

April 2014



Implemented by:



Swiss Agency for Development  
and Cooperation SDC

## PUBLIC INVESTMENT IN ENERGY EFFICIENCY (PIE) PROJECT

### FACTS

#### Project name:

Public Investment in Energy Efficiency Project

#### Duration:

January 2014 - December 2016

#### Total funding:

CHF 10'000'000

- SDC: CHF 5'000'000

- BMZ: CHF 5'000'000

#### Target areas:

Two western aimags (Khovd and Zavkhan)

#### The main target groups:

Local citizens, children, government officials and local politicians, and businesses in the target areas

Public Investment in Energy Efficiency (PIE) is a pilot project which aims to demonstrate how newly decentralised public funds can be utilised for much-needed investments in the energy efficiency of public buildings in two remote western aimags of Mongolia: Khovd and Zavkhan. The project, jointly funded by SDC and BMZ (German Federal Ministry for Economic Cooperation and Development) and implemented by GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), will empower the local population to actively participate in the planning and budgeting of priority investments, which in turn will result in improved wellbeing and living standards for rural citizens.



### BACKGROUND

Faced with an extremely cold climate, rural Mongolians are forced to rely on inefficient Soviet-era heating, particularly in schools and hospitals. There is an urgent need to install energy-efficient technology in these buildings in order to support rural livelihoods and foster economic development.

In addition to the introduction of the new energy-efficiency concept, communities are also in the early stages of decentralised

governance reform, in which citizens are able to participate in public budgeting, procurement, monitoring and public-finance management. Saving wasted heat through energy efficiency is a top priority investment for local communities that will benefit: (i) The health of rural citizens, particularly children, the sick and the elderly; (ii) The environment and climate; and (iii) Effective management of public finances.

#### SDC's Strategic Goal:

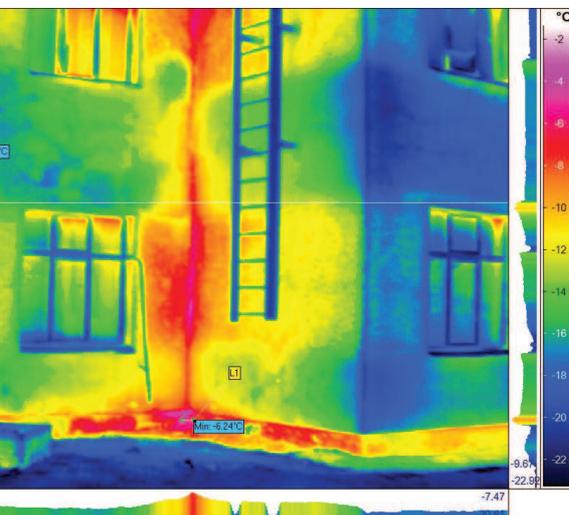
To contribute to equitable and sustainable social and economic development in Mongolia.

#### MAIN GOAL OF THE PROJECT

To improve living and working conditions for the rural population by reducing heat losses in public buildings, financed through decentralised public funds that have been committed via community participation and decision-making.

## PROJECT ACTIVITIES

- The PIE Project will facilitate decentralisation and energy efficiency by strengthening the capacity and skills of local government employees, local politicians and local communities through the provision of opportunities for learning-by-doing. Capital investment projects, in the form of the retrofitting of public buildings either funded or co-funded by PIE, will provide local officials with a practical opportunity to apply public-finance management skills. PIE will raise awareness of the benefits of energy efficiency at the aimag and soum levels through public outreach and demonstrations of the retrofitting of thermal insulation in kindergartens. If aimags and soums decide that energy efficiency is an investment priority, they will be invited to bid for co-funding from PIE for the retrofitting of public buildings.
- The project will promote the structural changes needed to enable energy-efficiency services to be carried out effectively after the completion of PIE, and will work with aimag governments, technical working groups at the aimag level, the Energy Regulatory Committee, Vocational Education and Training (VET) schools and the Mongolian Chamber of Commerce and Industry.
- PIE will primarily work through the GIZ's "Efficiency of Grid-Based Energy Supply Schemes" programme, which is targeted at the policy level in the area of energy efficiency. PIE will also draw from its experiences at the micro level in order to develop recommendations for changes to legislation and/or regulations in relation to both energy efficiency and decentralisation.
- Throughout the project, PIE will introduce new approaches for the life-cycle-based costing of capital investment projects and modalities for



*Heat measurement of a school building in Khovd aimag*

setting up, managing and co-funding rehabilitation projects for public buildings at the local level. It is expected that an increased demand for energy-efficiency services will be met by an increased supply of good energy-efficiency services from the private sector. The project will work closely with communities to build capacity at the local level in order to facilitate citizens' involvement in decision-making processes and to raise their awareness about the benefits of energy efficiency. These processes may spur those citizens to improve energy efficiency in public buildings. The project will:

- i) Facilitate learning by providing support and guidance;
- ii) Foster confidence and self-reflection; and
- iii) Monitor the learning progress.

## EXPECTED RESULTS

- Energy efficient public buildings will result in better public services. Constructing new and retrofitting existing public buildings with energy efficient technology is envisioned to provide greater impact on essential public services. Hospitals which are warm during the winter months provide better health care, and warm schools and kindergartens deliver better education to children. It is expected that about 7500 pupils and 100 teachers in selected kindergartens and schools, and patients and workers in health clinics will benefit from energy efficiency.
- Participatory investment into energy efficiency leads to greater decentralised governance. Enabling communities to use newly decentralized local funds for constructing new and for retrofitting existing public buildings with energy efficient technology will not only result in higher indoor temperatures during the freezing winter months, but also in strengthened decentralisation processes. The project is expected to reach about 30,000 citizens in the two participating aimags and their soums, which will benefit from improved public buildings and from the acquisition of skills that will empower them to fulfil their own development needs as part of Mongolia's decentralisation reform process.
- PIE will provide local participants with concrete opportunities for learning by doing. The acquisition of skills in public-finance management, such as calculating the life-cycle costs of investments, and the practicing of problem-solving approaches to energy efficiency, will have long-term beneficial learning impacts for local administrators, local contractors, civil society organisations, VET schools and citizens.

## Implementing partners:

- Cabinet Secretariat of GoM
- Ministry of Energy
- Ministry of Environment and Green Development
- Ministry of Finance
- Governor's Office of Khovd and Zavkhan aimags
- Vocational Education and Training Schools

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