

Armenia's Experience in Climate and SDG Finance

Armenia has made significant strides. It aligns financial strategies with global climate goals. These also align with the Sustainable Development Goal (SDG) agenda.

By leveraging public and private finance, Armenia is implementing solutions. These drive sustainable development and reduce carbon emissions. They also foster economic resilience.

The country has committed to reducing greenhouse gas emissions by 40% by 2030. This is under its Nationally Determined Contributions.

Commitment to Climate Finance

40% GHG Reduction

Armenia has committed to reducing its greenhouse gas emissions by 40% by 2030. This is under its Nationally Determined Contributions, establishing an ambitious climate target.

Renewable Energy

Expansion of solar, wind, and hydroelectric power generation is a key focus area. This helps Armenia transition to cleaner energy sources.

Energy Efficiency

Projects targeting reduced energy consumption in buildings, industry, and transportation sectors are being prioritized to meet climate goals.

Climate Adaptation

Armenia is investing in projects to build resilience against climate impacts, particularly in agriculture and water management.

Armenia's Sustainable Path



Innovative Finance

Armenia is pioneering mechanisms for climate and SDG finance.

A commitment to climate and SDG finance is driving progress. Strategic solutions pave the way for a greener future.



Policy Leadership

Government initiatives are shaping a sustainable trajectory.



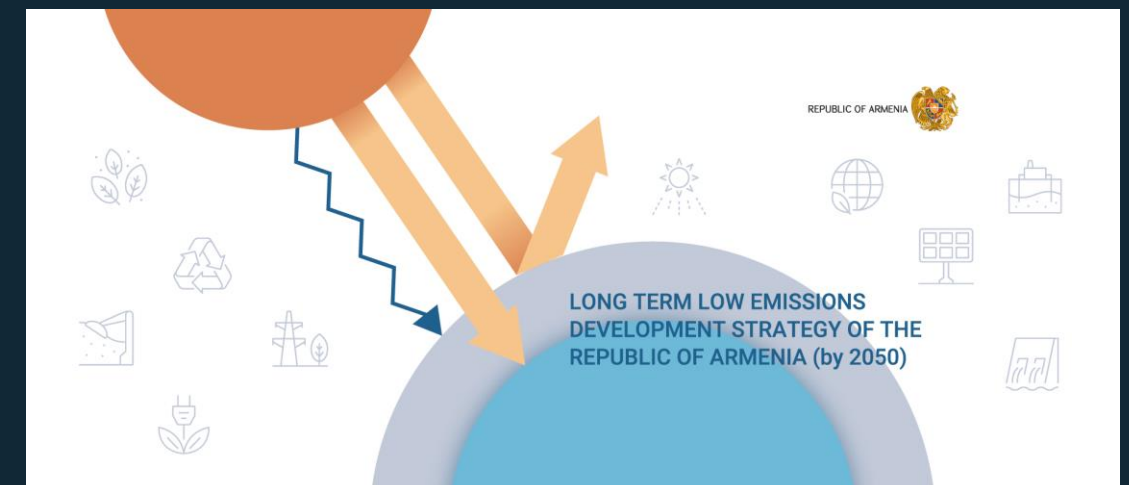
Collaborative Action

Partnerships are essential for achieving ambitious goals.

Low Emission Development Strategy (LEDS)

A roadmap for transitioning to a low-carbon economy by 2050. Promotes renewable energy sources such as solar, wind, and hydropower through supportive policies and investment incentives. Focuses on energy efficiency improvements in buildings, industry, and transportation sectors by setting standards and providing financial assistance for upgrades. The strategy also addresses land use and forestry practices to enhance carbon sequestration and reduce deforestation. LEDS encourages the adoption of clean technologies and practices across various sectors to achieve long-term emission reduction goals.

<https://nature-ic.am/en/news/long-term-low-emissions-development-strategy>



Masrik-1 Solar Power Plant

1 Flagship Project

The Masrik-1 Solar Power Plant stands as Armenia's largest utility-scale solar project. It demonstrates the country's commitment to renewable energy development.

2 Energy Production

The plant generates 120 GWh of electricity annually. This contributes to Armenia's clean energy portfolio. It also reduces reliance on imported fossil fuels.

3 Financing Structure

This project was made possible through public-private partnerships. It also includes international financing from the International Finance Corporation.



Public Climate Finance

2.2%

Public Expenditures

Of Armenia's national budget allocated to climate projects.

0.5%

GDP

Portion of Armenia's GDP dedicated to climate initiatives.

3

Priority Areas

Reforestation, water resource management, and climate-resilient infrastructure.

Armenia has integrated climate finance into its national budgeting process. This ensures consistent funding for critical environmental initiatives.



Draft Bill "On Climate"

A comprehensive legal framework for climate action, mitigation, and adaptation. Aligns national policies with international agreements, including the Paris Agreement, by setting clear targets and responsibilities for different stakeholders.

Establishes mechanisms for carbon pricing, emissions trading, and climate finance to incentivize emission reductions and mobilize resources for climate projects. The bill includes provisions for establishing a national climate fund to support adaptation and mitigation efforts. It also promotes public participation and access to information to ensure transparency and accountability in climate governance.

Energy Efficient Building Retrofits

1 Project Initiation

The UNDP-supported initiative began with assessments. Buildings were assessed across Armenia to identify energy efficiency opportunities.

2 Financing Mobilization

Public and private investments were secured through innovative financing mechanisms. These included grants, loans, and incentives.

3 Implementation

Retrofits included improved insulation, efficient heating systems, LED lighting, and smart energy management systems.

4 Results

The initiative has significantly reduced energy consumption and costs. It also improved comfort for occupants, and decreased greenhouse gas emissions.





Armenia: Development Finance Assessment (DFA)

December, 2021

SDG Finance and INFF

Integrated Framework

Armenia's Integrated National Financing Framework aligns resources with SDGs.

Budget Alignment

National budgets structured to support sustainability goals.

International Assistance

Coordinated approach to development aid supporting SDGs.

Private Investment

Incentives to channel private capital toward SDG projects.

Armenia's adoption of an Integrated National Financing Framework represents a holistic approach to SDG implementation.

ImpactAIM Venture Accelerator

1

Startup Support

The ImpactAIM Venture Accelerator provides support to startups focused on sustainable solutions. Support includes mentorship, networking, and assistance.

2

Focus Areas

The program prioritizes ventures in sustainable agriculture, education technology, clean energy, and other sectors.

3

Investment Facilitation

ImpactAIM connects promising startups with impact investors, venture capital firms, and other funding sources.



Challenges and Path Forward

Current Challenges

- Limited private sector engagement in green investments
- Lack of financial literacy on sustainable finance
- Need for stronger regulatory frameworks
- Insufficient technical capacity for project development

Strategic Solutions

1. Expand green financial instruments like green bonds
2. Enhance budgetary alignment with SDGs
3. Strengthen public-private collaboration
4. Develop a national carbon trading system
5. Leverage diaspora investment for sustainable projects

Continued collaboration between the government, private sector, and international partners will drive Armenia forward.

Coordinated/Integrated policies & International Cooperation

Enhanced resilience and sustainability

Given the country's geography and its vulnerability to climate change and natural disasters, Armenia has also undertaken efforts towards strengthening resilience and adaptive capacity to climate-related hazards and natural disasters (SDG 13.1).

Implementation of the the Sendai Framework for Disaster Risk Reduction, through the adoption of Disaster Risk Management Strategy of the RA 2023–2030 and Action Plan for the period 2023-2026.

Photo below: Torrential rainfall of 27-28 May 2024.

Severe flooding and subsequent landslides affected several communities in the Lori and Tavush regions.

- 9 urban and 28 rural settlements were flooded,
- significant damaged to critical civilian infrastructure (including railways, highways, bridges, electricity grids, residential areas and livelihoods).



Among merits of the Strategy to mention:

- **incorporation of DRR perspective into regional and local mid-term development programs,**

- **emphasis on the importance of volunteers' involvement in emergency response efforts promoting youth engagement in volunteer rescue movements and creating volunteer fire rescue squads.** In particular, the “Institutionalizing a Volunteer First Responder Service in Armenia (VolFire)” project has been carrying out. It was launched by the Austrian Development Agency in collaboration with the Ministry of Internal Affairs (then the Ministry of Emergency Situations). This project aims to establish volunteer fire rescue bases in 10 regions.

Losses and Damages Framework

Armenia is largely exposed and vulnerable to adverse impacts of climate change, including floods, droughts, heat stress, hail, and landslides.

Risks to the nation's economy, primarily agriculture and water sectors, and, therefore, the well-being of its citizens.

Studies indicate that those adverse effects

- could shrink the country's economy by up to 3% by 2060
- increase poverty levels by as much as 2.7 percentage points by 2030.

Mindful of such challenges, the process of developing a **comprehensive framework to address climate change-related losses and damages** has been launched in Armenia.

The initiative is aimed at

Risk Assessment: Apply scientifically based risk assessment techniques to identify and evaluate climate-related hazards. This involves quantifying potential fiscal risks from climate change in the long term, using empirical approaches to assess the impact of various temperature scenarios on GDP and public finances.

Capacity Building: Address gaps by providing technical guidelines for climate risk assessment in priority areas. This includes enhancing the capabilities of national institutions to manage and report climate-related data effectively.

Policy Integration: Incorporate climate risk considerations into national and sectoral development policies.

Expected outcome: Resilience to climate-induced losses and damages.

Armenia's Climate Adaptation Framework

Institutional-Regulatory Framework & Oversight:

The Inter-Agency Coordinating Council on climate change

- *chaired by Deputy Prime-minister,*
- *established pursuant to Prime Minister's Decree N719-A from 6 July 2021,*
- *ensures the fulfilment of Armenia's commitments under the UNFCCC and the Paris Agreement.*

Objectives:

- ❖ coordinating the implementation of the NDC for 2021-2030,
- ❖ overseeing the realization of the SDG 13 and National Adaptation Plan.

- **NDC & LT-LEDS** (*both implemented in cooperation with UNDP as well as within the framework of the EU 4 Climate Regional Program*)

- **NAP (National Adaptation Plan)**

Prioritization of adaptation activities considering vulnerability to climate change in the following spheres:

- ❖ Agriculture (including fishery) and Forest management,
- ❖ Water resource management,
- ❖ Health,
- ❖ Energy,
- ❖ Settlements and infrastructures,
- ❖ Tourism.

Armenia applies **human-centered and ecosystem-based approach to adaptation** which echoes the environmental policy of the country and ensures that mechanisms and policies supporting improved biodiversity and ecosystem services, income generation, poverty reduction, resilience of infrastructures, carbon emission mitigation are well embedded into sectoral and sub-national activities. The NAP has a 5-year review cycle.

Sectoral policies (implemented jointly with UNDP & UN Green Climate Fund)

AGRICULTURE

Armenia’s NAP in agricultural sphere integrates

- **Risk and Vulnerability Assessment:**

A detailed analysis of Armenia’s agricultural sector was conducted to identify its vulnerability to climate-driven risks.

- **Adaptive Practices:** Promotion of climate-smart practices, such as drip irrigation, greenhouse farming, sustainable land management that correspondently aim to improve water efficiency, reduce soil degradation, and enhance productivity.
- **Water Management:** The NAP highlights the modernization of irrigation infrastructure to improve water efficiency and address water scarcity.
- **Capacity-building:** Tailored programs, workshops and training sessions for farmers and agricultural professionals to enhance their understanding of climate risks and adaptive practices.
- **Policy Integration:** The NAP has been integrated with Armenia’s 2020-2030 Agricultural Strategy and its 2023-2026 Action Plan.

These documents provide for a number of specific measures:

- seed breeding and cultivation of climate-resilient crop varieties,
- introduction of agricultural insurance against drought and hail,
- promotion of greenhouse farming and designing cold storage facilities,
- sustainable land and water management.

WATER RESOURCES

Armenia's 2022-2026 Climate Change Adaptation Plan in the Water Resources Sector, approved on November 3, 2022, outlines 26 priority measures to address climate-related challenges affecting the nation's water resources. The estimated budget for implementing these measures is approximately 51.3 billion AMD.

Key Objectives:

- Risk Reduction and Management: Implement strategies to mitigate the impacts of climate change on water resources, including the development of early warning systems to anticipate and respond to water-related hazards.
- Policy Coordination: Enhance collaboration among governmental bodies to ensure cohesive policy-making and execution in water resource management.
- Institutional Capacities Strengthening.

Priority Measures:

- **Enhancing Water Storage Capacity:** Prioritize the construction of new, smaller reservoirs to improve water storage and manage fluctuations in availability due to changing climatic conditions.
- **Ecosystem-Based Approaches:** Implement measures such as wetland restoration, reservoir management, and watershed protection to reduce flood and drought risks, improve water and soil quality, and enhance livelihood opportunities.
- **Introducing Modern Irrigation Practices,**
- **Early Warning Systems,**
- **Public Awareness and Education:** Conduct educational campaigns to inform the public about the impacts of climate change on water resources and promote community involvement in adaptation efforts.

PUBLIC HEALTH

Healthcare sector is identified as key area in the context of the NAP implementation. Moreover, a comprehensive Climate Change Adaptation Plan for the healthcare sector was elaborated, listing a number of measures for 2022-2026 among which are as follows: cross-sectoral collaboration, community education, early warning systems, impact studies (conducting researches on climate change effects concerning vector-borne, waterborne, and foodborne diseases, including analysis of water patterns and epidemiological data).

MRV Platform Development

(carried out in cooperation with UNDP and the Global Environment Facility /GEF/.

The “Building Armenia's National Transparency Framework under Paris Agreement” project is a pivotal component of this collaboration).

Armenia is actively developing a comprehensive Monitoring, Reporting and Verification (MRV) platform to fulfill the enhanced transparency requirements stipulated in Article 13 of the Paris Agreement.

This initiative aims to bolster the country's institutional and technical capacities for accurately measuring and reporting greenhouse gas (GHG) emissions.

Key objectives:

- **GHG Inventory Preparation:**

To facilitate the regular compilation for conducting Armenia's national GHG inventory with accurate and up-to-date emissions data.

- **Tracking Mitigation and Adaptation Actions:**

To consolidate information on climate change mitigation and adaptation efforts, enabling effective monitoring of progress in context of Nationally Determined Contributions (NDCs).

- **Monitoring of the Support Received:** To identify and document financial, technological assistance and capacity-building support received, as well as additional resources required to advance climate actions and policies.

Expected outcome:

Enhanced transparency, accountability and effectiveness with regard to climate actions,

thus contributing to global efforts aimed at climate change mitigation.

The elaboration of MRV platform complements and further reinforces Armenia's Long-Term Low Emission Development Strategy (LT-LEDS).

Lessons Learned and Best Practices

in context of international cooperation aimed at climate adaptation:

- **national ownership of climate action activities,**
- **develop not only general climate change adaptation plan but also elaborate sectoral ones** that address cross-cutting challenges and, thus, mutually reinforce one another providing for shared responsibility and concerted actions.
- submission of voluntary national review (VNR) reports on the implementation of SDGs enabling, inter alia, international partners to grasp better understanding of
 - priorities,
 - country's achievements record,
 - come up with a more targeted and tailored/targeted projects.*In 2024, Armenia submitted the 3rd Voluntary National Review on implementation of SDGs.*
- **embedding climate action and DRR aspects within the agenda of**
 - bilateral cooperation,
 - relevant regional frameworks/arrangements
 - partnership with universal/international organizations.

International cooperation remains crucial in context of both capacity-building and implementation of targeted programs, initiatives.

Keeping up with the pledge regarding the implementation of SDG 13,

Armenia seeks to carry out the green transition, including through cooperation with international partners, in order to

- protect the environment and natural habitats,
- increase forested areas,
- improve the water management system,
- create conditions for sustainable agriculture,
- strengthen disaster resilience.

As a recognition of Armenia's unwavering commitment to climate action,

the Republic of Armenia was trusted and chosen to host

the 17th Conference of States-Parties to the UN Convention on Biodiversity (COP17) in Yerevan in 2026.



Thank You

Thank you for your time.

We hope you found this presentation insightful.