



MONGOLIA ENERGY GOVERNANCE ACTIVITY

Mongolia Energy Research and Innovation Fund

Annual Program Statement #2023-002

“Supporting Advanced Energy Technologies”

The Mongolia Energy Governance (MEG) Program is a five-year USAID-funded project to promote a secure, stable, diversified, and modern, energy sector. Through the Mongolia Energy Research and Innovation (MERI) Fund, grants will be awarded that sustain the progress of MEG activities by building a more sustainable energy sector ecosystem, strengthening institutional and workforce capacity of Mongolian organizations, and providing tools to carry forth the energy sector transition.

The MEG Activity is guided by the following development objectives:

1. Improve planning and operational performance of the electricity and heating systems;
2. Increase market competitiveness in the power sector;
3. Enable adoption of modern energy generation and management technologies;
4. Promote energy efficiency and demand side management;
5. Raise awareness and lead to behavioral change of energy use;
6. Promote Gender and Social inclusion in the energy sector;

A key element of the MEG Activity is the use of Grants Under Contract (GUCs) to partner with Mongolian actors to support energy sector transformation. The MEG Activity’s MERI Fund will be designed to accommodate a variety of approaches depending on USAID/Mongolia’s priorities for the overall Activity. The use of the MERI Fund will incentivize co-investment and leverage and facilitate identification of innovative initiatives by public, private and civil society sectors while considering cross-cutting themes, such as gender balance, social inclusion and youth participation.

In support of the Activity objectives, MEG will provide grants to think tanks, consulting firms, community organizations, non-governmental organizations (NGOs), private firms, energy institutions, and other relevant Mongolian organizations to implement a variety of interventions. MEG’s MERI Fund hereby issues this Annual Program Statement (APS) to invite concept papers from organizations seeking to participate in its Policy Advocacy Program. Unless amended or canceled, this APS will be valid from May 15, 2023 through October 30, 2023.

“Supporting Advanced Energy Technologies”

The underlying purpose of this grant program is to improve the Mongolian energy sector’s readiness for energy transition and enabling the adoption of diversified modern energy technologies at larger scale. The MERI Fund will support advanced energy technologies in the sector through the following interventions:



- **Increasing alternative energy resources to reduce air pollution**, to pilot or demonstrate the effectiveness and efficiency of advanced energy technologies or new products, or to scale technologies and to address local air quality challenges by supporting the provision of clean and reliable electricity and heating sources. This could include innovative ideas or interventions in any of the following areas: new/emerging energy sources, renewable energy, integrated energy planning, tariff design, distributed energy resources, mini grids and microgrids in the ger districts using renewable energy, smart metering and energy resilience, among others.
- **Promoting energy efficiency and demand side management**, involves activities to conduct least cost analyses addressing power and heating requirements, including various scenarios and options for expansion of the heating loop, improvements in power distribution, energy efficiency, and demand side management programs. It may also include energy efficiency audits to identify energy efficiency and advanced energy technologies opportunities. The audits will identify ways to adopt energy efficiency measures thus reducing electrical/heating losses in commercial and residential buildings; facilitate greater private investments through engaging with local businesses, financial institutions, and community groups.
- **Establishment of innovative, operational financing mechanisms for sustainable energy investments** includes grants for developing innovative financial mechanisms to support the energy transition and reduce air pollution in Mongolia. This type of initiative is crucial in addressing the pressing energy and environmental challenges that the country is facing today. Clean energy and energy efficiency projects require significant investment, high upfront costs, and the traditional financing sources may not be sufficient to support these initiatives. Innovative financial mechanisms aim to provide a sustainable source of funding for these projects and to create a favorable investment environment.

If selected for the award, each recipient will be **expected to achieve results** that not only develop innovators' capabilities but also connect successful innovators with potential investors. It also seeks to identify opportunities for energy efficiency savings and innovative financial mechanisms and tools which provide significant benefit to the Mongolian Energy sector, as measured by one or more of the following performance indicators:

- **Increase alternative energy resources by piloting and scaling innovative technologies to reduce air pollution:**
 - Improved security by enabling a more diverse energy mix, including renewable energy sources such as solar and wind power.
 - Increase jobs in areas such as research and development, engineering, and installation and maintenance of new energy infrastructure.
 - Improved vision on strategies of which modern technologies to pilot, test and scale up to promote renewable energy.
 - Improved knowledge of technology for cost efficient renewable energy facilities.
 - Improved piloted and tested technology alternatives for heating and power distribution and reduction of greenhouse gas emissions.
 - Increased comfort level by conducting surveys to determine how residents in ger area feel about the temperature, humidity and indoor air quality.
 - Increased consumption using renewable energy for electric boilers for hot water.
 - Increased partnership between innovators and investors



- **Promote energy efficiency and demand side management:**
 - Increased efficiency of energy production and distribution, which can result in lower costs for consumers and a reduction in carbon emissions.
 - Upgrading more energy-efficient equipment or appliances
 - Improving building insulation and sealing to reduce heating and cooling losses
 - Improving energy management system to monitor and control energy consumption
 - Increased energy efficiency programs to promote the use of more energy-efficient technologies and practices, which can reduce overall energy consumption and peak demand.
 - Reduced energy costs, increased grid stability and reliability, improved environmental performance, and increased energy independence and security.
 - Improved compliance with energy efficiency regulations, improved their building's energy performance rating, and enhanced the value and marketability of their property.
- **Establish innovative and operational financing mechanisms for sustainable energy investments:**
 - Increased investment in renewable energy and energy efficiency projects, which can help to accelerate the transition to a low-carbon economy and mitigate the impacts of climate change.
 - Increased understanding and alignment between public and private stakeholders on key energy investment priorities, challenges, and opportunities.
 - Enhanced access to financing and investment opportunities for energy efficiency and renewable energy projects.
 - Strengthened partnerships and networks between public and private stakeholders in the energy sector.
 - Improved understanding of the potential profitability and risks associated with a particular investment opportunity.
 - Increased partnership between bankable renewable energy projects and offshore private firms and financial institutions.
 - Increased capacity of project developers' knowledge and skill to propose and manage the green and sustainable financing.

Focus area	Example of high-level activities
<p>Increase alternative energy resources by piloting and scaling innovative technologies to reduce air pollution</p>	<ul style="list-style-type: none"> ● Evaluate and assess energy innovations to determine their potential for scale and strengthen technical capacity building and vocational training. ● Carry out feasibility studies on alternative energy solutions for investment opportunities, including identification of true cost of fossil fuels. ● Conduct technology needs assessment on innovative ideas or interventions, new/emerging energy sources, such as renewable energy, distributed energy resources, mini grids and microgrids, smart metering, clean heating, thermal storage heaters and energy resilience, among others. These can include technologies such as affordable energy efficient housing, and others. Pilot and/or scale modern energy technologies, not limited by above, to improve access and quality of the energy services and address local air quality challenges.



Focus area	Example of high-level activities
<p>Promote energy efficiency and demand side management</p>	<ul style="list-style-type: none"> ● Improve existing regulations, standards, and codes for energy consumption. ● Develop new documents (regulations, standards, and codes) to promote more energy efficient measures in buildings and industries enabling the implementation of new efficient technology; and efficiency standards. ● Pilot energy efficiency rating system to construction, industrial sectors focusing on designated entities. ● Introducing improved smart meter billing system in both electricity and heating with alternative technical solutions and regulatory framework. ● Scope, design, pilot and/or introduce demand side management programs to shift total electricity demand through energy efficiency measures, and to implement load management programs through changing load-shape. ● Conduct energy efficiency audits and identify energy efficiency and advanced energy technologies opportunities. Pilot or scale energy efficiency projects to support enhanced electric service company markets.
<p>Establish innovative and operational financing mechanisms for sustainable energy investments</p>	<ul style="list-style-type: none"> ● Conduct macro and socio-economic impact assessment of green and innovative financial mechanisms, such as creation of green jobs, increased investments in sustainable energy. ● Conduct needs assessment to disseminate locally available information about best practices to scale clean energy technologies such as successful business models from other countries, and if needed, to develop such knowledge sharing platforms for wider audience. It is recommended to include cases that successfully scaled solar PV or storage technologies for households and small and medium-sized enterprises. In doing so, it is also recommended to actively engage relevant stakeholders from academia, financial institutions, the government, and private sector, professional associations, and research institutes. ● Identify gaps to promote innovative and operational financial mechanisms for the energy sector, including Monitoring, Reporting and Verification (MRV) systems, regulatory environment and validation systems of energy conservation and greenhouse gas emission reductions. It is expected to engage with current initiatives and projects initiated or undertaken by the other development partners, banking associations and key stakeholders such as the private sector, financial institutions, and the government. ● Pilot or scale financial mechanisms and facilities that will provide grants or seed funding to scale advanced energy technologies that have significant potential of urban air pollution reductions.



I. ELIGIBLE PARTIES

Grants program is designed for non-Governmental organizations (NGOs), non-profit, and for-profit entities. Organizations that are affiliated with a government, or any governmental entities, are not eligible to apply. Activity will accept grant applications from both not-for-profit and for-profit organizations. In order to be considered eligible for a grant award under this APS, prospective grantees must:

- Be a registered legal entity in Mongolia. Be a for-profit or non-profit organization, formally constituted, recognized by and in good legal standing with the appropriate Mongolian authorities and compliant with all applicable civil and fiscal regulations (individuals are not eligible). Registration documents will be required.
- Operates as an independent non-politically affiliated organization.
- Not be part of a government or any government structure or agency.
- Provide evidence of financial accountability to the extent possible and maintain strict and detailed records of all expenses, and have designated individual(s) responsible for financial management.
- Be in good standing with all civil and fiscal authorities in the countries they operate in, and Possess financial accountability and maintain detailed records of all expenses.
- Possess sound managerial, technical, and institutional capacities to achieve the results of the grants program.
- Possess a system of internal controls that safeguards assets and protects against fraud, waste, and conflicts of interest;
- Not appear on any list of debarred or suspended entities (as found on www.sam.gov), or on any terrorist watch list or other published list of ineligible recipients.

Grants must not fund or support any of the following activities:

- Capital expenditures, including construction activities or buying real property.
- Capital loans.
- Support for or lobbying on behalf of a particular political party.
- Religious activities.
- Support of police or military.

II. INSTRUCTIONS TO APPLICANTS

Grants will be negotiated, denominated and funded in MNT. Grant award amounts under this APS will be determined on a case by case basis depending on the activities proposed, but are anticipated to be valued at between \$75,000 and \$150,000. Higher or lower values may be awarded, as appropriate to the duration and content of the activities. Grant activities are expected to last from 6 months up to 36 months in duration.



Eligible Applicants should contact the MEG Activity Grants Manager to request the Concept Note Template or click here: <https://rb.gy/vqf4p> to submit their concept paper (maximum five pages excluding annexes). The template requests the following information:

- A general description of who will benefit from the proposed activities (including estimates of how many people and the target population(s)) and the proposed impact on them.
- A description of who and how the program will be implemented as an integral part of the applicant's Implementation Plan, including leadership and number of brief of staff or workers;
- An estimate of the total amount of Grant Program funding which would be required to implement the activities, as well as details of Applicant's contribution (cash and/or in-kind), if any.
- The purpose (mission) and objectives of the organization and the proposed program.
- Documentation of the organization's past history, geographic range sites of past and current activities, and specific programs and their impacts.

All concept papers will be reviewed by the MEG team and evaluated and scored objectively using the established criteria presented below.

Only concept papers from applicants that meet the eligibility requirements below will be further reviewed.

To qualify for further consideration, eligible concept notes must also meet mandatory criteria 1-5:

1. Is the purpose of the activity specified in the application consistent with the objectives of the MEG Activity.
2. Has the Applicant provided a copy of its legal registration with its concept paper?
3. Does the Applicant have the organizational capability to successfully implement the activity specified in the concept paper?
4. Does the Applicant have the financial accounting system to adequately account (as per USAID regulations) for the funds that would be provided via the award?
5. Does the Applicant intend to contribute their own resources to support the outcome of the proposed activities? If so, has the applicant included an explanation of the organization's own contribution that will be leveraged to support this grant?

III. SELECTION CRITERIA

Applicants whose concept papers meet the below criteria will then be invited to submit a formal application, which will be scored according to the supplementary criteria 6-10:

Criteria	Maximum Points (100 total)
6. Strategic Fit: Does the activity contribute to the MEG's overall objectives, suggest sustainability of results and anticipated benefits to the beneficiaries, number of beneficiaries served and duration of the proposed activities.	30 points
7. Technical Approach: Do the activities have a realistic and well thought out implementation plan with clearly defined objectives, expected results, and quantifiable target/benchmarks with a technical approach that is innovative, cost-effective, transformative, and sustainable?	30 points



<p>8. Organizational Capabilities: does the applicant have past experience in Mongolia in similar projects? Are the staff equipped with skills relevant to the proposed activity? Does the applicant possess a sound accounting system and procurement practices and capacity to adhere to USAID financial guidelines?</p>	<p>25 points</p>
<p>9. Gender and youth Considerations: Does the activity offer employment opportunities for women and/or youth that could impact women’s and youth empowerment, participation and involvement?</p>	<p>5 points</p>
<p>10. Cost Effectiveness: Is the value of the proposed grant reasonable, allocable, allowable, and cost effective? Is the Applicant contributing to the overall activity cost in cash or in kind, or using other methods to leverage resources? Applications that maximize the portion of direct activity costs including leveraging of the organizational contribution and that minimize administrative costs will be more favorably considered.</p>	<p>10 points</p>

IV. GRANT PAYMENTS

The MERI Fund expects to award multiple performance-based Fixed Amount Award grants under this APS. Each grant will be divided into several payments, to be paid upon achievement of agreed-upon milestones. Each grant agreement will define the milestones, as appropriate for each grantee. All grants will include one or more milestones related to the achievement of expected results as measured by the performance indicators.

V. CONCEPT PAPER REQUIREMENTS AND REVIEW PROCESS

1. **Information sharing session:** This session will review the information in the APSs, MEG’s outcomes and interventions and provide an opportunity for applicants to pose questions. Applicants interested in attending the information session are requested to indicate their interest by 24th of May, 2023 at 12:00 noon to register through this link: <https://rb.gy/crjol>
2. **Closing date of application:** Concept papers should briefly and concisely address the questions provided in the template and will be accepted on a rolling basis from 15th of May 2023 to 30th of October 2023. Concept papers will be reviewed two times during this period:
 - Round 1 – for concept papers received by June 30, 2023
 - Round 2 – for concept papers received by October 30, 2023

The concept paper must be signed by an authorized agent of the applicant and must be submitted in either English or Mongolian language. Concept papers and all annexes submitted electronically via email to the MEG MERI Fund at the following coordinates:



Submission Address: Mongolia Energy Governance Activity. USAID contractor Abt Associates Inc. International Development.

Grants Manager: Grants_mongolia@abtassoc.com; Applicants must submit their concept papers using the attached via email to the MERI Fund Grants Manager. Clarification questions may also be directed to this email address. Please note, no questions will be accepted in person or via telephone. Additional questions concerning those APSs should be submitted in writing via email to email address. No questions will be answered by phone and in person. For all questions submitted, a written response will be circulated to all applicants.

The issuance of this APS does not constitute an award commitment on the part of MEG Activity, nor does it commit Abt Associates (the USAID Contractor implementing project name) to pay for any costs incurred in the preparation or submission of concept papers or applications. USAID and Abt Associates reserve the right to reject any or all concept papers/applications, if such action is considered to be in the best interest of the Project.

AUTHORIZATION AND ADDITIONAL INFORMATION

The *MEG Activity* Grants Program is authorized in accordance with USAID Contract IDIQ Contract No.: 7200AA19D00021 (Task Order Contract No.: 72043822F00001). Awards will be administered in accordance with provisions contained in ADS Chapter 303, "Grants and Cooperative Agreements to Non-Governmental Organizations," and/or within the terms of the USAID Standard Provisions applicable to Non-U.S. Non-Governmental Recipients.