

Below is ESMAP's Management Response to the 5 specific recommendations in the report.

I. GROWTH | ESMAP should pursue program growth, while actively managing and monitoring threats to effectiveness associated with that growth.

1. Given its relevance, comparative advantages, and the increasing demand for its services, ESMAP resources will need to grow. However, given its historic lean administrative structure, and donor funding commitments, it should be cautious about expanding its number of programs and business lines. If expansion is justified, it is also critical to ensure that there is sufficient management capacity to implement and support growth.

ESMAP RESPONSE: Agreed. In the proposed business plan for FY17-20, the only new program areas are clean/efficient cooking/heating in the energy access cluster and solar in the renewable energy cluster. These two new programs are being offset by phasing out the following: Energy Assessments and Strategies Program (which is being integrated into the Annual Block Grants' focus on Governance, Markets and Planning); Climate Resilience; Results-Based Funding, which is being integrated into other programs, such as Clean Cooking/Heating. Similarly, the gender program will no longer be a stand-alone program, but will be integrated into the other business lines. The Energy Efficient Cities program will focus on Buildings and the Built Environment.

Finally, it is important to note that implementation of several ESMAP programs is being carried out jointly through a number of other Global Practices, thereby drawing on the broader institutional capacity of the World Bank Group: Health and Environment GPs and IFC (Clean Cooking); Macro-Economic and Fiscal, Poverty, and Social Protection GPs (Energy Subsidy Reforms); Urban, Transport and Water GPs and IFC (Energy Efficient Cities); Water and Agriculture GPs (energy-water-food nexus).

2. ESMAP should be careful not to let soft earmarking significantly affect its efficiency or legitimacy. Defensive strategies include increased transparency around earmarking, ensuring that soft earmarking is for activities that were already collectively agreed to, and rationalizing the number of business lines and programs.

ESMAP RESPONSE: Agreed. The process for soft earmarking will be discussed with the CG in April 2016.

II. OUTREACH & COORDINATION | To enhance effectiveness, ESMAP should strengthen outreach and coordination efforts at the WBG and country-level.

1. The effectiveness of programs to achieve outcomes is strongly linked to their ability to create

demand within the WBG and amongst country stakeholders, which, in part, ensures ownership. Demand creation activities that have successfully been used within the WBG and at country-level include training, webinars, conferences, and shared materials. Newer programs, such as Results-based Financing (RBF) and Energy-Water-Food Nexus, have suffered from a lack of familiarity amongst pertinent stakeholders, and potentially unrealistic expectations. As such, ESMAP should ensure appropriate resources are allocated to demand creation, and that more appropriate targets and timeframes for outcome achievement are assigned.

ESMAP RESPONSE: Agreed. ESMAP will continue to invest resources in “demand creation”, particularly through the “Innovation Lab” component of the new business plan which will serve as an incubator of new ideas and frontier areas in the energy sector.

2. For programs that require cross global practice coordination, such as nexus-related and energy efficiency initiatives in the transport and water sectors, ESMAP should ensure that a model where the project team of the activity includes staff from the relevant Global Practices.

ESMAP RESPONSE: Agreed. This is already the case. For example, the Thirsty Energy activity is jointly led by Water and Energy GPs. ESMAP staff are part of the team delivering the Leaders in Urban Transport Program.

3. To further improve IFC coordination and linkage opportunities with ESMAP and ASTAE, where strategically relevant, ESMAP should assess the possibility, on a program by program basis, to open up its tendering process to include the IFC.

ESMAP RESPONSE: ESMAP management will seek guidance from the Consultative Group on the question of IFC accessing ESMAP funding. In view of the fact that many ESMAP donors are also contributing to IFC trust funds, and demand for ESMAP funding from Bank clients exceeds availability of resources, the rationale and complementarity of such access will need to be assessed. To-date access to ESMAP funding has been on a case-by-case basis, such as for the IFC’s EDGE program for resource efficient buildings, wind resource mapping in Lesotho, and clean cooking market development.

III. M&E | ESMAP and ASTAE should continue to support and refine the M&E framework.

1. The successful implementation of ESMAP’s M&E framework is driven partly by the persistent efforts of ESMAP staff. This requires continued resourcing to ensure sufficient oversight and follow-up with World Bank task team leaders to validate achievement of outputs and outcomes.

ESMAP RESPONSE: Agreed. ESMAP will maintain committed human and financial resources to support the M&E reporting systems and processes in the next business plan.

2. ASTAE indicators should be revised. Given donors’ interest in tangible outcomes, it may be appropriate to continue to track higher-level outcomes related to renewable energy generation, energy efficiency and energy access. However, ASTAE lower-order outcomes should also be tracked using the same indicators as are used for ESMAP (e.g., development financing informed, client capacity increased, etc.). The ASTAE indicator on “catalysing” World Bank investment should be dropped or revised to “influencing” because of its misleading and ambitious implication.

ESMAP RESPONSE: Agreed. ASTAE's indicators will be harmonized with ESMAP's.

3. ESMAP should consider better tracking and reporting, including appropriate indicators, for its influence on private sector and other non-World Bank investment; especially, as it will help to highlight the broader influence of ESMAP beyond the World Bank.

ESMAP RESPONSE: Agreed. This will be incorporated into the ESMAP annual portfolio review and the annual report.

4. To reflect ESMAP's commitment to gender and social inclusion in its programming, activity-level gender considerations should be more meaningfully tracked in GRMs. For example, activities identified as "high" or "medium" level gender relevance could report on how gender considerations are being integrated during implementation.

ESMAP RESPONSE: Agreed. The gender and M&E staff in ESMAP will develop an approach to reporting on the high and medium rated projects in the ESMAP annual portfolio review. The team will also explore how to better address gender considerations in the Bank's reporting (GRM) system.

5. In order to close the loop on activity monitoring, ESMAP should consider additional follow-up on closed projects whose outcome category is still designated as "planned." This will ensure a realistic interpretation of activity outcomes, and effectiveness. ESMAP could use an intermediary designation between "achieved" and "not achieved" to reflect the sometimes long gestation times for outputs to become outcomes.

ESMAP RESPONSE: Agreed. This will be implemented starting the next annual portfolio review.

6. Given the track record for evaluating ESMAP and the integration of ASTAE into ESMAP, this evaluation would recommend that ASTAE activities be evaluated in line with ESMAP moving forward, if ASTAE remains under the ESMAP management umbrella.

ESMAP RESPONSE: Agreed.

IV. ASTAE INSTITUTIONAL ARRANGEMENTS | The institutional arrangements for ASTAE should be finalized.

1. In this evaluation's view, a single trust fund is more administratively efficient and possibly more effective from a development standpoint, given the similar priorities of the programs. However, if a single trust fund limits the ability of donors to mobilize resources for a certain region, then the CG will need to weigh the need for those resources against the administrative and other disadvantages of a separate trust fund. If a separate trust fund is maintained, a common management structure (within ESMAP) should be utilized and operational procedures (e.g., for proposal review, implementation and financial monitoring, dissemination, and so on) should be harmonized. Already, through a wider pool of resources bringing ASTAE under ESMAP management has enabled better quality control of products, and enhanced communications and M&E, while at the same time maintained ASTAE's ability to respond quickly to demand in Asia, and ensured support is more linked to downstream World Bank, GEF, and other funding source operations.

ESMAP RESPONSE: Agreed. This issue will be discussed at the CG meeting in April 2016 as part of the FY17-20 business plan.

V. KNOWLEDGE MANAGEMENT STRATEGY | ESMAP should develop a knowledge management strategy.

1. Knowledge is a key asset of ESMAP and ASTAE, and the intersection of that knowledge with operations is one of the programs' critical comparative advantages. However, the results and lessons learned from these activities are not systematically identified, captured or generated to inform broader learning or global knowledge for all ESMAP stakeholders. To address these gaps in knowledge capture, a knowledge management strategy should be developed, which defines a systematic process for identifying, generating, disseminating and storing/organizing knowledge.

ESMAP RESPONSE: Agreed. Under the new proposed Business Plan ESMAP will develop a knowledge management strategy.