

Evaluation of the Power Africa Project at Sida: Innovative investment mobilization for fossil-free electrification

The evaluation confirms that the Power Africa Project (PAP), mid-term, is well on its way to reach set targets. It has established new approaches to energy sector development cooperation within Sida, broadened its partnership base and has developed and applied new methods of mobilising investments beyond development finance. A more multifaceted understanding of the role of sustainable energy solutions as a mean to reach other Sustainable Development Goals (SDG) has evolved. The evaluation concludes that the PAP as an organizational model is highly relevant for other areas of development cooperation and has a potential to scale its approach to further enhance its transformative impact.

In 2014, the Swedish Government made a commitment to mobilise USD 1 billion over a 10-year period to increase production and access to renewable energy and energy efficiency in support of reducing poverty and promoting sustainable development in Sub-Saharan Africa. This was made in the context of the wider USAID Power Africa initiative, launched the year before by President Obama. The commitment was made within the framework of existing Swedish development cooperation strategies and budgets. Since these on average, over 10 years, amount to only one third to half a billion USD, PAP has had to develop and adapt the application of Sida's instruments to catalyze the mobilization of private investments.

PAP is well on its way to reach its overall goal of mobilizing USD 1 billion for increased production and access to renewable energy and energy efficiency in sub-Saharan Africa

By the end of 2018, PAP's results so far and a conservative forecast, indicated that by 2024, more than 8.5 billion SEK will have been mobilised. With agreed contributions and contributions in the pipeline, the amount invested in renewable energy and energy efficiency will be more than 15 billion SEK by 2024, almost double the commitment made by Sida in 2014. By the end of 2018, about 40% of the private capital had been mobilized through guarantees and the rest through various financial instruments including challenge funds and a results-based financing approach. In addition to mobilized investments, the PAP portfolio had by end of 2018 contributed to more than 200,000 new electricity connections from renewable energy sources; avoided half a million tons of CO₂ emissions per annum and almost 90 MW of new renewable energy generation capacity. With current contributions and a conservative pipeline, contributions are expected to reach more than 3 million new connections or about 15 million people by 2024, avoiding emissions of 4 million tons of CO₂e and adding 600 MW of new renewable energy generation capacity.

The main objectives of the evaluation were to take stock of the results of PAP, mid-term (2014-2019) and assess the relevance of project goals and the approach to achieve these. Further, the PAP approach has gained increasing interest within Sida and is regarded as an opportunity for learning and replication to other parts of the organization. The evaluation will be used to provide input into the strategic direction of the remaining five years of the project and as an input to Sida's existing processes and raised ambition to work adaptively and innovatively.

The Swedish Government's decisions to include renewable energy and energy efficiency in additional development cooperation strategies has increased the scope for PAP operations

At the outset of the PAP only three development cooperation strategies in Africa –Tanzania, Zambia and Mozambique - and to some extent the regional strategy for Sub-Saharan Africa included energy as a strategy objective. Since then another ten strategies– Burkina Faso, Ethiopia, Kenya, Liberia, Mali, Rwanda, Somalia, Sudan, Uganda and Zimbabwe – have included an objective related to increased energy access. The PAP team has been instrumental in supporting the capability of Sida to take on this increase in scope, by providing both advice in operationalisation and contribution management.



The approach to develop, adapt and deploy various forms of financing instruments to support renewable energy and energy efficiency market development has demonstrated leadership

PAP has managed to adapt and apply grant funding and guarantees in innovative ways. The approach to share risks with crowdfunding platforms through portfolio guarantees has been innovative. The development of a results based financing approach to accelerate market entry and scale up of commercially sustainable businesses that target the poor and underserved has been a novel way of applying procurement in development aid. PAP has been an important catalyst for market and business development and for upscaling access to renewable energy technologies within selected countries in Africa. The experience shows that it is not sufficient to rely on market forces, but other partnerships and financing models are required to serve the poorest and most marginalised.

Two flagship projects, the Beyond the Grid Fund for Zambia (BGFZ), and the challenge fund Renewable Energy and Adaptation to Climate Technologies (REACT) constitute the bulk of the expansion of Sida's renewable energy portfolio in sub-Saharan Africa. REACT is now implemented in nine countries and BGFZ has been scaled up to five countries under a new contribution (Beyond the Grid for Africa - BGFA). The contribution that the results based financing approach applied in the BGFZ and BGFA has on establishing active off-grid markets reaching the poor and underserved (in combination with the sophisticated data capture and analytics platform, EDISON, developed as part of the programme) has established a foundation on which the poorest of the poor can now be effectively reached with targeted subsidies.

The project has had a transformative impact on expanding delivery of renewable energy services to underserved populations by combining market incentives with support to policy and institutional development

The PAP approach can be expanded beyond the energy sector. This has primarily been demonstrated in Zambia as part of BGFZ and to some extent also in Tanzania, although the government is now showing less interest to play this role. In Mozambique the dialogue has mainly been at an operational level with the national utility. Similar opportunities are evolving in Liberia and in Burkina Faso as part of BGFA implementation. Despite engagement with the Swedish resource base, active participation of Swedish energy actors in Africa's energy market development has only yielded a few concrete results, and there is scope for re-assessing opportunities for value-added synergies and deepened cooperation with other Swedish government authorities and actors from the private sector.

PAP has benefited from the USAID Power Africa partnership but only a few operational cooperation's have materialised

With the exception of the collaboration related to the BGFZ and BGFA contributions, USAID Power Africa has mainly served as a sounding board and for reporting and sharing of results. While there seems to be multiple reasons for this, major differences in the organisation, culture and priorities of the two initiatives have been important contributing factors for limiting the interfaces. PAP has drawn from interactions with a wide range of stakeholders, public, private, non-governmental and academia in exploring the context for Sida's interventions and in designing new contributions. PAP has the potential to raise its current level of ambition and push for more transformative changes which will include search for new types of partnerships.

An initial high-level political and organisational support and commitment has been important for the innovation work but clearer guidance from the leadership is needed

The initial Sida management support has been an important contributing factor to the anchoring of PAP's project "model" within Sida's organisation. However, a further strengthening of the project's mandate and interface with the rest of the organisation seems needed. While Sida's existing instruments, guidelines and tools do not constitute barriers for introduction of more adaptive and innovative ways of working, the signals from the leadership within Sida are neither strong nor clear enough on what it means to work innovatively within the organisation. Clearer guidance and incentives for innovation work from the leadership within Sida to effectively support the project's operations and ways of working could address this.

The allocation of staff resources to the project over the implementation period has not been sufficient to enable a continued focus on innovation and adaptive management

The ability of the project to establish a team of experts with the right mix of skills as well as the motivation and abilities to work and contribute within a small team have been major contributing factors to encourage dynamic and innovative teamwork. Likewise, having a very concrete and ambitious quantitative target for the project but no strict plan for how to get there, has been a major catalyst for stimulating teamwork and innovative thinking. However, the staff resources allocated to the project have diminished over the period, while the working tasks over time have significantly increased. While PAP has been a frontrunner for Sida's organisational priorities on introducing of more adaptive and innovative working methods, it has to a lesser extent conformed with Sida's cross-cutting perspectives and the overall goal of poverty reduction.

Inefficiencies in the project's collaboration with other units in Sida has hampered its ability to perform

The project has been highly dependent on collaboration with, especially, the Unit for Legal Services and the Unit for Loans and Guarantees in developing new innovative contributions. At times PAP and other Units have not been aligned on the interpretation of rules and regulations which has hampered collaboration and effected efficient development of contributions. More needs to be done by Sida to bring an adaptive and innovation mindset and culture to the rest of the organisation and partners to effectively support this agenda. Much of the innovative work under the project currently comes via resources allocated from Sida's special focus on innovation under the "Sida Lab" and the "Swedish Strategy for Capacity Development, Partnership and Methods".

The project's focus has developed opportunistically rather than based on documented assessments of results achieved

There has not been a systematic approach for documenting and measuring of innovation progress and practices to stimulate learning. The project's established data collection system has mainly contributed to documentation of progress in the annual reports and has not served as an effective knowledge management support tool. It is noted that the monitoring and evaluation system currently does not incorporate sufficient tracking of cross-cutting, impact or sustainability metrics and does not directly contribute to measuring the combined effects from Sida's overall support to the energy sector. This implies that much of Sida's support through multilateral organisations, administered by other Departments with Sida, has not been included in the results reports. There is need for much stronger and more systematic reflection, gathering and documentation of data and evidence, as well as of communication of learning across the portfolio to ensure that adaptive and innovative working approaches introduced through the project will genuinely take root in the broader Sida organisation.

The evaluation provides nine recommendations to strengthen outcomes and further the organisational set-up for an effective implementation of PAP

1. PAP should to a higher extent prioritise development of business models/instruments, that more explicitly target also the poorest and most marginalised segments of the population.
2. Based on its performance and potentials, PAP should be strengthened as a front-runner and driver for piloting of innovative and adaptive working practices within Sida.
3. PAP should broaden its toolbox of financing instruments in order to scale-up and widen the reach of donor interventions.
4. A strategic re-branding/re-naming of PAP should be considered, including identification and selection of a different set of strategic partnerships.
5. A new vision and goal hierarchy should be developed for the 2020-2024 period of PAP to better reflect the Agenda 2030s ambitions and the call for transformational changes.
6. PAPs technology approach should to a larger extent reflect holistic thinking, such as better interconnection between energy systems and stronger focus on the end-use perspective and wider impact.
7. PAP should develop and establish a more operational and integrated data and knowledge management system, that to a larger extent support implementation of adaptive and innovative working practices and impact measurement.
8. Sida should facilitate dissemination of PAP key success factors for implementation of similar initiatives in other parts of the organisation and encourage a wider use of adaptive and innovative working practices.
9. PAP's strategic focus should gradually move from its current project-driven innovation approach towards a system-based innovation thinking. The embassies will become crucial players for a shift towards a more system-based approach.

2021:1 Sida Evaluation Series: The Power Africa Project at Sida: Innovative investment mobilization for fossil-free electrification. A Mid Term Evaluation 2015-2019

The evaluation was commissioned by Sida, Africa Department, Sustainable Development Unit. It was carried out by Nordic Consulting Group between November 2019 and September 2020. The evaluation team included Carsten Schwensen (team leader) and Louise Smeds. The evaluation included field visits to Kenya, Ethiopia, Tanzania and Zambia. The evaluation can be downloaded from www.sida.se/publications