

# ADS ECO Eco-Industrial Complex

## Public-Private Partnership (PPP) Framework

### Institutional Infrastructure Partnership Structure Republic of Armenia

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#### 1. Executive Overview

The ADS ECO Eco-Industrial Complex is structured as a strategic circular economy and environmental infrastructure platform capable of implementation through a Public-Private Partnership (PPP) model.

The PPP framework is designed to align:

- Government environmental objectives
- Municipal waste management modernization
- Private sector investment participation
- International institutional financing
- ESG and climate infrastructure priorities

The Project provides a scalable infrastructure solution capable of addressing:

- Municipal solid waste management
- Landfill reduction
- Renewable energy generation
- Industrial recycling infrastructure
- Circular economy development
- Climate mitigation objectives

The PPP model enables long-term cooperation between public authorities and private infrastructure operators while minimizing fiscal burden on municipalities and the state.

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#### 2. Strategic PPP Objectives

##### Public Sector Objectives

- Modernize waste management infrastructure
- Reduce landfill dependency
- Improve environmental compliance
- Support climate mitigation objectives
- Increase renewable energy generation
- Develop regional industrial infrastructure
- Attract foreign direct investment

## Private Sector Objectives

- Develop stable infrastructure cashflows
- Secure long-term contracted revenues
- Access scalable infrastructure platform
- Participate in ESG-aligned investment opportunities
- Develop circular economy industrial operations
- Enable long-term infrastructure asset ownership

## Shared PPP Objectives

- Sustainable infrastructure development
- Environmental protection
- Long-term economic development
- Technology transfer
- Employment generation
- Institutional governance improvement

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## 3. PPP Project Structure

### Proposed PPP Model

ADS ECO may be structured under a hybrid Design-Build-Finance-Operate-Maintain (DBFOM) model.

### Core PPP Participants

Stakeholder	Role
Government / Municipality	Waste supply, permits, regulatory support
ADS ECO SPV	Project development & ownership
EPC Contractor	Engineering, procurement & construction
O&M Operator	Operations & maintenance
Investors	Equity financing
Lenders	Debt financing
ESG / Climate Institutions	Sustainability financing support

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## 4. Proposed Special Purpose Vehicle (SPV)

### ADS ECO SPV

The Project is proposed to operate through a dedicated Special Purpose Vehicle (SPV).

### SPV Functions

- Asset ownership
- Project financing

- EPC contract execution
- Operational management
- Revenue collection
- ESG reporting
- Regulatory compliance
- Investor governance

## Potential Ownership Structure

Participant	Potential Role
Sponsor / Developer	Majority strategic control
Strategic Investors	Equity participation
Institutional Investors	Infrastructure investment
Public Stakeholders	Optional minority participation

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## 5. Public Sector Participation

### Potential Government Contributions

#### Waste Supply Agreements

Government or municipalities may provide:

- Long-term municipal waste supply commitments
- Regional waste aggregation support
- Minimum waste volume guarantees
- Waste collection coordination

#### Land & Infrastructure Support

Potential contributions:

- Land allocation support
- Access road infrastructure
- Utility infrastructure support
- Rail connectivity facilitation
- Environmental zoning assistance

#### Regulatory Support

Potential support areas:

- Environmental permitting
- Industrial licensing
- Renewable energy approvals
- Waste management authorizations

- PPP regulatory framework alignment

### **Economic Incentives**

Potential mechanisms:

- Tax incentives
  - Green infrastructure incentives
  - Import duty exemptions
  - Renewable energy incentives
  - Climate finance support programs
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## **6. Private Sector Participation**

### **Private Partner Responsibilities**

#### **Development Responsibilities**

- Project structuring
- Financial modeling
- Technical development
- EPC management
- Environmental compliance
- Technology integration

#### **Financing Responsibilities**

- Equity capital contribution
- Debt financing arrangement
- Investor engagement
- Institutional financing coordination

#### **Operational Responsibilities**

- Waste processing operations
  - Recycling operations
  - Energy generation operations
  - ESG monitoring systems
  - Environmental management
  - Industrial asset maintenance
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## **7. Waste Supply Framework**

### **Municipal Waste Integration**

ADS ECO is designed to process:

- Municipal solid waste (MSW)
- Commercial waste streams
- Industrial non-hazardous waste
- Organic waste fractions
- Recyclable material streams

### Long-Term Waste Agreements

#### Potential Structure

Component	Description
Contract Duration	Long-term infrastructure agreements
Minimum Supply Volumes	Contracted baseline tonnage
Delivery Mechanism	Municipal collection integration
Pricing Structure	Tipping fee framework
Quality Parameters	Waste acceptance standards

Long-term waste agreements strengthen:

- Revenue predictability
- Bankability
- Infrastructure financing eligibility
- Institutional investment confidence

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## 8. Revenue Structure under PPP Model

ADS ECO operates through a diversified multi-stream infrastructure revenue model.

### Primary Revenue Sources

#### Public Revenue Streams

- Municipal tipping fees
- Waste management service contracts
- Regional waste processing agreements

#### Commercial Revenue Streams

- Electricity sales
- Recyclable material sales
- RDF fuel products
- Industrial raw materials
- Agricultural outputs
- Carbon-related value streams

## Revenue Diversification Benefits

The multi-stream structure reduces:

- Commodity concentration risk
- Revenue volatility
- Operational dependency risk
- Municipal payment concentration exposure

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## 9. Infrastructure Financing Framework

### Proposed Capital Structure

Financing Layer	Potential Source
Sponsor Equity	Developer capital
Strategic Equity	Industrial investors
Institutional Equity	Infrastructure funds
Senior Debt	Commercial banks
Development Debt	IFIs / DFIs
Green Financing	Climate finance institutions

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## 10. Institutional Financing Readiness

ADS ECO is designed to meet institutional infrastructure financing standards.

### Institutional Readiness Components

- Fixed-price EPC structure
- Long-term O&M strategy
- ESG governance systems
- IFRS financial reporting
- Digital operational monitoring
- Environmental compliance systems
- Structured PPP governance framework

The Project is designed for compatibility with:

- Development finance institutions
- Infrastructure lenders
- Climate finance entities
- ESG-focused investment platforms
- Green financing facilities

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## 11. ESG & Sustainability Integration

### Environmental Objectives

- ≥90–95% landfill diversion
- CO<sub>2</sub> emissions reduction
- Renewable energy generation
- Circular economy integration
- Environmental modernization

### Social Objectives

- 250+ direct jobs
- Industrial workforce development
- Regional economic activity
- Long-term infrastructure employment

### Governance Objectives

- Institutional reporting systems
- Independent oversight mechanisms
- ESG monitoring architecture
- Transparent operational systems

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## 12. Risk Allocation Framework

### Proposed Risk Allocation Matrix

Risk Category	Proposed Responsible Party
Construction Risk	EPC Contractor / SPV
Operational Risk	O&M Operator
Waste Supply Risk	Municipality / Shared
Commodity Price Risk	SPV
Regulatory Risk	Shared
Environmental Compliance	SPV
Force Majeure	Shared
Financing Risk	SPV / Investors

### Risk Mitigation Measures

#### Construction Risk Mitigation

- Fixed-price EPC contracts
- Performance guarantees
- Technology validation
- Insurance coverage

#### Operational Risk Mitigation

- Long-term O&M agreements

- SCADA monitoring systems
- Technical redundancy systems
- Preventive maintenance programs

### **Revenue Risk Mitigation**

- Diversified revenue streams
- Long-term waste contracts
- Multiple product outputs
- Energy market integration

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## **13. Regulatory & Legal Framework**

### **Potential Legal Structure**

The Project may operate under:

- Armenian PPP legislation
- Environmental regulations
- Energy market regulations
- Waste management laws
- Industrial licensing systems

### **Core Legal Agreements**

#### **Key Agreements**

- PPP Agreement
- Concession Agreement (if applicable)
- Waste Supply Agreements
- EPC Contract
- O&M Agreement
- Power Purchase Agreements (PPA)
- Shareholder Agreement
- Financing Agreements

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## **14. Power & Energy Integration Framework**

### **Energy Infrastructure Integration**

ADS ECO integrates:

- Waste-to-energy systems
- Renewable energy systems
- Grid export capability
- Smart energy management systems

## Potential Energy Revenue Structures

- Grid electricity sales
- Industrial energy supply
- Renewable energy integration
- Long-term energy offtake agreements

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## 15. Digital Governance & Transparency

ADS ECO incorporates institutional-grade digital governance infrastructure.

### Digital Systems

- SCADA monitoring systems
- ESG reporting platforms
- Real-time operational analytics
- Financial monitoring systems
- Environmental tracking systems
- KPI dashboard architecture

### Transparency Objectives

- Institutional reporting visibility
- Operational accountability
- ESG compliance tracking
- Financial transparency
- Regulatory reporting integration

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## 16. PPP Lifecycle Structure

### Phase 1 — Development

Includes:

- Feasibility validation
- PPP structuring
- Financial modeling
- Technical design
- Environmental assessments
- Institutional negotiations

### Phase 2 — Financial Close

Includes:

- Debt structuring
- Equity participation
- PPP agreement execution
- EPC finalization
- Institutional approvals

### **Phase 3 — Construction**

Includes:

- Site development
- Infrastructure construction
- Equipment installation
- SCADA integration
- Testing & commissioning

### **Phase 4 — Operations**

Includes:

- Waste processing operations
  - Energy generation
  - ESG monitoring
  - Reporting & compliance
  - Long-term asset management
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## **17. Expansion & Replication Potential**

ADS ECO is designed as a scalable national infrastructure model.

### **Replication Regions**

Potential future expansion:

- Lori Region
- Armavir Region
- Kotayk Region

### **PPP Replication Benefits**

- Regional waste management modernization
  - Distributed renewable energy generation
  - National circular economy integration
  - Scalable infrastructure financing platform
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## 18. Strategic PPP Benefits

### Public Sector Benefits

- Reduced fiscal burden
- Infrastructure modernization
- Climate mitigation contribution
- Improved waste management systems
- Technology transfer

### Private Sector Benefits

- Long-term infrastructure cashflows
- ESG-aligned investment opportunity
- Stable contracted revenues
- Scalable infrastructure platform
- Institutional financing eligibility

### National Benefits

- Environmental modernization
- Renewable energy integration
- Circular economy development
- Industrial competitiveness improvement
- Long-term sustainable infrastructure growth

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## 19. Strategic Conclusion

The ADS ECO PPP Framework establishes a structured institutional partnership model capable of delivering Armenia's next-generation circular economy infrastructure.

The framework integrates:

- Public environmental objectives
- Private infrastructure investment
- Institutional financing standards
- ESG governance architecture
- Renewable energy integration
- Long-term sustainable industrial development

ADS ECO is positioned as:

- Strategic national environmental infrastructure
- Circular economy industrial platform
- Climate-aligned infrastructure asset
- Institutional investment opportunity

- Scalable PPP infrastructure ecosystem

The PPP structure enables long-term cooperation between public institutions and private infrastructure operators while supporting sustainable economic and environmental development.

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## **Contact Information**

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