

# ESMAP External Evaluation: Briefing Note

February 2020



## BACKGROUND AND SCOPE

This external evaluation sought to draw lessons learned from the implementation of the Energy Sector Management Assistance Program's (ESMAP) FY2017-20 Business Plan, to offer reflection, learning, and adjustments for the next business plan. The evaluation considered the relevance, effectiveness, efficiency, impact, and sustainability of ESMAP's programs and funded activities. It was carried out by an independent consultancy, ICF.

ESMAP is a global knowledge and technical assistance program assisting low- and middle-income countries in growing their know-how and institutional capacity to formulate environmentally sustainable energy solutions for poverty reduction and economic growth. The multi-donor funded partnership program is administered by the World Bank, anchored in the Energy and Extractives Global Practice.

## KEY RECOMMENDATIONS

The evaluation made six key recommendations for how ESMAP could further improve its performance:

- 1. Maintain and strengthen ESMAP's relevance and influence within the World Bank and globally.** Suggested actions include: continue the model ESMAP cross-support to operational teams; deepen engagement at the management level in the WBG to help drive change and interest for sustainable solutions, such as clean cooking and mini-grids; ensure that ESMAP remains engaged with the broader processes of the sustainable energy transition and energy sector reform; sharpen the focus on the poor.
- 2. Embrace the trend toward programmatic activities in the next business period,** with consideration given to a set of priority countries in which substantial progress could be made toward SDG7. Consider cohesive and successive grants on a country basis to drive results and attention to political economy issues.
- 3. Focus on a strategic approach to gender, a pragmatic approach to knowledge, and capacity building of national actors to support effectiveness.** For gender, key areas of focus could be to ensure that actions to close gender gaps are pursued through scaled support to ESMAP's regional gender and energy programs and to ensure that budget is allocated in lending operations for implementation of gender actions.
- 4. Rationalize ESMAP's theory of change and Results Framework and contextualize ESMAP's impact** relative to the WBG's relevant energy lending portfolio and SDG7 targets. Suggested actions for the Results Framework include: add targets for the gender program; reduce overlap in outcome targets; and ensure that the substance of ESMAP program objectives are well represented in the outcomes.
- 5. Proactively and pragmatically manage for emerging tensions in the ESMAP business model.** Maintain ESMAP's flexibility, agility, and cost-efficiency. Ensure that ESMAP continues to receive a sizeable portion of non-preferenced funding and increase transparency around reporting on preferenced funding.
- 6. Define a new role for the TAG.** The role should recognize the purpose of the TAG, as reflected by CG members in interviews, to play an independent quality assurance function and serve as a strategic advisor.

## METHODS

The evaluation used mixed methods with both quantitative and qualitative approaches. The team analyzed ESMAP using three units of analysis—activity-level, country-level, and program-level—and synthesized across these levels using triangulation. More than 250 in-depth interviews, 12 country studies, and three program deep-dives were undertaken. The evaluation used contribution analysis to assess the contribution of ESMAP activities to WBG lending operations and associated impacts.



## KEY FINDINGS

### RELEVANCE

- ❖ ESMAP's interventions remain **relevant in the context of the changed global energy landscape**, reflecting the goals of SDG7 and the Paris Agreement under the UNFCCC, and well-harmonized with emerging and existing global initiatives and institutions.
- ❖ ESMAP is seen as at the **forefront of the sustainable energy transition**, with its leading position globally and within the World Bank **foremost acknowledged in the energy access agenda**. In renewable energy, ESMAP's international recognition is growing as a result of flagship knowledge products and high-profile partnerships. In energy efficiency, ESMAP has not yet developed a global reputation, with its efforts instead predominantly Bank facing and linked to lending operations.
- ❖ ESMAP's funding, knowledge, tools, and expertise, and hands-on advisory and operational engagement function as mutually reinforcing modalities that are seen as contributing to accelerating the alignment of the Bank's lending portfolio with SDG7. This contribution is **helped by ESMAP's central position as the Global Practice's umbrella trust fund**, its internal reputation for technical excellence, the revolving door between ESMAP and operational staff, and management-level position of its Program Manager.
- ❖ ESMAP's **continued relevance depends on its ability to engage with the broader processes of energy sector reform and sustainable energy transition**, to ensure that sector weaknesses do not undermine energy access and clean energy objectives.

### EFFECTIVENESS AND SUSTAINABILITY

- ❖ Overall ESMAP-funded activities have made **good progress toward achieving both project-specific outcomes and Results Framework outcomes**, especially related to development finance informed. Program-level progress reports have helped support accountability for reporting against the Results Framework.
- ❖ **Multiple and/or successive grants in a country is an important factor** affecting outcome achievement and sustainability. These factors point to the potential for programmatic engagement to drive results in the next business plan. External factors that substantially influence the effectiveness of ESMAP-funded activities include political economy (including dynamics between energy-related agencies), market and regulatory environment, and government ownership and capacity.
- ❖ World Bank lending operations represent a key pathway for ensuring **sustainability** of ESMAP results.
- ❖ ESMAP's strategic approach to **gender** (i.e., working through its regional gender and energy programs to embed specific actions to close gender gaps in lending operations) has been more effective in this business plan than attempts to screen for and mainstream actions to address gender inequalities into individual ESMAP-funded grants.
- ❖ ESMAP **flagship knowledge products** have been particularly influential with country clients, helped consolidate tacit knowledge in ESMAP staff, and occupied an often-unique space in the international landscape, with their focus on pragmatic lessons learned from operational experiences.
- ❖ ESMAP's **Results Framework was relevant and consistent** with the objectives of the ESMAP programs and cross-cutting solutions. There is room for improvement in terms of defining and measuring outcomes.

## KEY FINDINGS

### IMPACT

- ❖ **ESMAP-funded activities and programs have informed US\$26.6 billion in WBG funding** from FY2017-19—representing a substantial proportion of the WBG commitments to energy access, renewable energy, and energy efficiency. Development policy lending operations represent a sizeable proportion of the WBG finance informed by ESMAP (one-third by lending volume), although these operations often cover prior actions outside of the energy sector and thus the full amount reported may not contribute directly to SDG7.
- ❖ ESMAP has **influenced WBG lending through numerous pathways**, including designing specific project components (e.g., financial mechanisms, business models, pilot initiatives), providing foundational data to enable public and private investment (e.g., renewable energy resource mapping, geospatial planning, multi-tier framework energy access data), and providing in-depth analysis to inform the operations' design (e.g., poverty and social impact analysis for energy subsidy reform).
- ❖ US\$8.1 billion in **private finance** is associated with lending operations informed by ESMAP activities. Larger amounts are often linked to private capital and commercial lending in renewable energy and energy efficiency projects. The country case studies provided examples where ESMAP support has mobilized additional parallel finance not included in ESMAP's operation-linked reporting, such as from regional development banks and the GCF.
- ❖ World Bank lending operations informed by ESMAP activities in FY2017-19 are expected to provide more than **76 million people with access to electricity, install 17.6 gigawatts**—over 54 countries.
- ❖ ESMAP's **impact on the poor and vulnerable is less clear**. Few ESMAP-funded activities describe support focused on poor or vulnerable people, and ESMAP program progress reports also did not focus on these impacts.

### EFFICIENCY

- ❖ ESMAP has **maintained its cost-effectiveness** while experiencing significant growth. Benchmarking of the program management and administrative costs shows that ESMAP is being delivered at comparable levels of efficiency to other similar programs. ESMAP staff remain overstretched, however.
- ❖ ESMAP is seen by World Bank regional and task teams as **agile, flexible, and quick** compared to other trust funds. Areas to watch are the complexity of proposal review processes and predictability of ESMAP resources.
- ❖ ESMAP's **operating model is still effective**, due in part to strong governance norms and pragmatic program management. However, there is broad consensus that the **current model for the Technical Advisory Group (TAG) has not worked well** over this business period.
- ❖ Some **tensions are being to emerge in the governance model** that may require future attention, including related to increased and increasingly specific preferred donor contributions, the transparency of reporting on preferred contributions, and the roles and responsibilities of the Consultative Group.