SREP.</p>
Institutional arrangements and government coordination	<p>The Commission was established by the Prime Minister decree. The Commission consists of representatives of all stakeholders mentioned above. It assigns responsibility for activities of the Commission to the Ministry of Energy and Natural Resources. The Deputy Minister is the head of Commission. At the first meeting of Commission the R2E2 Fund presented SREP program and status. The Renewable Resources and Energy Efficiency Fund (R2E2 Fund) is responsible for coordination of all activities under the SREP.</p>
Analytical work and technical studies	<p>Number of studies and analytical reports has been prepared by different institutions during last few years. Most of them were prepared by foreign experts hired under the projects financed by the MDBs and development partners. It includes policy and regulation issues, as well as resource assessments and mapping.</p>

	<p>The R2E2 Fund has collected all the reports and information kindly provided by donors and projects' teams and published it on website, making available in one place for all stakeholders.</p>
Capacity building	<p>Scientific research and engineering capacity of Armenia is very strong. The Energy Institute, the Academy of Sciences (particularly the Institute of Geological Studies, Institute of Microbiology), the American University of Armenia, and other institutions have considerable technical expertise in renewable energy. There is local manufacturing capacity for turbines and pipes for hydro power plants, as well as solar water collectors for heating. There is considerable expertise in small hydro power installation. However for other technologies there is lack of experience.</p> <p>Several workshops were organised by the Ministry of Energy and Natural Resources aimed to increase awareness of the energy related institutions, financial institutions and public servants regarding the technologies and investments. The ADB organised workshop related to the wind resource identification. The KfW provided very extensive training on wind technologies, resources in Armenia. A special software application and data base covering the territory of Armenia with detailed information about the climatic conditions and wind resources was provided.</p> <p>A large conference was organised by an NGO "Small HPP Association" for investors, financial institutions, energy companies, private sector. During the conference the SREP program was presented.</p> <p>Generally the capacity of stakeholders is sufficient to discuss different phases and aspects of IP during its preparation.</p>
Financing	<p>The World Bank has provided a grant in an amount of US\$0.3 mln. to support preparation of IP for Armenia. R2E2 Fund co-finances with US\$60,000 as well as it supports Government in all activities under the SREP. The Grant agreement was signed on April 19, 2013.</p>
Procurement and recruiting	<p>The R2E2 Fund has already completed the selection of international consultant (firm) to support preparation of IP. The consultant firm is from the USA, experienced in energy policy and regulation, as well as feasibility studies in RE.</p>

*Please describe any challenges encountered in the following areas, arising from your SREP programming process since the last meeting of SREP pilots.*

Political issues	There are no political challenges in the country. Recently the presidential elections were held, after which minor changes have been in the Government structure. The Government Program adopted by the Parliament these days has the same strategy and priorities toward the development of the economy and RE area.
Stakeholder engagement (e.g., CSOs, private sector, development partners)	<p>There are no difficulties for stakeholders to be involved in the process, since the R2E2 Fund is very well known in the country, and for all issues related to the RE or EE it is the first sources of information. However, taking into account that Armenia is in the reserved countries list the large awareness campaign is not envisaged to not increase expectations about potential financing opportunities.</p> <p>Nevertheless key people, so called sustainable energy society formed in Armenia is involved in the process.</p>
Institutional arrangements and government coordination	<p>Overall, institutional arrangements and government coordination is in place. There is clear segregation of responsibilities between the ministries, regulatory body, different agencies and the central government. However institutional capacity building may be further required in establishing an enabling policy and regulatory framework to support all types of renewable energy, particularly tariff setting, PPA, governance issues such as coordination and information sharing.</p> <p>Updated, enhanced, and published supply and demand forecast with corresponding analyses on costs and benefits, carbon emissions, investment requirements, and tariff requirements, is needed.</p>
Stakeholder capacity (e.g., government, private sector, CSOs)	<p>Research and technical capacity is historically the strength of Armenia, however there is need to prepare professionals for serving the RE increasing market. The government officials are involved in different trainings provided by the EU programs. Regulatory body is also supported by the donors.</p> <p>The financial institutions involved in the projects financed by IFC, EBRD, KfW, etc also get training and capacity building activities. However, for scaling-up renewable energy programs it is necessary to increase capacity of all involve parties on new schemes of financing, new technical and technological solutions, regulatory activities, etc.</p>
Data availability	One of the challenges for Armenia is lack of energy statistics.

	Preparation of energy balance according IEA regulations has just initiated. However due to the strong metering and billing system for electricity and gas, as well as RE regulation, it is not a barrier for preparation of IP.
Financing	<p>Financing is main challenge for development of RE. Private investors are very interested to invest in RE. However tariff is not sufficient to attract private investors, so they invest only in SHPPs. Fixed tariff is set up for most RETs, however impact of more attractive tariff on the end-users may affect poverty situation in country. The state budget constraints and limited scope of external borrowing do not allow application of subsidy scheme for other RETs.</p> <p>The lack of long term loans and affordable financing in local market makes RE investments not feasible.</p>

*Please provide any additional information you wish to share on impacts or lessons learned from the SREP programming process.*

The SREP programming has been started recently. It is very important to establish good information sharing platform and participatory process. It is also essential to collect all necessary data and information for creating the baseline and monitoring indicators in advance.

**Monitoring energy access:**

What indicators and monitoring systems are being used at the national or sector level to monitor energy access?

The National Statistic Service conducts annual household survey, which has questions regarding access to energy sources and types of energy used for different purposes. The reports show changes caused by different factors, such as affordability of tariffs, policy changes, investments, etc. Key indicators are share of households without access to the energy services. The report provides the same information by income level clusters.

For generation of energy there is an administrative registry, for which the Ministry of Energy and Natural Resources is responsible. Taking into account that there is only one electricity distribution company and one gas company, as well as existence of meters for each consumer, it is very easy to get detailed information about generation and consumption.

The key indicators are shares of different source of electricity in the generation mix (capacity and generation); consumption dynamic by different consumers groups, such as households, industry, tertiary, etc.

	For monitoring of impact of specific project this information may be amended by beneficiary surveys with specific methodology and sampling to assure reliable statistic data.
Would these existing monitoring systems capture the impacts of SREP investments in energy access, and, if yes, how?	The existing monitoring schemes can capture also the impact of SREP investments, since they have periodic character and reflect changes in policy, investments etc. In some cases, based on the IP specifics additional surveys could be conducted or the existing questionnaires may be amended.

*What is your government's experience working with social enterprises for delivery of energy access in rural areas?*

There is no specific social enterprise for delivery of energy access. This role is assigned to the utilities.

Every year the electricity distribution company and the gas company submit their investment plan to the regulatory body with clear specification of the areas to be covered by their services, or improved delivery to consumers.

Where it is not viable for those companies to invest, the government may finance from state budget.

For example, in order to increase access to the natural gas in rural areas, where it is not profitable for gas company, the government provides financing to the municipalities in the form of low interest loan (1% annual).

*What activities undertaken in your country have been successful at scaling up renewable energy access in rural areas?*

Due to the challenges mentioned above currently there are no specific activities undertaken. The success story is development of SHPPs in rural areas, however they are connected to the joint distribution system. Therefore for the residents of the mentioned rural area there is no additional benefit, except job creation.

*What activities undertaken in your country have not been successful at scaling up renewable energy access in rural areas?*

Fixed tariffs and guaranteed purchase of electricity for 15 years were set in order to attract investments into RE, however due to the not sufficient level of tariffs this incentive has not an adequate impact, since they haven't followed by affordable financing.