



# GCF Readiness Armenia Green Finance Roadmap for Armenia

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## Section 1

Introduction to report

# Supporting green finance and sustainable business

Globalfields ([www.Globalfields.co.uk](http://www.Globalfields.co.uk)) is a woman-led company established in 2018 in the United Kingdom by Marta Simonetti. We are a boutique consultancy specializing in climate finance, supporting development partners and countries in scaling up financial flows to address the climate crisis by investing in climate change mitigation and their resilience.

Globalfields provides consulting, advisory and training services for private and public companies, governments and individuals worldwide in support of their collective efforts towards 'green' economic growth and sustainable business development. We work at the intersection of climate and finance, and our team has international expertise at senior level in:

- ❑ Institutional expertise in the organizations of the global climate finance architecture;
- ❑ Climate and environmental finance;
- ❑ Governance and environmental law;
- ❑ Fund structuring and business/financial model development for climate action;
- ❑ Benchmarking and MRV for Environmental, Social and Governance and GHG reporting; and
- ❑ Climate finance tracking and indexing against the Sustainable Development Goals (SDGs).

International Lead

# Andreas Biermann



Andreas is a climate finance and mitigation professional with extensive technical expertise, a wide experience and a focus on climate change and climate finance.

With a long track record in managing the development of GCF and GEF projects for EBRD, followed by two years as Deputy Director for Mitigation at the Green Climate Fund he is widely recognised for his ability to work with governments and development partners in bringing green and sustainable finance to the fore, delivering real environmental change through the provision of new financing options.

During his career, Andreas has worked with numerous governments and multilateral agencies across the world and in very diverse country contexts with a strong focus on the transition region.

*Andreas is currently an MSc candidate at the School of Oriental and African Studies in London (UK). His thesis project focuses on the interaction between climate and national development policies in Armenia*

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National Lead

Tigran  
Sukiasyan



Tigran is an experienced project manager, mentor, fundraiser and capacity building expert with 20 years experience (at domestic and international level) in developing, implementing and monitoring projects with major donor agencies, international organizations and climate funds, including the Green Climate Fund, Adaptation Fund, and the United Nations Development Programme (UNDP).

He is currently focusing on issues of climate resilience and green finance through number of engagements aimed at structuring collaboration frameworks, identification of projects and proposal development.

Since 2018 he has been part of critical assignments leading essential work with private sector entities to identify support priorities and projects, providing mentorship and executive trainings to civil servants responsible for project formulation in the climate domain.

Based in Yerevan, Tigran is collaborating with Globalfields for the expansion of green banking support in the eastern Europe, the Caucasus and Central Asia.

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# Report overview

Report is aiming to:

- Provide concise background to sustainable finance in Armenia, embedding the recommendations in sectoral needs in line with the overall development pathway.
- Provide clear and actionable steps to be taken to deliver a working and appropriate sustainable finance framework for Armenia in a meaningful timeframe
- Provide an overview of the timelines in which these actions could be implemented, including sequencing

## Section 2

## Recommendations



# Recommendation Overview

The recommendations are grouped in four pillars and together cover:

- Short-/Medium term actions required to deliver a sustainable finance framework, including positive actions to be taken now, and medium-term actions such as capacity building.
- Engagement with donors and key partners
- Regulatory actions
- Capacity building actions

All of these will need to be delivered to achieve the desired outcomes.

# Sustainable Finance Roadmap - Recommendations

1. Shaping a favourable policy framework		2. Scaling up green finance flows		3. Establishing an ESG Framework		4. Addressing capacity constraints					
<b>Initial Actions</b>											
1) Establishing/ formalizing Green Finance Task Force (under CBA)	2) Development and adoption of a Green Bond framework for Armenia	3) Development and adoption of a green taxonomy	4) Development of a carbon pricing regime	1) Revision of the GCF Country Program to enable scaled-up climate finance flows	2) Development of favorable regulations for renewable energy developers and PPPs	3) Supporting the development of green projects for financing	1) Development and adoption of a harmonized ESG framework for the financial sector in Armenia	2) Establishment of ESG market standards	1) Enhance understanding of international green finance frameworks and issues in the private sector	2) Enhance structuring capacity for PPPs	3) Enhance carbon market operating capacity
<b>Parallel Actions</b>											
1) Creation of an integrated MRV framework linking projects to national inventory reporting	2) Strengthening of data collection to more clearly identify potential actions and vulnerabilities	1) Structured engagement with climate funds	2) Creation of a dedicated fund to support green investments	3) Deepening MDB/DFI partnerships	4) Supporting establishment of dedicated private green finance institutions (e.g., leasing companies, private equity funds, crowdfunding platforms)	1) Strengthen regulations to monitor and enforce and develop the ESG framework	1) Develop capacity for establishing and maintaining complex MRV systems in public and private sectors	3) Comprehensive ESG and gender training for public/private sector			

## Section 3



## Roadmap Approach

# Approach Overview

The approach is presented by pillar and aims to provide clear and implementable steps for each of the recommendations:

- Specific nature of the decision.
- Follow-up
- Timeframe for the action
- Who is responsible for the action
- Who are the stakeholders that need to be involved

This should be seen as flexible guidance.

# Sustainable Finance Roadmap - Approach

Area of Intervention	Initial action	Follow up Action	Timeline	Responsible entities
<b>Pillar 1. – Policy Framework</b>				
Establishing/ formalizing Green Finance Task Force (under CBA)	Executive order on formalization of the Task Force is issued by regulator	<ul style="list-style-type: none"> <li>Establishment of thematic Working Groups;</li> <li>Quarterly meetings of the Task Force;</li> </ul>	2022 for establishment in 2022	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>CBA</li> </ul>
Development and adoption of a Green Bond framework for Armenia	Engagement with other transition economies on their experience with green bond issuance	<ul style="list-style-type: none"> <li>Adoption of best practices and implementation of lessons learnt</li> <li>Definition of a Green Bond framework</li> </ul>	2022 for issuance in 2023	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>CBA</li> </ul>
Development and adoption of a green taxonomy	Executive order to develop taxonomy to be approved and applied by the regulator	<ul style="list-style-type: none"> <li>Identification of priority sectors for the taxonomy.</li> <li>Consultation with finance and key priority sectors on taxonomy structure</li> </ul>	2022 for implementation in 2023	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>CBA</li> <li>Ministry of Environment</li> <li>Line ministries (e.g., infrastructure, agriculture)</li> </ul>
Development of a carbon pricing regime	Executive order to develop carbon pricing to be approved and applied by the relevant government department	<ul style="list-style-type: none"> <li>Identify priority sectors/emitters to come under the regime</li> <li>Consultation with private sector on likely impact</li> <li>Consultation with public on use of revenue generated</li> </ul>	2023 for implementation in 2025	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Ministry of Environment</li> <li>Line ministries (e.g., infrastructure, agriculture)</li> </ul>
Creation of an integrated MRV framework linking projects to national inventory reporting	Project launch for upgraded MRV system, also in response to UNFCCC ETF	<ul style="list-style-type: none"> <li>Consultation with private sector (finance and real) on scope of reporting</li> <li>Training of MRV specialists</li> </ul>	2022 for operationalization by 2024	Ministry of Environment
Strengthening of data collection to more clearly identify potential actions and vulnerabilities	Establishment of clear processes under which data can be collected and communicated to direct actions.	<ul style="list-style-type: none"> <li>Consultation with private sector (finance and real) on scope of reporting</li> <li>Training of MRV specialists</li> </ul>	2023 onwards	<ul style="list-style-type: none"> <li>Ministry of Environment</li> <li>Line ministries (e.g., infrastructure, agriculture)</li> </ul>

# Sustainable Finance Roadmap - Approach

## Pillar 2. – Scaling up Green Finance Flows

Revision of the GCF Country Program to enable scaled-up climate finance flows	Engagement with GCF CPD to revise country program in advance of GCF-2 replenishment phase	<ul style="list-style-type: none"> <li>Continued exchange with GCF and partners on potential for projects in line with Armenia’s green development agenda</li> </ul>	2022 for conclusion in 2023	<ul style="list-style-type: none"> <li>Ministry of Environment</li> <li>NDA</li> <li>Armenia’s DAEs</li> </ul>
Development of favorable regulations for renewable energy developers and PPPs	Market survey of developers and financing institutions to identify and prioritize barriers to renewables and green PPPs	<ul style="list-style-type: none"> <li>Implementation of a systematic process to remove barriers</li> </ul>	2022 ongoing to 2025	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Ministry of Energy)</li> </ul>
Supporting the development of green projects for financing	Identification of priority projects across key sectors (energy, Infrastructure, agriculture)	<ul style="list-style-type: none"> <li>Updating on at least annual basis</li> <li>Linking of project list to DFI/Climate Fund pipelines</li> <li>Advancing Green Procurement Principles</li> </ul>	2022 ongoing to 2030	<ul style="list-style-type: none"> <li>Ministry of Environment</li> <li>Line ministries (e.g., infrastructure, agriculture)</li> </ul>
Structured engagement with climate funds	Systematically assess potential for climate fund contributions to green finance agenda in Armenia	<ul style="list-style-type: none"> <li>Identify priority projects from the roadmap and investment pipeline for support by climate funds</li> </ul>	2022 ongoing to 2030	<ul style="list-style-type: none"> <li>Ministry of Environment</li> <li>NDA</li> <li>Armenia’s DAEs</li> </ul>
Creation of a dedicated fund to support green investments	Executive order to establish such a fund and/or expand the role of an existing institution to cover this responsibility to be approved and applied by the relevant government department	<ul style="list-style-type: none"> <li>Consultation with public and private sector on pipeline</li> <li>Identification of dedicated revenue streams</li> </ul>	2022 for implementation in 2024	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Ministry of Environment</li> <li>Line ministries (e.g., infrastructure, agriculture)</li> </ul>
Deepening MDB/DFI partnerships	Appoint dedicated focal points in line ministries for engagement with DFI counterparts	<ul style="list-style-type: none"> <li>Closely work with MDBs/DFIs on definition of country priorities and strategies</li> </ul>	2022 ongoing to 2030	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Line ministries (e.g., infrastructure, agriculture)</li> </ul>
Supporting establishment of green finance institutions (e.g., leasing companies, private equity funds, crowdfunding platforms)	Defining regulatory and policy requirements to establish green finance institutions <ul style="list-style-type: none"> <li>Structuring Fund of Funds for green finance projects</li> <li>Establish enabling regulatory and policy framework for equity/debt crowdfunding</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a Fund of Funds with Initial funding provided by the Government and co-investments by the private sector/DFIs/Climate Funds;</li> <li>Supporting green-focused start-up environment by e.g., investing in accelerator programmes</li> </ul>	2023 for operationalization in 2024	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>CBA</li> </ul>

# Sustainable Finance Roadmap - Approach

## Pillar 3. – ESG Framework

<p><b>Development and adoption of a harmonized ESG framework for the financial sector in Armenia</b></p>	<p><b>Establishment of mandatory standards for banks and UCOs to be applied across financial sector eventually</b></p>	<ul style="list-style-type: none"> <li>• <b>Consultation with private sector (finance and real) on scope of reporting</b></li> <li>• <b>Training of ESG specialists</b></li> <li>• <b>Defining ESG regulatory framework for stock exchange</b></li> </ul>	<p><b>2023 for operational ization in 2023</b></p>	<ul style="list-style-type: none"> <li>• <b>Ministry of Finance</b></li> <li>• <b>Ministry of Environment</b></li> <li>• <b>CBA</b></li> </ul>
<p><b>Establishment of market standards for ESG</b></p>	<p><b>Identifying the preferred ESG framework for Armenia</b></p>	<ul style="list-style-type: none"> <li>• <b>Establishing compulsory market standards for banks and UCOs</b></li> <li>• <b>Introducing voluntary ESG ranking approach</b></li> <li>• <b>Introducing a green Insurance scheme</b></li> </ul>	<p><b>2023 for operational ization in 2024</b></p>	<ul style="list-style-type: none"> <li>• <b>Ministry of Finance</b></li> <li>• <b>Ministry of Environment</b></li> <li>• <b>CBA</b></li> </ul>
<p><b>Enhance carbon market operating capacity</b></p>	<p><b>Assessing capacity, process and data requirements for carbon market operations compliant with EU requirements</b></p>	<ul style="list-style-type: none"> <li>• <b>Industry consultation on required skills for carbon market operations in Armenia</b></li> <li>• <b>Training of finance sector carbon market specialists</b></li> <li>• <b>IT procurement to support the system</b></li> </ul>	<p><b>2023 for operational ization in 2025</b></p>	<ul style="list-style-type: none"> <li>• <b>Ministry of Finance</b></li> <li>• <b>Ministry of Environment</b></li> </ul>
<p><b>Strengthen regulations to monitor and enforce and develop the ESG framework</b></p>	<p><b>Assessing capacity, process and data requirements for ESG monitoring</b></p>	<ul style="list-style-type: none"> <li>• <b>Industry consultation on mandatory standards for ESG in Armenia</b></li> <li>• <b>Training of finance sector ESG specialists</b></li> <li>• <b>IT procurement to support the system</b></li> </ul>	<p><b>2023 for operational ization in 2024</b></p>	<ul style="list-style-type: none"> <li>• <b>Ministry of Finance</b></li> <li>• <b>Ministry of Environment</b></li> <li>• <b>CBA</b></li> </ul>

# Sustainable Finance Roadmap - Approach

## Pillar 4. – Addressing Capacity Constraints

Enhance understanding of international green finance frameworks and issues in the private sector	Identify gaps and capacities in the private sector in regards to international best practice in green finance	<ul style="list-style-type: none"> <li>Encourage private sector participation in international frameworks</li> <li>Design and implement training activities and rewards</li> </ul>	2023 ongoing to 2025	<ul style="list-style-type: none"> <li>Ministry of Environment</li> <li>Ministry of Finance</li> <li>CBA</li> </ul>
Enhance structuring capacity for PPPs	Assess gaps in regulation and capacity for PPPs at sector level	<ul style="list-style-type: none"> <li>Design and implement training activities and rewards</li> </ul>	2022 to 2024	<ul style="list-style-type: none"> <li>Ministry of Finance</li> <li>Ministry of Environment</li> <li>Line ministries</li> </ul>
Develop capacity for establishing and maintaining complex MRV systems in public and private sectors	Assess gaps in MRV capacity for sector level	<ul style="list-style-type: none"> <li>Design and implement training activities and rewards</li> </ul>	2023 ongoing to 2025	<ul style="list-style-type: none"> <li>Ministry of Environment</li> <li>Statistical Committee of Armenia</li> </ul>
Comprehensive ESG and gender training for public/private sector	Assess gaps in MRV capacity for sector level	<ul style="list-style-type: none"> <li>Design and implement training activities and rewards</li> </ul>	2023 ongoing to 2025	<ul style="list-style-type: none"> <li>Ministry of Environment</li> <li>Ministry of Labour and Social Affairs</li> </ul>



# Sustainable Finance Roadmap - Timeline

No	Measure	2022	2023	2024	2025	2026	2027	2028	2029	2030
1.1	Establishing/ formalizing Green Finance Task Force (under CBA)	Active								
1.2	Development and adoption of a Green Bond framework for Armenia	Active	Active							
1.3	Development and adoption of a green taxonomy	Active	Active							
1.4	Development of a carbon pricing regime		Active	Active	Active					
1.5	Creation of an integrated MRV framework linking projects to national inventory reporting	Active	Active	Active						
1.6	Strengthening of data collection to more clearly identify potential actions and vulnerabilities	Active	Active	Active	Active	Active	Active	Active	Active	Active



# Sustainable Finance Roadmap - Timeline

No	Measure	2022	2023	2024	2025	2026	2027	2028	2029	2030
2.1	Revision of the GCF Country Program to enable scaled-up climate finance flows									
2.2	Development of favorable regulations for renewable energy developers and PPPs									
2.3	Supporting the development of green projects for financing									
2.4	Structured engagement with climate funds									
2.5	Creation of a dedicated fund to support green investments									
2.6	Deepening MDB/DFI partnerships									
2.7	Supporting establishment of green finance institutions (e.g., leasing companies, private equity funds, crowdfunding platforms)									



# Sustainable Finance Roadmap - Timeline

No	Measure	2022	2023	2024	2025	2026	2027	2028	2029	2030
3.1	Development and adoption of a harmonized ESG framework for the financial sector in Armenia		█							
3.2	Establishment of market standards for ESG		█	█						
3.3	Enhance carbon market operating capacity		█	█	█					
3.4	Strengthen regulations to monitor and enforce and develop the ESG framework		█	█						
No	Measure	2022	2023	2024	2025	2026	2027	2028	2029	2030
4.1	Enhance understanding of international green finance frameworks and issues in public sector		█	█	█					
4.2	Enhance structuring capacity for PPPs	█	█	█						
4.3	Develop capacity for establishing and maintaining complex MRV systems in public and private sectors		█	█	█					
4.4	Comprehensive ESG and gender training for public/private sector		█	█	█					

# Sustainable Finance Roadmap - Stakeholders

Organization	Pillar 1. – Policy Framework	Pillar 2. – Green Finance Flows	Pillar 3. – ESG Framework	Pillar 4. –Capacity Constraints
Ministry of Agriculture	Definition of policies in the sector of “clean energy”	Project identification	Legislative/ regulatory support in adaptation challenges	Recipient of capacity building support
Ministry of Economy	Definition of Economic policies for “green” sectors	Supporting development of projects and liaison with the NDA	Economic analysis of impact of ESG	<ul style="list-style-type: none"> <li>□ Implementation of periodic screenings of private sector entities and proposing capacity building interventions</li> <li>□ Recipient of capacity building support</li> </ul>
Ministry of Energy	Definition of policies in the sector of “clean energy”	Project identification		Recipient of capacity building support
Ministry of Environment (NDA)	Coordination with the Inter-Agency Coordination Council	<ul style="list-style-type: none"> <li>□ Liaison with climate funds</li> <li>□ Project identification</li> </ul>	<ul style="list-style-type: none"> <li>□ Legislative/ regulatory support in identifying e.g. ESG standards and taxonomies</li> </ul>	<ul style="list-style-type: none"> <li>□ Identification of training needs in public and private sector, specifically for MRV</li> <li>□ Liaison with the donors and climate funds to raise funding for trainings</li> <li>□ Recipient of capacity building support</li> </ul>
Ministry of Finance	Promotion of the Green Procurement Principles	Work with MDBs/DFIs on country assistance strategies		Recipient of capacity building support
Ministry of High-Tech Industry	Tech for Climate Policy Development	<ul style="list-style-type: none"> <li>□ Implementation support e.g. for green startup projects</li> <li>□ Project identification</li> </ul>	<ul style="list-style-type: none"> <li>□ Legislative/ regulatory support in relation to digitalization, venture capital and start-ups, as well as tech transfer</li> </ul>	Recipient of capacity building support
Ministry of Labor and Social Affairs	Support gender-mainstreaming in definition of policies in the sector of green finance		Integration of gender in ESG frameworks	<ul style="list-style-type: none"> <li>□ Support capacity building efforts</li> <li>□ Recipient of capacity building support</li> </ul>
Ministry of Territorial Administration and Infrastructures	Definition of policies in the sector of “clean energy”	Project identification		Recipient of capacity building support
Central Bank of Armenia	<ul style="list-style-type: none"> <li>□ Defining Taxonomy</li> <li>□ Defining policy and regulatory incentives</li> <li>□ Establishment/chairing of Green Finance Task Force</li> </ul>	<ul style="list-style-type: none"> <li>□ Supporting establishment of dedicated institutions (including Fund of Funds)</li> <li>□ Establishment of Green Bonds Framework</li> </ul>	<ul style="list-style-type: none"> <li>□ Defining mandatory requirements for banks and UCOs</li> <li>□ Regulation of green finance and ESG</li> </ul>	<ul style="list-style-type: none"> <li>□ Implementation of periodic screenings of financiers and proposing capacity building interventions</li> <li>□ Recipient of capacity building support</li> </ul>
Statistical Committee	Support the development of MRV processes and systems	Track green finance flows	Track ESG finance flows	<ul style="list-style-type: none"> <li>□ Support capacity building efforts</li> <li>□ Recipient of capacity building support</li> </ul>

# Sustainable Finance Roadmap - Stakeholders

## Donor organizations, MDBs and other international development partners

EU	Policy development support		Financing underlying ESG activities	<ul style="list-style-type: none"> <li>□ Financing implementation of projects aimed at capacity advancement</li> </ul>
Climate Funds (AF, CIF, GCF, GEF, NAMA Facility)	Coordination of country programming with NDA, line ministries	<ul style="list-style-type: none"> <li>□ Structuring financial instruments around host country priorities</li> <li>□ Funding implementation of projects</li> </ul>	Imposition of high-quality lending standards	<ul style="list-style-type: none"> <li>□ Financing implementation of projects aimed at capacity advancement</li> <li>□ Contribution to capacity building activities</li> </ul>
MDBs (ADB, EBRD, EIB, KfW, WB/IFC)	Coordination of the mid-term country assistance strategies with relevant line ministries	<ul style="list-style-type: none"> <li>□ Structuring financial instruments around host country priorities</li> <li>□ Supporting implementation of projects</li> </ul>	Imposition of high-quality lending standards	<ul style="list-style-type: none"> <li>□ Financing implementation of projects aimed at capacity advancement</li> <li>□ Support capacity building activities</li> </ul>
UN Agencies (UNDP, FAO, IFAD, UNEP etc.)	Provide international best practice input Implement policy development activities	Support project implementation with technical assistance	Provide international best practice input	Support capacity building activities

# Sustainable Finance Roadmap - Stakeholders

Private sector organizations				
Business angel networks, private equity funds, crowdfunding platforms	Communicate with the Government agencies on policy and regulatory constraints	Serve as innovative finance instruments	Apply ESG standards and principles	Contribution to capacity building activities
Consulting Companies	Communicate with the Government agencies and support client private sector representatives			
Representatives of companies operating in mitigation	Provision of the feedback on priorities and investment appetite	Recipients of advisory support to target respective sources and prepare competitive investment proposals	Apply ESG standards and principles	Recipients of capacity building support
Representatives of companies operating in adaptation	Provision of the feedback on priorities and investment appetite	Recipients of advisory support to target respective sources and prepare competitive investment proposals	Apply ESG standards and principles	Recipients of capacity building support
Civil Society Organizations and Industry Associations				
CSOs operating in the climate mitigation and adaptation domain	Supporting enabling policy and regulatory environment formulation	Development of grassroots projects	In grassroots projects, apply ESG standards and principles	<ul style="list-style-type: none"> <li>□ Contribution to capacity building Recipients of capacity building support</li> <li>□ activities</li> <li>□ Assisting delivery of capacity enhancement projects</li> </ul>
Sectoral business associations				
Union of Banks	Liaise between CBA and commercial banks on the issues across 4 pillars			
Union of Universal Credit Organizations	Liaise between CBA and commercial banks on the issues across 4 pillars			



## Section 4

## The Importance of the Roadmap

# Why do we need a roadmap?

Finance is a crucial enabling tool for the energy transition and sustainability as a whole, but it struggles to transform itself for a number of reasons, which are interconnected:

- Lack of regulatory guidance and certainty;
- Lack of internal and external (borrower, regulator) capacity;
- Lack of transparency on competitor actions;
- Lack of an eco-system of supportive service and capital providers.

This is a complex set of challenges that needs to be addressed holistically.



# The Roadmap's contribution

At its most basic level, the roadmap will provide a **level of security** to financial institutions and companies servicing them in a number of directions by creating:

- **Clarity:**

- of what is expected when, by whom;
- about when major changes to regulatory frameworks can be expected;

- **Certainty:**

- that investment in staff and capacity in green finance will not be wasted;
- that demand for green finance will come;
- that competitors will not be able to take undue advantage by not engaging with the green agenda;

This should lead financial institutions in Armenia to be able to plan and invest for a green future.

Section 5



Close