

Building Energy Efficiency Revolving Fund: Assistance Program for the cities of Aparan and Gyumri

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Current Status of Condominium Development in Armenia



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Laws and regulations:

- Condominium and Multi-Apartment Building Management Laws

Building management Bodies Registered:

- In 2005 there were a total of 828 registered, approximately 40-45% active

Services commonly provided:

- Garbage removal
- Cleaning
- Water networks maintenance
- Mandatory sanitary services, etc

Current Status of Condominium Development in Armenia



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Common Problems & Issues:

- Poor condition of common spaces (*Roofs, staircases, entrances and basements*)
- Absence of centralized heating
- Low awareness and consciousness of residents in building conservation needs
- Empty apartments
- Different income levels among households
- Aging building stock

Purpose of the Program



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Support the energy efficiency in residential sector based on building common space renovation & maintenance projects, including:

- Insulation and optimization of building's heating system;
- Weatherization of entrance doors and windows;
- Repair of roofs;
- Elimination of losses from water supply and sewerage systems;
- Improved efficiency of electrical lighting: automated regulation, efficient replacement of inefficient light-bulbs;
- Implementation of other energy efficiency measures in the common use areas of the building.

Active in Aparan and Gumri

Program Institutional Scheme



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- Involvement of nation-wide and/or local public groups dealing with building conservation and condominium capacity building issues (local NGO)
- Own advance contribution to the investment costs (preferably)
- Commitment from municipality to cover the share of low-income households in capital investment costs
- Loan contracting with condominiums (Gyumri) or individual households (Aparan)

Housing stock in Aparan & Gyumri



- **26 multi-apartment buildings;**
 - **14 condominiums and 12 certified managers;**
 - **The number of apartments in the buildings ranges from 8 to 50**
 - **In average, 20% of the population is low-income**
- **1507 multi-apartment buildings;**
 - **27 condominiums;**
 - **The number of apartments in the buildings ranges from 8 to 50**
 - **In average, 20% of the population is low-income**

Key Stakeholders in Aparan &

Gumri



- **Aparan Multi-Apartment Building Management Bodies Association (AMABMBA)** – operation of the Building Energy Efficiency Revolving Fund Assistance Program
- **Alliance to Save Energy** – provision of technical assistance and general supervision.
- **Aparan Municipality** - general supervision, social assistance to low-income families, elimination of institutional barriers.
- **National Association of Condominium Owners** - methodological support, legal and contractual advice and consultancy in organizing of Revolving Fund operations and tenders.
- **Alliance to Save Energy** – provision of technical assistance and general supervision.
- **Third Nature NGO** - general supervision, social assistance to low-income families, elimination of institutional barriers.

Eligibility Criteria



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In order to be eligible for funding the building has to satisfy the following requirement:

- The level of depreciation of building
- The residents should bring their own contribution to the total investment not less than 10% of the total requested amount (*in Aparan*) or not less than 25,000.00 AMD (\$55) (*in Gyumri*).
- The completeness and the level of detail of the proposal
- The ratio of requested funds to the amount of funds collected during the financial year
- Credit payback schedule

Eligibility Criteria



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Evaluation formula

- 2 points are given for each percent of the total project costs covered by the applicant in addition to the mandatory 10% own contribution;
- 2 points for each month to be given till the end of 6 months period set for repayment of the invested funds for renovation works from the revolving fund;
- 2 points are given for each 10% of the indicator that reflects service fee collection during 2005;
- 1 point is given for each 1% ratio of families included in family subsidiary system;
- The accuracy and completeness of the application form and calculations will be evaluated by the committee and can be a deciding factor in cases where several applications score equally well and the committee can only fund some of the applicants.

Current Project Pipeline -- Aparan



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- ASE and the AMABMBA assisted the housing management bodies in preparation of business plans for the EE projects.
- 10 applications received.
- Project budgets range from \$95 to \$400.
- The building managers collect signatures from the residents in order to secure for themselves the payback of the credit in the required 6-month period.
- The municipality of Aparan is going to subsidize the credit payback for the families included in Family Poverty Plan.

Current Project Pipeline – Aparan



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4 project were selected for funding:

- 2 condominiums
- 2 buildings with certified managers

Budgets range from \$108.00 to \$235.

The proposed projects include:

- Roof repair
- Thermal isolation and repair of drinking water pipeline
- Renovation of entrance doors and windows
- Repair of ran drainage system

Current Project Pipeline - Gyumri



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2 project were selected for funding:

- **“Batrdzraberd” Condominium – 7 buildings**
 - Project site – 1 M. Avetisyan St.
 - Proposed work:
 - Repair and installation of entrance doors and windows
 - Installation of windows in the basement of the building
 - Requested budget – 218,900.00 AMD ≈ \$500
 - Payback period – 6 months
- **“Ghandilyan” Condominium – 11 buildings**
 - Project site - 51^a Ghandilyan St.
 - Proposed work:
 - Repair and installation of entrance doors and windows
 - Repair of rain drainage system
 - Repair of building walls
 - Requested budget – 218,900.00 AMD ≈ \$500
 - Payback period – 6 months

Expected Outcomes



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The expected outcomes of this program include:

- Increased building energy efficiency, improved comfort and maintenance of buildings,
- Extended building lifecycle
- Improved payment culture of the residents
- Increased capacity of condominiums in building maintenance and management
- Self-sufficiency and sustainability of the Revolving Funds for future
- Increased attractiveness of the city for future larger-scale investments

Next Steps



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- Monitor project performance
- Identify shortcomings of the financing scheme and make modifications
- Potential problems:
 - no collateral – high risk,
 - little resources collected by individual buildings,
 - low capacity of condominiums to organize competitive procurement of materials, conduct monitoring and reporting of savings, heavily dependent on reputation of chairperson, etc.
- Increase single project size to \$1000-1500 to allow for roof renovation works.
- Attract other housing finance institutions to enter this market.

QUESTIONS



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