

STANDARD 'CALL FOR PROPOSALS' (CFP)

Please read the [Grants | Instructions](#) before filling out this form.

Overriding Principle:

In the interest of fairness, transparency and integrity, the 'Call for Proposals' (CFP) is recommended as the most appropriate solicitation method for announcing available grant support under the competitive selection method.

Objective:

The public distribution or advertising of the CFP should be tailored to best facilitate the project's objective, and ideally result in the receipt of at least three (3) proposals.

Primary project/program title:

Energy Transition Partnership (ETP) - **Energy Efficiency Innovation Window Round 2**

and/or UNOPS reference number (if applicable):

ETP-CFP-VIP3-12/2021

1. General instructions for proposal submission

How to submit?

Fill out this simple CFP form and use the Grant Application template ([Grant Application Template](#)) to assist with the submission of a more detailed application.

When to submit?

Deadline: 31/01/2022

Where to submit?

email: MarkusS@unops.org, Sirpal@unops.org and YuchongN@unops.org

2. Eligibility criteria as per project agreement

Limitations. Examples:

This Call for Proposals will select more than one successful Proposal, limited to entities with demonstrated experience in working in different geographic regions (global) or in at least 2 of the following: Asia and Pacific. - Limited to entities with proven experience (of at least 5 years) in project implementation, research, policy development and analysis, and/or capacity building activities in energy transition or climate action in line with the Paris Agreement.

Entities are eligible as long as the grant project does not have the purpose of producing a direct financial profit, however this does not refer to the reasonable recovery of a grantee's overhead or operational costs up to a limit of 10% of the total project amount.

Minimum requirements/qualifications. Example:

The EE Innovation Window will select projects for grant funding and will guide their implementation phase towards activities that create improved market conditions and “bankability” of energy efficiency projects, and that subsequently catalyse increased public investment and foreign direct investment in energy efficiency in the target countries. In terms of mechanics, it will operate in line with established UNOPS procedures for similar funding windows.

Eligible technologies and innovations include any that address any of the categories listed in Part 2 above (Category 1: Project Development Support; Category 2: Access to EE Finance; Category 3: Facilitation of Policy Implementation for Energy Efficiency), and also that directly address one or more of the barriers to EE investment listed through A-E in Part 1. During the application process, ETP will explicitly screen for these questions. ETP will accept applications on an ongoing basis, with evaluation of applications carried out on a quarterly basis refer ‘Project Management’ below).

Eligible Technologies and Approaches

Successful applications will address the barriers to expanding energy efficiency investments as defined in the three categories under the EE Innovation Window, and in addition eligible technologies and interventions include the following:

- interventions that cover energy efficiency or increased productivity in the commercial, industrial or residential sectors, or efficiency-focused applications in transportation;
- smart metering, monitoring and energy use information and data;
- smart grid and control technologies;
- residential and commercial building construction and retrofitting – insulation and building envelope measures, lighting, heating and cooling (including space cooling and refrigeration), appliances, control systems, building integrated PV, hot water production;
- industrial energy performance – electric motors, drives, pumps, air compressors, boilers and thermal equipment, economizers;
- training and/or certification programs for practitioners in component parts of project development, such as energy auditing, understanding and delivering M&V for energy savings, EE project finance, and other capacity building required by the project owner.; and
- innovative approaches and support to the development of effective and innovative energy efficiency policies, that have potential to inform and influence public policy towards energy efficiency investment.

The initial geographic scope for interventions funded by the EE Innovation Window will be Indonesia, the Philippines and Vietnam. Applications for interventions and innovations that may be relevant across more than one country in this grouping (including across the Southeast Asian countries) are also accepted. [*Applications from Vietnam are strongly encouraged.]

Other critical considerations. Example:

Past performance will be strongly considered when selecting the most suitable proposal.

Experience in capacity and professional development on energy transition, solar, wind, energy efficiency, energy regulation, grid modernization, transitional energy economics in policy, regulation, investment programming for renewable energy and energy efficiency and smart grids and access to finance will be a strong asset;

Research and policy analysis expertise in the following sectors will be considered a strong advantage: energy, solar, wind, energy efficiency, grid modernization and smart grids, capacity development in the energy and energy transition domain;

Expertise in assessing sustainable development impacts and transformational change potential of energy and transitional energy sector policies and programming will be an asset;

Past performance will be strongly considered when selecting the most suitable proposal. History working with public and private sector clients, especially in developing countries, particularly in SEA countries, shall be provided, by completing the provided experience history form attached to the proposal.

Gender Considerations: The applicant shall provide a response that demonstrates its commitment to support gender equality and women's empowerment through its operations. The evaluation will consider the applicants' feedback to these criteria as part of the evaluation process. UNOPS GenderParity Strategy is available here:

https://content.unops.org/publications/UNOPS_Gender-Parity-Strategy_EN.pdf?mtime=20180305151041&focal=none

3. Description of scope of work

Overall sector. Example:

Energy Transition, Energy Efficiency

1. Background

1.1. Southeast Asia Energy Transition Partnership

The Energy Transition Partnership (ETP) is a multi-stakeholder platform that aims to accelerate the energy transition in Southeast Asia and deliver the Paris Agreement targets on climate change by bringing together government donors, philanthropies and partner governments. ETP aims to empower its partner countries to transition towards an energy system that simultaneously ensures environmental sustainability, economic growth and energy security. To achieve this goal, ETP will mobilize and coordinate the necessary technical and financial resources to create an enabling environment for renewable energy, energy efficiency and sustainable infrastructure in the region.

ETP aims to deliver joint action, improved coordination and dialogue to accelerate the energy transition in the region by addressing impediments to renewable energy, energy efficiency and sustainable infrastructure. ETP Members have come together to fund ETP to (1) support an improved delivery environment to accelerate the energy transition in Southeast Asia; (2) improve coordination between other relevant initiatives in the region, including capital investments and technical assistance; and (3) where possible and appropriate, to promote communication and knowledge-sharing among stakeholders in the region on the energy transition.

With an initial focus on Indonesia, the Philippines and Vietnam, ETP has a mandate to mobilise resources and coordinate the necessary technical assistance to create an enabling environment for the energy transition. This includes high-level technical advisory support, grant-making and capital investment programmes, capacity and skills development programs, and convening of cross-sectoral dialogues with decision-makers and broader sets of stakeholders.

1.2. Energy Efficiency in Southeast Asia - The Need for Catalytic Funding Mechanisms for Energy Efficiency Projects

With regard to the energy transition in Southeast Asia (and globally), all credible studies and plans point to the need for energy efficiency to play a prominent role in achieving both cost-effective emissions reductions and

improving the utilisation of investments into available energy system resources. The practical challenge that designers of programs and initiatives face, however, is that despite the fact that the financial returns of energy savings investments are routinely identified in studies of energy efficiency's potential, the status quo remains that there is substantial under-investment in cost-effective energy efficiency initiatives. This "EE investment gap" persists, almost universally, across all countries. The unfortunate reality is that both the number of "implementation-ready" EE projects, and the availability of financing for such projects, remain suboptimal because of the following common barriers:

- Low awareness of energy efficiency. There are deficits in awareness and knowledge related to energy efficiency among many stakeholders, including owners of energy-consuming facilities in the industrial, commercial and governmental sectors. This lack of awareness has been reinforced in many places by historically subsidized low electricity rates, which materially reduce the efficiency payoffs that may be realized by facility owners, and result in unacceptably long paybacks and low internal rates of return (IRR) on any such investments, including for up-front investments of capital. Higher electricity prices will not alone, however, be a key driver for energy efficiency uptake; even where returns from energy efficiency are highly attractive there is systemic under-investment, and behavioural and structural barriers to action remain more important.
- Lack of technical capacity and project development skills, which leads to a general lack of confidence among local facility owners and investors that the EE savings projected for future projects can be achieved and verified. Local engineers, vendors, consultants and Energy Service Companies (ESCOs) often produce energy audits that identify opportunities that are not viewed as "bankable" by investors, due to insufficient data, or due to incorrect baselines and savings estimates. Most service providers are not qualified to prepare investment grade audits and perform other critical development tasks required to attract finance. There are also clear gaps in the knowledge and experience of local energy auditors in knowing how to help structure low-risk project loans, and to prepare measurement and verification (M&V) plans according to accepted international protocols.
- The small scale of EE projects, coupled with their complexity, lead to perceptions of high risk. The global average investment for an energy efficiency project is very small (less than USD 1 million), and such a project typically contains multiple energy-savings measures, each of which can require a separate M&V protocol to measure the savings return on its investment. These small transactions and benefits, coupled with the perceived administrative complexities, make it challenging for a facility owner to want to commit to energy-efficiency investments in their facilities. These "transaction costs" also lead to a perception among financial institutions that the potential market for loans to energy-efficiency projects is small, high-risk, and time-consuming to exploit, making them unwilling to invest in the internal capacity needed to understand or assess the risks and benefits of lending to such projects. One way to overcome some of these limitations is to appoint a "Super-ESCO" whereby a larger ESCO with more financial strength can provide greater surety for achieving financial savings on larger projects, a strategy that inspires more confidence among financiers. Super-ESCO can then sub-contract smaller ESCOs to undertake the installations and make smaller payments, thereby reducing transaction costs and unlocking capital for larger EE projects. A related advantage of this scaled-up approach is that larger organizations can look towards aggregation of energy efficiency demand across different organizations, through applying common project development, procurement, and deployment techniques across multiple projects.
- Lack of consistently enforced regulations that mandate implementation of cost-effective energy efficiency measures; create minimum energy performance standards (MEPS) for appliances or facilities; certify or accredit the capabilities of ESCOs or energy auditors to assess and verify energy savings measures; or remove existing regulatory barriers for governments to engage the private sector to implement and finance projects in state-run facilities.
- No commercially attractive local financing offered by local financial institutions (LFIs) for project-based lending. This financing gap is not caused by a lack of available funds, but rather by a disconnect between the traditional lending practices of LFIs and the project-based financing needed by facility owners, ESCOs and other developers of energy efficiency projects. LFIs often have a low level of familiarity and comfort with the technologies generating the savings, and an unclear legal basis on which to contract and/or take security over their investments. This leads to a reluctance to enter long-term contracts to finance and implement projects based on project revenue streams. The result is that LFIs typically apply a traditional, "asset-based" corporate lending approach for EE projects, which limits the amount that they lend to a

maximum of 70% to 80% of the capital expenditure, and require full collateral on the entire loan amount, generally assigning no value to the future cash flow of the project. This results in LFI being reluctant to structure EE project loans that are attractive. In addition, most LFIs lack the internal evaluation capacity needed to assess the risks and cash-flow benefits generated from industrial efficiency projects.

Overall, rather than being driven by effective enabling policy, the decision-making process regarding investments in energy-efficient technologies is shaped by the internal rules and culture of individual organisations. For a wide range of reasons, and despite at least two decades of programs aimed at spurring energy-efficiency practices and investments across the region, many organizations in Southeast Asia have not even begun to seriously consider implementing energy-efficiency projects in their facilities. This simple fact explains why energy-efficiency opportunities are so abundant in the Southeast Asia market—even for the most fundamental of energy saving technologies. Recent experience with development partners programs to promote energy efficiency in Southeast Asia is depicted in Annex 1.

2. The Energy Efficiency Innovation Window

2.1. Objectives

The ETP Energy Efficiency (EE) Innovation Window can provide an effective pathway through which ETP can provide early-stage grant financing for innovative approaches to address the systemic problem of under-investment into energy efficiency in Southeast Asia. This will allow for a consistent, rapid, and non-duplicative assessment of the many small solicitations for EE funding that are currently being received by ETP on an ad hoc basis. If well-targeted and efficiently implemented, this EE Innovation Window can have a material impact on some of the barriers to EE investment in the target countries mentioned above, and thereby significantly improve the uptake of energy efficiency in the region.

2.2. Expected Outputs and Outcomes

ETP's results-based monitoring framework is focused on enabling Southeast Asian countries to attain their Sustainable Development Goals and Paris Climate Agreement commitments. Energy efficiency is fundamental to these objectives: the IEA estimates, in its "Efficient World" scenario, that by 2040 energy efficiency could deliver a reduction in annual energy-related emissions of 3.5 Gt CO₂-eq compared with 2017 levels, delivering over 40% of the abatement required to be in line with the Paris Climate Agreement. Moreover, energy efficiency delivers multiple benefits towards the achievement of the Sustainable Development Goals, across outcomes for industrial productivity, air quality, livelihoods and human health. Energy efficiency can be improved through technological innovations in energy-consuming products and services, by preventing energy losses in transmission and distribution systems, improving the infrastructure, by integrating nature-based solutions, and by designing and implementing suitable technical efficiency standards.

ETP seeks to increase the flow of public and private investments to energy efficiency projects in the energy and end-use sectors, and measures its success at this through the following performance metrics:

- National budgets indicate a resolve to maximize RE/EE capacity by allocating increased amounts of public funds and attracting FDI into the RE/EE sector: Through advocacy efforts and technical support, ETP would see that more public funding is allocated to the renewables sector as against the non-renewable sector that indicates the nation's resolve to promote RE and EE. In addition, national governments advocate and seek support from foreign investments into the RE and EE sector.

Indicators

- Amount of public funding allocated to RE/EE projects
- Amount of FDI inflow into RE and EE sector initiatives

Overall, it is expected that the initial investment of grants through the EE Innovation Window can provide grant support for somewhere in the range of 6-12 EE projects in Southeast Asia. Grant recipients are expected to provide cost share, through co-funding of the grant at a minimum rate of 1:1 (including direct and in-kind resources), but the catalytic effect is expected to be much larger. The grant investments will act as catalysts for expanded and increased investment in the marketplace. Each \$1.0 of grant funding is expected to unlock and

leverage at least \$10 of investment into energy-efficiency projects, products, or initiatives in Southeast Asia. These figures are based on conservative expectations for the ability of catalytic investment in energy efficiency barriers to unlock significant additional investments that can be made at positive and attractive rates of return.

2.3. Beneficiaries & Impact

The key target beneficiary group(s) of the EE Innovation Window comprise EE project developers and owners, their technical advisors, potential investors, and government agencies involved in energy efficiency projects and businesses. EE project developers and owners may include private companies, civil society organizations, non-profit entities, sub-national governments, or energy sector institutions such as utilities and other market intermediaries. Entities are eligible as long as the grant project does not have the purpose of directly producing a financial profit. Grants to eligible entities can allow for a reasonable recovery of a grantee's overhead or operational costs up to a limit of 10% of the total project amount. The award of a grant to a private sector entity will require an additional pre-award due diligence review according to UNOPS guidelines.

ETP's mandate includes efforts to increase the availability of project finance, de-risk financial instruments, and increase the speed and scale of the development of bankable clean energy projects. Impact is expected to be recorded as a measurable increase in investments in energy efficiency from supported projects, which mirrors the ETP goal to increase public and private investments flows into energy efficiency and renewable energy in each of its target countries.

Beyond consideration for direct funding, and dependent on the stage of business model development and investment readiness, the EE Innovation Window may also direct applicants to program partners that may assist in further development and refinement of their business models, as well as for potential investment. These partners are:

- For applications in Category 1: Project Development Support: The Private Finance Advisory Network (PFAN). PFAN is a global network of climate and clean energy financing experts, which offers free business coaching and investment facilitation to entrepreneurs developing climate and clean energy projects in emerging markets. Initiated by the UNFCCC and the Climate Technology Initiative (CTI) in 2006, PFAN is hosted jointly by the United Nations Industrial Development Organization (UNIDO) and the Renewable Energy and Energy Efficiency Partnership (REEEP). PFAN has dedicated country coordinators in Indonesia, the Philippines and Vietnam, and has committed to offering coaching services to any projects that receive initial grant funding from ETP under this Innovation Window, with the caveat that the projects must have commercially viable business models.
- For applications in Category 3: Access to Energy Efficiency Finance: The Southeast Asia Clean Energy Facility (SEACEF), managed by Clime Capital. SEACEF is a collaboration between leading international foundations to accelerate the low carbon transition in Southeast Asia. In partnership with clean energy pioneers, governments, global philanthropic organizations, development financial institutions, NGOs and other local stakeholders, SEACEF aims to direct early-stage development capital investment into innovative, high-impact clean energy projects and businesses in critical Southeast Asian markets. Given that SEACEF is a donor-aligned initiative with ETP, and has common overall objectives related to accelerating the energy transition in Southeast Asia, SEACEF is an appropriate entity for taking up promising bankable energy efficiency projects identified by the Energy Efficiency Innovation Window that receive grant funding through this window.

To increase leverage of the EE Innovation Window, linkages are being actively explored with public and private institutions that may have an appetite for being an offtaker of energy efficiency infrastructure financing for grantee projects, including the multilateral and bilateral development banks, regional and local financiers. Similarly, UNOPS is fostering internal discussion with its recently launched Sustainable Infrastructure Impact Investments (S3I) Initiative, which provides investors with opportunities to generate

financial returns, while ensuring their contributions are making a positive social, environmental and economic impact.

Specific activities to be funded. Examples:

All activities below shall be conducted in close coordination with and based on instructions of the ETP Secretariat. All deliverables are subject to review and endorsement of ETP Secretariat, and where applicable, donor collaboration.

The EE Innovation Window will seek proposals for funding focused on innovations (in either technologies, business models or engagement approaches) that address one or more of the following three categories:

Category 1: Project Development Support

EE Innovation Window will provide grants for the development of EE projects, and for tools and approaches that support such project development. Local project developers often have limited capacity and/or experience to conceive of and design bankable projects in key sectors such as buildings and industrial facilities. However, there are many standardized project development approaches and tools that can assist in developing EE projects, including in how to assess and verify data, how to perform audits and design energy conservation measures, how to perform project measurement and verification (M&V), and how to administer projects operationally over time. Wider implementation of such best-practice approaches, and improvements of general “literacy” in relation to development of viable business cases for EE projects, will result in greater uptake of energy efficiency technologies and investments.

Category 2: Access to Energy Efficiency Finance

The EE Innovation Window will provide grants to support initiatives and approaches that can increase or expand access to financing for energy efficiency. As noted in Part 1 above, there is an urgent need to create better linkages between the appetite for EE investment and the needs of investors (across local financing institutions, banks and private investors, international financial institutions and development banks, and global and national climate funds). This also applies to the financing requirements of local EE project owners and those who advise them. There are a range of mechanisms by which this linkage can be achieved, many of them nascent in Southeast Asia, such as:

- Project aggregation models for similar technologies across different organizations (e.g., municipal street lighting, building retrofitting for cooling, rooftop solar installations, EV fleet conversions, etc) that allow for a series of smaller projects to be “bundled” to reach a critical scale for investment.
- Project intermediaries and Super-ESCO-style approaches, which can attract stronger financial backing than smaller ESCOs. These approaches create confidence in, and can help to service, larger projects and reduce perceived credit risk.
- Better measurement and verification of the energy savings revenue stream at the project level, to build confidence in energy savings streams and to allow investors to apply a project financing approach, rather than simply use balance sheet financing.
- Innovative products such as energy savings insurance or other de-risking products, to address concerns that financiers may have with EE project risk.

Such mechanisms have been studied, developed and to some extent deployed in other countries³, and ETP could play a significant role in providing knowledge and assisting in creating similar financing mechanisms to support local EE project development in its target countries.

Category 3: Facilitation of Public Policy Implementation for Energy Efficiency

The EE Innovation Window will provide grants for the development of EE projects and initiatives specifically targeting the public sector. The public sector is often responsible for policies and regulations that can hinder EE investment—e.g., when government budget and procurement regulations hinder the ability of government units to carry out EE projects with ESCOs using a shared-savings or performance contracting approach. On the other hand, the public sector can create enabling conditions that can facilitate and accelerate EE investment, and government procurement can also be used as a pro-active tool to demonstrate EE technologies and business models. Proposals submitted under this category could include initiatives that address policy and regulatory gaps and opportunities;

initiatives focused on public-sector procurement practices and guidelines, with the aim to promote more efficient equipment and services; or pilot public-private partnerships that bring together private capital and resources to finance or support the implementation of public-sector infrastructure.

The EE Innovation Window will accept proposals for funding in any of these three categories, either for direct funding, or for referral to its partner organisations for consideration for input and support (see Part 3 below, on Window Mechanics and Main Activities).

4. Evaluation process

In line with UNOPS evaluation principles of fairness, transparency and integrity, the assessment will occur on a competitive basis via a designated panel, with the ETP Steering Committee ultimately being responsible for the Grantee selection. The review is based on the criteria outlined in the 'Call for Proposals' (CFP), the Components outlined in the Grant Application Template and includes an assessment of the grant proposal's formal, technical and financial aspects. The review should usually include at least two (2) 'substantially compliant' proposals and result in the selection of the lowest priced, substantially compliant proposal. Any non-compliant proposal may automatically be eliminated from the evaluation process.

Please note that EEIW proposals are evaluated with a particular focus on the following selection criteria:

Solution Readiness. Is the product, service, or initiative ready to go to market? (e.g., within a period of 6 months or less)

Viable Technology, Business Model or Engagement Approach. Does the proposed intervention have a viable and realistic technology, business model, and deployment approach?

Level of Innovation. Demonstration of the proposed intervention or initiative is new and creative as well, i.e. does it bring in a new type of technology or business model?

Size of Potential Market. The size of the potential market (or impact, in the case of policy) for the proposed intervention, and its impact in terms of monetary value (USD) or market transformation.

Level of Scalability. Does the proposed intervention or initiative have a demonstrated pathway for scaling up or expansion - in the market, country or geographic area?

Sustainability of the project. What measures and facilities are identified to assure sustainability of the operations of the proposal beyond the grant funding provided from this window?

For how long is the venture expected to be operational?

What are the risks regarding sustainability of the proposal?

Amount of co-funding. Level of verifiable cost-sharing identified in the proposal (minimum level is 1:1 cost-sharing with the grant). What is the type of co-funding identified in the proposal, including both in-kind, direct funding and aligned third-party funding?

Amount of financing leveraged. Expected amount of investment leveraged by the intervention or initiative (i.e. What further investment can be expected as a result of proposed intervention?)

Energy Intensity and GHG reductions. What is the level of impact in terms of reduction in energy Intensity and/or energy savings, as well as reduction in GHG emissions expected as a result of the project ?

What is the pathway to achieve this result?

How will the measurement and verification of these results be implemented?

The evaluation will consider the applicants' feedback on its commitment to gender equality as part of the evaluation process.

The selected entities will be subject to a UNOPS capacity assessment process prior to issuance of the grant agreement.

5. UNOPS Grant Support Agreement

The UNOPS Standard Grant Support Agreement (GSA) containing UNOPS General Conditions for Grant Support Agreements (Annex D of the [UNOPS Grant Support Agreement template](#)) is herewith attached. The GSA constitutes an integral part of this CFP as it is mandatory to accept this agreement with its conditions before submitting a proposal.

6. Interest / Grantee Application template

If your organization is interested in submitting a grant proposal in response to this CFP, please kindly prepare a short 'Expression of Interest' statement (below) and/or complete the Grantee Application template (herewith attached as Annex A).

My organization _____ is hereby formally interested in the advertised grant program/component and will submit a proposal within the established timeframe.

Authorized signature:

Title:

Date: