UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT
Armenia

Project Title: Innovative Solutions for SDG Implementation in Armenia (SDG Lab Phase II)
Project Number: 00109316-00108696
Implementing Partner: Prime Minister's Office of Armenia/Center for Strategic Initiatives
Start Date: 04 May 2018   **End Date:** 04 May 2020   **PAC Meeting date:** 3 May 2018

Brief Description
The project aims at piloting the accelerated implementation solutions/models of the Sustainable Development Goals (SDGs) in Armenia, in collaboration with the government, civil society and private sector. If successful, the solutions/models can be replicated across the region and beyond.
The four expected outputs of the project are: 1. Increased use of environmentally-friendly practices as a result of behavioural experiments. 2. Increased availability of data for evidence-based policy and decision-making. 3. Enhanced capacity of National SDG Champions in innovative research methods and skills. 4. Designed and tested model of accelerated implementation of the SDG 7 on Affordable and Clean Energy.
Furthermore, through the implementation of this project the *UNDP Country support platform for the SDGs* – a globally recommended UNDP Strategic Plan 2018-2021 prototype that was pioneered in Armenia - will be further tested and adjusted.
The project will be implemented in the framework of the Armenia National SDG Innovation Lab, which is hosted by the Centre for Strategic Initiatives, Government's own "reform accelerator".

UNDAF Outcome 7: By 2020, sustainable development principles and good practices for environmental sustainability resilience building, climate change adaptation and mitigation, and green economy are introduced and applied.	**Total resources required:**		$2,500,000

UNDP CP Output 4.3: Government uses innovative mechanisms and tools for evaluation and decision-making over conservation and sustainable use of natural resources.	**Total resources allocated:**		$2,500,000
		Russia-UNDP Trust Fund:	$1,000,000
UNDP Strategic Plan 2018-2021: B. Accelerate structural transformations for sustainable development. **Output 2.5.1** Solutions developed, financed and applied at scale for energy efficiency and transformation to clean energy and zero carbon development, for poverty eradication and structural transformation. **Output 2.2.1** Use of digital technologies and big data enabled for improved public services and other government functions.	**Parallel and in-kind**	**UNDP SDG Lab project:**	$600,000 (parallel) (in kind)
		Armenia Renewable Resources and Energy Efficiency Fund:	$100,000 (in kind) $800,000 (parallel)
SDGs: 1, 7, 17	**Unfunded:**		

Agreed by: Vache Gabrielyan
Title: Acting Deputy Prime Minister, Republic of Armenia
_____   Signature
Date: 04 May 2018

Agreed by: Shombi Sharp
Title: UN RC/UNDP Resident Representative in Armenia
_____   Signature
Date: 04 May 2018

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I. DEVELOPMENT CHALLENGE

The Government of Armenia (GoA) signed on to the Agenda 2030 and its 17 Sustainable Development Goals (SDGs) in September 2015. In May 2016, the Government of Armenia formally launched the SDGs nationalization process, in which the global goals are adapted to the Armenian context. In mid-2017, Armenia initiated the development of a new National Development Strategy 2030 (ADS 2030), in accordance with the Prime Minister's Instruction *(Armenian Government Session 7/09/2017).*

The ADS 2030 is expected to come into effect in 2018 and will incorporate the outcomes of the Armenian SDG nationalization process.

This means that the new ADS will have to also reflect the **complexity of the SDGs, with their cross-sectoral** and **systemic approach**. The complexity and cross-cutting nature of these challenges is exactly what the Government of Armenia faces as it sets its ambitious reform in motion. Creating **a free, fair, smart, and secure Armenia** nurturing its natural and human capital, with equal opportunities for all - women, men, rural and urban, youth and other social groups, a booming IT sector and strong public service - this is a quintessential SDG challenge. It requires sustainability of investment, input from across various government ministries, private sector participation, youth talent and leadership, the sourcing of the best available expertise, and 21st century disaggregated metrics to monitor success.

National institutions have been designed using linear and reductionist methodologies and are not equipped to deal with this type of challenge. The SDGs cannot be solved by governments alone and require the engagement of the private sector, civil society, and other actors from across different sectors. New approaches, new methodologies and possibly new types of institutions which can provide 'out of the box' solutions that bring about transformative impact have to be explored.

In view of this complexity, *The Armenia National SDG Innovation Lab*, a joint initiative of the Government of Armenia and UNDP, was set up in July 2017 (official launch in November 2017) within the framework of Centre for Strategic Initiatives (CSI), the Government's own 'reform accelerator', to draw upon innovative methodologies from across the world to support and accelerate the SDG implementation process.

II. STRATEGY

The central hypothesis that underpins the Theory of Change is that by applying innovative methodologies/solutions to Armenia's SDG challenges, such as behavioural experimentation, data-analytics for evidence-based policy and decision-making and piloting an SDG-accelerated implementation model, SDG implementation will be maximized. This in its turn will support the advancement of the Armenia National Agenda 2030.

To achieve this, the Project will use a toolbox of innovative methodologies based on UNDP's local and global experiences, as well as best international practices. In accordance with the Project's Theory of Change (detailed in Annex 1), the interventions will include:

- (i) application of behavioural science, focused on encouraging installation of solar technology and reducing use of water resources,
- (ii) data analytics, focused on increasing availability and usefulness of SDG-related data for decision-makers,
- (iii) advanced capacity-building for key government champions in behavioural science, data analytics, and blockchain,
- (iv) acceleration of SDG implementation through pilot intervention – "use of competitive financing instruments to facilitate Green energy introduction at household level in vulnerable rural communities".

Taken together, these four approaches represent a model of quick and effective SDG implementation that could easily be replicated in similar middle-income countries.

Behavioural science, employed as one of the service lines of the Armenia National SDG Innovation Lab to analyse and treat SDG implementation barriers, integrates findings from psychology, sociology, law and neuroscience into economics in order to generate insights about the behaviour of individuals and the choices they make.

In the framework of this Project the application of this methodology will focus on the behaviour of individuals relating to energy and resource use, key SDG issues in Armenia. *While more conventional interventions may seek to encourage citizens to purchase solar water heating and PV installations or reduce waste water consumption through trainings, this project will zoom in and study the real motivations and drivers behind citizen's choices in the two areas*. Through rigorous testing the project will identify variables that are consistently effective at changing beneficiary behaviour and can therefore be scaled through nation-wide policies.

Data analytics and visualization are indispensable for efficient and effective SDG implementation and acceleration, as they draw attention of decision makers, help create evidence-based policy and garner public support. The Roadmap for SDG Implementation in Armenia, prepared by a recent UN Mission[1], notes the following concrete recommendations:

i. Addressing data gaps through concerted digitalization efforts and openness to new and emerging data sources,
ii. Improving coordination between data producers and those responsible for collation and dissemination,
iii. Committing to data-driven decision making, building on more accurate and up-to-date insights.

Based on the abovementioned areas for improvement, the Project will work on two main areas of Data and Statistics: utilization of Big Data sources for evidence-based policy making and development of an SDG-specific monitoring mechanism with in-built advanced data visualisation tools. This approach makes a direct contribution to SDG target 17.18, which clearly states the necessity to increase the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts.

The **Capacity building** component of the Lab will focus on developing a network of individuals driving change and SDG implementation in their respective spheres. These SDG Champions, spread across sectors, will be trained in the Lab's most advanced public policy tools and will be leading advocates of the Agenda 2030. This service line of the Lab is interwoven with all the rest, as it learns from them, while at the same time supports them by forming in-country capacity to build upon and guarantee the sustainability of the adopted approaches.

SDG Champions represent a wide variety of SDG-stakeholders, including but not limited to Government officials (central and local levels)[2] and international organizations, civil society organizations and active citizens, academia and students. When supporting research and capacity building for SDG implementation, the Lab will organize trainings and exercises tailored to the needs of each group, with a specific focus on problem solving and practical use of the suggested tools and methodologies. This way, each SDG Champion will be equipped with necessary tools and knowledge to contribute to SDG acceleration in their own respective field. This Project has identified capacity building needs along three tracks: (i) behavioural science, (ii) big data, and (iii) alternative finance and blockchain which will go hand-in-hand with experimentation and piloting processes to provide

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[1] The Mainstreaming, Acceleration and Policy Support (MAPS) Mission took place between 24 and 30 July 2017, led by UNDP and involving WHO, FAO, UNICEF and ILO experts.

[2] At deputy minister and head of department level (or similar), as well as selected young specialists.

the SDG Champions with the opportunity to gain hands-on experience during the implementation phase.

Pilot projects that test new solutions to persistent and entrenched development challenges are at the core of the Lab and this intervention. These challenges are bottlenecks and they restrict several SDG development pathways at once. Conversely, when the bottlenecks are removed, numerous transformative effects can be seen, and as such SDG implementation becomes "accelerated". In the Lab, when successes are identified, they are rapidly scaled.

The first such pilot – with the help of this Project – will **focus on the issue of poverty reduction in rural communities through introduction of a new generation of energy solutions, a complex problem causally linked with further socio-economic, political and environmental challenges.** The Project will pilot the acceleration of sustainable growth in Armenia's vulnerable communities in two target regions: Shirak and Gegharkunik.

Why is this an SDG accelerator?

Community members in vulnerable communities in Shirak and Gegharkunik have few economic opportunities available to them. They are more likely than their urban counterparts to live under the national poverty line. They are not connected to the gas distribution network and therefore suffer from energy poverty, relying on logging to collect firewood or using dung for household energy needs. In addition to the negative environmental and health effects associated with this, households cannot allocate the resources necessary to explore new income-generating opportunities. This further inhibits economic growth potential, creates a larger strain on the social welfare and social protection system, and gradually erodes the conditions necessary for political stability.

Through this Project, the behavioural bottlenecks to the installation of solar water heaters and PV panels will be identified in the target communities and behavioural experiments will be carried out to identify the most effective way to raise awareness about the benefits of switching to solar energy and innovative financing mechanisms. Once the most effective behavioural intervention is identified, it will be scaled throughout concerned communities. The coupling of behavioural intervention and financial incentives is expected to accelerate the installation rate of solar water heaters and PV panels, while drastically reducing energy poverty, freeing up more community and family resources to the pursuit of economic gains, as well as improving in-door air quality by eliminating use of dung and reducing the environmental impact of logging.

To do this, the Project will ensure access to modern energy solutions focusing on reducing inequality of rural communities without access to natural gas supply. This will be achieved by employing innovative financial instruments to facilitate "Green energy" production at household level, in cooperation with a specialized national partner, the Renewable Resources and Energy Efficiency Fund (R2E2).

8,437 households from the target regions have no access to gas distribution network and, according to financial calculations connecting them to the network will require investments equivalent to 17.3 mln USD. It is clear that neither the company that operates the gas distribution network (Gazprom Armenia), nor the Government (both central and regional) will be able to channel such investments. At the same time, the absence of affordable energy sources determines the environmentally-degrading choices of these rural communities who turn to either unsustainable logging of nearby forests to meet the household energy needs or use dung regardless of its negative effects on health.

The financial instrument proposed within the framework of this Project will support the communities in installing solar water heaters and PV panels. This model is a good alternative to ensure energy access to deprived communities and can be easily scaled. Furthermore, increased access to sustainable energy will drive green job creation and green growth (ending unsustainable logging and possibly attracting tourists to the area considering the new, improved living conditions).

In partnership with Gazprom Armenia

Since the gasification level across Armenia has reached 95% and Gazprom Armenia has adopted active social and environmental responsibility policies, supporting this Project in reaching the remaining, most vulnerable population groups by providing affordable green energy could be a win-win solution. Hence, a possible collaboration with Gazprom is envisaged. See the support letter from Gazprom Armenia in Annex 2.

The pilot will heavily utilize the findings from behavioural experiments. As vulnerable communities are introduced to the new financial instruments and renewable energy sources become more widely employed, it will be crucial to incite a behavioural change that increases private investments into application of further solar technology.

The rationale behind the combined application of the abovementioned approaches to address SDG-challenges in Armenia is multifaceted. First and foremost, the tested solutions will **combine quick wins today with a deeper long-term vision of tomorrow**. While the experiments and the pilot will benefit the treated communities, the generated knowledge and data will be utilized to inform further evidence-based policy making.

Second, if solutions are tested prior to scaling up, this **increases effectiveness and cost-efficiency of interventions** to follow. Furthermore, the suggested methods will focus on removing SDG bottlenecks that hinder development. The identification and removal of these bottlenecks with the proposed approaches has the potential to generate disproportionate impact in relation to the cost and scale of the intervention. Considering where Armenia and similar middle-income countries stand on the development ladder, this is the type of intervention logic that is required to leapfrog to a new frontier of development practice.

Third, the Project envisages applying the abovementioned solutions and methods in ensemble to not only test their net impact, but the **synergies** they can possibly create. More precisely, the fact that the Project combines the first three components with the 4th, the on the ground pilot project, provides ample room for cross-fertilisation. While behavioural experimentation, data analytics and capacity building components of the project will support the implementation of the 4th pilot component, they will in their turn use the data and evidence gathered from the field to further inform the experiments and prototypes being developed.

Fourth, the Project will rely on horizon scanning to identify, adapt and internalise any available **SDG know-ware** and international best practices regarding the selected components. Additionally, a strong success factor for the Project will be its partnerships with the leading research institutions, organisations and private sector representatives in the respective fields.

And last, but not least, this intervention **pilots a model for accelerating the implementation of the SDGs at country level**, which, if successful can be replicated across the region and beyond. This is also a pilot to test how UNDP can effectively implement the **Country support platform for the SDGs model** foreseen by its new Strategic Plan 2018-2021.

By way of supporting and accelerating SDG implementation in Armenia, UNDP will contribute to advancing the Armenian Reform Agenda 2030.

III. RESULTS AND PARTNERSHIPS

Expected Results

The goal of the Project is to increase the use of sustainable and innovative mechanisms and frameworks for advancing Armenia National Agenda 2030 in collaboration with government, civil society and private sector. It will be achieved through the following four key outputs described in more detail below.

- **Output 1:** Increased use of environmentally-friendly practices as a result of behavioural experiments.
- **Output 2:** Increased availability of data for evidence-based policy and decision-making.
- **Output 3:** Enhanced capacity of National SDG Champions in innovative research methods and skills.
- **Output 4:** Designed and tested model of SDG-accelerated implementation of Goal 7 on Affordable and Clean Energy.

Output 1: Increased use of environmentally-friendly practices as a result of behavioural experiments.

Output 1.1: Solar water heating and PV installations are increased in the population of interest.

Alternative energy, particularly, solar water heating and rooftop PVs installations are slowly gaining more attention and interest in the commercial, as well as in the residential sector in Armenia. The alternative energy market and enterprises offering installation services are gradually emerging; however, the pace of emergence is relatively slow considering the existing favourable conditions. Given the high PV yield (more than 1700 kWh/kW peak per year), there is a huge potential in the alternative energy market that should be exploited.

This output will analyse how individuals in Armenia can be encouraged to install solar water heating and PVs and thus better utilize the potential of alternative energy market. Using global best practices, "nudges" (or messages with content that may affect the psychology of consumers) will be sent out to 15,000 individuals randomly allocated to different groups. After an experimentation phase, the most effective nudges are identified, and the exercise is scaled up to a larger group, eventually covering the whole country and inciting a positive behavioural change in the society towards installation of PVs. Among other, the project will conduct survey to learn more on solar systems for water heating in schools (in one marz or a number of selected schools) in partnership with UNDP Support to Rural Development Project or respective WFP project, as a ground for further replication of successful models.

Output 1.2: Wasteful water consumption is decreased in the population of interest.

The responsible management and usage of water resources is critical to Armenia's sustainable development. However, increased air temperature, lower precipitation, and a higher rate of evaporation, associated with the effects of climate change, are already reducing groundwater reserves (accounting for 96% of drinking water and 39% of total water intake), as well as river flow and lake levels. Studies show that this trend will be further exacerbated over the coming decades. With rising temperatures already decreasing the supply of water resources, it is critical to reduce water demand, by curbing the consumption of drinking water or enhancing its efficacy.

This Output will help reduce water demand by utilizing cost-effective "nudges" that direct the consumers to reduce drinking water consumption levels. Once the most effective "nudge" is identified, it will be scaled up to cover larger portions of the society and eventually the whole country to incite a positive behavioural change in terms of reduced waste of water resources. If the project is successful, a similar methodology (ideally the same nudge) may be applied to reveal irrigation water consumption reduction opportunities through promotion of water saving technologies (another crucial SDG challenge for Armenia).

Output 1.3: An on-demand behavioural insights facility is set up within the Lab.

In addition to the abovementioned specific experiments, an on demand behavioural insights facility will be set up within the Lab to cater for SDG stakeholders' needs in terms of behavioural insights. The idea behind the facility is to serve as a pipeline for finding and addressing behavioural

bottlenecks on demand from counterparts in the Ministries, UN agencies, international organizations and other SDG stakeholders. This facility will provide space for bringing together partners to solve priority issues identifying, where appropriate, behavioural interventions. Through this function the Lab will further reinforce its platform or systems thinking approach to SDG implementation. Furthermore, bringing together partners to work on issues of mutual interest, the Lab will promote co-financing opportunities.

Output 2: Increased availability of data for evidence-based policy and decision-making.

Output 2.1: Increase in Big Data-generated policy insights.

A wealth of new information is at our disposal: online searches, digital transactions, mobile phone and social media usage, utility consumption, satellite imagery, citizen generated data and more. Such data, also called Big Data, is being actively used by the Governments of various countries for evidence-based policy-making. Though a relatively new trend, Big Data is applied by the Government at Federal, Regional and Municipal levels in Russia. For instance, on the federal level, the tax authorities use big data widely to compare the information received from various counterparts and to detect/predict tax evasion. The Central Bank of Russia collects and analyses Big Data from social networks and online shops to come up with novel indices to analyse economic activities, employment statistics and inflation.

The project will test the application of Big Data and Machine learning in various governmental institutions to improve governance and create strong institutions, contributing to the SDGs. Two expected specific applications for Big Data to be piloted by the project are:

1. Supporting the National Tax Service of the Republic of Armenia in the detection of tax evasion, database management and service provision.
2. Using GIS data to track the use of agricultural lands as well as exclude exploitation of natural resources, as deforestation and environmentally unfriendly behaviour are among the potential challenges the policymakers in Armenia face.

Output 2.2: An SDG-specific monitoring mechanism, the SDG Barometer, is scaled up.

The need for effective, transparent and user-friendly monitoring and evaluation platform to inform development work in Armenia has become more critical than ever given the importance attached to the SDGs by the Government of Armenia. Moreover, SDG target 17.18 clearly states the necessity to increase the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts.

To do this, the project will develop an **SDG Barometer**: a user-friendly data visualization platform that will be designed and piloted to help monitor the SDGs' real-time progress, inform policy and decision-making, and measure the impact of policy interventions in the long run.

Given the novel Open Government Strategy of the Russian Federation and the developed Open Data Platform, the intervention will pursue cooperation with respective Russian institutions to build the SDG Barometer. The SDG Barometer will be an open data platform to monitor SDG implementation and policy interventions, that can be replicated throughout other countries, with a potential specific pilot in the member states of the Eurasian Economic Union.

Output 3: Enhanced capacity of National SDG Champions in innovative research methods and skills.

Output 3.1: A series of hands-on co-creating workshops on behavioural experimentation in policy making is designed and piloted for SDG Champions.

In line with the Lab's long-term vision of forming a behavioural insights team within the Government responsible for generating evidence based policy recommendations, the Project will design and pilot a series of hands-on co-creating workshops adopted to the Armenian context. This output will have two components. Firstly, during workshop series, participants from the Government, possibly stakeholders from international organizations, civil society organizations, academia and the private sector will be introduced to the overall process of integrating behavioural experimentation into policy making starting from identification of behavioural bottlenecks to design and implementation. The workshops will be focused on specific problem areas or SDG challenges and will bring together all relevant stakeholders to not only co-design behavioural interventions but also socialize the idea of systems thinking.

Secondly, to complement the capacity building activities among practitioners and to build a stronger innovation ecosystem rather than isolated groups within the Government only, the Project plans to engage Armenian academia and students in parallel, to incite interest and research in the field of behavioural economics with a local focus, which could later serve as baseline for practical use. In this regard, the project will facilitate partnerships between leading academic institutions on behavioural science and Armenian universities.

These activities will be carried out in parallel with behavioural experiments and the on-demand behavioural insights facility (Output 1) envisaged in the framework of this Project, providing opportunities for hands-on learning while at the same time supplying the teams with the necessary skills and knowledge to conduct the experiments and integrate the results into a more evidence-based policy making.

In partnership with Higher School of Economics in Moscow

A partnership with the Lab of Higher School of Economics in Moscow is being envisaged which aims at producing high-quality academic research both theoretical and experimental on individual and collective behaviour and its promotion through publication in peer-reviewed journals.

In partnership with Tomsk State University

TSU has an *International Center for Research in Human Development*. The mission of the Centre is to generate and implement new knowledge about human development that will lead to improvement in quality of life and well-being of people at all stages of their life. The Centre uses methods of various sciences: experimental and cognitive psychology, cognitive neuroscience, neurophysiology, genetically informative studies.

Output 3.2: A series of hands-on co-designing workshops on Big Data use in policy making is piloted for Armenia's SDG Champions.

In line with UNDP's Innovation Labs' long-term vision to form a network of "data hackers" within the Government that make use of the new available data sources, such as Big Data, for evidence-based policy-making, the Project plans to hold a series of co-designing workshops in parallel with Output 2.1 to help identify and validate two policy-making areas where Big Data use could potentially generate important evidence and insights. The workshops will bring together policy makers and practitioners from relevant fields to introduce them to the opportunities that Big Data use can generate in their area of expertise. It is envisaged that their experience and insights will serve as a basis for the development of Big Data prototypes.

As in the case of Behavioural Experimentation, capacity building on Big Data use will also expand in two directions, including facilitating partnerships between local and international academic institutions to advance research in the field of Big Data use in Armenia.

In partnership with UN Global Pulse

UN Global Pulse is the UN's primary agency focused on using new and big forms of data for development purposes. This training will target National Statistical Service representatives with a

view of creating an in-house team for the government with the capacity to utilize all that Big Data can offer in policy making.

In partnership with Moscow School of Management SKOLKOVO

To attract attention from academia and students and initiate in-country research on Big Data, a partnership is foreseen with Moscow School of Management SKOLKOVO. Considering the growing application of Big Data in the Russian Federation both in public and private sectors, there are a number of cases that can be modified and adapted to the Armenian context and be used in capacity building exercises.

In partnership with the Analytical Center for the Government of the Russian Federation

The Center provides on demand information analytics and expert support to the Government of the Russian Federation. The Project foresees close cooperation with the departments of Information Visualization and Design, Department for Information Technologies, IT and Data Processing.

Output 3.3: Research exercises on alternative finance and blockchain are designed and piloted for SDG Champions.

Financial technology and Blockchain are currently being explored around the world as a means to radically reduce costs and improve efficiency and transparency in public administration. These technologies are in a nascent stage. Further research is required, especially context-specific, to understand how they could best contribute to the development of the country taking into account the existing infrastructures and risks associated with the integration of new technologies.

The Project plans to hold working sessions in to-be-identified priority fields where alternative finance and blockchain application have the potential to improve efficiency. Based on the working session results, a prototype concept will be researched and developed, that will then be shared with potential partners (i.e. Digital Armenia Foundation) to be implemented at scale.

In partnership with Moscow School of Management SKOLKOVO

Moscow School of Management SKOLKOVO has expressed interest to work with the project by sharing their academic and research experience in fintech and blockchain. Both technologies are currently being explored in Armenia, and therefore a comprehensive study on the impact of these tools on country's financial sector or e-government services would be a great added value.

In partnership with Tomsk State University

Having piloted blockchain application to a number of policy making areas such as intellectual property rights, medical diagnoses, etc. Tomsk State University will serve as an important knowledge partner when conducting the research exercise.

If the developed prototype does prove to be efficient and effective, Armenia could serve as a champion for middle-income countries. Considering Armenia's booming IT sector, it could export the model to other countries with the relevant knowledge products and specialized human resources.

Output 3.4: An on-demand training facility is set up to socialize the Lab's most advanced public policy tools.

The Lab aims to support policy makers in identifying challenges to be treated in the Lab's innovation pipeline and provide room for experimentation. Depending on the identified challenges and respective experiments, the Lab will complement all activities with tailored capacity building and knowledge/know-how support. Even on this component, the Lab's approach is demand centric, trying to understand what the user, in this case the policy maker tasked with solving SDG challenges, wants and needs to be able to respond to the specific challenge at hand. With this in mind, the Lab envisages an on-demand training facility that is flexible enough to provide support where necessary and on a wide variety of areas, such as systems thinking, user driven design, foresight exercises, etc.

> *In partnership with Moscow School of Management SKOLKOVO*
>
> Building on the successful experience of ILO and Ministry of Science and Education of Armenia with Moscow School of Management SKOLKOVO on foresight capacity building in Armenia, the Project envisages to further this collaboration and create fertile ground for application of foresight to other sectors of the Armenian economy.

Pending on the results of testing novel methodologies and approaches, such as foresight within the on-demand training facility, the Lab foresees the possibility of defining new service lines. For instance, once there is sufficient in-country capacity to conduct foresight exercises at scale it may be developed into a dedicated service line and applied to diverse fields from rural development to future skills. Furthermore, considering the synergy between the projects already operating in Armenia financed and supported by the Ministry of Finance of the Russian Federation and UNDP with the existing service lines of the Lab, such as behavioural experimentation, the creation of this new service line would be organic.

See the summary of meetings with the mentioned Russian institutions in Annex 3.

Output 4: Designed and tested model of SDG-accelerated implementation of Goal 7 on Affordable and Clean Energy.

Pilot 1 - Competitive financing instruments for facilitating "Green energy" production at household level in Armenia's vulnerable communities

*This output is a mini-project in itself and will be implemented by Armenia Renewable Resources and Energy Efficiency Fund (R2E2). It involves specific stakeholders, it has its own background, outcomes and outputs, envisaged partners. See details of this component in Annex 4, *while the main activities are presented below:*

Currently, accessibility of support schemes tailored for financing installation of renewable energy and energy efficient solutions for socially disadvantaged populations from targeted municipalities is very low due to limited access to credit and the cost of credit. Addressing this challenge is one of the key operational targets of R2E2, for achievement of which it collaborates with banks and other financial institutions.

Similarly, Government of Armenia is exploring innovative approaches to address "energy poverty" in the most vulnerable regions of the country. Thus, it adopted a decree (**N856 A, from 31 July 2017**) aimed at implementation of measures towards provision of **280 deprived communities (around 28,000 households)** that have no supply of natural gas (and are located far away from gas distribution network) with organizational and financial support including attraction of international assistance for channelling resources for introduction of alternative energy resources: solar water heaters and PV systems.

This Project will tackle the problem through 2 sub-outputs and respective activities as described below:

Output 4.1. Sustainable financing mechanism for installation of solar water heaters and PV systems by inhabitants of targeted regions is available and functional.

Deployment of the revolving fund established and operated by Armenia Renewable Energy and Energy Efficiency Fund (R2E2), which has been designed and previously used starting from 2005 for financing energy efficiency upgrades and installation of solar panels by public buildings and

SMEs, is suggested to be implemented for the purposes of this output. Special arrangements with partner banks and simplified approval process will help address two important pitfalls that prevent vulnerable communities from beneficiary regions from utilising available funding instruments – access to and cost of credit. Diligently designed financial product, with combined monthly payment of principal amount and interest proportionate to the amount of savings from reduced "energy bill", is expected to be extremely popular and facilitative for the achievement of project objectives.

Activity 4.1.1 Installation of solar water heaters and PV panels by minimum 500 households from vulnerable communities of target regions is financed during the first year from revolving fund through partner banks.

The targeted households represent one sixth of the most vulnerable population of the beneficiary regions. Enabling reduced energy spending for them is an important pillar both for eliminating extreme poverty and increasing awareness of other potential beneficiaries. The success of this activity combined with increased visibility will help attract additional resources to the revolving fund, thus providing support to more households.

Due to multiplier effect of the revolving fund, during 10 years after completion of the project financing of additional 1500 households will be carried out only from proceeds of the Project funds, thus, making number of beneficiaries under this component 2000.

Activity 4.1.2 Financing of interest rates for credits from partner banks aimed at procurement and installation of solar water heaters for 310 families having 4 or more children and residing in vulnerable communities of target regions is implemented.

This additional incentive of subsidizing 3-4% charged by the partner banks for covering operational costs, will make the proposed financial product more attractive for the families having 4 or more children. Generated energy savings are more critical for these families due to higher consumption of energy and its proportion in the expenditures basket.

Output 4.2. Increased awareness on benefits of renewable energy and energy efficient technologies and promotion of "Green jobs" in the target regions.

Achievement of Output 4.1 will also result to increased awareness of population about the benefits of renewable energy and energy efficiency solutions for households. This will generate higher interest and assist Armenia in achieving the SDGs.

Activity 4.2.1 Knowledge of inhabitants in target regions on available options and benefits of renewable energy and energy efficient technologies is increased in a result of comprehensive awareness raising campaign.

The campaign will be designed based on the experience of Output 1.1, which will have identified the behavioural bottlenecks to solar water heater and PV panel installation. Learning from the results of Output 1.1, the awareness raising campaign will be more targeted addressing the already identified tension points and using tested communication channels.

Activity 4.2.2 "Green jobs" are created in target regions, aimed at servicing of installed water heater and PV modules.

Increased utilisation of renewable energy solutions in the beneficiary regions will result in creating more workplaces, as all appliances (which are also increasingly being utilised by SMEs) will require servicing that can be provided by inhabitants of beneficiary municipalities.

Resources Required to Achieve the Expected Results

The Project is heavily knowledge-based and the achievement of results requires very specific human resources with the expertise in the fields of behavioural science, data analytics, alternative finance, blockchain and design of financial instruments. Considering that the application of the aforementioned methodologies is a novelty in Armenia, the Project will rely on the available expertise of partners from Russia and from across the world, while working on developing in-country capacity in the framework of this Project.

UNDP will also tap into its regional and global knowledge bases and expertise, especially focusing on innovation facilities and tools, providing in kind and parallel funding of $600,000 as well as rely on the experience and expertise of national partners such as the R2E2, which will further support the project implementation by $900,000 ($100,000 in kind and $800,000 parallel) funding. The Project team will also explore opportunities to combine financial, technical and human resources of partners or parallel initiatives for joint actions and better efficiency.

Partnerships

The Armenia National SDG Innovation Lab, at its core, is a platform that facilitates collaboration and innovation by providing space for all relevant partners to come together to solve challenges that require cross-sectoral approach. Therefore, strong partnerships are an important success factor. Throughout the project, the Lab will actively draw upon Russia's academic and practical experience in the identified intervention areas. Within this Project, the Lab will work closely with several key institutional partners, bringing together various sectors and networks:

- **The Government of Armenia** is the main beneficiary of the Project. In the framework of this Project, the Lab will cooperate with the Ministry of Energy Infrastructures and Natural Resources (Output 4), Ministry of Nature Protection, Ministry of Territorial Administration and Development, Ministry of Finance and Ministry of Agriculture.
- **The Center for Strategic Initiatives** is the government's key instrument for advancing its priority reform agenda. Being hosted by the CSI, the Lab benefits from its team, network and capacity.
- **Armenia Renewable Resources and Energy Efficiency Fund** is a non-profit entity fully owned by the Armenian government. It is the most professional and experienced entity in the field of energy efficiency and renewable energy in Armenia. It is mandated by the Government to promote investments in energy efficiency and renewable energy sectors, foster market development in the sphere of Armenia's energy efficiency and renewable resources, enhance reduction of technological influence on environment and human health, and develop mechanisms aimed at increasing the level of reliability of energy security and energy system. Within this Project, it will serve as an important project partner, implementing the pilot *Competitive financing instruments for facilitating "Green energy" production at household level in Armenia's vulnerable communities.*
- **National Statistical Service of Armenia** will be the main partner in the development of the SDG Barometer.
- **AGBU.** The Lab has already established a special partnership with AGBU given the importance of involving the diaspora in addressing the SDG agenda in Armenia.
- **Kolba Lab** is an idea incubator run by UNDP that engages active citizens and government innovators to solve policy-relevant challenges stretching from public administration to healthcare and education. The Armenia National SDG Innovation Lab, building up on the innovation experience of Kolba, will closely cooperate on matters of citizen engagement, user research and governance innovation.
- **Analytical Center for the Government of the Russian Federation**, namely departments of Information Visualization and Design, Information Technologies, IT and Data Processing, and Monitoring.
- **Center for Strategic Research, Russia,** through its pool of 1300 experts working on the development strategy of Russia, its regions and key sectors of the economy.

- **Higher School of Economics in Moscow** through its Lab producing high-quality academic research (both theoretical and experimental) in individual and collective behaviour, will be an important knowledge and capacity building partner for Behavioural Science.
- **UN Global Pulse**, a flagship innovation initiative to utilise Big Data for sustainable development, will be the main knowledge partner of the Big Data component of this Project.
- **Tomsk State University** will support the Lab activities regarding Big Data, Blockchain and its International Center for Research in Human Development. It will contribute to the Behavioural science service line.
- **Moscow School of Management SKOLKOVO** is expected to be a valuable knowledge partner on Behavioural Science, Big Data and Fintech/Blockchain.
- The Lab will work closely with leading academic institutions in Armenia, such as the **American University of Armenia, the Russian-Armenian (Slavonic) University, Yerevan State University**, etc. to sensitize the academic community and incite interest especially among students to undertake research in the suggested innovative methodologies and their practical application.
- **ACBA Leasing CJSC, Converse Bank CJSC** and **Global Credit Universal Credit Organization** are accredited institutions to disburse credits from revolving fund operating under the auspices of R2E2.

Risks

1. Reduced or slowed operational processes in the Government or in UNDP due to heavy work burden or other processes, because of which timely delivery of Project's outputs may be at risk.
2. Low level of engagement and commitment from local counterparts/key partners because of apathy, lack of trust, and/or other reasons.
3. Low level of interest due to lack of awareness among potential beneficiaries of specifically designed instruments to finance installation of solar water heaters and PV panels at the Project inception phase.
4. Methodological issues may reduce Project effectiveness due to lack of capacity, understanding, or other contextual issues.
5. Major disasters, e.g. earthquake; escalation of Nagorno-Karabakh conflict; other may disrupt the Project's intervention.

See Project Risk analysis in Annex 5.

Assumptions

1. Necessary data is available/collected/made available for an evidentiary basis.
2. The suggested innovative solutions are effective in tackling SDG-related issues in Armenia.
3. Government is supportive of the interventions and provides backing for the scale up of the most successful ones.
4. Increased availability of data will lead to an increase in evidence-based decision-making.
5. Enhanced capacity of SDG Champions will lead to notable increase in application of innovative practices.
6. The Project is successful in establishing partnerships with respective counterparts and organisations to support the interventions.
7. Partner banks of the R2E2 are interested in active promotion of the financial instruments and are efficient in application processing.
8. Accelerating SDG implementation will translate to advancing the Armenian 2030 National Agenda.
9. The challenges that inhibit the achievement of Armenian 2030 National Agenda can be overcome through use of innovative methodologies.

Stakeholder Engagement

The main stakeholder group of this Project is the Government of Armenia. The first three components of the Project will build capacity, experiment and create tools to help generate innovative and more evidence-based public policy. Several secondary stakeholders will benefit from these efforts, such as the international community and donor organizations, the private sector, academia and research institutions, civil society organisations and foundations. They will be closely involved throughout all stages of the Project, to ensure that SDG Champions do not operate in isolation, but rather in a network or an ecosystem of innovators coming about as a result of this Project.

As for the fourth component of the project, the *Pilot SDG-accelerated implementation model* focusing on the issue of poverty reduction in rural communities through introduction of a new generation of energy solutions, the main counterparts will be the Ministry of Energy Infrastructures and Natural Resources of Armenia together with the Armenia Renewable Resources and Energy Efficiency Fund. This component of the project will target deprived rural communities in the regions of Shirak and Gegharkunik.

South-South and Triangular Cooperation (SSC/TrC)

Being the first of its kind SDG acceleration platform at country level, the Project will also pilot/test how UNDP can effectively implement the *Country support platform for the SDG*s foreseen by its new Strategic Plan 2018-2021. Therefore, the SSC/TrC is an important part of this Project, as Armenia take the lead in sharing its expertise and experience with other initiatives replicated in the region and beyond. The Project will also contribute to regional and global knowledge bases on what works and/or does not work. Additionally, UN Global Pulse will be engaged as a knowledge partner through its office in Jakarta, Indonesia (Pulse Lab Jakarta).

Knowledge

The Project will generate knowledge products such as case studies, lessons learned and reports containing policy recommendations based on the results of the experiments conducted within the Lab. Furthermore, the Lab will use blogging as a tool to "think out loud", allowing others working in the sector (both nationally and internationally) to benefit from project's experience.

Sustainability and Scaling Up

The Project is based on the idea that only those interventions that have been successfully tested through experimentation should be scaled up, to guarantee the best possible results. In the framework of this project several such experiments will be carried out and refined before formulating policy recommendations.

To ensure sustainability of innovation and experimentation culture within the Government and the wider stakeholder groups (e.g. international organizations, civil society organisations, academia and research institutions), the Project envisages a substantial capacity development programme to accompany its activities. Since the main stakeholder groups will be involved all the way from design to implementation and results analysis of the experiments, they will have the opportunity to acquire hands on experience and feel ownership of the results.

The Project anticipates that the combination of experimentation and capacity development will help build a strong network of SDG Champions from various fields that will serve as a foundation for further experimentation and application of the Lab's most advanced public policy tools even after the project.

IV.   PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The Project approach of first experimenting the SDG acceleration model(s) and then scaling up, is expected to ensure cost efficiency and effectiveness. The low-level investment at the initial experimentation phase leaves space for failure and refinement, until the selected model generates the best possible results and is suitable for scale up.

Furthermore, the Project is based on the existing expertise and experience developed by previous innovation interventions carried out by UNDP Armenia Country Office. These include, but are not limited to:

- Kolba Lab – a social innovation lab active in Armenia since 2013 (currently funded by the European Union and implemented by UNDP). Kolba's main output is an idea incubator. To date it has received 680 ideas, incubated 40 start-ups, 16 of which have generated social impact within the government, the civic sector, or the market in Armenia.

- Impact Investment for Development Summit – a unique global impact investment event that brought together business leaders, impact investors and venture philanthropists, United Nations officials and other development practitioners, social entrepreneurs, government representatives and leading academics from over 30 countries.

Moreover, this Project will build up on the results of the initial start-up phase of the Armenia National SDG Innovation Lab. During the six-month period, the Lab has succeeded in socialising the idea of innovation in SDG implementation and building a sizeable network of Government officials interested and willing to experiment with the innovative public policy tools that are amongst the Lab's offerings.

Project Management

The project will be implemented through UNDP "Support to National Implementation" (Support to NIM) modality.

The Prime Minister's Office of Armenia in its role of Executive and Senior Beneficiary will take the overall responsibility for outcome-level project results through coordinating, monitoring and backstopping across the government. The Government of Armenia will identify other line Ministries as project beneficiaries in their respective focus areas. The Ministry of Energy Infrastructures and Natural Resources of Armenia will serve as beneficiary for Output 4.

The Center for Strategic Initiatives (CSI) will support the Prime Minister's Office of Armenia in its role of Executive. It will also serve as a unifying coordination platform among the stakeholders to facilitate SDG acceleration solutions and their introduction in public policy.

UNDP will act as Supplier and also as Responsible Party providing project support services, quality assurance and technical expertise.

Armenia Renewable Resources and Energy Efficiency Fund (R2E2) will be the Responsible Party for the Project's Output 4 (a responsible party agreement will be signed between R2E2 and UNDP.

The project will be managed by Project Coordinator (financial authorizing officer) supported by team (see organigramme in section VIII).

Project Board - represented by Executive, Supplier, and Beneficiaries - will meet at least annually to review the project's results, risks, lessons learned, and provide management decisions to Project Coordinator.

V.   RESULTS FRAMEWORK

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS			DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1 May 2019	Year 2 May 2020	Total	
Output 1	Increased use of environmentally-friendly practices as a result of behavioural experiments.							
1.1: Solar water heating and PV installations are increased in the population of interest	1.1.1% of installed solar water heaters and PVs in the population of interest	Official statistics, private company statistics and baseline and endline surveys	1 % of the population has solar water heaters and PVs	2017	2% penetration rate in the population of interest	3%	3% increase	Official date sources, annual primary data collection. Among other, survey will be conducted to learn more on solar systems for water heating in schools in partnership with UNDP Support to Rural Development Project or respective WFP project, as a ground for further replication of successful model.
	1.1.2 Price reduction of the solar water heater and rooftop PV in the population of interest	Private company statistics	1000 (solar water heater); 2-3 kW per household (800-1000$ per kW in average)	2018	n/a	To be set based on experiment conducted	To be set based on experiment conducted	The final price will be decided in 2020 as an outcome of the experimental intervention depending on the number of people who would like to install solar water heaters and rooftop PVs.
1.2: Wasteful water consumption is	1.2.1 Quantity of drinking water consumed per household (m^3)	Private company	to be set in 2018	2017	-	5% decrease[3]	5% decrease	Baseline household survey to understand the socio-demographic characteristics

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[3] In other countries (for instance Costa Rica) a similar intervention resulted in 4-6% decrease in consumption of drinking water.

decreased in the population of interest		*statistics (Veolia)*						*of treatment and control groups, data from water supplier company.*
1.3: An on demand behavioural insights facility is set up within the Lab	*1.3.1 # of SDG challenges treated at the behavioural insights facility*	*Project logs*	*0*	*2018*	*1*	*1*	*2*	*Project progress reports*
Output 2	Increased availability of data for evidence-based policy and decision-making.							
2.1: Increase in Big Data-generated policy insights	*2.1.1 # of policy insights generated*	*Project logs*	*0*	*2018*	*1*	*1*	*2*	*Project progress reports*
	2.1.2 # of Big Data sources analysed	*Project logs*	*0*	*2018*	*1*	*1*	*2*	*Project progress report, interviews with stakeholders*
	2.1.3 # of partnerships with Big Data holders	*Project logs*	*0*	*2018*	*1*	*1*	*2*	*Project progress reports, MoUs*
2.2: An SDG-specific monitoring mechanism, the SDG Barometer, is scaled up	*2.2.1 Digital platform of the SDG Barometer*	*Project logs*	*0*	*2018*	*-*	*1*	*1*	*Secondary research, project progress report*
	2.2.2 # of SDGs reflected in the barometer	*Official reports, project logs*	*0*	*2018*	*1*	*3*	*4*	*Secondary research, project progress report, website*
Output 3	Enhanced capacity of National SDG Champions in innovative research methods and skills.							
3.1: A series of hands-on co-creating workshops on behavioural experimentation in policy making is designed and piloted for SDG Champions	*3.1.1 # of participants in the workshop/s*	*Project logs*	*0*	*2018*	*15*	*15*	*30*	*Secondary research, project progress report*
3.2: A series of hands-on co-designing workshops on Big Data use in policy making is	*3.2.1 # of participants in the workshop/s*	*Project logs*	*0*	*2018*	*10*	*10*	*20*	*Secondary research, project progress report*

piloted for Armenia's SDG Champions								
3.3: Research exercises on alternative finance and blockchain are designed and piloted for SDG Champions	*3.3.1 # of counterparts involved in the research exercise/s*	*Project logs*	*0*	*2018*	*4*	*4*	***8***	*Secondary research, project progress report*
	3.3.2 # of ideas generated on the application of alternative finance and blockchain in Armenia	*Project logs*	*0*	*2018*	*1*	*1*	***2***	*Secondary research, project progress report*
3.4: An on-demand training facility is set up within the Lab to socialize the Lab's most advanced public policy tools	*3.4.1 # of co-creating workshops in to-be-identified areas*	*Project logs*	*0*	*2018*	*1*	*1*	***2***	*Secondary research, project progress report*
Output 4	Successful model for accelerated implementation and financing of Goal 7 (Affordable and Clean Energy) is designed and tested.							
	Pilot 1 - Competitive financing instruments for facilitating "Green energy" production at household level in Armenia's vulnerable communities							
4.1. Sustainable financing mechanism for installation of solar water heaters and PV systems by inhabitants of targeted regions is available and functional.	*4.1.1 - # of households in the target regions that are financed to install solar water heaters and PV panels from revolving fund through partner banks*	*Official statistics, private company statistics and baseline and endline surveys*	*0*	*2018*	*300*	*500*	***500*** *(cumulative indicator)*	*Official data sources, annual primary data collection*
	4.1.2 # of households with 4 or more children in the target regions that benefits from significantly reduced interest rates	*Official statistics, private company statistics and baseline and endline surveys*	*0*	*2018*	*150*	*310*	***310*** *(cumulative indicator)*	*Official data sources, annual primary data collection*

4.2. Increased awareness on benefits of renewable energy and energy efficient technologies and promotion of "Green jobs" in the target regions.	4.2.1 % of population realising socio-economic benefits of using solar energy solutions at their homes	Official statistics, private company statistics and baseline and endline surveys	5%	2018	15%	25%	25% increase (cumulative indicator)	Official data sources, annual primary data collection
	4.2.2 # of people self-employed in the sector	Project logs	0	2018	20	40	40 (cumulative indicator)	Annual primary data collection
Note: Zero baseline set and targets refer to project intervention								

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:
[Note: monitoring and evaluation plans should be adapted to project context, as needed]

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Responsible	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Semiannually	Slower than expected progress will be addressed by project management.	Project Coordinator	Staff time
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Semiannually	Risks are identified by project management and actions are taken to manage risk. The risk log is maintained to keep track of identified risks and actions taken.	Project Coordinator	Staff time
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Semiannually	Relevant lessons are captured by the project team and used to inform management decisions.	Project Coordinator	Staff time
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	UNDP	Staff time
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	Annually	Performance data, risks, lessons and quality will be discussed by	Project Coordinator Project Board	Staff time

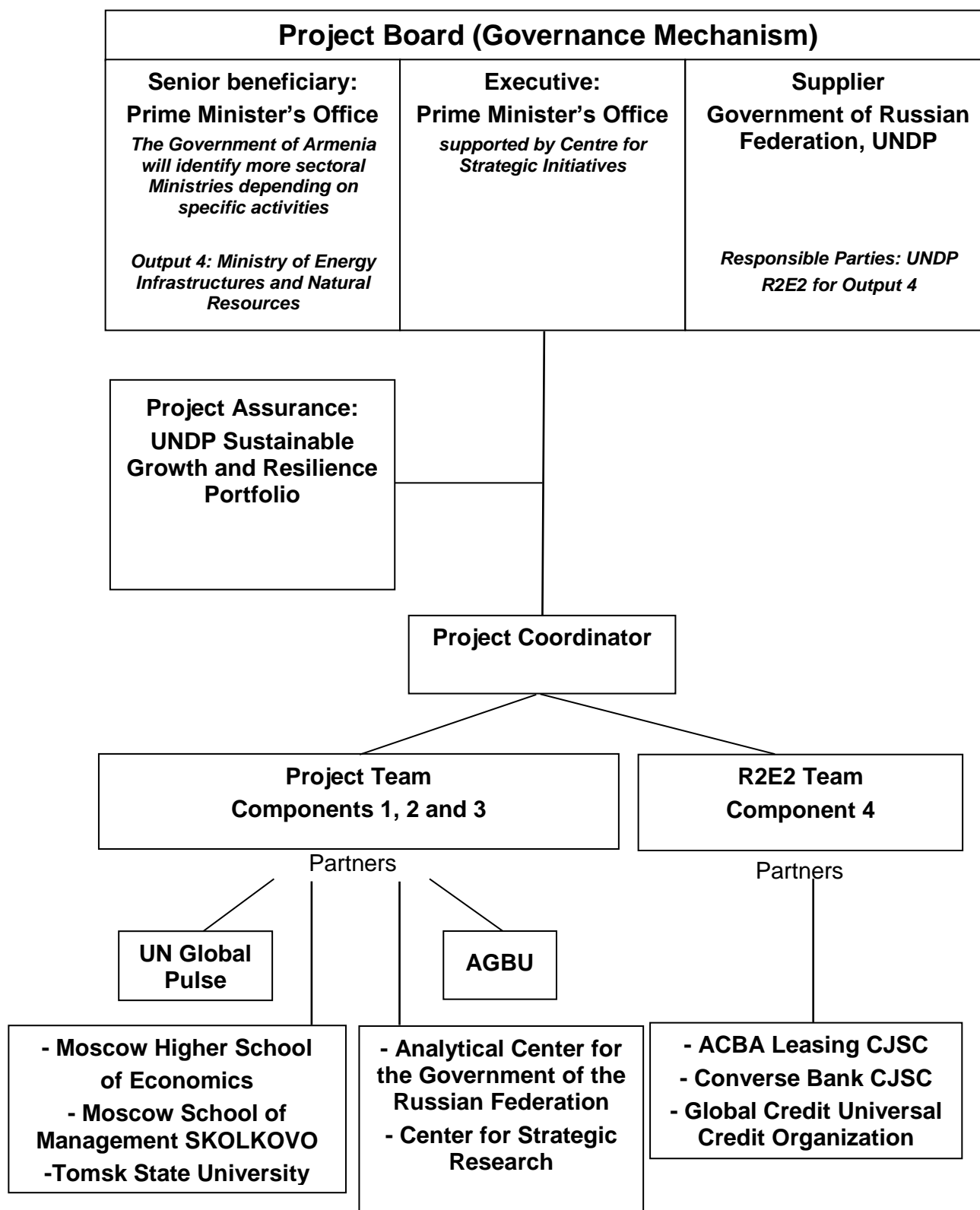|			the project board and used to make course corrections.		
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Semiannually and Final Report at the end of the project		Project Coordinator Project Board	Staff time
Project Review/ Project Board	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	At least annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	Project Coordinator Project Board	Staff time

VII.   MULTI-YEAR WORK PLAN (SEE EXCEL DETAILED BUDGET IN ANNEX 6)

EXPECTED OUTPUTS	PLANNED ACTIVITIES	PLANNED BUDGET					Budget Description	RESPONSIBLE PARTY
		Russia TFD funding		Parallel/in-kind		Total for Output		
		Y1 May 2019	Y2 May 2020	UNDP	R2E2			
Output 1: Use of environmentally-friendly practices is increased as a result of behavioral experiments.	*1.1: Solar water heating and PV installations is increased in the population of interest.*	18,000	19,000	120,000	-		71300 Local Consultants 71600 Travel 72100 Contractual Services-Companies 74200 Audio Visual Printing Production 74500 Miscellaneous Expenses	UNDP
	1.2: Wasteful water consumption is decreased in the population of interest.	8,000	21,000					
	1.3: An on-demand behavioral insights facility is set up within the Lab.	15,000	37,000					
	Sub-Total for Output 1	41,000	77,000	120,000	-	238,000		
Output 2: Availability of data for evidence-based policy and decision-making is increased.	*2.1: Big Data application identified and piloted in two policy making areas.*	38,000	28,000	120,000	-		71300 Local Consultants 72100 Contractual Services-Companies 72800 Information Technology Equipment 74500 Miscellaneous Expenses	UNDP
	2.2: An SDG-specific monitoring mechanism, the SDG Barometer, is scaled up.	47,000	16,000					
	Sub-Total for Output 2	85,000	44,000	120,000	-	249,000		

Output 3: National SDG Champions' capacity in innovative research methods and skills is enhanced.	*3.1: A series of hands-on co-creating workshops on behavioural experimentation in policy making is designed and piloted for SDG Champions.*	30,000	9,000	120,000	-		71200 International Consultants 71300 Local Consultants 71600 Travel 74200 Audio Visual Printing Production 75700 Trainings, Workshops & Conferences 74500 Miscellaneous Expenses	UNDP
	3.2: A series of hands-on co-designing workshops on Big Data use in policy making is piloted for Armenia's SDG Champion.	27,000	43,000					
	3.3: Research exercises on alternative finance and blockchain are designed and piloted for SDG Champions.	8,000	9,000					
	3.4: An on-demand training facility is set up within the Lab to socialize the Lab's most advanced public policy tool.	7,500	7,500					
	Sub-Total for Output 3	72,500	68,500	120,000	-	261,000		
Output 4: Successful model for accelerated implementation and financing of Goal 7 (Affordable and Clean Energy) is	*4.1 Sustainable financing mechanism for installation of solar water heaters and PV systems by inhabitants of targeted regions is available and functional.*	272,000	142,000	120,000	900,000		As per Responsible Party Agreement	R2E2

designed and tested.	*4.2 Increased awareness on benefits of renewable energy and energy efficient technologies and promotion of "Green jobs" in the target regions.*	13,000	13,000					
Sub-Total for Output 4	285,000	155,000	120,000	900,000	1,460,000		
General Management Support		48,950	48,950	120,000	-		71400 Contractual Services-Individ 71600 Travel 72100 Contractual Services-Companies 72500 Supplies 74200 Audio Visual Printing Production 74500 Miscellaneous Expenses	UNDP
General Management Services (8%)		74,100					
TOTAL		1,000,000	600,000	900,000	2,500,000		

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Project Organisation Structure

Project Board (Governance Mechanism)

Senior beneficiary: Prime Minister's Office	Executive: Prime Minister's Office	Supplier Government of Russian Federation, UNDP
The Government of Armenia will identify more sectoral Ministries depending on specific activities *Output 4: Ministry of Energy Infrastructures and Natural Resources*	*supported by Centre for Strategic Initiatives*	*Responsible Parties: UNDP R2E2 for Output 4*

Project Assurance:
UNDP Sustainable Growth and Resilience Portfolio

Project Coordinator

Project Team
Components 1, 2 and 3

R2E2 Team
Component 4

Partners

Partners

UN Global Pulse

AGBU

- **Moscow Higher School of Economics**
- **Moscow School of Management SKOLKOVO**
- **Tomsk State University**

- **Analytical Center for the Government of the Russian Federation**
- **Center for Strategic Research**

- **ACBA Leasing CJSC**
- **Converse Bank CJSC**
- **Global Credit Universal Credit Organization**

IX. LEGAL CONTEXT AND RISK MANAGEMENT

LEGAL CONTEXT STANDARD CLAUSES

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Armenia and UNDP, signed on 8 March 1995. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

RISK MANAGEMENT STANDARD CLAUSES

Government Entity (Support to NIM)

1. Consistent with Part VI on Programme Management of the Country Programme Action Plan (CPAP) 2016-2020 between the Government of Armenia. UNDP as the Responsible Party shall comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)

2. UNDP agrees to undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via hthttp://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

3. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

4. The Responsible Party Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

X.   ANNEXES

Annex 1. Theory of Change Diagram
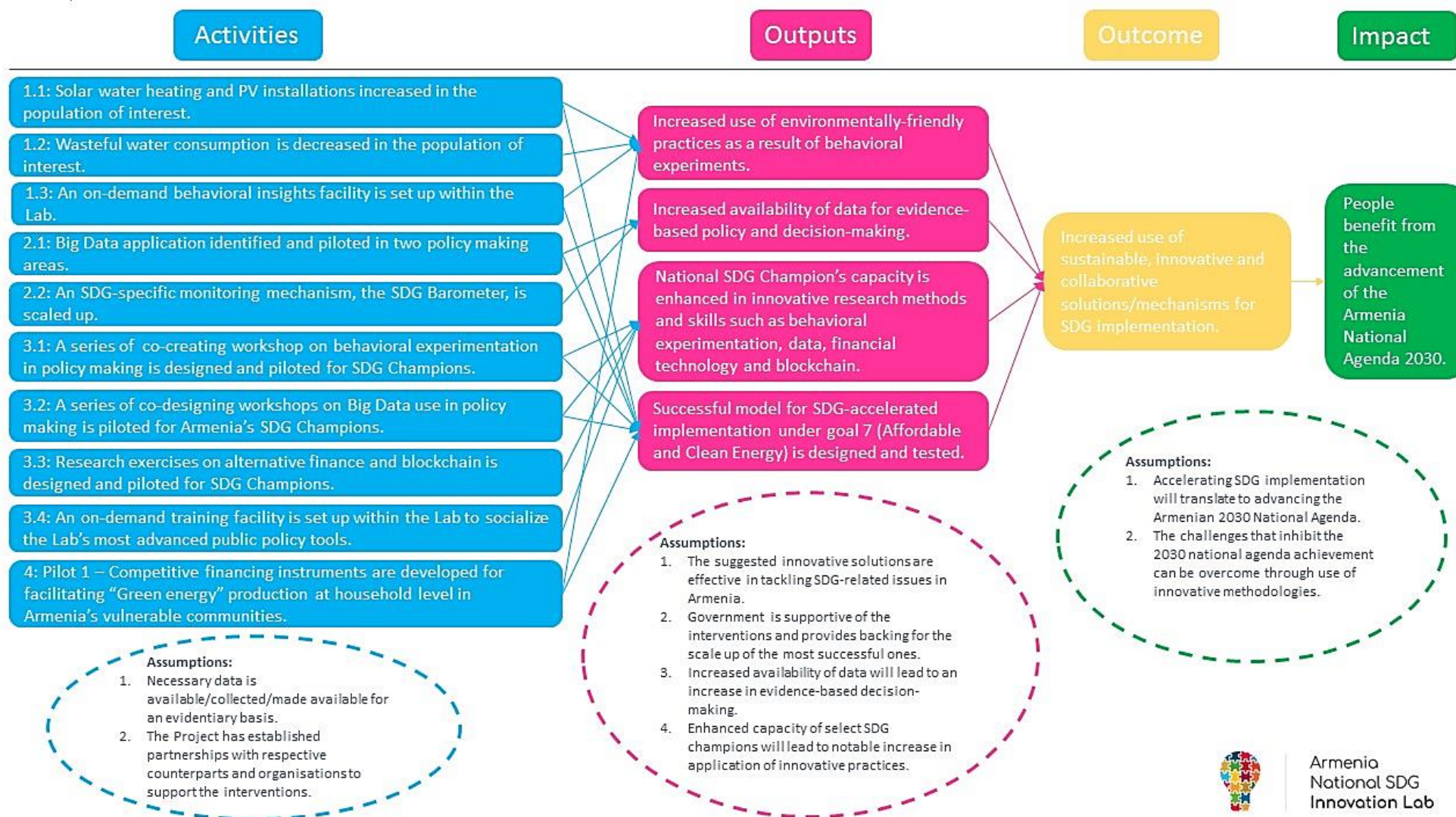
Annex 2. Support letter from Gazprom Armenia (see English translation on the next page)

«ԳԱԶՊՐՈՄ» ՀՓԸ

«ԳԱԶՊՐՈՄ ԱՐՄԵՆԻԱ»
ՓԱԿ ԲԱԺՆԵՏԻՐԱԿԱՆ ԸՆԿԵՐՈՒԹՅՈՒՆ

(«Գազպրոմ Արմենիա» ՓԲԸ)

ՎԱՐՉՈՒԹՅԱՆ ՆԱԽԱԳԱՀ
ԳԼԽԱՎՈՐ ՏՆՕՐԵՆ

0091, ՀՀ, Երևան, Թբիլիսյան խճուղի 43
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էլ.փոստ՝ inbox@gazpromarmenia.am

ПАО «ГАЗПРОМ»

ЗАКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
«ГАЗПРОМ АРМЕНИЯ»

(ЗАО «Газпром Армения»)

ПРЕДСЕДАТЕЛЬ ПРАВЛЕНИЯ
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«26» 02 2018թ.   № 01-28/724

Պարոն Դմիտրի Մարիյասին
ՍԱԶԾ Մշտական համակարգողի տեղակալ

Հարգելի պարոն Մարիյասին

Սույնով «Գազպրոմ Արմենիա» ՓԲԸ-ն իր աջակցությունն է հայտնում ՍԱԶԾ կողմից նախագծված «Հայաստանում ԿԶՆ իրականացման համար նորարարական լուծումներ» ծրագրին և պատրաստակամություն է հայտնում ծրագրի իրականացման ընթացքում իր կորպորատիվ-սոցիալական պատասխանատվության շրջանակներում ընդարկել հնարավորինս օժանդակություն ցուցաբերելու հարցը։

Ծրագրի կողմից բարձրացված և բիրախավորվող խնդիրները գերակա են նաև «Գազպրոմ Արմենիա» ՓԲԸ համար, որի կապակցությամբ ընկերությունը ևս մտահոգված է և նախատեսում է իր միջնաժամկետ ծրագրերում։

Հարգանքով՝   Հրանտ Թադևոսյան

To: Mr. Dmitry Mariyasin,

       UNDP Deputy Resident Representative

Dear Mr. Mariyasin,

Hereby, "Gazprom Armenia CJSC" expresses its support to the UNDP project "Innovative Solutions for SDG implementation in Armenia" and expresses its willingness to discuss possible assistance within the framework of its corporate and social responsibilities.

The issues raised and targeted by the project are priorities for "Gazprom Armenia CJSC" as well and in this regard, the company is also concerned about it and envisages to have it in its mid-term projects.

Sincerely,

Grant Tadevosyan

Chairman of the Management Committee,

Director General

Gazprom Armenia

Annex 3. Meetings with Russian Institutions

In the framework of this Project, the Armenia National SDG Innovation Lab sent a mission to Moscow, Russia to meet with potential Russian partners and discuss collaboration opportunities. The mission took place on February 12-13, 2018. Below is a short summary of the meetings with targeted Russian institutions:

1. **Alexis Belianin, PhD, Associate Professor, ICEF, Higher School of Economics**

Alexis Belianin, PhD, Associate Professor, ICEF, is one of the few Behavioural Economists in the post-Soviet territory based at the Higher School of Economics in Moscow. During the meeting, a detailed discussion was held on the Armenia National SDG Innovation Lab, its mission and main service lines (including Behavioural Science) as well as the present Project.

A principal agreement was reached on cooperation within the project on a number of points, including joint behavioural experimentations, joint events, capacity building and using the network of experts that work as part of Higher School of Economics.

On top of expert-level commitment of involvement by Higher School of Economics, discussions took place on signing a memorandum of agreement between the SDG National Innovation Lab and Higher School of Economics to assure a long-term and full-fledged collaboration in several directions.

2. **Konstantin Noskov, Director, Analytical Center for the Government of the Russian Federation and the team of the Center**

Mr. Konstantin Noskov, Director of the Analytical Center for the Government of the Russian Federation expressed direct interest towards the project and pledged full readiness and commitment of the Center to participate in the project as a partner.

It was agreed to cooperate on a number of directions, specifically the following departments:

Department for Information Visualization and Design: on visualization of state programs and documents.

Department for Information Technologies: on information technologies, digital information resources, software development tools, and automated systems for government agencies, and provides methodology support for the design, development, and use of databases, software applications, and information tools.

Department for IT and Data Processing: on implementation of the progressive internet-solutions for monitoring and processing of data in the public sector; performing information and methodology backing, forming the ecosystem of open public data is the top priority.

Department for Monitoring: in the area of innovation policy and a wide range of issues of social and economic life as part of supporting the work of coordination and advisory bodies. In addition, the Department we agreed to involve, upon necessity, the expert communities and independent experts as part of the Center's network.

The Analytical Center head noted that the model of the Armenia SDG National Innovation Lab, its approach toward accelerating the implementation of SDGs through innovation, its service lines are novel for their organization and while offering their full support, experience and expertise to the Project, they will at the same time work to consider developing similar capacity in Russia and understand the potential challenges on their way.

It was also agreed to work, as the project starts, to identify concrete challenges and get engaged in more detailed activities as broadly identified above, and engage concrete departments and experts based on concrete activities as/when needed.

3. Valeria Sakharova- Head of International Program (TVET), Skolkovo Moscow School of Management

Valeria Sakharova has a long-lasting experience in working both with Armenian Institutions and International Development Agencies in Armenia, supported by the Ministry of Finance of the Russian Federation and UNDP.

In particular, Skolkovo School of Management has organized several important activities in collaboration with ILO, Ministry of Science and Education of the Republic of Armenia:

1) Series of Trainings on how to manage a TVET institution were conducted using a computer simulator specially designed for this purpose ("Managing TVET Institutions"). Around 80% of directors of national colleges received training via the simulator.
2) Skills Technology Foresight exercise to understand the future job-market skills required in the food industry as well as in information and communication technologies.

The following events are planned in Armenia from 2017 to 2019.

1. Build capacity in skills technology foresight by training moderators
2. Implement countrywide trainings with the "Managing TVET Institutions" simulator, in order to incorporate the instrument into the national program of preparing/training the management of education institutions.

It was agreed to partner with the Skolkovo School of Management in several modalities, including:

1) Collaboration with ILO/Skolkovo School of Management to build foresight capacity in Armenia and integrate foresight into the service lines of the SDG Lab.
2) Implementation a foresight exercise in other sectors of the Armenian Economy.
3) Design of a large-scale experiment (randomized controlled trial) to check the efficacy of the simulator "Managing TVET Institutions," before incorporating the instrument into the national program of training the management of education institutions.
4) Application of foresight to rural development. In particular, the Lab may try to understand how a foresight exercise can change human behaviour and motivations? If a foresight exercise can change human behaviour and motivations, a natural question is whether a foresight exercise with opinion leaders in rural communities can create community-wide changes and movements.[4]

It was also agreed to ensure a synergy between the two projects operating in Armenia financed and supported by the Ministry of Finance of the Russian Federation and UNDP to ensure a multiplier effect of both projects providing an added-value to each other.

4. Konstantin Beliakov, Vice-rector and Artem Rikun, Vice-rector, Tomsk State University

With Vice-rectors Konstantin Beliakov and Artem Rikun, it was agreed cooperate on a number of areas important for the Project and where the University excels. Tomsk State University is one of the Russian universities with solid standing in the QS global world ranking (323 currently). The

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[4] The idea here is that opinion leaders may change their behavior as a result of a foresight exercise. Others in the community may imitate the opinion leaders. Under these circumstances, a foresight exercise with few people can create a snowball effect in rural communities.

university has long-standing institutional connections with such western universities as Goldsmiths University of London, King's college, Paris Tech and Ecole Polytechnique.

The Lab held a broad discussion with the vice-rectors of the university regarding the application of Big Data, Blockchain Technology and Behavioural Science in policymaking, and those are the areas where we will cooperate within the framework of the project.

As for blockchain technology, the university is piloting such projects as 1) the application of blockchain to fix the intellectual property rights, 2) the application of blockchain technology to fix medical diagnosis.

Regarding BehaviouralScience, TSU has an *International Center for Research in Human Development*. The mission of the Centre is to generate and implement new knowledge about human development that will lead to improvement in quality of life and well-being of people at all stages of their life. The Centre uses methods of various sciences: experimental and cognitive psychology, cognitive neuroscience, neurophysiology, genetically informative studies (twin method and other family studies, molecular genetics, bioinformatics). Cooperation with this center can also open the door for multi-agency collaboration within the UN (in particular, with UNICEF).

5. Pavel Kadochnikov, President, Center for Strategic Research

Mr. Kadochnikov expressed great interest towards the Lab and the Project, and offered his full support to the Project by opening the impressive pool of about 1300 experts working with his entity. It was also agreed to organize joint events and capacity building activities within the Project based on the topics of the services lines of the Project, as well as the Center.

Annex 4. Pilot 1 - Competitive financing instruments for facilitating "Green energy" production at household level in Armenia's vulnerable communities

Motivation and creation of a favourable environment for innovation are of utmost importance for efficient long-term global mitigation of climate change, enhancement of economic growth and sustainable development.

The Project will build on the UNDP's rich experience both globally and on national level in reducing regional disparities including use of clean and affordable energy resources in rural communities.

The objective of UNDP in the new country programme is to contribute to sustainable development and build an equitable society in Armenia.

Since 2009, UNDP through its GEF/Small Grants Programme has been supporting demonstration, development and transfer of low-carbon technologies at the community level. These small-scale interventions are aimed to enable access to affordable and locally adapted clean energy technologies.

The UNDP's experience in Basen community (Shirak region) proves the fact that there is local demand and scalability potential of small scale renewable energy technologies deployment in rural Armenia. So far around 86 (out of 460) private houses in Basen and 27 in neighboring Karnut and Hovit communities installed solar systems at their own expense. Furthermore, increased demand of solar systems in Basen village resulted in employment of 4 assembly workers from community residents, thus creating green jobs locally.

A series of such demonstration projects created a strong demand towards these technologies and attracted private sector. However, lack of access to reasonable financing remains a major obstacle for replication and scaling up and commercialization of new low carbon technologies.

Armenia Renewable Resources and Energy Efficiency (R2E2) Fund has implemented dozen of projects aimed at reducing administrative barriers in the sector and channelling financial instruments for financing generations of renewable energy and energy efficiency. Important instrument that has been created under the auspices of R2E2 is functional **revolving fund** that financed number of projects aimed at increasing energy efficiency of both public and residential buildings and solar panel installations. Existence of such revolving fund is prerequisite for successful achievement of Project goals and objectives.

The pilot project will target regions with high level of poverty index; high level of economic migration; the geographic location on high altitudes which means severe winter conditions; limited arable land to expand the agriculture productivity. The Pilot will focus on, however, will not be limited to the following regions:

Shirak Region: occupies 9% of Armenia's territory, with population of 243,200. There are 3 urban and 116 rural communities in the region. With 45.3% of the population below the poverty line, Shirak region was still the poorest in Armenia (2016, NSS). Unemployment rate in Shirak marz is the second highest in Armenia-19% (2016 NSS) with 8.4% of unemployment in the rural areas. The region has strategic significance for freight and passenger transportation. Being at the height of 1,500-2,000 m above sea level (52 villages of the marz are at the height of 1,500-1,700 m above sea level and 55 villages – 2,000 m), the marz is the coldest region of Armenia, where the air temperature sometimes reaches -46˚C in winter. The agricultural land makes up 80% of the territory, of which 36.7% are arable lands.

Gegharkunik region: occupies 18% of Armenia's territory, with population of 231,800. Gegharkunik is the largest province in Armenia. However, approximately 1,278 km2 (493 sq mi) of its territory is covered by Lake Sevan. There are 5 urban and 93 rural communities. Poverty rate is above national average -32.1% (2016 NSS). The agricultural land makes up 65% of the territory, of which 23.6% are arable lands. The economy of Gegharkunik Province has a predominantly agricultural orientation, including farming and cattle-breeding. It has a share of 19% in the annual total agricultural product of Armenia.

8,437 households from 71 communities target regions have no access to gas distribution network and, according to financial calculations connecting them to the network will require investments equivalent to 17.3 mln USD. It is clear, that in visible perspective neither the Gasprom Armenia CJSC that operates the gas distribution network, nor the Government (both central and regional) will be able to channel such investments, while instruments such as the ones proposed within the framework of this project tackle the issue and provide with good alternatives that can be scaled-up easily.

Pre-selection of beneficiary communities will be done with the purpose to provide coverage approximately to one sixth of the all households from the Government Programme mentioned above, which are the most vulnerable strata and will have difficulties in obtaining required equipment through regular bank loans.

The proposed project is structured in a way to use functional revolving fund to leverage and channel additional resources (private investments and resources from other green funds) necessary for successful achievement of the overall goal. Successful accomplishment of the project will create another best practice in promoting solar technologies in rural communities and showcase successful cooperation in achieving GHG reduction goals.

Also, one of the most important achievements of the project will the creating of demand for services and favourable climate for establishment of **Energy Service Companies** in the regions of Armenia. They will be able to provide servicing, as well as channel additional financial resources (from donors, private and institutional investors) for "solarisation" of other beneficiaries.

Initial assessment of the project's impact on the incomes and expenditures of beneficiary households has been carried out using information and data from energy consumption survey implemented by R2E2 recently. The purpose of the survey was to assess feasibility of the Government programme on installation of solar water heaters and combined PV modules in 280 communities that have no supply of natural gas via interviews with potential beneficiaries. Analysis of survey results suggests that on average a beneficiary household consumes from 4,000 to 5,000 kWh of energy per annum, around 50% of which is being used for water heating. Financial implications of substituting this half with energy generated by installed solar water heaters could be as much, as 20 USD per month per household. Having in mind that the reported monthly financial income of an average household is 140 USD, savings generated within the framework of this project could make critical impact on the budget of beneficiary households.

The Output 4 will contribute to the achievement of the following SDG Targets:
- **SDG 7**: Provide access to reliable, sustainable and modern energy production for all (Target 7.3: Double global improvement rate of energy efficiency by 2030).
- **SDG 13**: Take immediate actions to combat climate change and its impact (Target 13.2: Integrate measures dealing with climate change into national policy, strategy and planning; and Target 13.3: Improve the level of education, awareness and human and institutional capacity to mitigate climate change effect).

The main goal of the Output 4 is to introduce sustainable and scalable mechanisms for financing activities aimed at generation of green and renewable energy and promotion of energy efficiency at household level in deprived rural municipalities that contributes to the Government of Armenia (GoA) efforts in meeting its national targets aimed at reduction of GHG emissions.

The Output 4 objective are:

✓ To provide inhabitants of deprived communities from target regions in Armenia with affordable financing mechanisms for generation of green renewable energy and reduction of energy bills;

- ✓ To make energy credits accessible and affordable for families from deprived regions that have 4 or more children through financing interest rates;

- ✓ To disseminate and promote the concept of using renewable resources and energy efficiency at household level.

- ✓ The project will substitute energy consumed with renewable energy sources – 60 GWh "Green kilowatts" will be generated during the 10 years period after completion of the Project, which corresponds to the **25 million** tons CO_2 equivalent emission reduction.

Annex 5. Risk Analysis

Description	Date Identified	Type	Impact & Probability (scale 1 min. - 5 max.)	Countermeasures Management response
1. Project's outputs may be at risk because of reduced or slowed operational processes in the Government or in UNDP by a number of reasons.	Jan 2018	Operational	I = 4 P = 2	Close monitoring of the Project's workplan/implementation timeline, raising critical issues and discussing bottlenecks in advance, including at Project Board, for a consensus-based management decision.
2. Low level of engagement and commitment from local counterparts/key partners because of apathy, lack of trust, and/or other reasons.	Jan 2018	Political	I = 3 P = 1	Capacity development, outreach strategy and motivation of staff, encouraging professional networking.
3. Low level of interest due to lack of awareness among potential beneficiaries of specifically designed instruments to finance installation of solar water heaters and PV panels at the Project inception phase.	Jan 2018	Strategic	I=3 P=2	Comprehensive awareness raising campaigns to increase the knowledge of inhabitants of the target regions on available options and benefits of renewable energy and energy efficient technologies.
4. Methodological issues may reduce project effectiveness due to lack of capacity, understanding, or contextual issues.	Jan 2018	Strategic	I = 2 P = 2	Capacity development, active participation of key partners, including SDG champions.
5. Major natural disaster, e.g. earthquake; escalation of Nagorno-Karabakh conflict may disrupt the process.	June 2017	Environmental, political	I = 5 P=3	Contingency workplan development.

Annex 6. Detailed budget

Innovative solutions for SDG implementation in Armenia	Russia - UNDP Trust Fund for Development			Parallel/ In-kind funding	TOTAL per Output (USD)
	Year 1 2018/19 May	Year 2 2019/20 May	Total		
Outcome 1: Increased use of environmentally-friendly practices as a result of behavioural experiments.					
Output 1.1: Solar water heating and PV installations is increased in the population of interest.					
Activity 1.1.1: Design, organization and coordination of the behavioral experiment	8,000	8,000	16,000		
Activity 1.1.2: Qualitative Research for Exploratory Analysis	3,000	2,000	5,000		
Activity 1.1.3: Logistics	0	1,000	1,000		
Activity 1.1.4: Survey in the target population. Survey on solar systems for water heating in schools	7,000	7,000	14,000		
Activity 1.1.5: Visibility and Validation	0	1,000	1,000		
Total Output 1.1	18,000	19,000	37,000		
Output 1.2: Wasteful water consumption is decreased in the population of interest.					
Activity 1.2.1: Design of the behavioral experiment	8,000		8,000		
Activity 1.2.2: Organization / coordination of the behavioral experiment	0	8,000	8,000		
Activity 1.2.3: Qualitative Research for Exploratory Analysis	0	3,000	3,000	UNDP SDG Lab 120,000	
Activity 1.2.4: Disseminating Nudges	0	1,000	1,000		
Activity 1.2.5: Logistics	0	1,000	1,000		
Activity 1.2.6: Survey in the target population	0	7,000	7,000		
Activity 1.2.7: Visibility and Validation	0	1,000	1,000		
Total Output 1.2	8,000	21,000	29,000		
Output 1.3: An on-demand behavioral insights facility is set up within the Lab.					
Activity 1.3.1: Design and implementation of a to-be-identified behavioral experiment.	15,000	15,000	30,000		
Activity 1.3.2: Qualitative Research for Exploratory Analysis	0	5,000	5,000		
Activity 1.3.3: Disseminating Nudges	0	5,000	5,000		
Activity 1.3.4: Logistics	0	3,000	3,000		
Activity 1.3.5: Visibility and Validation	0	0	0		
Activity 1.3.6: Survey in the target population	0	9,000	9,000		
Total Output 1.3	15,000	37,000	52,000		
Total Outcome 1	**41,000**	**77,000**	**118,000**	**120,000**	**238,000**

Outcome 2: Increased availability of data for evidence-based policy and decision-making.					
Output 2.1: Big Data application identified and piloted in two policy making areas.					
Activity 2.1.1. Research, coordination and data analysis	13,000	13,000	26,000	UNDP SDG Lab 120,000	
Activity 2.1.2. Sector mapping and identification of new data sources	15,000	5,000	20,000		
Activity 2.1.3. Analysis of big data and development of prototypes	10,000	10,000	20,000		
Total Output 2.1	38,000	28,000	66,000		
Output 2.2: An SDG-specific monitoring mechanism, the SDG Barometer, is scaled up.					
Activity 2.2.1. Data programming and visualization	10,000	10,000	20,000		
Activity 2.2.2. Identification of data sources for monitoring SDGs	6,000	0	6,000		
Activity 2.2.3. Research on user needs around specific SDG-related data	3,000	3,000	6,000		
Activity 2.2.4. Development of front-end design for barometer	10,000	0	10,000		
Activity 2.2.5. Development of back-end, procurement of server space and software	15,000	0	15,000		
Activity 2.2.6. Revision on barometer tool based on initial user feedback	3,000	3,000	6,000		
Total Output 2.2	47,000	16,000	63,000		
Total Outcome 2	**85,000**	**44,000**	**129,000**	**120,000**	**249,000**
Outcome 3: National SDG Champions' capacity is enhanced in innovative research methods and skills.					
Output 3.1: A series of hands-on co-creating workshops on behavioural experimentation in policy making is designed and piloted for SDG Champions.					
Activity 3.1.1. Design of a training program for the application of behavioral experimentation in policy making adapted to the national context	9,000	9,000	18,000	UNDP SDG Lab 120,000	
Activity 3.2.2. Organization and implementation of hands-on workshops in cooperation with international partners	17,000	0	17,000		
Activity 3.2.3. Recap workshop on behavioral experimentation application in policy making in Yerevan	4,000		4,000		
Total Output 3.1	30,000	9,000	39,000		
Output 3.2: A series of hands-on co-designing workshops on Big Data use in policy making is piloted for Armenia's SDG Champions.					
Activity 3.2.1. Development of a training program focused on Big Data use in policy making adapted to the national context	9,000	5,000	14,000		
Activity 3.2.2. Organization and implementation of hands-on workshops in cooperation with international partners	18,000	29,000	47,000		
Activity 3.2.3. Recap workshop on big data application in policy making in Moscow	0	9,000	9,000		
Total Output 3.2	27,000	43,000	70,000		
Output 3.3: Research exercises on alternative finance and blockchain are designed and piloted for SDG Champions.					

Activity 3.3.1. Organization of working sessions on alternative finance and blockchain application in a to-be-identified public policy area	8000	0	8,000		
Activity 3.3.2. Development of a prototype for the application of alternative finance and blockchain in a field identified and validated during the working sessions	0	9000	9,000		
Total Output 3.3	8,000	9,000	17,000		
Output 3.4: An on-demand training facility is set up within the Lab to socialize the Lab's most advanced public policy tools.					
Activity 3.4.1. Design and implementation of hands-on workshops on to-be-selected Lab approaches (i.e. systems thinking, user driven design, foresight exercise)	7,500	7500	15,000		
Total Output 3.4	7,500	7,500	15,000		
Total Outcome 3	72,500	68,500	**141,000**	120,000	261,000
Outcome 4: Successful model for SDG-accelerated implementation under goal 7 (Affordable and Clean Energy) is designed and tested.					
Output 4.1: Competitive financing instruments are developed for facilitating "Green energy" production at household level in Armenia's vulnerable communities.					
Activity 4.1.1. Mapping of potential beneficiaries (minimum 850 households from vulnerable communities, including 310 families having 4 or more children)	2,000	2,000	4,000		
Activity 4.1.2. Financing of solar water heaters and PV panels installation from revolving fund through Global Credit Universal Credit Organization	110,000	50,000	160,000		
Activity 4.1.3. Financing of solar water heaters and PV panels installation from revolving fund through banks	110,000	50,000	160,000		
Activity 4.1.4. Financing of interest rates for credits from partner banks aimed at procurement and installation of solar water heaters for 310 families having 4 or more children and residing in vulnerable communities	50,000	40,000	90,000	R2E2 900,000	
Total Output 4.1	272,000	142,000	414,000	UNDP 120,000	
Output 4.2: Increased awareness on benefits of renewable energy and energy efficient technologies and promotion of "Green jobs" in the target regions.					
Activity 4.2.1. Awareness raising campaign on the benefits of renewable energy and energy efficiency in target communities	8,000	8,000	16,000		
Activity 4.2.2. Monitoring and evaluation of the results generated by the application of suggested financial instruments	5,000	5,000	10,000		
Total Output 4.2	13,000	13,000	26,000		
Total Outcome 4	**285,000**	**155,000**	**440,000**	**1,020,000**	**1,460,000**
Project Management Costs					
Human resources (management)	33,000	33,000	66,000		

Travel and Office costs (stationary, equipment)			15,000	UNDP SDG Lab 120,000	
Direct Project Costs (Monitoring, evaluation, programme support)			10,000		
Communication and visibility			6,900		
Total Staff and Project Management Support			**97,900**		
General Management Services (8%)			74,100		
TOTAL			**1,000,000**	**1,500,000**	**2,500,000**

See in Attachment also UNDP-format excel budget.