Finalising the Energy Sector Evaluation Summary Report

CONCEPT NOTE

Version of December 07, 2018
Introduction

This note details BDEV’s indicative approach to finalizing the evaluation of the assistance of the African Development Bank Group (hereafter, Bank) to the energy sector (hereafter, energy sector evaluation).

BDEV launched in 2014, the Energy Sector Evaluation (ESE) covering the period 2000-16 with the following purpose and objectives. The goal of this evaluation is to better inform future strategic and operational directions for the Bank’s assistance in the energy sector. The evaluation is also expected to support implementation of the Bank’s Strategy for the New Deal on Energy for Africa (NDEA), the Bank’s new strategy that aims to achieve universal access by 2025. The summary report presents the overall findings, lessons and recommendations of the evaluation.

The evaluation had two objectives: (1) accountability, through determining the extent the Bank has contributed to the development of the energy sector in Regional Member Countries (RMCs), and (2) learning, by identifying the lessons on how the Bank contributed most effectively to improving the energy sectors of its RMCs.

BDEV produced a draft evaluation report in 2017. The completion of the evaluation report had to be put on hold because the two key members of the evaluation team left BDEV. Since the start of the energy evaluation in 2016, the Bank has adopted the “New Deal on Energy for Africa”, Development and Business Delivery Model (DBDM), and updated Decentralization Action Plan.

In addition, BDEV has recently completed a number of evaluations relating to the energy sector. These evaluations are additional sources of evidence for the energy evaluation include: (i) Cluster evaluations on Rural Electrification and Power Interconnection, (ii) New completed PCR Evaluation Notes, (iii) Cluster Evaluation on Energy Policy-Based Operations, (iv) Energy Sectoral Notes and PRA on Public-Private Partnership, (v) Quality at entry and Quality of Supervision of selected Energy Project, and (vi) findings for recent Country Sector and Program Evaluation. The Energy Department has also conducted some important analyses (including Energy Sector Regulation Index) that could inform the energy sector evaluation.

Because the former evaluation Task Manager and Division Manager left BDEV, the revamping exercise was assigned to a new Task Manager, member of the initial Team.

Purpose of the note

The note is meant to provide guidance in ensuring the relevance and credibility of the energy sector evaluation. It will ensure that the evaluation takes into account both the information needs of the Board and Management, and changing context within and outside the Bank.

Approach and Actions

The main indicative actions include:

1. Further consultation with the Power, Energy, Climate Change and Green Growth Complex (PEVP) officials in order to understand their information needs, when they will need the information, and what they will use the information for.
2. Taking stock of what the Bank has done since the adoption of the New Deal on Energy for Africa strategy in 2016.

3. Updating the portfolio review to include 2017 and 2018 Bank’s interventions (both public and private) including non-lending operations, technical assistance, project preparation support - e.g. through the Bank’s Sustainable Energy Fund for Africa (SEFA).

4. Increasing the size of the sample for completed project-level evaluations.

5. Undertaking assessment of: (i) the quality of the NDEA, including its results framework; (ii) the adequacy of the 2012 policy; (iii) the quality at entry of operations approved since 2016 under the NDEA; and (iv) the implementation of the Bank’s energy policies and strategies (EPS).

On quality at entry (QaE) and Implementation, the evaluation team will assess the extent to which the Bank’s energy policies and strategies (EPS) set appropriate priorities for the Bank. This will include the level of consideration of the following issues at the time of drafting the EPS:

- Identification of the challenges and needs of the sector in RMCs;
- Identification of adequate priorities for its interventions from the analysis of challenges and needs;
- Adequate consideration of the Bank’s specific business model and unique value added (“institutional additionality”) in the identification of priorities in the EPS;
- Whether the Bank took proper account of potential for complementarity and cooperation with other players;
- Whether the Bank in doing all of this incorporated the inputs from relevant stakeholders, including but not limited to host governments, industry players, other DFIs and international organizations, and CSOs.

In addition, the evaluation will assess the extent to which the Bank adequately and consistently operationalised the ESP. It will be focusing on whether the Bank set up an adequate operational organisation (broadly defined) and allocated sufficient and adequate resources to enable EPS successful implementation. This will cover issues such as:

- Adequacy of the operational approaches, including the use of grants and partial risk guarantee, etc;
- Adequacy of the results framework for the EPS.
- Adequacy of alignment of CSP with the EPS.
- Adoption of an internal organization, and allocation of resources (including human resources), and
- Identification of internal processes enabling the Bank to achieve the results identified in the ESP.

6. Conducting Country Case Studies that focus on policy and strategic issues in relation to the New Deal on Energy for Africa (See Box 1).

**Box 1: The New Deal on Energy for Africa**

The New Deal on Energy for Africa with its overarching goal of universal access to energy by 2025 (100 per cent access in urban areas, 95 per cent access in rural areas) is an ambitious project aligned with the Bank’s High 5, “Light Up and Power Africa”, one of the five pillars of the Bank’s commitment to Africa’s development.

The overarching goal will be achieved through the following 5 broad targets:

a.) Increase on-grid generation to 160GW of capacity - while ensuring a rich energy mix.
b.) Increase on-grid transmission and add 130 million new grid connections – build more regional and national transmission lines and ramp up connectivity.

c.) Increase off-grid generation to add 75 million connections through various solutions including solar home-systems, mini-grids etc.

d.) Increase access to clean cooking energy for around 130 million households.

e.) Raising aspiration to solve Africa’s energy challenges by leveraging public and private resources, and working closely with multilateral and bilateral financiers to mobilise $67 – 87 billion annually to 2025.

The New Deal is a partnership-driven effort. It is built on five inter-related and mutually reinforcing principles: raising aspirations to solve Africa’s energy challenges; establishing a Transformative Partnership on Energy for Africa; mobilising domestic and international capital for innovative financing in Africa’s energy sector; supporting African governments in strengthening energy policy, regulation and sector governance; and increasing the African Development Bank’s investments in energy and climate financing. The Strategy for the New Deal on Energy for Africa sets out the priorities for the Bank’s interventions in the energy sector from 2016 to 2025.

The New Deal intends to focus on seven themes:

a.) Setting up the right enabling policy environment for private sector participation.

b.) Enabling utility companies for success through well designed transformation programs to make them financially self-sustaining.

c.) Support early project preparation to increasing the number of bankable energy projects.

d.) Funding catalyst programme to increase the funding pool to deliver new projects.

e.) Supporting ‘bottom of the pyramid’ energy access programmes mostly working with bilateral donors.

f.) Work with regional power development initiatives to accelerate regional and sub-regional power infrastructure projects and driving grid integration and power trade.

g.) Enhance collaboration with the Head of State, Minister of Energy and Minister of Finance in each country to roll-out waves of country-wide energy ‘transformation’ programs, tying all sector elements together is a systematic implementation of country-specific energy sector transformation agenda,

The Bank aims to address these themes through a series of flagship programmes such as: IPP procurement, power utility transformation, early stage project support facility, funding catalyst programs, bottom of the pyramid energy financing facility, mobile payment programme, clean cooking solutions, regional project acceleration programme, country-wide energy sector turnarounds, and transformative partnerships.

The country case studies will include an in-depth discussion on energy policy and strategic issues with the main energy sector stakeholders: (i) National Government Stakeholders; (ii) Development Partner Stakeholders; and (iii) Private sector and Civil Society Stakeholders. This will help in understanding better the implementation success/failure factors of the Bank’s energy sector interventions.

The most critical enabling factors to assess include: (i) Coordination and Partnerships, and (ii) Leverage.

Other issues to explore include:

• Regional and national institutional frameworks;
• Implementation capacities of relevant agencies such as utilities (REAs, REFs, etc.);
• The status of power trade market and interconnections;
• Prioritization of on-grid versus off-grid RE in various countries;
• Integrated energy access approaches taking into account decentralized energy solutions (mini-grids and solar home systems);
• Private sector role in the energy sector;
• Performance of Electric utilities: Tariffs schemes, subsidies and Affordability of provided services;
• Energy sector reforms and policies;
• Energy Efficiency;
• Integration of Renewable Energy in Existing Power Networks: Stability of the system.

The country case studies will cover the first set of countries and five additional countries. The additional country case studies will be selected mainly on the basis of (i) the size and diversity (part of multinational interventions) of energy portfolio (2016-18 period); and (ii) regional representativeness. The likely countries are Burkina, Cameroon, Côte d’Ivoire, DRC, Ethiopia, Kenya, Morocco, Niger, Nigeria, Tanzania and Uganda, South Africa, Zambia and Zimbabwe. Power Pools, including WAPP and EAPP where the Bank’s role was substantial may also be included.

7. Conducting a Benchmarking exercise. Over the past ten years, and specifically with the adoption of the Sustainable Development Goals in 2015, as well as the historic commitments made at the COP 21, sustainable energy in Africa has risen to the top of the international development and climate agendas.

Because of this prioritization, the sector is experiencing an influx of new initiatives and actors committed to the common goal of supporting the continent in reaching a sustainable energy future. This increased investments and number of energy initiatives have led to a greater need for coordination to ensure the efficiency and effectiveness of support provided by development partners.

The evaluation team will carry out a benchmarking exercise with some major energy initiatives and programs that aim to support the continent in achieving a sustainable energy future. The evaluation will also assess how the Bank has been cooperating with these initiatives. Among these initiatives are:

• Power Africa (USA);
• The Energy Africa Campaign (UK);
• The EU’s energy prioritization under the Agenda for Change
• Sustainable Energy for All (SE4All)
• Africa Renewable Energy Initiative (AREI)
• International Solar Alliance (ISA)

8. Incorporating some of the issues raised by EDs as missing in the cluster evaluations (Power Interconnection and Rural Electrification); these issues include (i) regional and national institutional frameworks; (ii) Implementation capacities of relevant agencies such as utilities (REAs, REFs, etc.); (iii) The status of power trade market and need interoperate systems; (iv) prioritization of grid versus off-grid RE in various countries; (v) private sector role in RE; (vi) affordability of provided services.

9. Taking into account other stakeholder concerns on insufficient focus on power transmission and distribution, tariff schemes, energy policy reforms, etc.
10. Exploring the Enabling/Contributing Factors including: (i) Coordination and Partnership; (ii) Leverage; (iii) Knowledge and Analytical Capacity and (iv) innovation.

### Proposed Revamping Team

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<tr>
<th>Function</th>
<th>Name</th>
<th>Responsibilities</th>
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| **Task Manager**                 | Joseph MOUANDA              | • Draft the revised summary report  
                                |                              | • Clarify the story line          
                                |                              | • Lead the evaluation team       
                                |                              | • Review and finalize all products prepared by consultants 
                                |                              | • Coordinate engagement with evaluation stakeholders |
| **Junior Consultant**            | Clement MENSAH              | • Additional Data Collection and analysis  
                                |                              | • Gathering relevant documents    
                                |                              | • Reviewing the English draft    
                                |                              | • Participate in field mission and prepare a synthesis note for each country visited.  
                                |                              | • Compile and prepare a note on Energy Sector Findings from CSPE 
                                |                              | • Prepare a draft note on Energy Sector Project Quality at entry and Quality of supervision |
| **Senior International Consultants:** | To be recruited            | • Focus on Strategic Issues and the way forward  
                                | (i) Infrastructure Quality Assessment Expert and (ii) International Energy Economist | • Quality assessment of the New Deal on Energy and the 2012 Energy Policy as well as their implementation 
                                |                              | • Design and lead the Benchmarking exercise 
                                |                              | • Design tools for conducting case studies on strategic and policy issues, including the enabling/contributing factors 
                                |                              | • Conduct and prepare case study reports 
                                |                              | • Prepare a technical note including finding and recommendations on the various issues under his/her responsibility |

### Available (or potential) lines of evidence & Evaluation products

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<th>#</th>
<th>Product</th>
<th>Comments</th>
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<td>Approach Paper</td>
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<td>2</td>
<td>Technical Report</td>
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<tr>
<td>3</td>
<td>Portfolio Review</td>
<td>To be updated (Adding interventions approved in 1999, 2017 and 2018)</td>
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<tr>
<td>4</td>
<td>Policy and Literature Review</td>
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<td>5</td>
<td>Synthesis Project Thermal</td>
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<td>6</td>
<td>Synthesis Project Renewable</td>
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<tr>
<td>7</td>
<td>Cluster Evaluation on Power Interconnection</td>
<td>Final version</td>
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<td>8</td>
<td>Cluster Evaluation on Rural Electrification</td>
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<td>9</td>
<td>Cluster Evaluation on Energy PBO</td>
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<td>10</td>
<td>Sector Notes on Energy PPPs (2)</td>
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<td>PRAs on Energy PPP (7)</td>
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<td>Energy Projects Quality at Entry Assessment (25)</td>
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<td>14</td>
<td>Country Strategy and Program Evaluation – Section on Energy Sector (2)</td>
<td>New potential line of evidence</td>
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<td>15</td>
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### Expected Output

- A high quality and influential revised **Energy Sector Evaluation Summary Report**
AfDB’s Support to the Energy Sector: The Logic Model

Promoted inclusive and green growth
Improved living conditions
Improved provision of social services

SUCCESSFUL IMPLEMENTATION OF OTHERS BANK’s HIGH 5s PRIORITIES

Activities/Outputs
Outcomes

POWER GENERATION
Increased On-Grid power generation
Increased Off-Grid power generation

POWER TRANSMISSION & DISTRIBUTION
Increased On-Grid power transmission
Increased Off-Grid power distribution

OIL & GAS
Increased Oil & Gas production, transmission and distribution

ENERGY DEMAND
Increased energy demand

COORDINATION
Increased AfDB’s coordination of energy initiatives
Increased energy country-level coordination mechanisms

FINANCE
Increased energy funding
Increased form of funding the energy sector

NON-FINANCED INT.
Increased non-financed interventions

PHYSICAL INFRASTRUCTURES
Renewables
Non-Renewables
Energy Efficiency

Soft Infrastructures
Dialogue and Networking
Information & Analysis
Policy Support and Institutional Building
Project Preparation and Project Implement. TA
Skill/Capacity Development and Training

INPUTS AND SERVICES
Finance
Non-Financial Interventions
Coordination of Energy Interventions

AFRICAN DEVELOPMENT BANK GROUP
SEFA - The Sustainable Energy Fund for Africa (2012 - administered by AfDB): project preparation funds, equity investment and a third fund to stream for improving the enabling environment of PSI in sustainable energy ($95 million)

MAIN OTHER ENERGY INITIATIVES FOR AFRICA
USA Power Africa (2013): Advance energy sector reforms, expand energy access and boost electricity generation capacity from renewable sources ($ 7 billion)
European Commission Electrification Financing Initiative (2016): Support market development and private sector initiatives for affordable, sustainable and reliable energy services
Africa Renewable Energy Initiative - CP21 2015: At least $10bn for renewable energy investments in Africa by G7 countries between 2015 and 2020
UK’s DFID - Energy Africa Campaign (2015): Expanding rural household solar market
SE4ALL (Africa Hub): A holistic approach including the Energy Efficiency thematic

Other Initiatives
International Solar Alliance in Africa, etc.


Main Assumptions: (i) Integrated approach applied in addressing the Bank’s Hi 5s priority to increase the productive use of energy; (ii) Strong RMCs’ Government commitment; (iii)...

Source: AfDB/IDEV 2018