Evaluation

Finnish Support to Energy Sector

Evaluation report 2011:1

MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

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Evaluation

Evaluation of the Sustainability Dimension in Addressing Poverty Reduction: Finnish Support to Energy Sector

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MINISTRY FOR FOREIGN AFFAIRS OF FINLAND

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PREFACE

The evaluation of Finnish Support to the Energy Sector was carried out as a sub-evaluation of a larger umbrella evaluation dealing with the Sustainability Dimension in Addressing Poverty Reduction. As the title for the larger three-tier evaluation indicates the focus of the energy sector evaluation also is on poverty reduction and the ecological, economic and social of sustainability of development actions.

The purpose of the evaluation was to study how well the Finnish development cooperation in the energy sector was able to affect the quality of life, wellbeing and opportunities for more effective livelihoods of people by providing access to renewable energy and by enhancing energy efficiency. The Finnish support targeted people living in rural remote areas especially the poorer segments of population.

The policy for Finnish energy sector support is well in line with international principles. The project portfolio is still relatively young. The information base, i.e. progress reports, mid-term reviews and evaluations, was therefore rather limited. Additional data was gathered during visits to Central America, Kenya and Vietnam.

The main focus of the evaluation was on the new EEP- concept (Environment and Energy Partnership) developed by the Ministry for Foreign Affairs of Finland. This concept was first tested in Central America and is now being replicated in the Andean region, the Mekong region, Indonesia and South and East Africa.

The service provider for the energy sector evaluation was an internationally renowned consultancy company. The final language revision of the report was done by the Development Evaluation (EVA-11) of the Ministry for Foreign Affairs in cooperation with AAC Global Ltd.

Helsinki, 3 May 2011

Aira Päivöke
Director
Development Evaluation

ACRONYMS

ADA	Austrian Development Agency
ADB	Asian Development Bank
ADRA	Advantist Development and Relief Agency
AFD	Agence française de développement
AFFREPREN	African Energy Policy Research Network
ATDER	Association of Rural Development Workers
CA EEP	Energy and Environment Partnership with Central America
CBO	Community-based organization
CC	Concessional credit
CDM	Clean development mechanism
CIDA	Canadian International Development Agency
CIDEL	Inter-municipal Corporation for Local Economic Development
CNE	National Energy Council
DAC	Development Assistance Committee
DANIDA	Ministry of Foreign Affairs of Denmark
EE&C	Energy efficiency and conservation
EEP	Energy and Environment Partnership
EIAs	Environmental Impact Assessments
EU	European Union
EUEI	European Union Energy Initiative
EUR	Euro (euro is the currency of the European Union)
EVA-11	Evaluation and Internal Auditing of Development Cooperation
ESMAP	Energy Sector Management Assistance Program
EVN	Electricity of Vietnam
GDP	Gross domestic product
GHG	Greenhouse gas
GW	Gigawatt
HIV/AIDS	Human Immunodeficiency virus/Acquired immune deficiency syndrome
ICI	Institutional cooperation instrument
INATEC	National Technological Institute
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt per hour
KPLC	Kenya Power and Lighting Company
LCF	Local cooperation fund
MARN	Ministry of the Environment and Natural Resources
MDGs	Millennium Development Goals
M&E	Monitoring and evaluation
MFA	Ministry for Foreign Affairs of Finland
MoE	Ministry of Energy
MW	Megawatt

MWh	Megawatt hour
NCU	National Coordination Unit
NGO	Non-governmental organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PDF	Partnership Dialogue Facility
PNDH	National human development and poverty reduction plan
PPP	Public-private partnership
R&D	Research and development
RCEE	Research Center for Energy and Environment
RCU	Regional Coordination Unit
REA	Rural Electrification Authority
REM	Rural Electrification Master Plan
SICA	Central America Integration System
UN	United Nations
UNDP	United Nations Development Programme
RBM	Results-Based Management
S&E Africa EEP	South and East Africa Energy and Environment Partnership
SWAp	Sector wide approach
ToR	Terms of Reference
UNFCCC	United Nations Framework Convention on Climate Change
USD	Currency United States of America dollar
WB	World Bank

Evaluointi Kestävän Kehityksen Ulottuvuudesta Köyhyyden Vähentämisessä: Suomen Tuki Energiasektorille

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TIIVISTELMÄ

Tämä evaluaatio tutkii Suomen energia-alalle vuosina 2000–2009 antaman avun tuloksia ja vaikutuksia. Evaluaatio perustuu tausta-asiakirjojen tutkintaan ja kenttävierailujen aikana hankeyhteistyöstä tehtyihin havaintoihin Keniassa, Vietnamissa, El Salvadorissa ja Nicaraguassa.

Hankkeet noudattavat hyvin Suomen ja sen kumppanimaiden kehitystavoitteita. Suomi koordinoi kehitysapunsa läheisesti muiden avunantajien ja kumppanimaiden kanssa, jotta hankkeet täydentäisivät muiden toimintoja ja tukisivat siten harmonisointipyrkimyksiä. Lopulliset tulokset riippuvat kehityskontekstista. Kapasiteettia tulee kehittää merkittävästi pitkällä aikavälillä, kunnollisen koulutustarpeiden arvioinnin perusteella.

Energia- ja ympäristökumppanuuden (EEP) malli on ainutlaatuinen, todellinen lisäarvon lähde ja hyödyllinen väline prioriteettialueita valittaessa. Sen etuna on mahdollisuus saattaa yhteen kansainvälisiä ja alueellisia toimijoita sekä kansallisia ja paikallisia kumppaneita. Siitä on muodostunut tehokas synergiaetujen ja innovatiivisten ajatusten edistäjä. Toteutuksessa tulisi yksittäisten pilottihankkeiden sijasta keskittyä laajempiin kokonaisuuksiin ja selkiinnyttää yhteyksiä politiikkatasoon.

Keski-Amerikan energia- ja ympäristökumppanuus (CA EEP) on Suomen energiasektorin hankkeista kehittynein kestävän kehityksen ja köyhyyden vähentämisen kannalta. Ympäristön kestävyys on sisällytetty alueellisiin ohjelmiin, mutta niillä voi olla vain rajallinen vaikutus ympäristön yleiseen tilaan.

Projektien asianmukaisen seuranta- ja evaluointijärjestelmän puute vaikeuttaa avun kokonaistehokkuuden ja tuloksellisuuden todentamista. Seuranta ei ole järjestelmällistä, tai seurantatiedot eivät ole käytettävissä yksittäisistä hankkeista oppimista tai tulosjohtamista varten. Vaikutukset köyhyyden vähentymiseen ovat todennettavissa vasta ajan kanssa ja jos käytetään asianmukaisia seuranta- ja arviointijärjestelmiä.

Kehitysyhteistyön eri instrumenttien entistä parempi keskinäinen koordinointi olisi hyvin lupaavaa tehokkuuden ja Suomen lisäarvon kannalta. Olisi hyödyllistä liittää laajempi Suomen tukema investointiohjelma pilottihankkeisiin mittavampien uusien hankkeiden ja investointien aikaansaamiseksi.

Tämä evaluaatio suositelee keskittymistä 1) nykyisten energiastrategioiden toteuttamiseen, 2) maakohtaisten Suomelle sopivien osa-alueiden tunnistamiseen, 3) yhteyksien luomiseen kumppanimaiden politiikkalinjauksiin, 4) kapasiteetin kehittämisen vahvistamiseen, 5) läpileikkaavien teemojen valtavirtaistamiseen, 6) pitkäaikaisen osallistumisen asettamiseen etusijalle lyhytkestoisten projektien sijaan, 7) ulkoasiainministeriön teknisen kapasiteetin lisäämiseen energia-alalla ja 8) riskien arviointiin, seurantaan ja evaluointiin sekä tuloksista tiedottamiseen.

Avainsanat: kestävä kehitys, uusiutuva energia, energiatehokkuus, energia ja köyhyyden vähentäminen, energia-alan kehittäminen

Utvärdering av Hållbarhetsdimensionen i Fattigdomsbekämpningen: Finlands Stöd till Energisektorn

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ABSTRAKT

I denna utvärdering granskas resultat och effekter i Finlands bistånd till energisektorn 2000–2009. Utvärderingsresultaten grundar sig på en genomgång av dokumentation och fallstudier i Kenya, Vietnam, El Salvador och Nicaragua.

Dessa projekt ligger väl i linje med Finlands och partnerländernas utvecklingsagenda. Finland har en nära samordning med andra givare och partnerländer för att kunna planera insatserna så att harmoniseringen underlättas. Utfallet beror på var utvecklingssamarbetet faktiskt sker. Det krävs omfattande kapacitetsutveckling under en längre tid baserat på en grundlig bedömning av utbildningsbehoven.

EEP-modellen (Energy and Environment Partnership) är ensam i sitt slag, en källa till verkligt mervärde och ett användbart verktyg för identifiering av prioritetsområden. Fördelen med modellen är att den sammanför internationella och regionala aktörer med nationella och lokala partner. Den bidrar starkt till synergier och innovativa idéer. Man bör frångå pilotprojekt av engångskaraktär och sträva efter en tydlig koppling till de politiska riktlinjerna.

EEP för Centralamerika (CA EEP) är det mest avancerade projektet bland Finlands insatser inom energisektorn både vad gäller hållbarhet och fattigdomsbekämpning. Miljömässig hållbarhet har införlivats i de regionala programmen, men dessa har endast begränsad effekt på miljösituationen i stort.

Avsaknaden av ett ordentligt system för uppföljning och utvärdering av projekten utgör en stor hämmande faktor när det gäller uppföljningen av deras totala effektivitet och resultat. Uppföljningen är inte systematisk eller anpassad för att dra lärdomar av individuella projekt eller för resultatstyrning. Effekterna i fattigdomsbekämpningen kan endast identifieras över tiden och med sunda system för uppföljning och utvärdering.

Bättre samordning av instrumenten skulle vara positivt för skapandet av hävstångseffekter och finländskt mervärde. Det skulle vara fördelaktigt att koppla ett större investeringsprogram med finländskt stöd till pilotprojekten för replikering och investering i större skala.

Denna utvärdering rekommenderar att verksamheten fokuserar på följande: 1) genomförande av befintliga energistrategier; 2) identifiering av landspecifika nischer; 3) koppling till politiska riktlinjer i partnerländerna; 4) kraftigare kapacitetsutveckling; 5) integrering av genomgående teman; 6) prioritering av långsiktigt engagemang framför punktinsatser; 7) ökning av UM:s tekniska kapacitet inom sektorn och 8) riskbedömning, uppföljning och utvärdering samt förmedling av resultat.

Nyckelord: hållbarhet, förnybar energi, energieffektivitet, energi och fattigdomsbekämpning, utveckling av energisektorn

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ABSTRACT

This evaluation examines the results and impact of Finnish aid to the energy sector from 2000 to 2009. The findings rely on a documentation review and case studies in Kenya, Vietnam, El Salvador and Nicaragua.

The projects are well in line with the development agendas of Finland and its partner countries. Finland coordinates closely with other donors and partner countries to design activities in a way that facilitate harmonisation. The final results are dependent on where the development cooperation actually occurs. Extensive capacity development is required over a longer period of time, based on proper training needs assessment.

The EEP (Energy and Environment Partnership) model is unique, a source of actual added value and a useful tool to identify priority areas. It has the advantage of bringing together international and regional actors with national and local partners. It has become a strong promoter of synergy and innovative ideas. A shift in implementation approach is required, away from one-off pilots, and with clear links to policy.

The Central American EEP (CA EEP) is the most advanced project in the Finnish energy portfolio in terms of both sustainability and poverty reduction. Environmental sustainability is included in the regional programmes, but they can have only a limited impact on the broad environmental situation.

The absence of a proper M&E system for projects is a major inhibiting factor in tracking the overall effectiveness and results. Monitoring is not systematic or made accessible for learning from individual projects or for RBM. The impact on poverty reduction will become identifiable only with time and with sound M&E systems.

Improved coordination of the instruments would be very promising in terms of leverage and generation of Finnish added value. It would be beneficial to link a broader Finnish-supported investment scheme with pilots for larger-scale replication and investment.

This evaluation recommends focusing on the following: 1) implementing current energy strategies; 2) identifying country-specific niches; 3) linking with policies in partner countries; 4) strengthening capacity-building; 5) mainstreaming of cross-cutting issues; 6) favouring longer-term involvement over punctual intervention; 7) increasing the technical capacity of MFA in the sector; and 8) risk assessment, monitoring and evaluation, and sharing results.

Keywords: sustainability, renewable energy, energy efficiency, energy and poverty reduction, energy sector development

YHTEENVETO

Energia-alan evaluaatio on yksi kolmesta teemasta suuremmassa evaluointikokonaisuudessa, jonka teemana on ”Kestävän kehityksen ulottuvuus köyhyyden vähentämisessä”.

Tämän evaluaation tavoitteena oli arvioida, kuinka taloudellisesti, ekologisesti ja sosiaalisesti kestävän kehityksen lähestymistapa on edistänyt Suomen kehityspolitiikan köyhyyden vähentämisen tavoitteen saavuttamista. Evaluaation tarkoituksena oli tunnistaa konkreettisia tuloksia ja saavutuksia Suomen kehitysyhteistyössä, erityisesti kestävässä kehityksessä. Toisena tarkoituksena oli kerätä kokemusperäistä tietoa ja opetuksia uudenlaisista toteuttamistavoista, ajattelusta tai suunnittelusta sekä tunnistaa tekijöitä, jotka joko haittaavat tai edistävät kehityshankkeille asetettujen tavoitteiden saavuttamista.

Tämä evaluaatio kattaa Suomen tuen energia-alalle vuosina 2000–2009. Evaluaatio tarkastelee lähinnä kahdenvälisiä ja kansalaisjärjestöjen hankkeita. Ulkoasiainministeriön monenkeskinen tuki on myös mahdollisuuksien mukaan otettu huomioon, mutta monenkeskisten rahastojen toiminnan arviointi ei sinänsä kuulu tämän arvioinnin piiriin. Korkotukihankkeita ei myöskään käsitellä tässä evaluaatiossa. Erillisessä, tämän evaluaation kanssa rinnakkaisessa evaluaatiossa keskitytään pelkästään korkotukimekanismiin.

Tiedon kerääminen evaluaatiota varten jakaantui kahteen vaiheeseen. Ensimmäiseksi tutkittiin Suomen energia-alan kehitysyhteistyötä koskevia asiakirjoja ja tavattiin ulkoasiainministeriön sektoripolitiikan ja alueellisten yksikköjen johtajia ja henkilökuntaa sekä suomalaisten kansalaisjärjestöjen edustajia. Kenttämatkat Keniaan, Vietnamiin, Nicaraguaan ja El Salvadoriin tehtiin kesäkuussa 2010. Kussakin maassa vierailut suuntautuivat muutamiin hankekohteisiin, ja niissä haastateltiin paikallisia hanke- ja ohjelmakoordinaattoreita, yksityisen ja julkisen sektorin kumppaneita sekä muita energia-alan sidosryhmiä. Nicaraguassa ja El Salvadorissa evaluointi keskittyi energia- ja ympäristökumppanuusohjelmaan, Vietnamissa kahteen instituutioiden välisen kehitysyhteistyön instrumentin (IKI:n) puitteissa toteutettuun hankkeeseen. Keniassa evaluointiryhmä tarkasteli perinteisempää yhteistyötä: eräitä kansalaisjärjestöjen hankkeita sekä maaseudun sähköistämissuunnitelman tukea. Nämä kolme maaraporttia ovat tämän raportin liitteenä.

Yleisesti ottaen Suomen energia-alalle antama apu on ollut hyvin sopusoinnussa köyhyyden vähentämisen ja kestävän kehityksen tavoitteiden kanssa. Energia-alan linjauksessa käsitelty yleinen strateginen suunta on terve ja alan kansainvälisesti hyväksyttyjen suuntausten mukainen. Haasteena on varmistaa sen toteuttaminen, koska tavoitteet ovat varsin kunnianhimoisia Suomen kaltaiselle pienelle toimijalle energia-alalla.

Vuosien 2005–2007 vaiheilla kestävyyden ja köyhyyden vähentämisen tavoitteet sekä ilmastonmuutoksen hillitseminen näkyivät jo Suomen energia-alan hankkeissa selvemmin kuin vuosikymmenen ensimmäisellä puoliskolla. Myös uusia toteutustapoja ja keinoja luotiin, esimerkkinä energia- ja ympäristökumppanuusohjelma.

Energia- ja ympäristökumppanuuden malli on ainutlaatuinen, todellisen lisäarvon lähde ja hyödyllinen väline prioriteettialueita valittaessa. Sen etuna on mahdollisuus saattaa yhteen kansainvälisiä ja alueellisia ja kansallisia ja paikallisia kumppaneita. Siitä on tullut tehokas synergiaetujen ja innovatiivisten ajatusten edistäjä. Energia- ja ympäristökumppanuusohjelma tarjoaa yhteistyö- ja koordinointimekanismin, joka vastaa osallistuvien maiden tarpeeseen saada alkurahoitusta pienten uusiutuvan energian pilottihankkeiden kehittämiseksi ja tarpeeseen kohdentaa rahoitusta myös alueellisiin kohteisiin. Energia- ja ympäristökumppanuusohjelman rahoituksella on tarkoitus tukea konkreettisia hankkeita, erityisesti sellaisia, jotka hyödyttävät kaikkein heikoimmassa asemassa olevia väestöryhmiä maaseudulla.

Koska energia- ja ympäristökumppanuusohjelmat toteutetaan kansallisesti ja alueellisesti, rahoituskumppanien osuus rajoittuu siihen, että he osallistuvat projektiesitysten arviointiin ja ohjelman hallintoneuvostoon ja vuosittain tai puolivuosittain järjestettävään ohjelman alueelliseen konferenssiin, joka on ohjelman poliittinen elin. Energia- ja ympäristökumppanuusohjelman malli kehitettiin Keski-Amerikassa, missä sitä myös ensimmäisenä kokeiltiin. Tähän mennessä on hyväksytty yli 200 hanketta. Energia- ja ympäristökumppanuusohjelmasta tuli Suomen energia-alan kehitysavun uusi erikoispiirre, ja nyt näitä ohjelmia toteutetaan Etelä-Afrikassa, Mekongin alueella ja Indonesiassa.

Yleisesti ottaen Suomen energia-alan hankkeet ottavat suunnitteluvaiheessa kumppanimaiden erityistarpeet ja muiden näissä maissa toimivien kumppanien toiminnan asianmukaisesti huomioon. On selvää näyttöä siitä, että sidosryhmiä on kuultu hankkeita suunniteltaessa. Joissain tapauksissa tämä kuuleminen on ollut perusteellista ja alan parhaiden käytäntöjen mukaista. Suomi osallistuu aktiivisesti avunantajien koordinointiin politiikka- ja ohjelmatasolla – silloin kun tällaista koordinointia energia-alalla tehdään. Aktiivisuus ei kuitenkaan aina näytä ulottuvan hankkeen toteuttamiseen saakka. Tilaisuuksia ja synergiaetuja saatetaan menettää, osittain siksi, että suurlähetystöt eivät riittävästi osallistu hankkeisiin. Energia- ja ympäristökumppanuusohjelman lisäksi on havaittu varsin vähän muuta ilmeistä ja nimenomaan suomalaista lisäarvoa.

Taloudellinen, sosiaalinen ja ympäristön kestävyys ovat Suomen kehitysyhteistyön kolme kestävän kehityksen avainulottuvuutta, jotka on otettava huomioon. Sekä hankkeiden dokumentaatiossa että toteutuksessa ympäristön kestävyys on kaikkein kattavimmin huomioon otettu alue. Tämä on sopusoinnussa Suomen ilmasto- ja ympäristöprioriteettien kanssa. Monivaiheisissa ja pitkäaikaisissa hankkeissa, kuten Keski-Amerikan energia- ja ympäristökumppanuusohjelmassa, ja pitkäaikaisilla kumppanimailla, kuten Kenialla, tuntuu olevan vankempi ja selkeämpi perusta oletuksilleen ja kestävyyteen vaikuttavien, erityisesti sosiaalisten ja taloudellisten, tekijöiden ymmärtämiselle.

Monet tarkastelluista hankkeista eivät välttämättä myötävaikuta suuriin muutoksiin. Tutkittujen hankkeiden joukossa oli suuri määrä pieniä energia-alan pilottihankkeita. Kaikkiaan 13 tutkitusta hankkeesta/ohjelmasta 8 oli saatettu loppuun, ja niistä vain 4:n voidaan katsoa käynnistäneen kestäviä muutoksia, jotka ovat Suomen antaman avun ansiota. Tärkein niistä on Keski-Amerikan energia- ja ympäristökumppanuusohjelma, joka on onnistunut luomaan Keski-Amerikkaan ainutlaatuisen mekanismin sellaisten pienten innovatiivisten pilottihankkeiden kehittämiseen, joilla edistetään energian saatavuutta, uusiutuvan energian käyttöä ja jonkin verran myös energiatehokkuutta. Keski-Amerikan energia- ja ympäristökumppanuusohjelman projektien sekä muiden hankkeiden ja alueiden projektien suhteellisen hyvän onnistumisen voidaan katsoa johtuvan paikallisten sosiaalisten ja taloudellisten olojen huolellisesta huomioon ottamisesta. Onnistumiset eivät olleet vähiten sen ansiota, että paikalliset yhteisöt otettiin tehokkaasti mukaan hankkeiden suunnitteluun ja toteuttamiseen.

Samalla kun taloudellisten ja inhimillisten resurssien avulla on saavutettu tavoitteita, hankkeiden johtamis- ja hallinnointitavat ovat saattaneet toimia pikemminkin rajoittavina kuin edistävinä tekijöinä. Ulkoministeriön kvalitatiivisessa projektinjohdossa on liian vähän energia-alan asiantuntijoita. Toisaalta hallinto on tarkkaa ja hallinnolliset prosessit aiheuttavat viiveitä sekä paljon asioihin puuttumista, mitä kumppanimaiden edustajien saattaa olla vaikea ymmärtää.

Nicaraguassa ja El Salvadorissa Keski-Amerikan energia- ja ympäristökumppanuusohjelmalla on vaikeuksia pilottihankkeiden oikea-aikaisessa suunnittelussa ja toteuttamisessa. Energia- ja ympäristökumppanuusohjelman alueellinen sihteeristö on äskettäin ryhtynyt toimiin tilanteen korjaamiseksi muun muassa vahvistamalla kumppanien kapasiteettia suunnittelussa ja toteuttamisessa. Nämä toimet vaikuttavat lupaavilta, mutta ne edellyttävät seurantaa. Energia- ja ympäristökumppanuusohjelman seurantajärjestelmiä ollaan kehittämässä kaikilla tasoilla, mutta tarvitaan suurempaa järjestelmällisyyttä ja kapasiteetin kehittämistä, jotta toteuttaminen olisi tehokasta ja jotta varmistettaisiin, että energia- ja ympäristökumppanuusohjelma ja sen kumppanit hallitsevat tuloksiin perustuvan johtamistavan. Hankkeiden suunnittelussa ja toteuttamisessa on suurena huolenaiheena erikoistuneen paikallisen kokemuksen tai paikallisen teknisen kapasiteetin saatavuus. Kestävyyden varmistamiseksi koulutustarpeita ja instituutioiden toimivuutta koskevat arvioinnit on tehtävä entistä järjestelmällisemmin hanke- tai ohjelmatasolla.

Kestävyyden määrä vaihtelee hankkeesta toiseen hankkeiden tyypistä, laajuudesta ja kokonaistavoitteista riippuen. Joissain hankkeissa oli pelkästään ad hoc -koulutuskomponentteja eikä niissä ollut strategista lähentymistapaa tai inhimillisen kapasiteetin kehittämisen priorisointia. Toisissa taas oli tehty liian vähän kotimaisten energiamarkkinoiden esteiden raivaamiseksi tai instituutioiden vahvistamiseksi. Tarvittaisiin järjestelmällistä seurantaa ja riippumatonta evaluointia, jotta voitaisiin varmistaa, että hankkeista saadut opetukset menevät tehokkaasti perille. Kansalaisjärjestöjen ja institutionaalisesta yhteistyöstä (IKI) vastaavien tahojen itse tekemien, rajoittuneiden ja joskus subjektiivisten evaluaatioiden ei tulisi korvata säännöllisiä kunnon evaluaatioita. Olisi

harkittava kannusteiden luomista (tai vaatimusten tiukentamista) sen varmistamiseksi, että toteuttavat tahot käyttävät uusia menetelmiä hankkeiden päätyttyä.

Tasa-arvo, syrjäytyneet ryhmät sekä HIV/AIDS ovat kolme läpileikkaavaa teemaa, jotka tulee ottaa huomioon Suomen kehitysyhteistyössä. Uusimmissa hankeasiakirjoissa (vuoden 2007 jälkeen) yleensä käsitellään näitä asioita. Täydellisimmin käsitelty asia näyttää olevan tasa-arvo. Monivaiheisissa ja pitkäaikaisissa hankkeissa, kuten Keski-Amerikan energia- ja ympäristökumppanuusohjelmassa, ja pitkäaikaisilla kumppanimailla, kuten Kenialla, tuntuu myös olevan vankempi ja selkeämpi perusta oletuksilleen ja näihin kolmeen läpileikkaavaan teemaan vaikuttavien tekijöiden ymmärtämiselle. Alustavat tulokset osoittavat, että läpileikkaavien teemojen ja kestävän ympäristön tiedostaminen sekä niiden integrointi hankesuunnitelmiin on lisääntynyt. Tämä lisääntynyt tietoisuus auttaa pääsemään kohti yhteistä köyhyyden vähentämisen tavoitetta. Siitä huolimatta tarvitaan ponnistuksia näiden teemojen viemiseksi ehdotusten tasolta toteutukseen, seurantaan ja evaluointiin.

Koska hankkeet ovat varsin uusia ja koska nykyisistä hankkeista ei ole käytettävissä paljoakaan evaluointituloksia, ei voida päätellä, onko energia-alan hankkeilla saavutettu merkittävää edistystä köyhyyden vähentämisessä tai sen seurausten lieventämisessä. Muutamat hankkeet ovat onnistuneet vähentämään köyhyyttä ja saavuttamaan kaikki kolme kestävyyden ulottuvuutta. Suuremmat, aiemmat ja pitkäaikaiset hankkeet, kuten Keski-Amerikan energia- ja ympäristökumppanuusohjelma ja Kenian maaseudun sähköistämisen yleissuunnitelma, ovat luoneet vankan perustan, joka parantaa hankkeiden toiminnan ja tulosten jatkuvuuden todennäköisyyttä Suomen hankkeiden päätyttyäkin. Tämä voidaan todentaa kuitenkin vasta jonkin ajan kuluttua. Evaluaation johtopäätös on, että Suomen energia-alan hankkeet ovat saaneet aikaan varsin vähän sellaista yksityisen sektorin ja talouden kehitystä, joka olisi auttanut köyhyyden seurausten lieventämisessä, puhumattakaan siitä, että ne olisivat vähentäneet köyhyyttä. Rajalliset todisteet viittaavat siihen, että taloudellisten tulosten mittareita ja mahdollisia keinoja köyhyyden lieventämiseen ei ole tunnistettu tai seurattu mitenkään järjestelmällisesti tai tehokkaasti.

Suomen hankkeet ovat enenevässä määrin keskittyneet varmistamaan, että energia-alan kehittämisen hankkeissa ja niihin liittyvässä päätöksenteossa käytetään osallistavaa lähestymistapaa. Voimakkaan kumppanuuskomponenttinsa ansiosta energia- ja ympäristökumppanuusohjelmat ovat erityisen hyvin onnistuneet sidosryhmien osallistamisessa. Vaikka yhteiskunnan lisääntynyt osallistuminen on parantanut mahdollisuuksia toiminnan jatkumiseen kestävällä tavalla hankkeiden päätyttyä, on edelleen esimerkkejä siitä, kuinka paikallinen omistajuus ja vaikutusmahdollisuudet voitaisiin ottaa huomioon paremmin. Jotta varmistettaisiin jatkuva painotus sidosryhmien osallistumiseen, tämä seikka on otettava asianmukaisesti huomioon hankkeiden hyväksyntäprosesseissa sekä hankkeiden toteuttamisessa, seurannassa ja tulosten evaluoinnissa.

Jotta varmistetaan katalyyttinen vaikutus koko sektorille, on ylläpidettävä jäsenneltyä ja jatkuvaa energiapoliittista keskustelua ja tehostettava mahdollistavan ympäristön

edistämistä. Institutionaalinen kestävyys paikallisella ja kansallisella tasolla on ensiarvoisen tärkeää sen varmistamiseksi, että uusien innovaatioiden, kuten energia- ja ympäristökumppanuusohjelman kaltaisten hankkeiden, vaikutukset jatkuvat Suomen avun päättymisen jälkeenkin. Alan kapasiteetin kehittämistarpeita on myös arvioitava, jotta voidaan tarjota pitkäkestoista koulutusta, jolloin voidaan myös hyödyntää Suomen avun eri muotoja siten, että ne täydentävät toisiaan.

Näiden havaintojen ja johtopäätösten perusteella evaluoinnissa esitetään yhdeksän ensisijaista suositusta sen varmistamiseksi, että Suomen energia-alan kehitysyhteistyöhankkeet ovat kestäviä ja että niihin sisältyy köyhyyden vähentämisen tavoite. Evaluaatioryhmä ehdottaa, että ulkoministeriö

- keskittyy ministeriön nykyisen energiapolitiikan ja -strategian toteuttamiseen
- arvioi uudelleen maakohtaiset erityisalat, joilla energiahankkeita voitaisiin aloittaa
- kiinnittää entistä enemmän huomiota politiikkatason yhteyksiin
- vahvistaa kapasiteetin kehittämistä järjestelmällisenä ja johdonmukaisena osana ohjelmia ja projekteja
- varmistaa, että toteutuksessa, valvonnassa, seurannassa ja evaluoinnissa jatkuvasti kiinnitetään huomiota läpileikkaaviin teemoihin
- suosii pitkäaikaisia hankkeita lyhytaikaisten täsmäprojektien sijasta
- lisää ulkoministeriön teknistä kapasiteettia energia-alalla
- vahvistaa paikallista osallistumista ja hankkeen omistajuutta toteutusvaiheessa
- ottaa huomioon tarpeen vahvistaa riskiarviointia, seurantaa ja evaluointia sekä hanke- ja ohjelmatuloksista tiedottamista.

Yhteenveto Havainnoista, Johtopäätöksistä ja Suosituksista

Havainnot	Johtopäätökset	Suositukset
Strategia- ja politiikkataso		
Energia-alan linjausmuistiossa esitetty yleinen strateginen suunta on terve ja tämän alan kehityksen kansainvälisesti hyväksyttyjen suuntausten mukainen. Strateginen ja hanketason painopiste, hankkeiden monimuotoisuus ja vuosien 2000–2009 budjettimäärärahat on paremmin suunnattu köyhyyden vähentämiseen ja ilmastonmuutoksen hillitsemiseen.	Haasteena on varmistaa, että tämä strategia todella toteutetaan. Köyhyyden vähentäminen ja ilmastonmuutoksen hillitseminen on otettu paremmin huomioon viimeaikaisessa hankesuunnittelussa, mikä näkyy myös budjettimäärärahoissa ja entistä kestävämmissä energia-alan hallintakäytännöissä.	Keskittyminen ulkoministeriön nykyisen energiapolitiikan ja -strategian toteuttamiseen; olemassa olevien yleisesti ottaen asiallisten uusiutuvan energian, energiatehokkuuden ja ilmastonmuutosta koskevien politiikkatavoitteiden vakiinnuttamiseen, jotta voidaan lisätä niiden määrällisen vaikutuksen todennäköisyyttä.
Hankkeen suunnitteluvaiheessa on kumppanimaiden uusiutuvaa energiaa ja energiatehokkuutta koskevat erityistarpeet ja muiden näissä maissa toimivien kumppanien toiminta otettu asianmukaisesti huomioon.	Tämä ei aina ulotu hanketoteutukseen, joten usein menetetään tilaisuuksia ja synergiaetuja, osittain siksi, että suurlähetystöt eivät riittävästi osallistu hankkeisiin.	Maakohtaisten erityisalueiden uudelleenarviointi sopivien energiahankkeiden lähtökohdiksi; erityisalueiden tulee olla linjassa muuntuvien maakohtaisten prioriteettien kanssa ja niillä ei vielä toimi muita kehitysyhteystyötoimijoita.
Ohjelma- ja hanketukitaso		
Energia- ja ympäristökumppanuusohjelman lisäksi energia-alalla on tunnistettu varsin vähän muuta ilmeistä ja nimenomaista Suomen tuottamaa lisäarvoa.	Energia- ja ympäristökumppanuusohjelma tarjoaa maiden välisen yhteistyö- ja koordinointimekanismin, joka täyttää aukon alkurahoituksessa pienten pilottihankkeiden kehittämiseksi uusiutuvan energian osa-alueella.	On kiinnitettävä entistä enemmän huomiota energia- ja ympäristökumppanuusohjelman pilottihankkeiden ja politiikkatason välisiin yhteyksiin. On varmistettava koko alaa koskeva katalyytti-

Monet tarkastelluista hankkeista eivät välttämättä myötävaikuttaneet suuriin muutoksiin kyseisen maan energia-alalla. Tärkein tuloksia tuottanut energia-alan hanke on Keski-Amerikan energia- ja ympäristökumppanuusohjelma. Energia-alan hankkeet ovat entistä paremmin linjassa Suomen kehitysyhteistyöpolitiikan prioriteettialueiden eli kestävän kehityksen ja köyhyyden vähentämisen kanssa.	Kouriintuntuvien tulosten puute johtuu osittain otannasta, joka sisälsi suuren määrän pieniä energia-alan pilottihankkeita. Energia- ja ympäristökumppanuusohjelman suhteellisen hyvän onnistumisen voidaan katsoa johtuvan relevanttien paikallisten sosiaalisten ja taloudellisten olojen huolellisesta huomioon ottamisesta. Ei ole tiedossa, onko energia-alan hankkeilla saavutettu merkittävää edistystä köyhyyden vähentämisessä. Energia- ja ympäristökumppanuusohjelmalla on saavutettu pieniä vaikutuksia, mutta ei tavoitteena ollutta merkittävää vaikutusta.	nen vaikutus – koskipa se sitten uusiutuvan energian tai energiatehokkuuden osa-alueita – energiapoliittisen keskustelun, markkinakannustimien ja muiden mahdollistavien ympäristöjen avulla. On kiinnitettävä enemmän huomiota paikallisten ja kansallisten rakenteiden institutionaaliseen kestävyyteen.
Tarkasteltujen hankkeiden kohdalla oli kestävän kehityksen saavuttamisessa useita haasteita, kuten monet erityyppiset rahoitusmallit – kahdenväliset, kansalaisjärjestöjen tukemat sekä instituutioiden välisen kehitysyhteistyön instrumentin (IKI:n) puitteissa toteutetut.	Tärkeät mahdollistavat tekijät, kuten paikallisten avunsaajien omistajuus, kapasiteetin rakentaminen sekä soveltuvuus, auttoivat parantamaan kestävyyttä – erityisesti energia- ja tuotantoteknologioiden asianmukaisuuden kohdalla.	On vahvistettava kapasiteetin luomista jäsennellyn ja johdonmukaisen ohjelma- ja hankekomponentin muodostamiseksi. Koulutustarpeiden arvioinnit ja institutionaaliset analyysit on tehtävä entistä järjestelmällisemmin sekä hanke- että ohjelmatasolla.
Uusimmat hankesuunnitelmat (vuoden 2007 jälkeen laaditut) yleensä käsittelevät läpileikkaavia teemoja ja ympäristön	Alustavat tulokset osoittavat, että läpileikkaavien teemojen ja kestävän ympäristön tiedostaminen sekä niiden integrointi	On varmistettava, että toteutuksessa sekä seurannassa ja evaluoinnissa jatkuvasti kiinnitetään huomiota läpileikkaaviin

kannalta kestävää toimintaa joko suoranaisesti tai välillisesti.	hankesuunnitelmiin ovat molemmat lisääntyneet. Siitä huolimatta tarvitaan ponnistuksia näiden teemojen viemiseksi ehdotusten asteelta toteutukseen, seurantaan ja evaluointiin.	teemoihin kehittämällä asianmukaiset mittarit muutoksen mittaamiseen, sekä vahvistettava ulkoministeriön ja toteuttajaportaan energia-asioita hoitavan henkilöstön läpileikkaavia teemoja koskevaa koulutusta.
Suomen energia-alalle antaman avun hallinta		
Hankesuunnitelmat yleensä käsittelevät kestävyyden taloudellisia, sosiaalisia ja ympäristönsuojelullisia kysymyksiä ja ympäristön kannalta kestävää toimintaa joko suoranaisesti tai välillisesti.	Pitkäaikaisilla kumppanimailla vaikuttaa olevan vankempi ja selkeämpi perusta oletuksilleen ja kestävyyteen vaikuttavien tekijöiden, erityisesti sosiaalisten ja taloudellisten vaikutusten, ymmärtämiselle.	On asetettava pitkäaikainen osallistuminen etusijalle lyhytkestoisiin hankkeiden sijasta. Instituutioiden vahvistamiselle ja inhimillisen kapasiteetin luomiselle tarvitaan tehokas ajanjakso, jotta varmistetaan niiden vaikutuksen kestävyys.
Kaiken kaikkiaan taloudelliset ja inhimilliset resurssit ovat tehokkaasti varmistaneet asetettujen tavoitteiden saavuttamisen.	Johtamisen ja hallinnoinnin muodot ovat energia-alan hankkeissa joskus olleet pikemminkin rajoittavia kuin edistäviä tekijöitä. On havaittu alan asiantuntijoiden puutetta ja toisaalta tarkkaa hallinnointia.	On lisättävä teknisiä resursseja eli täydennettävä ulkoministeriön energia-alan neuvonantajien joukkoa, myös kumppanimaiden lähetystöissä, tai vaihtoehtoisesti hajautettava asiantuntemus alueellisiin keskuksiin. On annettava koulutusta muille neuvonantajille ja virkamiehille, jotka oman sektorinsa töissä joutuvat kosketuksiin energia-asioiden kanssa.
Sisäiset johtamisprosessit ovat asianmukaisia ja yleensä hyvin hoidettuja.	Hallinnollisissa prosesseissa on nähtävissä viiveitä, ja Suomen maiden omistajuudelle antamaa tukea hankkeiden valin-	On vahvistettava paikallista osallistumista ja hankkeen omistajuutta toteutusvaiheessa.

Suomen hankkeet ovat enenevässä määrin keskittyneet varmistamaan, että energia-alan kehittämisen hankkeissa ja niihin liittyvässä päätöksenteossa käytetään osallistavaa lähestymistapaa.	nassa ja toteuttamisessa on osittain kyseenalaistettu. Vaikka yhteiskunnan lisääntynyt osallistuminen on parantanut mahdollisuuksia toiminnan kestävään jatkumiseen, on edelleen nähtävissä esimerkkejä siitä, kuinka paikallinen omistajuus voitaisiin tietyissä energiahankkeissa ottaa paremmin huomioon.	On selkiinnytettävä kaikkien mukana olevien osapuolten välistä vastuunjakoa päätöksenteossa ja operatiivisissa asioissa, olivatpa nämä osapuolet sitten suomalaisia tai paikallisia, ja aina kun mahdollista annettava vastuuta maan omille sidosryhmille. Ihanteellisissa tapauksissa, jos juridiset seikat sen sallivat, vastuu hankinnoista tulisi siirtää paikallisille.
Keski-Amerikan energia- ja ympäristökumppanuusohjelman pilottihankkeiden ajallaan tapahtuvassa suunnittelussa ja toteuttamisessa on nähtävissä haasteita. Suomen energia-alalle suuntaamat tukitoimet ovat saaneet aikaan varsin vähän sellaista yksityisen sektorin ja talouden kehitystä, joka olisi auttanut köyhyyden lieventämisessä, puhumattakaan siitä, että ne olisivat vähentäneet köyhyyttä.	Energia- ja ympäristökumppanuusohjelman alueellinen sihteeristö on äskettäin ryhtynyt toimiin tilanteen korjaamiseksi muun muassa kumppanien kapasiteettia kehittämällä. Nämä toimet vaikuttavat lupaavilta, mutta ne edellyttävät seurantaa. On jonkin verran viitteitä siitä, että taloudellisten tulosten mittareita ja mahdollisia keinoja köyhyyden lieventämiseen ei ole tunnistettu tai seurattu mitenkään järjestelmällisesti tai tehokkaasti.	On vahvistettava riskiarviointia, seurantaa ja evaluointia sekä tulosjohtamista ja tiedottamista hankkeen ja ohjelman tuloksista.

SAMMANFATTNING

Denna utvärdering av energisektorn utgör ett deltema i en större övergripande utvärdering med tre teman under rubriken ”Utvärdering av hållbarhetsdimensionen i fattigdomsbekämpningen”.

Målet med denna utvärdering var att bedöma hur inriktningen på hållbar ekonomisk, ekologisk och social utveckling bidragit till framsteg i fattigdomsbekämpningen, som är det övergripande målet för Finlands utvecklingspolitik. Utvärderingens syfte var att identifiera konkreta resultat och framsteg i Finlands utvecklingssamarbete och att särskilt beakta hållbar utveckling. Dessutom var syftet att med lärdom av tidigare erfarenheter finna nya tillvägagångssätt för genomförande, nytänkande och planering samt fastställa vilka faktorer som försämrar eller förbättrar möjligheterna att nå de uppställda målen för utvecklingsinsatserna.

Denna utvärdering omfattar Finlands bistånd till energisektorn mellan åren 2000 och 2009. I första hand behandlas bilaterala och icke-statliga organisationers projekt. Utrikesministeriets (UM) multilaterala stöd beaktas i så stor utsträckning som möjligt, men multilaterala fonder faller utanför denna utvärdering. Dessutom ingår inte projekten kring förmånliga krediter. Den ifrågavarande biståndsmekanismen omfattas av en annan utvärdering som genomförs parallellt med denna utvärdering.

Utvärderingsdata insamlades i två faser: en teoretisk fas och en fältbesöksfas. I den teoretiska fasen gjordes en genomgång av Finlands dokumentation om utvecklingssamarbetet inom energisektorn och möten ordnades med chefer och medarbetare vid UM:s politiska och regionala enheter inom sektorn liksom med företrädare för finländska icke-statliga organisationer. I juni 2010 gjordes fältbesök till Kenya, Vietnam, Nicaragua och El Salvador. Ett begränsat antal projektorter i respektive land besöktes, och intervjuer gjordes med lokala och projekt- och programsamordnare, privata och offentliga samarbetspartner samt andra intressenter inom energisektorn. I Nicaragua och El Salvador fokuserade utvärderingen på EEP-programmet (Environment Partnership Programme) och i Vietnam på två ICI-projekt (Institutional Cooperation Instrument). I Kenya studerade utvärderingsgruppen ett samarbete av mer traditionell typ: några projekt med icke-statliga organisationer och stödet till REM-planen (Rural Electrification Master Plan). Dessa tre landrapporter har bifogats till denna rapport.

Finlands bistånd inom energisektorn var överlag väl i linje med de två målen fattigdomsbekämpning och hållbar utveckling. Den allmänna strategiska inriktningen i de energipolitiska riktlinjerna är sund och i linje med sektorns internationella paradigm. Utmaningen består i att säkerställa implementeringen av riktlinjerna, vilket är ett ambitiöst mål för Finland som en liten aktör inom sektorn.

Hållbarhet, fattigdomsbekämpning och begränsning av klimatförändringar återspeglas bättre i Finlands insatser under perioden 2005–2007 än under första halvan av decenniet. Dessutom har nya metoder och sätt för genomförande av insatserna skapats, t.ex. EEP.

EEP-modellen är ensam i sitt slag, en källa till verkligt mervärde och ett användbart verktyg för identifiering av prioritetsområden. Modellens fördel är att den sammanför internationella och regionala aktörer med nationella och lokala samarbetspartner. Den har bidragit starkt till synergier och innovativa idéer. EEP utgör en mekanism för samarbete och samordning mellan olika länder som fyller det behov av ytterligare såddkapital som deltagarländerna har för utveckling av småskaliga pilotprojekt inom förnybar energi och för regional inriktning. EEP-medlen ska stöda konkreta projekt och särskilt sådana som är till förmån för de mest missgynnade grupperna på landsbygden.

Eftersom EEP genomförs nationellt och regionalt har den finansiella partnern en roll som är begränsad till deltagande i genomgång av projektförslag och i styrgruppen och det årliga regionala forum som är programmets politiska organ. EEP-modellen initierades och testades i Centralamerika. Hittills har över 200 projekt godkänts och implementerats. EEP har blivit en ny nisch för Finlands stöd till energisektorn och modellen replikeras nu i Sydafrika, Mekongområdet och Indonesien.

Finlands insatser inom energisektorn tar i allmänhet vederbörlig hänsyn till partnerländernas specifika behov och andra samarbetspartners verksamhet i dessa länder under projektplaneringsfasen. Intressenterna får bevisligen möjlighet att lämna information för projektplaneringen genom samråd. I vissa fall är samråden heltäckande och speglar den bästa praxisen på området. Finland deltar aktivt i givarsamordningen på politisk nivå och programnivå, men endast där det finns sådan samordning inom energisektorn. Däremot går Finland miste om vissa synergimöjligheter i genomförandet av projekten. En orsak till detta är att Finlands ambassader inte är tillräckligt involverade. Synbart och specifikt finländsk mervärde har utöver EEP-instrumentet identifierats endast i liten utsträckning.

Finlands biståndsverksamhet ska beakta de tre hållbarhetsdimensionerna: ekonomisk, social och miljömässig hållbarhet. I både dokumentationen och genomförandet av projekten är miljömässig hållbarhet den aspekt som beaktas mest heltäckande. Detta fokus stämmer överens med Finlands prioritering av klimat- och miljöfrågor. Långsiktiga projekt med flera faser, t.ex. CA EEP, och långsiktiga partnerländer som Kenya förefaller ha bättre och tydligare föreställningar och insikt om faktorer – särskilt sociala och ekonomiska influenser – som påverkar hållbarheten.

Flera av de granskade projekten var sådana som inte nödvändigtvis bidrog till några större förändringar. I urvalet ingick ett stort antal småskaliga projekt eller pilotprojekt inom energisektorn. Av de 13 projekten eller programmen som granskades hade 8 slutförts och av dem kan endast 4 anses ha utgjort startskott för hållbara förändringar

som kan hänföras till Finlands finansiella stöd. Det mest framträdande av dessa är CA EEP, som framgångsrikt erbjudit en unik mekanism i Centralamerika vid utveckling av små, innovativa pilotprojekt som främjar tillgång till energi, användning av förnybar energi, och i mindre grad, energieffektivitet. Den relativa framgången med CA EEP:s delprojekt och delprojekt inom andra projekt och regioner kan hänföras till noggrant beaktande av de lokala sociala och ekonomiska förhållandena. En icke obetydlig del i framgångarna har det faktum att lokala samhällen i hög grad engagerats i planeringen och genomförandet av projekten.

Medan de finansiella och mänskliga resurserna bidragit till att säkerställa måluppfyllelsen kan faktorer inom administration och förvaltning ha utgjort begränsningar i stället för bidragande faktorer. UM har inte engagerat tillräckligt med experter inom området i den kvalitativa projektledningen. Administrationen är strikt och de administrativa processerna medför dröjsmål och en hög grad av inblandning, vilket företrädare från partnerländerna inte alltid har full förståelse för.

I Nicaragua och El Salvador finns utmaningar som gäller pilotprojekt inom CA EEP och hur de ska kunna planeras och genomföras inom rimlig tid. Det regionala EEP-sekretariatet har nyligen vidtagit åtgärder för att förbättra situationen genom att stärka kapaciteten för planering och genomförande hos samarbetspartnerna. Dessa åtgärder är lovande, men måste följas upp. Uppföljningssystem för EEP utvecklas på alla nivåer, men systematisering och kapacitetsutveckling krävs för att effektivera genomförandet och säkerställa att EEP och dess partner bemästrar resultatstyrning. En stor fråga i planeringen och genomförandet av projekten är tillgången till specialiserad lokal expertis eller lokal teknisk kapacitet. För att säkerställa hållbarheten behövs en mer systematisk bedömning av institutionerna och utbildningsbehoven på projekt- och programnivå.

Inslaget av hållbarhet i projekten varierade beroende på projektets typ, omfattning och övergripande mål. I vissa projekt förekom endast tillfälliga utbildningskomponenter och det fanns brister i den strategiska inriktningen och hur utvecklingen av mänskliga resurser prioriterades. I andra projekt arbetade man inte tillräckligt för att undanröja hindren på den inhemska energimarknaden eller för att stärka institutionerna. För att mer effektivt kunna dra lärdom av projekten krävs systematisk uppföljning och oberoende utvärdering. För icke-statliga organisationer eller ICI-instrument görs ofta endast begränsade och ibland snedvridna självutvärderingar, och detta bör inte ersätta de vederbörliga, ordinarie utvärderingarna. Man kan överväga att ge incitament (eller ställa striktare krav) för att se till att de ansvariga för genomförandet följer upp de införda förfarandena när projekten har slutförts.

Jämställdhet, marginaliserade grupper och HIV/AIDS är tre genomgående teman som ska beaktas i Finlands utvecklingsverksamhet. De nya projektplaneringsdokumenten (efter 2007) beaktar i allmänhet dessa tre frågor. Den fråga som beaktas mest heltäckande förefaller vara jämställdhet. Dessutom förefaller långsiktiga projekt med

flera faser, t.ex. CA EEP, och långsiktiga partnerländer som Kenya ha bättre och tydligare föreställningar och insikt om faktorer som påverkar dessa tre genomgående teman. Preliminära resultat pekar på en ökad medvetenhet och integration av genomgående teman och miljömässig hållbarhet i projektplaneringen. I och med denna ökade medvetenhet kan det övergripande målet fattigdomsbekämpning beaktas på ett bättre sätt. Det krävs dock ytterligare ansträngningar för att föra över dessa teman från förslagsfasen till genomförande, uppföljning och utvärdering.

Eftersom insatshelheten är ganska ny och endast en begränsad mängd data finns tillgängliga för utvärdering av de aktuella projekten är det inte möjligt att fastställa om insatserna inom energisektorn har lett till några betydande framsteg i bekämpningen av fattigdom eller till lindring av dess konsekvenser. I några projekt har man kunnat minska fattigdomen och samtidigt beakta de tre hållbarhetsdimensionerna. Större, äldre och mer långsiktiga projekt som CA EPP och REM-planen (Rural Electrification Master Plan) för Kenya har skapat en stabil grund som förbättrar sannolikheten för hållbara projektaktiviteter och resultat efter att Finlands insatsperiod avslutas. Men endast tiden kan utvisa detta. Slutsatsen enligt utvärderingen är att endast få av utvecklingsresultaten inom den privata sektorn och ekonomiområdet har sitt ursprung i Finlands insatser för fattigdomslindring och framför allt fattigdomsbekämpning inom energisektorn. Det finns vissa belägg som antyder att indikatorer för ekonomiska resultat och potentiella utvecklingsvägar för fattigdomslindring varken identifierats eller följts upp på något systematiskt eller effektivt sätt.

Finlands insatser har i ökad grad fokuserat på att säkerställa att samarbetspartnerns inriktning på energiområdet tillämpas vid utvecklingsinsatserna och relaterat beslutsfattande. EEP med sin starka partnerkomponent utmärker sig genom att engagera intressenterna. Även om bättre deltagande från samhällets sida har ökat sannolikheten för en hållbar fortsättning av verksamheten efter insatsens slut finns det ännu exempel där lokalt ägarskap och delaktighet skulle kunna beaktas på ett bättre sätt. För att säkerställa kontinuerligt fokus på intressenternas deltagande behöver adekvata åtgärder införlivas i processen för godkännande av projekt, genomförandet samt uppföljningen och utvärderingen av resultaten.

För att åstadkomma en katalysatoreffekt på sektorsnivå måste ett strukturerat och kontinuerligt deltagande i den energipolitiska dialogen upprätthållas och åtgärderna för skapande av en gynnsam verksamhetsmiljö utvecklas. Det är också väsentligt att ägna uppmärksamhet åt den institutionella hållbarheten på regional och nationell nivå för att säkerställa att effekten av nya innovationer, såsom program av EEP-typ, upprätthålls efter det finländska stödet. Dessutom måste behovet av kapacitetsutveckling inom sektorn bedömas för att kunna ge lämplig, långsiktig utbildning, vilket även ger möjlighet att använda Finlands olika biståndsformer på ett kompletterande sätt.

Dessa resultat och slutsatser utgör grunden för utvärderingens nio huvudrekommendationer om hur man kan säkerställa att Finlands insatser inom energisektorn är håll-

bara och införlivar fattigdomsbekämpningen. Utvärderingsgruppen föreslår att UM gör följande:

- Fokuserar på implementering av UM:s befintliga energirelaterade riktlinjer och strategier
- Omvärderar landspecifika nischer inom energisektorn
- Ägnar mer uppmärksamhet åt kopplingen till den politiska nivån
- Stärker kapacitetsutvecklingen för att skapa systematiska och konsekventa program- och projektkomponenter
- Säkerställer att kontinuerlig uppmärksamhet ägnas åt genomgående teman vid genomförande, övervakning samt uppföljning och utvärdering
- Prioriterar långsiktigt engagemang framför insatser av engångskaraktär
- Ökar UM:s tekniska kapacitet inom energisektorn
- Stärker lokalt engagemang och projektägarskap i genomförandet
- Beaktar behovet av kraftfullare risbedömning, uppföljning och utvärdering samt kunskapsöverföring av projektens och programmens resultat.

Sammanfattning av Granskningsresultat, Slutsatser och Rekommendationer

Granskningsresultat	Slutsatser	Rekommendationer
Strategisk och politisk nivå		
Den allmänna strategiska inriktningen i de energipolitiska riktlinjerna är sund och i linje med internationella paradigm för utveckling av sektorn. Fokuseringarna på strategisk nivå och projektnivå, projektens mångfald och anslagen 2000–2009 har en bättre inriktning på fattigdomsbekämpning och begränsning av klimatförändringar.	Utmaningen består i att säkerställa den praktiska implementeringen av denna strategiska ram. Fattigdomsbekämpning och begränsning av klimatförändringar har beaktats på ett bättre sätt i projektplaneringen den senaste tiden. Detta syns även i anslagen och i en mer hållbar energihushållningspraxis.	Fokusera på implementering av UM:s befintliga energirelaterade riktlinjer och strategier och konsolidera redan utvecklade och allmänt adekvata politiska mål rörande förnybar energi, energieffektivitet och klimatförändring för att öka sannolikheten av kvantifierbara effekter.
Man förefaller ta vederbörlig hänsyn till partnerländernas specifika behov inom förnybar energi och energieffektivitet liksom till verksamheten hos andra samarbetspartner inom energisektorn i dessa länder i projektplaneringsfasen.	Detta stämmer inte alltid in på själva genomförandet, där möjligheter till synergier mellan energisektorsinsatser ofta går förlorade, delvis på grund av att ambassaderna inte är tillräckligt involverade.	Omvärdera landspecifika nischer som är lämpliga ingångar för Finlands insatser och i linje med ländernas aktuella prioriteringar och som inte är upptagna av andra stora samarbetsaktörer.
Program- och projektnivå		
Specifikt finländskt mervärde inom energisektorn har utöver EEP-instrumentet identifierats endast i liten utsträckning.	EEP erbjuder en mekanism för samarbete och samordning mellan olika länder som fyller behovet av ytterligare såddkapital för utveckling av småskaliga pilotprojekt inom delsektorn förnybar energi.	Ägna större uppmärksamhet åt koppling av EEP-pilotprojekt till den politiska nivån. Säkerställ katalysatoreffekter på sektorsnivå – vare sig delsektorn är förnybar energi eller energieffektivitet – genom kontinuerlig dialog om

Flera av de granskade projekten bidrog inte nödvändigtvis till stora förändringar eller effekter inom landets energisektor. Bland de energiprojekt som givit resultat är CA EEP det mest framträdande. Projektens överensstämmelse med prioritetsområdena hållbarhet och fattigdomsbekämpning i Finlands utvecklingspolitik har förbättrats.	Bristen på väsentliga resultat beror delvis på att det i urvalet ingick ett stort antal småskaliga projekt och pilotprojekt. Den relativa framgången med EEP kan hänföras till noggrant beaktande av relevanta sociala och ekonomiska förhållanden vid bedömningen av de lokala energibehoven. Det är oklart om insatserna inom energisektorn lett till betydande framsteg i fattigdomsbekämpningen. EEP har uppnått småskaliga effekter, men inte de betydande effekter som var målet.	energipolitik, marknadsincitament och andra faktorer som gynnar verksamhetsmiljön. Mer uppmärksamhet bör ägnas åt de nationella och regionala strukturernas institutionella hållbarhet.
De granskade projekten mötte otaliga utmaningar, inkl. alla typer av finansiella arrangemang: bilaterala, icke-statliga organisationer och institutionella samarbetsinstrument (ICI).	Nyckelfaktorer som ägarskap hos lokala stödmottagare, kapacitetsutveckling och lämplighet har främjat hållbarheten – särskilt energi- och produktionsteknikens ändamålsenlighet.	Stärk kapacitetsutvecklingen för att skapa systematiska och konsekventa program- och projektkomponenter. Bedömning av utbildningsbehov och institutionella analyser bör ske mer systematiskt på både projekt- och programnivå.
De nya projektplaneringsdokumenten (efter 2007) beaktar i allmänhet genomgående teman och miljömässig hållbarhet direkt eller indirekt.	Preliminära resultat pekar på en ökad medvetenhet och integration av genomgående teman och miljömässig hållbarhet i projektplaneringen. Det krävs dock ytterligare ansträngningar för att föra över dessa teman från förslagsfasen till ge-	Säkerställ att genomförandet, uppföljningen och utvärderingen ägnar kontinuerlig uppmärksamhet åt genomgående teman genom att utveckla ändamålsenliga indikatorer för att mäta förändringar; stärk utbildningen om genomgående

	nomförande, uppföljning och utvärdering.	teman för energirelaterad UM-personal och genomförandeorganens personal.
Förvaltning av Finlands bistånd inom energisektorn		
Planeringsdokumenten beaktar i allmänhet ekonomisk, social och miljömässig hållbarhet direkt eller indirekt.	Långsiktiga partnerländer förefaller ha bättre och tydligare föreställningar och insikt om faktorer – särskilt sociala och ekonomiska influenser – som påverkar hållbarheten.	Prioritera långsiktigt engagemang framför insatser av engångskaraktär. Längre tidsperspektiv krävs för institutionell förstärkning och utveckling av mänskliga resurser för att säkerställa hållbarhetseffekterna.
De finansiella och mänskliga resurserna har överlag varit ändamålsenliga för att säkerställa måluppfyllelsen.	Administration och förvaltning var ibland mer begränsande än bidragande faktorer i projekten inom energisektorn. Dessutom noterades en brist på experter inom området och mycket strikt administration i vissa fall.	Öka UM:s tekniska kapacitet, dvs. gruppen av energirådgivare inom energisektorn, inklusive Finlands ambassader i partnerländerna, eller satsa på decentraliserade rådgivare i regionala centrum som ett alternativ. Anordna utbildning till andra rådgivare och tjänstemän som kommer i kontakt med energifrågor i sitt sektorsarbete.
De interna administrativa förfarandena är adekvata och i allmänhet välskötta.	Dröjsmål uppstod i administrativa processer och vissa frågor uppkom om hur Finland stöder landets ägarskap vid urvalet och genomförandet av projekten.	Stärk lokalt engagemang och projektägarskap i genomförandet. Klargör ansvaret för beslutsfattande och operativa frågor hos alla parter vid insatserna vare sig de är finländska eller lokala och överför det till intressenter i landet närhelst detta är möjligt.

Finlands insatser har i ökad grad fokuserat på att säkerställa att samarbetspartnerns inriktning på energiområdet tillämpas vid utvecklingsinsatserna och relaterat beslutsfattande.	Även om bättre deltagande från samhällets sida har ökat sannolikheten för en hållbar fortsättning av verksamheten förekommer fortfarande exempel på energiprojekt där lokalt ägarskap skulle kunna beaktas på ett bättre sätt.	Upphandlingen, om det finns juridiska möjligheter, ska helst flyttas ut i större utsträckning eller helt till de lokala myndigheterna.
Det finns utmaningar gällande CA EEP-pilotprojekt och hur man ska kunna se till att de planeras och genomförs inom rimlig tid. Mycket få av utvecklingsresultaten inom den privata sektorn och ekonomiområdet har sitt ursprung i Finlands insatser för fattigdomslindring och framför allt fattigdomsbekämpning inom energisektorn.	Det regionala EEP-sekretariatet har nyligen vidtagit åtgärder för att förbättra situationen, bl.a. genom kapacitetsutveckling hos samarbetspartner. Dessa åtgärder är lovande, men måste följas upp. Det finns vissa belägg som antyder att indikatorer för ekonomiska resultat och potentiella utvecklingsvägar för fattigdomslindring inte har identifierats och framför allt inte följts upp på något systematiskt eller effektivt sätt.	Stärk riskbedömning, uppföljning och utvärdering, resultatstyrning och kunskapsöverföring av projekt- och programresultat.

SUMMARY

The energy sector evaluation is one of the three sub-themes in the larger umbrella evaluation "The Sustainability Dimension in Addressing Poverty Reduction".

The objective of this evaluation was to assess how the sustainable economic, ecological and social development approach has enabled progress towards the overall poverty reduction goal of the Finnish development policy. The purpose of the evaluation was to identify concrete results and achievements in Finnish development cooperation, with particular reference to sustainable development. The secondary purpose was to draw on past experience to learn unique ways of implementation, thinking or planning and determine factors that hamper or enhance achievement of the objectives set for development interventions.

The present evaluation covers Finnish aid to the energy sector from 2000 to 2009. It primarily considers bilateral and non-governmental organisation (NGO) projects. As much as possible, the evaluation considers multilateral contributions of the MFA. The performance of multilateral trust funds is, however, beyond its scope. In addition, concessional credit (CC) projects are not covered here. This aid mechanism is covered by another evaluation which is being conducted in parallel to the present MFA evaluation.

Evaluation data was collected in two phases: a desk phase and field visit phase. In the desk phase, the Finnish documentation on development cooperation in the energy sector was reviewed and meetings were convened with MFA sector policy and regional unit directors and staff, as well as representatives of Finnish NGOs.

The field visits to Kenya, Vietnam, Nicaragua and El Salvador took place in June 2010. In each country, a limited number of project sites were visited and interviews conducted with local project and programme coordinators, private and public partners, and other energy sector stakeholders. In Nicaragua and El Salvador, the evaluation focused on the Energy and Environment Partnership Programme (EEP), while in Vietnam it looked at two projects using the Institutional Cooperation Instrument (ICI). In Kenya, the evaluation team studied the more traditional type of cooperation: some NGO projects and the support of the Rural Electrification Master Plan (REM). The three country reports are annexed to this evaluation.

In general, Finnish assistance in the energy sector has been well aligned with the goals of poverty reduction and sustainable development. The general strategic direction in the energy sector policy memorandum is sound and in line with international paradigms for this sector. The challenge is in ensuring implementation of the policy, which is ambitious for a country like Finland that is a small player in the sector.

Sustainability and poverty reduction goals and climate change mitigation are better reflected in the Finnish energy sector interventions by 2005–2007 than during the first half of the decade. New implementation methods and vehicles have also been created, such as the Energy and Environment Partnership (EEP).

The EEP model is unique, a source of actual value added and a useful tool to identify priority areas. It has the advantage of bringing together international and regional actors with national and local partners. It has become a strong promoter of synergy and innovative ideas. The EEP supplies a cross-country cooperation and coordination mechanism that fills a gap, perceived by participating countries, for seed funding to develop small-scale pilot projects in the renewable energy sub-sector, and to target the regional dimension. EEP funds should support concrete projects, especially those that benefit the most underprivileged groups in rural areas.

Because the EEPs are executed nationally and regionally, the role of the financing partners is limited to participation in the screening of the project proposals and in the Supervisory Board and the Annual Regional Forum, which is the political organ of the programme. The EEP model was initiated in Central America and tested there. So far over 200 projects have been approved and implemented. The EEP became a new niche for Finnish energy sector support and is now being replicated in South Africa, the Mekong region and Indonesia.

In general, at the project design stage the Finnish energy sector interventions consider the specific needs of partner countries as well as the activities of other partners operating in these countries,. Evidence shows that project design is informed by stakeholder consultations. In some cases, these consultations are comprehensive and reflect best practices in the area. At the policy and programme levels, Finland is an active participant in donor coordination, but only where such coordination in the energy sector exists. However, in project implementation Finland misses some opportunities for synergies. One reason for this is that the embassies of Finland often do not get involved enough. Other than the EEP instrument, little apparent specific Finnish value added has been identified.

Finnish development activities must address the three key dimensions of sustainability: economic, social, and environmental sustainability. In both project documentation and implementation, environmental sustainability is the most comprehensively addressed aspect, a focus that is consistent with Finland's priority of climate and environmental issues. Longer-term projects with several phases, such as the Energy and Environment Partnership with Central America (CA EEP), and longer-term partnership countries, such as Kenya, appear to have a stronger and clearer foundation of assumptions and understanding of factors — especially social and economic influences — that affect sustainability.

Several of the projects reviewed did not necessarily contribute to major changes. The sample of studied projects contained a large number of small-scale or pilot projects

in the energy sector. Out of all the 13 projects/programmes reviewed, 8 projects had been completed, and only four of these can be regarded as having triggered sustainable changes attributable to Finland's financial support. The most prominent is the CA EEP, which was successful in providing a unique mechanism in Central America for the development of small innovative pilots that promote access to energy, the use of renewable energy, and, to a lesser extent, energy efficiency. The relative success of CA EEP sub-projects, and sub-projects from other projects and regions, can be attributed to careful consideration of local social and economic conditions. By no small measure, the successes were achieved when local communities were thoroughly integrated into project design and implementation.

While financial and human resources have helped achieve the objectives set, factors in management and administration may have acted as constraints rather than enabling factors. .The MFA has an insufficient number of subject-matter experts involved in qualitative project management. On the other hand, administration is strict and there are delays in administrative processes and high levels of interference, which representatives from the partner countries may find difficult to understand.

In Nicaragua and El Salvador, there are challenges are seen in ensuring the timely design and implementation of CA EEP pilot projects. The regional EEP secretariat has recently taken action to rectify the situation, by strengthening the capacity of partners in design and implementation. These measures are promising, but need to be monitored. At all levels, monitoring systems for EEP are in development, but systematisation and capacity building will be required to make implementation effective and to ensure that results-based management (RBM) is mastered by EEP and its partners. A major concern in project design and implementation is the availability of specialised local experience or local technical capacity. To ensure sustainability, training needs and institutional assessments will have to be conducted more systematically at the project or programme level.

The amount of sustainability in projects varied, depending on the project type, scope, and overall objectives. Some projects showed only ad hoc training components as well as a lack of a strategic approach and prioritisation of human capacity development. Others had insufficient work towards removing barriers to domestic energy markets, or strengthening of institutions. To more effectively learn from projects, systematic monitoring efforts and independent evaluation would be required. Often, NGOs and ICIs have only limited, sometimes biased, self-evaluation, and that should not replace proper regular evaluations. Consideration could be given to providing incentives (or making stricter requirements) to ensure that those responsible for implementation follow up on the procedures adopted once projects have ended.

Gender, marginalised groups, and HIV/AIDS are three cross-cutting issues to be addressed in Finnish development activities. New project design documents (post-2007) generally address these three issues. The most comprehensively addressed aspect appears to be gender. Also, longer-term projects with several phases, such as the

CA EEP, and longer-term partnership countries, such as Kenya, appear to have a stronger, clearer foundation of assumptions and understanding of factors that affect these three cross-cutting issues. Preliminary results point to an increased awareness and integration of cross-cutting issues and environmental sustainability into project design. This increased awareness would then better address the overarching goal of poverty reduction. Nonetheless, efforts are needed to carry these themes beyond the proposal stage into implementation and monitoring and evaluation (M&E).

Because the portfolio is fairly new and due to the limited amount of data available for evaluation of current projects, it is not possible to determine whether interventions in the energy sector have led to significant progress in the reduction of poverty or the alleviation of its consequences. A few projects have resulted in poverty reduction while achieving all three dimensions of sustainability. Larger, older, longer-term projects, such as CA EEP and the Kenya Rural Electrification Master Plan (REM), have laid solid foundations that improve the likelihood of sustained project activities and outcomes after the close of the Finnish intervention period. However, proof of this will only come with time. The evaluation concludes that very few private sector and economic development results have stemmed from Finland's energy sector interventions to assist in achieving poverty alleviation, let alone poverty reduction. The limited evidence suggests that indicators of economic results and potential paths towards alleviating poverty had neither been identified nor monitored in any systematic, effective way.

Finland's interventions have increasingly focused on ensuring that participatory approaches are applied to energy development interventions and related decision making. With their strong partnership component, EEPs stand out in achieving the involvement of stakeholders. Although the improved participation of society has increased the likelihood that activities will be continued sustainably at the end of interventions, there are still examples where local ownership and empowerment could be considered more deeply. To secure a constant focus on stakeholder participation, adequate measures need to be embedded in the project approval process and in the execution, monitoring, and evaluation of results.

To ensure a catalytic effect at the sector level, structured and continuous participation in energy policy dialogue must be maintained and actions to promote enabling environment enhanced. Attention to institutional sustainability at the regional and national level is essential to ensure that the impact of new innovations, such as an EEP-type scheme, is sustained beyond Finnish support. Needs for capacity-building in the sector must also be assessed so that suitable long-term training can be provided, which would also allow the different forms of Finnish aid to be used in a complementary fashion.

Based on these findings and conclusions, the evaluation makes nine primary recommendations to ensure that Finland's interventions in the energy sector are sustainable and that they include poverty reduction. The evaluation team suggests that the MFA do the following:

- Focuses on implementing existing MFA energy-related policies and strategies
- Reassess country-specific niches as entry points in the energy sector
- Pay more attention to linkages with the policy level
- Strengthen capacity building to form a systematic, consistent component of programmes and projects
- Ensure that implementation, supervision and M&E pay continued attention to cross-cutting issues
- Favour longer-term involvement over one-off interventions
- Increase the MFA's technical capacity in the energy sector
- Reinforce local involvement and project ownership in execution
- Address the need for strengthened risk assessment, M&E, and knowledge sharing of project or programme results.

Summary of Findings, Conclusions, and Recommendations

Findings	Conclusions	Recommendations
Strategic and policy level		
The general strategic direction in the energy sector policy memorandum is sound and in line with international paradigms for the development of this sector. The strategic and project-level focus, project diversity, and budget appropriations in 2000-2009 are better geared towards poverty reduction and climate change mitigation.	The challenge is in ensuring the actual implementation of this strategic framework. Poverty reduction and climate change mitigation are better addressed in recent project designs, visible also in budgetary appropriations and more sustainable energy management practices.	Focus on the implementation of existing MFA energy-related policies and strategies and on stabilizing the already developed and generally adequate renewable energy, energy efficiency, and climate change policy goals to increase the likelihood of quantifiable impact
At the project design stage, due consideration appears to be given to the specific renewable energy and energy efficiency needs of partner countries, as well as to the activities of other partners operating in the energy sector of these countries.	This does not always carry over to project implementation, where opportunities for synergies between energy sector interventions are often missed, in part because of insufficient involvement of the embassies.	Reassess country-specific niches that are suitable as entry points for Finnish interventions and which are in line with evolving country priorities and which are not occupied by other major cooperation actors.
Programme and project intervention level		
Other than the EEP instrument, little apparent specific Finnish added value has been identified in the energy sector.	The EEP supplies a cross-country cooperation and coordination mechanism that fills a gap for seed funding to develop small-scale pilot projects in the renewable energy sub-sector.	Give stronger attention to linkages of EEP pilot projects with the policy level. Ensure catalytic effect at the sector level whether for the renewable energy or

Several projects reviewed did not necessarily contribute to major changes or impact in their country's energy sector. Among energy projects that have yielded results, the most prominent is the CA EEP. Energy sector projects have improved their alignment with the priority areas of sustainability and poverty reduction of the Finnish development policy.	The lack of substantive results is partly the product of a sample that contained a large number of small-scale or pilot energy projects. The relative success of EEP can be attributed to careful consideration of relevant local, social and economic conditions with respect to energy needs It is unclear whether energy sector interventions have led to significant progress in the reduction of poverty. The EEP has achieved small-scale effects, but not the significant impact that was targeted.	energy efficiency sub-sectors—through continuous dialogue on energy policy, market incentives and other enabling environment factors. More attention should be paid to institutional sustainability of the national and regional structures.
The projects that were reviewed faced numerous sustainability challenges, including all types of funding arrangements: bilateral, NGOs, and institutional cooperation instrument (ICI).	Key enabling factors, such as ownership by local beneficiaries, capacity building, and suitability helped improve sustainability, especially regarding the appropriateness of energy and production technologies.	Strengthen capacity building to form a systematic, consistent component of programmes and projects. Training needs assessment and institutional analyses shall be carried out more systematically at both project and programme levels.
New project design documents (post-2007) generally address cross-cutting issues and environmental sustainability, either directly or indirectly.	Preliminary results point to an increased awareness and integration of cross-cutting issues and environmental sustainability into project	Ensure that implementation, monitoring and evaluation pay continued attention to cross-cutting issues through the development of

	design. Nonetheless, efforts are needed to carry these themes beyond the proposal stage, into implementation and M&E.	appropriate indicators to measure change; reinforce training on cross-cutting issues for the MFA's energy-related personnel as well as the staff of implementing agencies.
Management of Finnish aid in the energy sector		
Design documents generally address the economic, social, and environmental dimensions of sustainability, either directly or indirectly.	Longer-term partnership countries appear to have a stronger and clearer foundation of assumptions and understanding of factors that affect sustainability, in particular social and economic influences.	Favour longer-term involvement over one-off interventions. A longer time span is required for institutional strengthening and human capacity building to ensure the sustainability of their impact.
Overall, financial and human resources have been effective in ensuring the achievement of set objectives.	Management and administration were sometimes constraints rather than enabling factors in energy sector projects. A lack of subject-matter experts has been noted and strict administration observed in some cases.	Increase the technical capacity, i.e., the complement of energy advisors of MFA in the energy sector, including the Finnish embassies in the partner countries or alternatively favour decentralised advisors in regional hubs. Provide training to other advisors and officers whose sector-based work comes into contact with energy-related issues.
Internal management procedures are adequate and generally well run.	Delays are seen in administrative processes, and some questions have been raised regarding Finland's support to country ownership in project selection and implementation.	Reinforce local involvement and project ownership in execution. Clarify responsibilities for decision taking and operational issues among all intervening entities,

Finland's interventions have increasingly focused on ensuring that participatory approaches are applied to energy development interventions and related decision making.	Although the improved participation of society has increased the likelihood that activities will be continued sustainably, there are still examples of energy projects where local ownership could be considered more deeply.	be they Finnish or local, and whenever possible transfer to country stakeholders. Ideally, depending on legal feasibility, procurement should be further localised or transferred to the local authorities as well.
Challenges are seen in ensuring the timely design and implementation of CA EEP pilot projects. Very few private sector and economic development results have stemmed from Finland's energy sector interventions to assist in achieving poverty alleviation, let alone poverty reduction.	The regional EEP secretariat has recently taken action to rectify the situation, including building the capacity of partners. These are promising measures that will need to be monitored. There is limited evidence to suggest that indicators of economic results and potential paths towards alleviating poverty have been identified, let alone monitored in any systematic, effective way.	Strengthen risk assessment, M&E, RBM and knowledge sharing of project or programme results.

1 INTRODUCTION

1.1 Objective, Purpose, and Scope of the Evaluation

The objective of this evaluation is to assess how sustainable economic, ecological, and social development approaches in energy sector interventions have enabled progress towards the overall poverty reduction goal of Finnish development policy.

The purpose of the evaluation is to identify concrete results and achievements in Finnish development cooperation, in particular its approach to sustainable development. A secondary purpose is to draw lessons from experience; to learn from novel forms of implementation, thinking, and planning, and identify immediate factors that hamper or facilitate achievement of the set objectives of development interventions. Users of the results will be decision makers and planners of development cooperation.

The energy sector evaluation is one of the three sub-themes in the larger umbrella evaluation "The Sustainability Dimension in Addressing Poverty Reduction". The evaluation is structured around 10 umbrella evaluation questions, listed in the Terms of Reference (ToR), which it aims to answer to provide comparability among the different sub-evaluations and the analysis in the synthesis evaluation.

The scope of the present evaluation covers Finnish aid to the energy sector from 2000 to 2009, focusing on assessment of the sustainability in addressing poverty reduction in the energy sector projects. Of the different funding channels that MFA uses to intervene in energy sector development, this evaluation primarily considers bilateral and some non-governmental organisation (NGO) and institutional cooperation projects. As much as possible, the multilateral contributions of MFA in the energy sub-sector are taken into account but it is to be understood that evaluating the approach of the performance of multilateral trust funds *per se* is beyond the scope of this evaluation.

Since concessional credit (CC) projects are covered by another evaluationthey are not evaluated here.

Synergies and coordination efforts of Finland with other stakeholders and with the international development agenda in the energy sector were also examined to some extent.

The ToR of this evaluation can be found in Annex 1 of this report.

1.2 Approach and Methodology

1.2.1 Overview

The evaluation was conducted in two phases. During the desk phase the Finnish documentation on interventions in the energy sector was reviewed. The list of documents consulted can be found in Annex 6. During the field visits to selected countries data was gathered to validate hypotheses formulated on the basis of desk phase findings.

Pior the field visits individual and joint meetings were held together with other teams of the umbrella evaluation with MFA staff, as well as representatives of Finnish NGOs and other instances involved in the implementation of the Finnish energy sector portfolio. Interviews with Finnish stakeholders not only provided insights into programmatic and policy-level issues and management and implementation issues, but also offered a perspective to balance and supplement gaps and findings of the documentation.

In collaboration with other sector evaluation teams, the following criteria were developed to select a sample of case study countries and projects:

- Fulfilment of informational gaps in the desk review (with a focus on missing information on results, efficiency, and sustainability)
- Historical presence in the country/phase of implementation (implementation in or after 2007)
- Geographic distribution (to have a representative sample across regions and continents)
- Number and variety of MFA projects implemented in the country
- Size of the Finnish portfolio in the country
- Overlaps with forest/biological resource projects

Based on the above criteria and following discussions with MFA and the Development Evaluation (EVA-11), Kenya, Vietnam, Nicaragua, and El Salvador were chosen, and five-day site visits were conducted in June 2010, with an additional two days in El Salvador. With the assistance of local Finnish embassies, the missions visited project sites and conducted interviews with local project and programme coordinators, private and public partners, and other energy sector stakeholders. A generic questionnaire used for interviews can be found in Annex 3.

The approach was guided by an evaluation matrix, found in Annex 5, which was developed to match the ToR. For each evaluation question, judgement criteria and indicators were provided as a basis to inform answers.

1.2.2 Data Collection

In-depth Documentation Review
Relevant documentation from the years 2000 to 2010 was collected by MFA and complemented by the evaluation team. Once the desk phase was complete, the initial results were shared in a workshop in Helsinki on May 5, 2010, which was attended by all three sub-evaluation teams of the umbrella evaluation and key Finnish stakeholders. Feedback from the workshop was important to coordinate subsequent evaluation work, as well as to share information with the CC and forest/biological resource evaluation teams, to take stock of possible linkages.

In order to fill information gaps — especially with respect to monitoring and evaluation (M&E) documentation — further efforts were made to collect additional documents from other relevant stakeholders in Finland, as well as in the project countries during the field visits (embassies, project implementation teams, ministries, NGOs, etc.).

Field Visits
Information was collected from local stakeholders with a focus on four themes:

- Results (outcomes, impact in the energy sector, impact on poverty reduction, energy access, investment climate, livelihoods, etc.)
- Sustainability (likelihood of achieving and factors affecting sustainability, learning through adaptive management within or across projects — especially with the Energy and Environment Partnership (EEP) as a model framework, etc.)
- Ownership (partner country financing, private sector investment, adequacy of institutional and local capacities, nature of involvement, etc.)
- Finnish value added

In addition to Finnish embassies, interviews were held with stakeholders in the Ministries of Energy (MoE) or equivalent entity in charge of overseeing the sector and coordinating in-country stakeholders at the policy and operational levels. In addition, some bilateral donors, large NGOs (national or international), private sector representatives and subject-matter experts were met). At the project level, the stakeholders who were met were mostly representatives of the final beneficiaries (local communities, local governments, field-based NGOs, small businesses, and household consumers).

1.2.3 Analysis and Reporting

The evaluation team compiled and analyzed all the data gathered for each of the evaluation questions and indicators. This included a comprehensive and statistical analysis of relevant quantitative data. The initial desk review analysis focused on key findings and lessons learned from the different projects, and on drawing preliminary conclusions and recommendations. This final report integrates elements taken from the documentation review, interviews, fieldwork, and data analysis, and presents key results, conclusions, lessons learned and recommendations.

1.3 Evaluation Limitations

While efforts were made to obtain all relevant information in order to answer the evaluation questions, some areas remain only partly covered owing to limitations. The means and methods by which MFA and Finnish embassies are addressing some of these limitations are discussed in Chapter 3 of this report. Moreover, the findings of this evaluation are constrained by the factors described below.

- ***Limited M&E documentation*** – Very little project-related monitoring and evaluation (M&E) material containing information on outcome or impact was available to enable the identification of results in poverty reduction, let alone to provide evidence of sustainability (social, economic, and ecological). The limited amount of relevant documentation did not allow the team to analyze the evaluation questions during the desk phase, which placed additional emphasis on the need to find answers during field visits. The best source of evaluative evidence was the documentation on the Energy and Environment Partnership with Central America (CA EEP), which is now entering phase III and has been under implementation since 2003. In addition, a number of newer (post-2007) NGO projects proved to have useful information to analyze results. However, the majority of energy projects had no completed mid-term or final evaluations, in part because the development assistance instruments under which they were financed do not necessarily require such documentation (NGO, ICI).

- ***Relatively young portfolio*** – A reason for the limited amount of M&E material is partly the short period of implementation of the projects examined. It is too early to assess results or sustainability. About half of the projects (13) examined have not reached completion. The rest have not yet been the subject of post-implementation assessments that could provide clues as to actual sustained benefits. Also, in spite of the thematic environmental focus, and even though the policy focus on the Millennium Development Goals (MDGs) has remained unchanged since 2004, earlier projects that might have provided an illustration of sustained results were not focused on cross-cutting themes or on the three dimensions of sustainability. Many energy projects were not specifically framed to target the objectives set in the 2007 development policy.

- ***Scope of field visits*** – Site visits based on the agreed selection criteria (see section 1.2), the time and budget available for the evaluation. Moreover, visits to geographical locations of various projects and the availability of interviewees were limited by the available time frame. Therefore, while the field visits provided information to address a number of relevant issues they do not provide a comprehensive country or programme review of the entire portfolio.

2 FINNISH SUPPORT TO THE ENERGY SECTOR

2.1 Energy, Poverty and Sustainable Development, Global Challenges

The social, economic, and environmental effects of climate change have confirmed to the international community the dire need to address poverty reduction in a sustainable manner. Access to clean, affordable and secure energy, as well as increased conservation of existing and new energy resources, are key issues that demand creative and integrated approaches. Along with the overarching goals of individual and institutional capacity building, and increased investment in renewable energy and energy-efficient technologies, sustainable development involves planning and coordination of policies, politics, and incentive structures.

Energy is a particularly critical component of poverty reduction, as it affects nearly all aspects of development: agricultural productivity, economic livelihood, education, and health. According to the United Nations Development Programme (UNDP), progress over the past 25 years has brought modern fuels to 1.3 billion people, yet approximately 3 billion still rely on traditional forms of biomass (UNDP 2009). According to the *World Energy Outlook 2009* (International Energy Agency 2009), one-fifth of the world's population, or approximately 1.5 billion people, lack access to electricity, 85% of whom live in rural areas, namely, sub-Saharan Africa and South Asia. In addition, poor rural and isolated communities are more vulnerable to illness and death from indoor air pollution, due to significant levels of greenhouse gases (GHGs) from inefficient burning of carbon fuel. poor rual communities are also more vulnerable to the environmental and economic changes that cause fluctuations in access to energy resources.

With the notable exception of the widespread use of biomass for heating and cooking the vast majority of energy sources are based on fossil fuels. As the world demand for these fuels grows unabated, world markets for tradable fuels are increasingly subject to shocks and disruptions that have a significant financial and economic impact on countries. In addition, it is now widely accepted that GHGs emitted by the worldwide sustained and increasing use of fossil fuels are contributing to climate change at the local and global levels.

Increased consumption of energy by individuals adds up to increased demand by nations, and GHG emission and market tensions that create energy insecurity for many developing countries, often with the heaviest impact on small and less-developed countries. The poor are double victims of this situation. They are most affected by climate-related changes that impact their livelihoods, primarily in rural areas, while often they do not benefit from services brought by modern energy. Even when the poorest people have access to these modern fuels, they are disproportionately affect-

ed by price spikes generated by market shocks. Therefore, expenses for energy often represent a higher proportion of their income.

Improving access to modern energies for all in an affordable and sustainable manner is therefore part of the response to the energy challenge to ensure that economies decrease their level of fossil fuel consumption and grow in a sustainable way, both globally and over the long term. In concrete terms, this means decreasing the global carbon intensity of the world economy, through the use of local renewable energy sources in place of fossil fuels whenever feasible, and through improved energy efficiency by decreasing the amount of energy used per unit of output of any type, such as gross domestic product (GDP), ton per mile, megawatt hour (MWh), or quantity of product. To be sustainable, the global economy has to be lower-carbon than it is today and with access to a wider range of energy sources or fuels. However, the path to this goal will differ among countries.

However, public funding and aid still play a necessary role in administrative and technical capacity building, in the promotion of cooperation and improved investment climates, in shoring up private investment, and in improving the knowledge and capacity of civil society. In addition, poverty reduction and climate change can be viewed as irrevocably interdependent issues and must be addressed as such. For example, increased production and use of biofuels can be a source of income for natural resource-rich developing countries. However, this energy source cannot be exploited at the cost of rising food prices, unsustainable land practices, and increased vulnerability of populations reliant on those same resources. Overall, the portfolio clearly promotes the use of a wide range of renewable energy and energy efficiency solutions.

2.2 Finnish Development Policy Programme and Outlines for Energy Policies

At the beginning of 2000, the point of departure for this evaluation began, Finland's development cooperation was guided by its 1998 policy on relations with developing countries (MFA 1998), which was followed in 2001 by a decision-in-principle for the operationalisation of development policy objectives in Finland's international development cooperation (MFA 2001). Finland's 1998 policy aimed to answer the challenges of globalisation and reconcile the objectives of Finland's foreign and security policy, trade policy, and international development cooperation. While alleviation of widespread poverty and prevention of global environmental threats were already mentioned as goals of the Finnish development cooperation, Finland also put emphasis on good governance, capacity building and increasing economic interaction for growth, founded on the principles of a market economy.

The size and character of the portfolio of the Finnish development aid evolved to meet changing objectives and demands. This evaluation focuses on bilateral, NGO

and ICI cooperation during the review period of 2000-2009, which present some of MFA's primary aid modalities and partnership mechanisms.

Finland's commitment to poverty reduction and sound environmental practices was clearly spelled out in its 2004 development policy (MFA 2004), which states, "Finland includes consideration for the environment as a cross-cutting theme in all its development cooperation. Finland supports the inclusion of the principles of environmentally sustainable development in the poverty reduction strategies of its partner countries." In addition, the 2004 development policy establishes clear links between the environment, poverty reduction, and energy: "Access to affordable energy and sustainable energy solutions is of great importance in improving the standards of living and health conditions of the poor, in creating employment opportunities, but also in regard to the sustainable exploitation of natural resources and, for example, climate change. The Johannesburg Action Plan requires all countries to draw up a strategy for sustainable development by 2005."

The 2004 development policy emphasised Finnish experience and value added, and introduced the following cross-cutting themes, which were slightly modified and reiterated in the 2007 policy as described below:

- Promotion of the rights and the status of women and girls, and promotion of gender and social equality
- Promotion of the rights of groups that are easily excluded, particularly children, people with disabilities, indigenous people, and ethnic minorities, and the promotion of equal opportunities for participation
- Combating HIV/AIDS, viewed both as a health problem and a social problem

The development policy of 2007 (MFA 2007) restated the long-term commitment to the overarching goal of poverty reduction and defined the three dimensions of sustainability — economic, social, and ecological — that are essential to achieving such a goal. The new policy is designed around three key principles — policy coherence, complementarity and effectiveness — and is distinct in many ways from previous approaches with respect to the character of partnerships, topical foci, and the Finnish "value added". The development policy of 2007 also gives prominence to environmental issues such as ecological sustainability, management of natural resources, and responsiveness to climate change issues.

In order to bolster the overarching policy and build on previous commitments, the Government of Finland issued policy guidelines to address specific sectoral, cross-cutting and thematic issues first outlined in 2004. As well, in 2009, MFA published development policy guidelines for the water and forestry sector (MFA 2009a;b;c). However, at the time of writing this report, there was no official MFA strategy or action plan for development cooperation in the energy sector, even though two brief internal policy memorandums outlined a MFA energy sector policy. These papers were used as a basis for understanding the purpose and strategic direction of MFA in its energy sector interventions.

The first MFA energy policy memorandum was developed in 2004-2005. Its main elements are described below.

- The energy sector is an important area of Finnish development cooperation and provides an opportunity for dialogue with partner countries and organisations. Energy and energy access play a critical role in poverty reduction and MDG achievement and should therefore be addressed in this context.
- Finland fosters bilateral cooperation towards sustainable energy, and capitalises on its unique expertise and business development experience to develop energy solutions in a developing context, particularly through long-term partnerships with client countries.
- Along with other like-minded donor agencies and partners, Finland seeks to coordinate with and complement the efforts of international financial institutions and mechanisms, through both established practices (e.g. clean development mechanism,/CDM, technology transfer, CC) and emerging practices (e.g. public-private partnerships/PPPs).
- Finland aims to streamline energy issues by integrating them into other development activities, thus recognizing cross-cutting issues, global market prices, water, desertification, biological diversity, natural disaster planning, and other human environmental dependencies that are especially reflected in rural living conditions. Research and development (R&D) and partnerships with NGOs must also be fully supported.

The memorandum's underlying approach focused on assessing the energy sector in the context of the MDGs, with particular emphasis on goals 1, 7, and 8 ("Eradicate extreme poverty and hunger", "Ensure environmental sustainability", and "Develop a global partnership for development"). Furthermore, the memorandum aimed to integrate energy issues into other relevant activities and projects, especially in the areas of rural development and environment.

The first policy memorandum also came to mirror the Finnish development policy of 2007, in that energy sector cooperation should also be seen in the context of sustainable development and its three dimensions (social, economic, and environmental).

The second MFA energy policy memorandum was presented in 2009. In general, it stressed the importance of controlling energy pricing and energy security, increasing accessibility to energy services for the poor, increasing energy efficiency, and streamlining energy policies and solutions that influence climate change.

- *Energy price and energy security*: In order to attain development objectives, developing countries must be able to increase energy access by exploiting local sources of energy, thereby reducing the need to import fuels and the continuation of unsustainable subsidies towards non-renewable energy sources.
- *Availability of energy services*: Safe, reliable, sustainable energy sources, through both on- and off-grid technologies, can greatly improve quality of life, reduce

local air pollution, and especially improve the health of women and children who are exposed to high levels of indoor air pollution.

- *Energy efficiency and energy conservation*: While increasing energy capacity through new technologies and existing resources in order to decrease overall emissions, measures to secure energy access for the majority and control energy prices, improve energy efficiency, conserve energy must also be taken.
- *Energy and climate*: As energy production is the single largest source of GHGs, and as developing countries constitute the majority of increasing global consumption, the promotion and proliferation of sustainable sources of energy in a developing context are essential to avoid further devastating effects of climate change.

Critical for reaching these overall objectives is to focus on energy pricing, improved security, and reduced emissions through the use of decentralised, renewable, domestic energy sources such as bioenergy, solar, wind, and hydropower. Also essential is the need to improve energy efficiency through changed consumption patterns.

The 2009 memorandum recognises that Finland is especially capable of providing expert guidance with regard to rural electrification and energy technologies in the area of wood-based fuels. Using the relevant experience gained so far models and lessons learned can inform the development of functional renewable energy markets.

The memorandum also notes the importance of weighing the relative risks of various options and different energy approaches, such as the trade-offs between energy and food production, and the risks related to large-scale energy production on biodiversity. The memorandum recommends that developing countries establish comprehensive plans on how to manage raw materials for biofuel production, and consider how international certification systems could be designed to support the sustainable use of such resources.

2.3 Finnish Support to Energy Sector

2.3.1 Focus on Addressing Poverty and Environmental Challenges

Poverty reduction, affordable access to energy, energy security at the national level, and climate change mitigation at the global level are all interlinked. MFA recognises that the bulk of funding for mitigation of climate change comes from the private sector. In accordance with the government programme and the development policy programme, Finland seeks to direct development cooperation towards partnerships and activities that result in climate change mitigation, but also support the resilience of vulnerable populations through adaptation activities. The transfer of technology and financing to increase energy efficiency and renewable energy production and use are key drivers of efforts in mitigation.

2.3.2 MFA Portfolio in the Energy Sector

MFA supports sustainable development of the energy sector through various aid modalities: bilateral partnerships, ICIs, contribution to multilateral trust funds, and NGO partnerships. Annex 6 of this report provides an overview of 37 projects in MFA's energy sector portfolio from 2000 to the present.

Of the 37 projects listed in Annex 5, twenty-four (approximately two-thirds of the portfolio) are bilateral interventions. These include also 6 multilateral trust fund programmes financed from the Finnish bilateral envelope. Finland provides financing to multilateral programmes such as the World Bank's Energy Sector Management Assistance Program (ESMAP) and the Renewable Energy Fund of the Asian Development Bank (ADB), among others. In addition, Finland has been actively engaged in the development of the European Union's (EU) energy cooperation and related financing instruments. The other 13 projects (representing slightly more than one-third of the portfolio) are implemented by Finnish NGOs. Three-quarters of these NGO projects benefit Africa.

In the 2000-2009 period, the largest share of MFA's energy sector portfolio disbursement was in Latin America, primarily as a result of a major initiative in Central America: the CA EEP (the CCs mainly concentrated in Asia are not included in this calculation). CA EEP focused on promoting and developing renewable energy and finding sustainable, reliable and affordable solutions through demonstrative pilot projects and feasibility studies on wind, hydro, biomass, and solar energy activities. While it is implemented through parallel cooperation with each Central American partner country involved, the EEP instrument has created a unique delivery mechanism that is based on national execution (Annex 7). Based on the success of this project in Central America, MFA has initiated the replication of similar partnerships in the Andes, in Africa, and in Asia.

MFA has a relatively large and diversified portfolio in Asia and Africa, with respectively 14 and 13 projects on these two continents. Disbursement in the period 2000-2009 was about twice as large in Asia as in Africa, as individual projects in Asia tend to be of a larger size. However, nearly half of all new funding will go towards Africa. Two projects were also being implemented in Eastern Europe (both in Bosnia and Herzegovina) at the very beginning of the decade. Finally, MFA has also contributed to the implementation of three global projects.

Figure 1 shows the evolution of MFA's grant disbursements to energy sector-related interventions, through bilateral (including multi-bilateral projects and ICIs) and NGO channels, by region, during the 2000-2009 period.

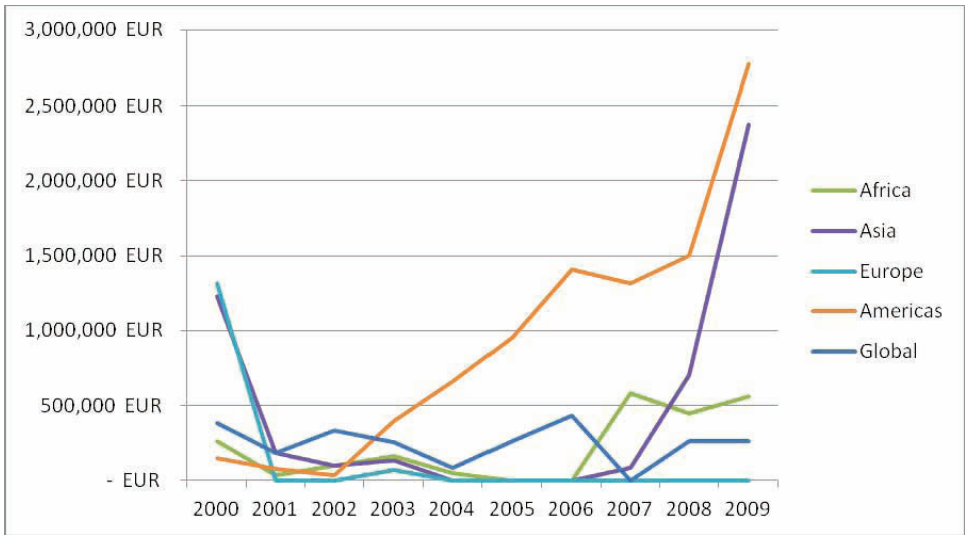

Figure 1 Evolution of grant disbursements through bilateral and NGO channels by region, 2000-2009.

An analysis of 2008 aid commitments by sector across all types of instruments, including concessional credit, made by the OECD/DACamong itspartner countries, indicates that, in 2008, the energy sector accounted for 1% of the total Finnish bilateral Official Development Assistance (ODA) commitments. By comparison, the average allocation to energy was 4.7% for DAC countries as a whole, 11.5% for multilateral banks and, in like-minded countries, 2.0% for Denmark, 2.1% for Sweden, 3.6% for the Netherlands, and 5.4% for Norway. Large energy sector donors were Germany and Japan, which respectively allocated 10.1% and 8.7% of their bilateral aid commitments to the energy sector.

This lesser focus on energy, coupled with the fairly small role played by Finland in the energy sector, partly explains why Finland is generally not a central actor in the energy sector in countries where it intervenes. For reference, according to the OECD/DAC, Finland committed US$61 million to the energy sector between 2003 and 2008, which represents approximately 0.35% of US$12.7 billion in commitments made in the sector during that period. Although these statistics cover instruments such as interest support to concessional credits the magnitude remains insignificant, even when compared to other like-minded countries such as Denmark (0.8%), Sweden (0.9%), the Netherlands (1.5%), and Norway (1.8%).

Finland's limited focus on energy and its small share of overall commitments in the sector ought to be kept in mind when examining the impact, attribution, and value added of the country's contribution, which are discussed in this report.

Finnish Development Support Logic in the Energy Sector

Figure 2 illustrates Finnish energy sector interventions, expected outcomes, and effects. The diagram highlights key elements of MFA's approach to energy sector interventions, which aim to achieve poverty reduction though economic development, ecological sustainability, and social progress. The first column, "Types of involvement in the energy sector", indicates the areas of intervention and financial mechanisms. Each project is tailored at this design stage, depending on factors such as the type of development needs of the partner country, as well as the strengths and specialisation that Finland has to offer. The second column, "Expected outcomes from activities", illustrates some of the potential outcomes of activities in which MFA is involved. The weight and significance of each of outcome vary across interventions (or may be absent altogether). Through monitoring, qualitative and quantitative results observed at this level suggest whether project objectives are being met. The last column, "Expected impact", refers to the three types of desirable impact (ecological, economic and social) to achieve sustainable development and, ultimately, poverty reduction, as per MFA's 2007 development policy. The first arrow at the bottom of the diagram indicates the theoretical progression of each intervention over time, as it moves from involvement to outcomes to impact.

The second arrow indicates that outcomes and impact, as they actually occur, help learning and adaptive management. Several years or decades may be needed before any impact related to energy and poverty begins to materialise, let alone be verified. At this point, the MFA portfolio has probably not yet generated a large number of definite effects.

Stakeholder Involvement

The 2004 development policy states that Finland "uses the instruments of development cooperation, trade and security policy, as well as other national policies in a coherent manner. The activities of the public sector alone are not sufficient; there is also a need for cooperation and partnerships with the private sector, civil society, expert organisations and interest groups." This approach was confirmed in the 2007 development policy. Application of the principles of coherence, cooperation, and partnership to the energy sector implies advanced coordination with energy stakeholders in partner countries. In most countries, this begins with the MoE or its equivalent entity responsible for overseeing the sector and coordinating in-country stakeholders at the policy and operational levels. Even though stakeholders would all be involved at both these levels, they tend to participate at either one or the other, depending on their scope of interest. Thus, other government ministries, regulatory agencies, and national-level entities generally contribute at the policy level, whereas large NGOs, private sector representatives, subject-matter experts, and representatives of final beneficiaries usually play a part at the operational level.

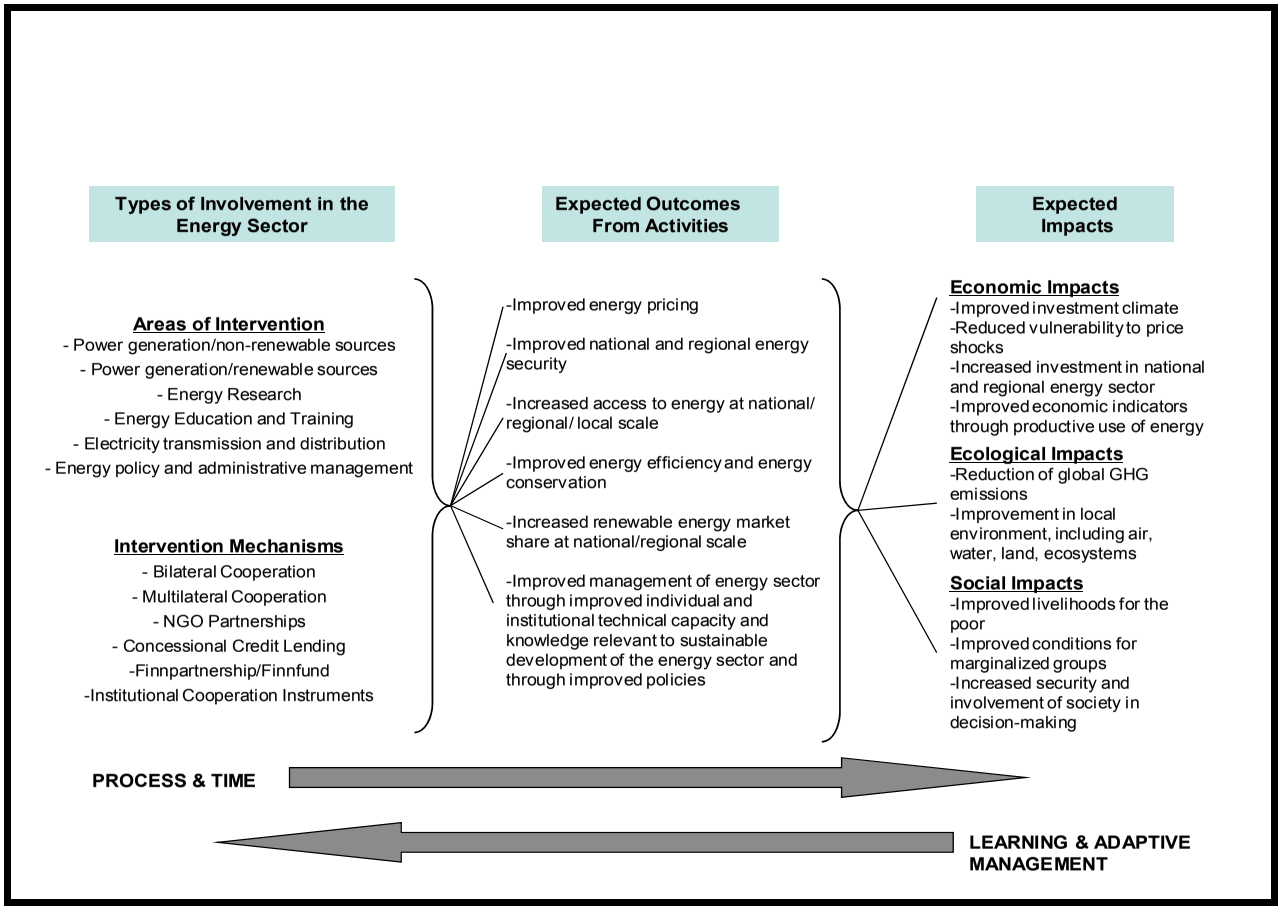

Figure 2 Finnish development support logic in the energy sector.

3 EVALUATION FINDINGS

3.1 Evaluation question 1

Did the respective budgetary appropriations, overall policy measures, sector policies and their implementation plans adequately reflect the development commitments of the partner countries and those of Finland, as well as the global development agenda in general, and in particular, the major goal of poverty reduction?

The energy sector policy and its implementation evolved over time to reflect Finland's and partner countries' strategies regarding poverty reduction and sustainable development. This evolution is reflected — albeit with a time lag — in the design of interventions and in relevant budgetary appropriations.

Evolution of Sector Policies and Budgetary Appropriations in 2000-2009
The Finnish Government Decision-in-Principle of 2001 drew the attention to the necessity to increase global security and economic interaction, based on extensive political dialogue. This was expected to include the commitment of the partner country to poverty reduction, human rights and good governance.

Great focus was to be directed also on the economic policy pursued by the partner country and the environmental issues. The development agendas of partner countries would come to address also the UN's MDGs, the systematisation of poverty reduction strategies, and the results of the World Summit on Sustainable Development.

In the 80'ies and yet in the 90'ies Finland's energy sector projects were mainly focused on diesel generation and district heating. In addition, since the beginning of 2000 NGOs started to develop innovative schemes, primarily solar energy systems and improvement of household fuels.

The 2001-2003 period coincides with low ebb of disbursements in the energy sector, following a trend that was generally seen across most donors, including multilateral institutions (Figure 3). In the interim period 2002-2003, the bulk of energy-related funds were channelled through the World Bank's ESMAP, which was heavily involved in assisting developing countries to assess their energy development needs in the context of their poverty reduction strategies and the recommendations of the World Summit on Sustainable Development.

According to Finland's 2004 development policy eradication of poverty calls for an environment in which public resources can be put to work together with the skills and resources of the private sector and civil society. Prevention of environmental threats remains one of the main goals of Finland's development policy. By 2004-2005, with the partner countries' strategic efforts to promote poverty reduction, the stage was set for an effective re-engagement of the Finnish development cooperation in the energy

sector. Partly in response to the Bonn agenda on climate change mitigation environmental sustainability received added attention after 2005. As shown in Figure 3, assuming a time lag of at least one year between country engagement and disbursement, the re-engagement occurred in 2005-2006, long into the second half of the evaluation period — a point to keep in mind when considering actual impact.

In the mid-2000s, Finland tested a concept that proved very successful: establishment of bilateral interventions involving multiple countries under the CA EEP. The programme was initiated in 2002 and gathered slowly speed in 2003-2004 and in the following years. A second phase was launched after 2007, and the project is now in its third phase. The CA EEP helped to test a mechanism that could conciliate the partner countries' development priorities and Finland's commitments to fight poverty and promote sustainable development.

Towards the end of the review period, in 2007-2009, there was a rapid increase in Finland's investment in the EEP concept, which became a central tool for cooperation in the energy sector. This is seen both in increased funding for the CA EEP and in large-scale commitments (€5-10 million for each EEP project for three years on average) to replicate the EEP concept in the Mekong region, in southern and eastern Africa, in Andean countries, and in Indonesia. The EEP concept also had sufficiently matured at that point to attract co-funding from Austria, the Nordic Development Fund, and the European Commission, which leveraged Finland's contribution.

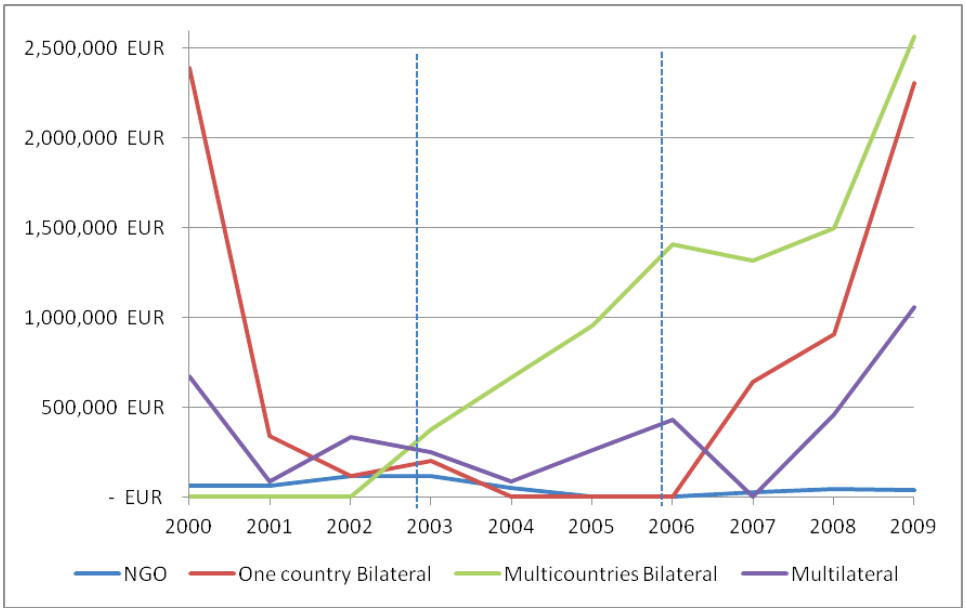

Figure 3 Evolution of grant disbursements by type of aid allocation, 2000-2009.
Note: LCF and European Union Energy Initiative (EUEI) funding not included.

Policy Implementation with Links to Partner Countries' Priorities and Poverty Reduction

Unlike the early-2000s projects, which were not poverty-centred, more recent bilateral projects, designed in 2006-2007 with disbursements commencing in 2008-2009, were far better focused on the development agendas of Finland and the partner countries. This reflects a good capacity to transfer policy into operation, a move facilitated by the fact that the agendas of the parties converged in line with the global development goals of sustainable development and poverty reduction. This match between project objectives and partner country priorities was clearly seen in the desk portfolio review and was confirmed by all field visits made by the evaluation team (in Kenya, Nicaragua, El Salvador and Vietnam).

More than any other initiative, the EEP programme in Central America — and its replications in other regions — paid attention to addressing commitment to poverty reduction and sustainable development. In each regional EEP, the project document analysed relevant poverty reduction strategies, as well as clean development goals. This provided a key test for participation in the partnership. Notwithstanding variations seen across EEPs in the quality of analysis and in the link between project objectives and national and Finnish policies, the parties made an effort to find a coherent approach. Overall, the greatest effort was to improve the energy supply of rural populations. Efforts were also made to diversify energy sources using renewable energy, to provide a more consistent and reliable electricity supply that could sustain socio-economic development.

Policy Execution and Delivery of the Intended Impact of Development Aid

While appropriations linked to energy were in line with the development policy of Finland, its partner countries, and most development agencies, the final impact is highly dependent on effective execution of country-based programmes or projects. The development context also affects the Finnish interventions. Insufficient human resources, the lack of competence in partner country institutions and , governance limit stakeholders' capacity to execute the projects and to monitor progress and results.

One issue that was raised in the interviews with several MFA and embassy staff members, pertains to the regular changes in development policy programme every three to four years when the new Government takes over. The projects that are large enough to have a significant impact often extend over an average lifespan of five years. Therefore, execution of an old policy is very likely to occur at the same time that a new policy is being developed and rolled out. Personnel interviewed stated that while there is always some continuity between policy documents, this may generate confusion among MFA staff, partner countries and the agencies or entities implementing projects. At the same time, the flexibility of the aid instruments and a global continuity in the Finnish aid philosophy served to partly compensate for the possible confusion generated by policy evolution, as they are factors independent of the core focus of the policies in force at any given point in time.

One supplementary effect of the lag between policy change and project execution can be seen in project and programme evaluations. Indeed, evaluations are often based on metrics that are relevant to current policies rather than to policies that were in force at the time projects were designed and executed (i.e. five to seven years earlier). This actually occurs in the present evaluation, which focuses on poverty reduction and sustainable development. These two concepts have indeed been part and parcel of Finnish development cooperation throughout its history, but the emphasis has varied and these areas were not necessarily central to energy sector projects that were designed in the early part of the decade.

In summary, in the more recent years the Finnish energy sector policies and ensuing project and programme designs and budgetary appropriations properly reflected the strengthening of the global development agenda on poverty reduction and sustainable development and were in line with national policies and Finnish priorities. As such, Finland's interventions are more likely to provide adequate support to the partner countries' energy sector by contributing to effective poverty reduction and sustainable development at the national and global levels.

3.2 Evaluation question 2

Are the interventions responding to the priorities and strategic objectives of the co-operating party, are they additional or complementary to those done by others, or are they completely detached and stand-alone – in other words, what is the particular Finnish value added in terms of quality or presence or absence of benefits; in terms of sustainability of the benefits; and in terms of filling a gap in the development endeavour of the partner country?

Finland has performed well in integrating global development agendas into its development policies and related sector implementation guidelines. The subsequent step is to fuse these sector guidelines with the specific needs of partner countries and like-minded donors while, when possible, providing value added and complementarities to their joint efforts.

Relevance of MFA Interventions in the Energy Sector to Priorities and Strategic Objectives of Partner Countries

An analysis of partner country strategies and plans in the environment and energy sector indicates that Finnish projects that were implemented and developed during the 2000-2009 period match the sector-specific priorities and strategic objectives of client countries. There were indications of coherence with each country's overall development agenda, and signs that specific energy sector needs were being considered were visible in the projects or programmes — at least at the design phase.

In addition, embassies were seen in several cases to have made good use of their own discretionary resources, or LCFs, to push country-specific agendas, including in the

energy sector. This feeds into cooperation dialogues that support country ownership of aid implementation. With the exception of a small minority of projects — primarily small-scale NGO-driven initiatives and bilateral efforts that are discussed in the case studies (see Annex 8, Annex 9, and Annex 10) — it can be concluded that Finland's portfolio is well aligned with country priorities in the energy sector.

For example, the 2004 Kenya Rural Electrification Master Plan (REM) project was well in line with the Kenyan government policy to "reduce poverty and improve living conditions among the poor in rural areas through the provision of improved energy services", and the project provided support to government institutions in prioritising investments for electrification, following objective economic and social criteria. Another example is seen in the project document for the 2007 Cambodia Energy Training Project, which states, "efforts to meet the MDGs, especially the goal of halving the number of poor, will be impaired unless adequate attention is paid to the crucial role energy services play in the development process. Energy education forms an important tool in the development of the capacity to achieve the MDG's; the Institute of Technology of Cambodia ... is the leading university providing education in the field of energy. The capacity of the Institute is, however, not adequate to respond to the increasing needs of renewable energy education and the target of this Institutional Partnership project is the capacity development in the Institute." Here again, the link is made at the design stage between both Finland's and Cambodia's energy policies on the one hand, and human development and capacity building on the other hand. A third key example can be seen in the intervention objectives of the CA EEP. These objectives are clearly mapped out against the Regional Sustainable Energy Strategy 2020 for Central America, which was signed by the energy ministers of the region in November 2007.

While few and far between, counter-examples exist such as the Enerfish project, described in the Vietnam case study (Annex 10), which has less relevance to poverty reduction or to Vietnam's sector priorities and needs. Moreover the project's link to Finland's development agenda rests on a weak assumption of the definition of renewable energy sources.

Coordination and Complementarities with Other Actors

Finland is a participant in the Paris Declaration and the Accra Action Plan on donor alignment and harmonisation, government ownership, and accountability. Finland coordinates closely with other donors and with partner country governments in order to design activities that are complementary to existing and upcoming projects and to facilitate harmonisation of aid among donors. This evaluation process found that Finland's position in this regard was generally respected at the country level.

Coordination is usually handled at the MFA or at the embassy level, with Finland actively participating in the sector donor groups when they exist. In Kenya, for example, the REM funded by Finland provided clear coordination support to France (the lead donor in the energy sector). Given its core interests, in most countries Finland tends

to be the lead donor in sectors other than energy, such as forestry or governance. When there are no formal coordination groups led by the local energy ministry, the Partnership Dialogue Facility (PDF) of the EU Energy Initiative (EUEI), to which the MFA contributes, can also be considered in some ways as a coordination mechanism. The same, as was the case in developing the energy access strategy of the East African Community. The PDF supports developing countries in Sub-Saharan Africa and elsewhere to design policies and action-oriented regional, national, and sub-national strategies in order to create an enabling environment and platform for government, private sector, and donor-funded investments in improved energy access, with a focus on renewable energy.

Finland participates also in sector wide approaches (SWAps), in which all development partners in a sector collaborate to support a single government-led sector policy and expenditure programme, whether through pooled funding or basket funding. However, there are only a few such SWAps in the energy sector, and none were active in visited countries, so no conclusion could be drawn on this coordination instrument. The World Bank is, however, currently designing such a SWAp in Kenya to be implemented by mid-2011 for the rural electrification sector, and this may offer an option for re-engagement in the sector.

The EEPs, due to their partnership nature and due to the fact that they are nationally executed, have developed linkages and have actively sought synergies with other renewable energy programmes and donors. This structure has the advantage of bringing together international and regional actors with national and local partners. The EEP model has become a strong coordination channel to promote synergy, reduce overlap, and share innovative ideas and international experience. For example, the ToR included in the CA EEP phase III project document highlight the fact that the Regional Coordination Unit (RCU)of the whole programme is responsible for ensuring harmonisation of EEP activities with other donor initiatives and alignment with local initiatives and support systems (e.g. local subsidy systems for renewable energy). However, the mid-term review of the CA EEP conducted in 2008 reported that, although the EEP can be considered as one "actor" facilitating regional integration, stakeholders were of the opinion that there was still room for improvement and that there was still a need to strengthen the linkages to other organisations with a similar agenda working in the region, especially at the policy and institutional levels.

Cooperation and coordination remain limited and do not (yet) extend to harmonisation of aid instruments and procedures, a point noted by multiple stakeholders, including government representatives or project proponents, in several countries visited.

The documentation review also shows that coordination is not as clearly evident when moving from sector dialogue to the project level, hence indicating some weaknesses in actual project execution of the policies. At the design stage, identification missions performed by the MFA and its consultants include thematic workshops and

multiple interviews with relevant actors in targeted countries. The project documents of the Finnish energy sector interventions generally reflect, and report on, a certain level of coordination with actors targeting similar objectives. However, the extent and relevance of stakeholders contacted during the preparation phase have varied to a large extent from one country to another. In some projects, there was a wide variety in number and representation; for others, stakeholders were limited to electricity companies or authorities; and in other cases still, neither other donor agencies nor beneficiaries were met or interviewed.

Additional weaknesses appear during project execution, and even projects that had identified synergies with other donors tend to end up simply performing the tasks under the pressure of project delivery, without further cooperation with partners. For example, in Vietnam, in the Vietaudit energy efficiency project (an early ICI test project), insufficient coordination with the Vietnam Energy Efficiency Program (VNEEP) and its Energy Efficiency Conservation (EE&C) Office led to less than optimal results in training. Vietaudit had very limited interactions with entities such as the World Bank, ADB, JICA, and DANIDA, which have large programmes linked to the establishment of energy efficiency markets, which could have enhanced the work done under Vietaudit.

Finnish Value Added in Terms of Benefits, Sustainability, Gap Filling, and Aid Mechanisms

"Finnish value added" may be the issue that generated the most consistently puzzled reaction among all interviewees met by the evaluation team. They had no opinion on the positive or negative aspects of their experience with Finnish aid. It should be kept in mind, however, that Finnish valued added was discussed in the context of energy and perhaps "Finnish experience" can be found more readily in other sectors such as forestry or information and communication technologies, sectors that appeared to be typically Finnish in the minds of several interviewees.

Nearly all stakeholders agreed on the high level of technical knowledge of the Finnish consultants they had met and the extremely high quality of goods or services supplied, such as in the Vietaudit project, where state-of-the-art energy flow measurement tools were used and high-quality organisation and management methods were disseminated. However, both goods and services were noted as being expensive when compared to international market prices, which is often a sign of higher quality. While quality was acknowledged to be high, this does not constitute a Finnish specificity. Furthermore, technical praise was tempered when interviewees were asked whether the application of high-level goods and services was appropriate to meet the needs and specific conditions found in their country. Many stakeholders felt there was a great potential for value added, but it remained inaccessible because it would be too costly or require a level of sophistication not readily available in the country.

The EEP, by contrast, was seen by many as a source of actual value added, in terms of its approach and filling a specific gap in the donor arena. With all its challenges, the

South and East Africa Energy and Environment Partnership (S&E Africa EEP) was seen as an interesting initiative that provides a cross-country cooperation and coordination mechanism for seed funding to develop pilot projects and schemes. Kenyan authorities stated that, while the administration of the partnership by the South African-based entity was distant, the openness of the process for project design and selection provided a useful tool to identify priority areas of concern, think of ways to address them with a related funding source, and implement pilot ideas. This was found to be unique among instruments provided by donors, who are usually very restrictive in the type of grant that should be used and the method that should be applied by recipients. So far, the EEP approach in Kenya has focused on proposals for pilot projects aimed at subsequent scale-up and effective investment with the help of further funding. The Kenyan partners requested that the EEP assess potential financing sources with a focus on East Africa, a sign that they expect results from the process. This value added was confirmed from the experience of the CA EEP, where Finland, by no means the largest donor, created a niche and set up one of the only organisations that work in the energy sector across eight countries in the region. Both the Austrian government and the EU have recognised this as an effective method to benefit the sector and maximise resource effectiveness, given the limited amounts they can commit to the region. The remaining question is whether, having detected and partly plugged the pilot projects gap in the energy sector, Finland can find ways to leverage investments by other partners, including the private sector, to move to the scale-up phase and effectively multiply the results on the grounds of its value-adding EEP initiative.

This evaluation process also duly noted both the challenges of internal coordination among Finnish aid mechanisms and the improvement plans on that front. It seems, that the primary cause of the lack of coordination is insufficient involvement or decision-making authority of the embassies. MFA-funded NGO projects often have little coordination with development policies beyond basic social and environmental goals and are usually not coordinated with the embassies, given their particular modalities of operation. Similarity, CC tie-ins to development policies are unclear; there seems to be little coordination with bilateral projects that they could enhance and complement Additionally, a targeted use of CC could help resolve the limitation of the EEPs, which provide much-needed access to financing for pilot projects but which cannot scale up beyond the capacities of project promoters.

The ICI-projects were too new to be reviewed beyond the project document phase but show great promise in addressing the lack of trained human resources and need for lasting capacity building.

LCFs, not formally included in this evaluation, illustrate the value of the embassies' involvement. Embassies are able to answer rapidly, and with focus, to needs detected in the partner's energy sector. LCFs can lead to larger-scale projects. Two such leveraging projects were seen during field visits. In Kenya, the LCF was used for a small policy option study in the energy sector in 2004 that helped the government clarify its

thinking and later led to the design of the REM. In Vietnam, the LCF was used to fund a solar village pilot project that confirmed the validity of the design of subsequent solar CC projects. Improved coordination among these instruments, with the embassies' further involvement, would therefore be very promising in terms of leverage and generation of actual Finnish value added.

3.3 Evaluation question 3

How have the three dimensions of sustainability been addressed in the intervention documents, and were the aid modalities and instruments conducive to optimal materialisation of the aid intervention's objectives?

Three Dimensions of Sustainability Addressed in Documentation
While the understanding of factors affecting sustainability was sometimes poorly articulated in project descriptions, sustainability was generally addressed in theory. The articulation of factors of sustainability is a necessary, but not sufficient, step in ensuring sustainability. Likewise, the absence of identified factors of sustainability in documentation does not always mean a result inconsistent with sustainable development. Nevertheless, especially within the EEP framework, greater communication between regional and national management and project-executing agencies during the life of a project should be a rule, as unforeseen challenges can affect sustainability and require attention before they become problematic.

Table 1 reviews sample projects and indicates whether they address the respective three dimensions of sustainability at the design stage. Projects are noted as "directly" when the dimension is explicit or explained through the use of indicators, characteristics, or risks underlying the dimension. "Indirectly" is noted when the dimension is implicit or assumed. These three columns are not an indication of performance following the design stage.

In the project documentation, the three dimensions of sustainability were the most consistently addressed and the most thoroughly analysed in the EEP sub-projects. A number of EEP projects addressed the sustainability aspects of sub-projects directly in their project selection matrix. For instance, the project evaluation grid for the Indonesia EEP granted 25 points (out of 100) to sustainability, that is, seven points per dimension (x 3 = 21) plus four points for leverage. The grid associated with the Mekong EEP had 12 points (out of 100) for sustainability. Sustainability was also addressed, at least in part, in NGO, ICI and bilateral projects, but only within the framework of specific, targeted sector results.

The key question is whether addressing sustainability in the documentation actually ensures that conditions for sustainable development are met. It is more likely that simple reference to sustainability in the documentation indicates a lack of real consideration for sustainability during the implementation. This suggests the quality analysis

Table 1 Three dimensions of sustainability addressed in project documentation.

Project title	Countries	Dimension of sustainability addressed in project documents		
		Economic or financial	Social	Environmental
REM*	Kenya*	Directly	Directly	Directly
S&E Africa EEP*	South and East Africa: Botswana, Kenya*, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia	Indirectly	Directly	Directly
CA EEP*	Central America: Belize, Costa Rica, El Salvador*, Guatemala, Honduras, Nicaragua*, Panama, Dominican Republic	Directly	Directly	Directly
EEP with the Andean Region	Andean Region: Peru, Equator, Colombia, Bolivia	Directly	Directly	Directly
Institutional Energy Partnership	Cambodia	Indirectly	Indirectly	Indirectly
Institutional Energy Partnership	Laos	Indirectly	Indirectly	Indirectly
Renewable Energy Strategy	Laos	Directly	Directly	Directly
Enerfish* (biodiesel from fish waste)	Vietnam*	Indirectly	No	Indirectly
Indonesia EEP	Indonesia	Directly	Indirectly	Directly
Rukongo Solar Energy	Kenya	No	Indirectly	Directly
Kendu Bay Hospital, Alternative Energy Source	Kenya	No	Directly	Directly
Mekong EEP*	Cambodia, Laos, Thailand and Vietnam*	Indirectly	Indirectly	Indirectly
EUEI [Vietaudit*]	Global [Vietnam*]	Directly	No	Directly

*Indicates countries and projects for which field visits were conducted.

of the sustainability issues in the documentation and the actual prospects for achieving project sustainability are not necessarily in correlation.

In most projects visited, insufficient time had elapsed to provide an accurate measurement of long-term sustainability. Nevertheless, field visits provided the opportunity to go beyond the documentation review and observe the sustainability dimensions in practice. In Kenya, sustainability was weakly addressed in the documentation for four of the five energy projects examined by the evaluation team. The dimensions of sustainability were fully examined in the fifth project, the S&E Africa EEP. It remains to be seen whether these dimensions will materialise in the implementation phase. Nevertheless, the practical focus of the first four sub-projects approved in Kenya and their grounding in daily-life issues suggest that sustainable development goals could potentially be achieved. In the CA EEP, the evaluation team observed a wide array of pilot projects that addressed the three dimensions of sustainability. However, few projects were in a position to address the renewable energy market transformation process, which was originally regarded as central to ensuring the initiative's global sustainability. Nevertheless, evidence indicates that a number of pilot projects are having small, but sustainable impacts. Furthermore, at least one project (El Bote) can be said to be sustainable, as it is now operating largely from self-generated funds and addressing social, economic, and environmental issues in the targeted region.

Three Dimensions of Sustainability in Finnish Interventions in the Energy Sector

Economic and financial sustainability – Project documentation addressed a variety of means to enable long-term and adequate financing for project activities. For regional and long-term projects that cut across or have been replicated in different geographic regions, such as the Indonesia EEP, CA EEP, and S&E Africa EEP, significant weight is placed on the sources and amounts of long-term financing partners. Self- and co-funding amounts were strong indicators of local and national support towards longer-term economic commitments. Every sub-project in the EEP framework, for example, must have a counterpart contribution, which implies ownership. Nevertheless, financial ownership of sub-project activities is not necessarily community ownership and does not necessarily ensure sustainability. For example, in the case of Blue Energy (an abandoned wind energy project in Nicaragua) there was a very clear sense of ownership by the NGOimplementing the project; however, the beneficiary community of Rama Cay did not have the same sense of ownership and it is likely that this affected negatively the final outcome of the project.

The documents generally aimed to describe how to ensure the appropriate technology choice and affordability of energy solutions proposed, such as in the Kenya REM or the Ascanahui Solar Wood-drying project in the CA EEP. In the broader context of market transformation and PPP development and investments, the key factor in ensuring sustained long-term economic results and impact is the creation of an adequate enabling environment at both the national and regional levels. Appropriate energy policies should support the use of renewable energy and provide incentives in

the form of appropriate tariff structures. Moreover, market conditions can be integrated into project and programme planning. For example, the Laos PDR IEP attempts to match training skills with expected employment opportunities in changing energy labour markets.

The EEP framework, however, appears to have focused on launching pilot projects of relatively small scale, while being unable to promote more widely the removal of barriers to market transformation in energy efficiency and renewable energy. The CA EEP's original aim was to affect national and regional policies by inserting itself into policy dialogue and through support to PPPs. However, this area has been insufficiently addressed and it is unlikely that the project will reach broader economic sustainability. Further strengthening of this dimension is necessary to foster sustainability of the regional framework for cooperation. EEP-type regional initiatives need a more permanent host institution and a regional sponsor once they come to an end. This dimension must be further clarified in both project documents and in future implementation and monitoring of the EEP initiatives.

The financial sustainability of many projects hangs on the commercial viability of new energy products and services in terms of price and long-term feasibility. Feasibility is dependent on an understanding of social and technological appropriateness. For instance, the most critical issue related to the sustainability of many rural electrification projects, such as Kenya REM, is affordability of electricity. Also important are issues that cut across both the product-driven projects and those more focused on access, such as the passing of particular economic policies or the removal of particular energy subsidies. Groundwork research, in the form of Environmental Impact Assessments (EIAs), surveys, and workshops, is key to addressing the baseline situation and needs of target communities and partners. Relatively new projects and programmes, such as S&E Africa EEP and Kenya REM, addressed the ideas of "willingness to pay" and "community support". These are not static aspects of the project but rather potential variables that could alter the economic feasibility — and ultimately the potential energy market transformation. The 2005 CA EEP evaluation mentions that the EEP has many pilot projects in many different fields and that "in order to fulfil more accurately its objective 2 (opening markets), the EEP could progressively move, and make its partners move, from a technology-oriented vision to a vision more oriented towards end-use markets." An appropriate technological solution for motivated beneficiaries has the greatest likelihood of economic sustainability.

Social sustainability – This is most commonly addressed in Finnish energy sector documentation in terms of participatory approach, with emphasis on transparency. Local ownership is understood to rest not only in the hands of the private sector and government. For instance Kenya REM explicitly recognises community support in terms of willingness to pay for energy services and payment behaviour and understanding of expenditure patterns.. Leveraging the full potential of community involvement and support requires that the energy sector intervention's potential to enhance overall public well-being is discussed both in the project document and in prax-

is. This approach is well articulated in the project documents of the CA EEP, Electric Power Supply Reliability Project in Tanzania, and S&E Africa EEP.

Field visits to Nicaragua and El Salvador provided evidence that the EEP's work through and for local actors is a true benefit. The projects that were selected for implementation were always demand-driven and thus present the partners' priorities. This was clearly seen in the Las Nubes project (Nicaragua), where, through the coffee cooperative Cooapante, the beneficiaries requested specific help in generating electricity for the community. In El Salvador, both projects visited were clearly demand-driven: the Hospital Divina Providencia's water heating system and the Ascanahui carpenters' cooperative's wood drying method.

A number of the partner organisations through which the CA EEP works at the local level have adequate capacity to accompany the communities after project closure. In some instances they have been able to acquire funds to help beneficiaries to continue the projects. In the Mozonte (Nicaragua) solar-powered water pump project, Asociación Fenix is still involved with the community. Blue Energy (wind turbine projects in remote communities in Blue Fields), also in Nicaragua, has been able to obtain funding from other sources (e.g. the Humanist Institute for Development Cooperation) to continue its work in developing better-quality, locally produced wind generation technology for the region and continues to work also with the original beneficiary communities. The Rukongo Solar Energy site in Kenya, while it offers a good example of involving the local community in installing a pumping system to provide water to the community cistern and church compound, remains dependent on the presence of Finnish missionaries to repair and maintain the equipment.

Environmental sustainability – This is the most often mentioned and fully articulated dimension of sustainability in the documentation. It is also a sign that programme-wide attention to climate and environmental issues is emphasised.

The project documents that most completely addressed environmental sustainability used the full extent of existing literature on environmental conditions and conducted sectoral or thematic EIAs and audits to understand the baselines. This was particularly true of the EEP projects, and consideration of this dimension becomes more comprehensive with each new phase. However, while elements of environmental sustainability are well covered, the regional programmes are small in comparison with the needs in the sector and can have only limited impact on environmental situation.

The use of clear indicators and an understanding of existing market circumstances permit monitoring and reporting to reveal areas of concern that may impede environmental benefits. This proved to be a challenge for Finnish energy interventions. The Kenya REM interim report, for example, concluded that there was "no common understanding with respect to the elements of adequate EIA, such as issues to be addressed, required information basis and standards, or methods for data evaluation", as well as "no control of the quality and adequacy of the results."

Two pilot projects visited for the CA EEP case studies were notable for their efforts to address environmental issues in Nicaragua: the El Bote and Las Nubes projects identified early on that the health of the watershed would have an impact on electricity production in the long run. It was understood that the slash-and-burn technique increased the soil's vulnerability to erosion during flash floods and led to gradual degradation of the forest. In response, the projects purchased watershed lands for their protection while allowing resident farmers to continue cultivating. In El Bote, 1,320 acres (22% of the watershed) have been purchased. In Las Nubes, 620 acres (60% of the watershed) have been purchased for conservation. The values expressed by the community regarding forest conservation spilled over into the project design and execution and to the way how community members planned the location and installation of equipment (generators, turbines, pipes, etc.). These measures greatly reduced the potential risks and hazards to the fragile ecosystem in which the community lives and from which they prosper.

Aid Modalities and Optimisation of Results

The likelihood that the three dimensions of sustainability will be optimally addressed in a project depends on a number of regional and project-specific factors. The Finnish aid modalities thus perform differently depending on how likely they are to attain their objectives. Some patterns independent of local capacity or geography, have emerged. For example, regarding the EEP model, stakeholders appear to be pleased with the streamlined project approval and financing system. In Nicaragua, on the other hand, there is no broader Finnish-supported investment scheme that could link the pilots to larger-scale replication/investment in partnership with Finnish or other investors. There are a few examples where pilot actions have been followed by broader schemes (e.g. the Micro-hydro PCH programme, which is now a US$24 million government-managed programme that grew out of an initial intervention by Finland under the EEP micro-hydro support together with the Global Environment Facility).

3.4 Evaluation question 4

What are the major discernible changes (positive or negative, intended or unintended, direct or indirect); are these changes likely to be sustainable; and to what extent may these sustainable changes be attributed to the Finnish aid interventions or to interventions in which Finnish aid has been a significant contributing factor?

As a whole, the Finnish energy interventions aim to bring about economic, social, and environmental benefits through the following discernible changes in the energy sector of partner countries: improvements in energy pricing and energy security, increased access to energy at national/regional/local scale, improved energy efficiency and energy conservation technologies and practices, increased renewable energy market share at national/regional scale, and decreased GHG emissions from the energy production. Changes can occur at two very different scales. At the project level it is often

of small scale, yet can be significant for recipients..At the sector, province, country, or regional level it can be more significant in terms of transformation potential but more difficult to attribute to a specific actor. How aid interventions contribute to any discernible changes in the energy sector of partner countries can arguably be assessed only after a reasonable amount of time has passed, preferably a few years after the intervention has ended.

In the energy sector intervention portfolio under review, 24 of the 37 projects were initiated on or before the year 2007 (Annex 5 of this report) and could thus theoretically be used to answer this evaluation question. However, during the desk review phase, the only projects for which information on actual project output and outcome was available was for the CA EEP project, one NGO project, and some partial information on REM-Kenya. Some NGOs report annually on their activities, and some broad conclusions can be done on their basis. There was also some limited information on changes brought about by projects, but this was mainly based on self-evaluation and the results had to be interpreted with caution. The following analysis therefore relies heavily on factual observations and discussions with stakeholders held during the field visits. Overall, the information related to discernible changes in the energy sector of the partner countries is severely limited.

Major Discernable Changes Related to Finnish Interventions in the Energy Sector; Sustainability and Attribution of Such Changes

From the available M&E documentation and on basis of observations during the field visits the evaluation team found discernible changes only in the contexts of the CA EEP and the REM in Kenya. All other projects reviewed had either not produced changes or produced changes only at a small scale.

The CA EEP was able in a relatively short time period (six years), to establish a large portfolio of projects covering a broad spectrum of project types and renewable energy options. This was acknowledged in the mid-term review of the project and confirmed during the evaluation team's visit. The change can be considered major because such a regional funding mechanism allowing the development of energy-related demonstration projects did not previously exist and could thus fill a gap in donor funding. The central strength of the CA EEP has clearly been its ability to identify this unmet demand and to develop a fairly equitable and functioning mechanism to address it. Moreover, information from interviewees indicates that the biannual regional forums have allowed officials from the energy sectors of the EEP member countries to enter into dialogue on energy issues in a regional context. This has certainly led to increased integration and cross-pollination among countries that would likely have national legislative or policy-level effects.

However, for such change to have a significant impact the EEP model must devise a clearer approval process for projects with a set of simple criteria. Also objectives with clear indicators need to be defined to monitor the progress (also discussed in Section 3.3 of this report). Furthermore, the pilot projects have to be integrated into broader

strategies and policy dialogue. They have to be scaled up, where feasible, by identifying investment mechanisms, which could complement the efforts towards transformation of renewable energy and energy efficiency at the regional and national levels. In this sense, the EEP projects still fall short of full implementation of the Finnish energy strategy, as presented in section 2.2 of this report. In Nicaragua, for example, of the 48 projects that have been approved, none aims at national legislative or policy issues related to renewable energy. The vast majority of projects are small-scale pilot projects aimed at rural energy production and access or poverty reduction. In El Salvador, one project with the National Energy Council (CNE) is examining the regulatory framework for promoting the development of renewable energy. This project, however, was recently approved and has not yet achieved results.

The sustainability of the achieved results depend partly on the continuation of pilot project funding. The success of the EEP mechanism has attracted two new donors to join in the financing of the CA EEP (Austria and the European Commission). However, long-term sustainability will depend on whether the CA EEP can enhance effective policy and market-enabling environment. Also opening of access for investment funding, including private lending, and thus scaling up the successful EEP pilots will be of importance. Capacity development at both the institutional and individual levels has also been limited. This aspect of the programme needs additional attention. Knowledge-sharing should be enhanced by documenting more systematically experiences and results and disseminating them to key decision-makers and actors in government institutions, lobby groups, financing institutions. A shift in is required, away from one-off pilots towards thinking of projects as a means to effect market transformation.

The current success of the EEP concept, which is being replicated across the world, is fully attributable to Finland, who patiently developed the concept, tested it, and improved it over time in Central America across the three phases of the programme.

The REM in Kenya has also produced major discernible changes. The Kenya REM was mentioned by all knowledgeable stakeholders as a useful, accurate and valuable tool in support of the electrification goals of the country. Finland's contribution was central in funding the process that led to the coordination of stakeholders at multiple levels (government, utilities, and financiers). The primary value added by the contribution, however, was the provision of factual decision-making tools to the government institutions, enabling them to prioritise investments for electrification following objective economic and social criteria rather than political and ethnic favouritism. This in turn provided a sound basis for coordinated donor involvement. Finland provided clear coordination support to France, AFD (the lead donor in Kenya for energy), and to the World Bank, which approved a US$330 million energy loan to Kenya in May 2010, of which US$34 million is directly based on and linked to implementation of the REM; US$95 million will indirectly support this agenda. This coordinated increase in investment from the donor community in rural electrification (primarily the World Bank, AFD, and Spanish Aid) is a definitive change from the scattered, low

levels of involvement seen in the past. The influx of funding to implementation of REM also ensures the sustainability of the master-planning process, which is likely to lead to electricity services to thousands of districts and hundreds of thousands of new household electricity connections across the country in a few year. This will greatly contribute to poverty reduction and alleviating the consequences of poverty.

Small-scale Changes Related to Finnish Energy Projects; Sustainability and Attribution of Such Changes

Many projects reviewed did not contribute to major changes, primarily because they were too small to have had such an impact. However, the 13 small projects reviewed can demonstrate more substantive outcomes in their direct environment. In fact, of the eight projects in Central America that were completed, half could be considered to have brought sustainable changes and be attributable to Finnish financial support. Such changes were possible largely because local social and economic conditions were adequately taken into consideration, including thorough integration of local communities in the projects.

In Vietnam, one project, Vietaudit, is completed. While there were some observable changes, they were minute relative to both the level of funding and the breadth of the targeted energy efficiency issues. Auditors who were trained and who value their technical and business competencies are using these new skills in their work. However, whether the training of trainers had resulted in the intended cascade effect, which would result in more new auditors after project completion, could not be ascertained.

In Kenya, one of the three NGO projects reviewed was just beginning implementation, so no change could be observed. Of the two remaining projects, one was ineffective because the energy component of the project was never finished and commissioned by the NGO, even though it had reported the project as completed. The other NGO project, the Rukongo Solar Energy project, was small but could be described as having a positive impact, namely a reliable and non-polluting solar energy water pumping system for the community, in operation for a decade now.

Of the eight sub-projects in the CA EEP, three are currently being executed, and therefore no results have yet been seen. Of the remaining five, one was ineffective, as the social and technical design of the project was faulty and led to the abandonment of the system once it started malfunctioning for a simple, preventable reason (low lifespan of batteries). The four others showed indications of small-scale positive social impact (on gender balance, community education, and health services), positive economic impact (increased family income and reduction of production costs), and positive environmental impact (reforestation, water protection, and avoided CO_2emissions).

3.5 Evaluation question 5

Have the financial and human resources, as well as the modalities of management and administration of aid, been enabling or hindering the achievement of the set objectives in the form of outputs, outcomes, results, or effects?

One of the key objectives of Finnish development projects is building the technical, individual, and institutional capacity of the partner countries. In most cases, three main stakeholders bring these human and financial resources into play: the Finnish government, the partner country government, and the implementing entity (or entities).

Financial and Human Resources by Finland, Partner Countries, and Project Implementers

Detailed analysis of the financial allocations,and efficiency of disbursements relative to the budgets and priorities of each aid intervention has not been the focus of this evaluation. At the global level, while the focus of the Finnish energy sector interventions is generally relevant to priorities and needs, the Finnish contribution remains small in view of the stated objectives, priorities, and needs at the country, sector, and regional levels. The analysis below focuses primarily on human resources.

Insufficient HR budgets in the ministries of the partner countries hinder the recruitment of staff. This, in turn, leads to a high workload, making it impossible for staff to become involved in the substance of projects because they are focusing on administrative tasks. This leads to sub-optimal and less timely delivery of projects. Frequent rotation of staff in the MFA was also noted as a major issue. While turnover in a position is expected, there was a very high number of MFA or embassy staff that have been at their respective job for less than a year. This rapid turnover was already noted in the 2007 OECD/DAC peer review of Finland ODA, which stated that the MFA ought to ensure that it attracts and retains a cadre of well-trained development cooperation professionals.

One area of concern on the ground, in particular for the EEP programme, is the assumption that each partner country has sufficient human resources available to perform the expected functions i.g. National Coordination Unit (NCU) in the case of the EEP. In fact, the staff of many relevant departments is already overburdened and in need of sound technical assistance. One concern mentioned in the Mekong EEP project proposal, for example, was the potential risk of stretching human and financial resources too thin and forcing personnel to choose between competing commitments. Each member country in the EEP framework has a National Coordinator (from the ministry in charge of energy and/or environment) who convenes an NCU, which is in charge of vetting proposals and presenting them to the EEP Secretariat and the Technical Advisory Committee during the biannual forum. The number and quality of proposals that a country submits are dependent upon the organisation and diligence of the NCU, which is made up of civil servants from the country submitting

the project proposals. In most (if not all) cases, the NCU duties of these civil servants are additional to their regular ministerial duties. They simply may not have the time or motivation to promote the EEP within their country and coordinate the process, let alone devise a strategic approach to prioritising pilot projects at the country level. To counter this problem, the Mekong EEP decided to provide a full-time national technical expert who would provide support to the NCU. This issue is especially acute in the case of the EEP but also applies to large bilateral projects.

The documentation review reveals an apparent lack of comprehensive and systematic training needs assessment in the energy sector. It is lacking at the project level, where stakeholders' training and capacity-building needs are insufficiently included in project analysis and execution. Moreover, as the EEP's ambition is to change energy markets a thorough assessment on skills of available professionals would be needed. Institutional and human capacities often appear to have been analysed in general terms but with limited forethought on specific competencies and the associated training plans and funding that would be required for implementing the project. A end of project workshop, while indispensable in most NGO or bilateral projects, is not sufficient to ensure sustainable results. Long-term engagement in building capacity in the partner country is necessary. Without assessment of gaps in skills and knowledge of human resources and in institutions, there cannot be solid and realistic development objectives, nor the ability to follow the development process.

The issue of availability of specialised local experience or local technical capacity is a major concern in project design and implementation. In principle, instruments such as the Institutional cooperation instrument, ICI, exist to strengthen local capacity but have been implemented slowly owing to a desire to strike a balance between optimising the use of Finnish expertise and transferring skills and building local qualitative and quantitative capacities. The Cambodia and Laos Energy Training projects and other ICI projects are designed to address the inadequate capacity of educational institutions in the partner country and to respond to the needs of renewable energy education. The core of the Lao PDR Energy Training project is in building such local technical capacity. The project began with an evaluation of the skills of the students and the faculty of the National University of Laos with the aim at increasing the skills expected to be needed as the renewable energy and rural electrification interventions are implemented. The idea was to steer the project towards producing marketable employees in the energy sector. This can be seen as the best practice, as it helps to reduce the likelihood of one-off efforts that do not lead to sustained outcomes. Capacity building, institutional strengthening and ownership are particularly prominent in Cambodia Energy Training, the Laos PDR renewable energy strategy, and the Indonesia EEP. The potentialities of Finnish institutions could be used further in developing the ICI instrument, a view strongly expressed by multiple interviewees from Finnish organisations. These energy specialists were also convinced that it would lead to longer-term commitment and more likely increased sustainability.

Management and Administrative Arrangements

The majority of the Finnish interventions appear to have sound management and consulting services. A few projects faced managerial issues that caused implementation delays and discrepancies between planned and actual activities. Several interlocutors pointed out that administrative procedures have been demanding, slow, and sometimes difficult to understand.

The level of decentralisation of Finnish aid management has clearly affected ownership of some of the initiatives reviewed. Key interviewees in the field mentioned that some other donors provide faster, more reliable, and sometimes more relevant and focused aid by decentralising decision-making. This issue had already been noted in the 2007 OECD/DAC peer review of Finnish ODA.

This evaluation process also observed a scarcity of energy experts involved in project administration at embassies and the MFA. This has sometimes led to insufficient technical oversight of projects, reliance on self-reporting by project proponents, and rather simplified evaluation/appraisal of projects. It also seems to have contributed to very administration-focused oversight of projects, which was perceived locally as unnecessary interference in daily operations.

One point noted by multiple stakeholders was that complex procedures often compete with or increase other procedures required in the partner country. In Vietnam, a government representative stated that harmonisation of procedures with the Six-Bank partnership would greatly increase the relevance of Finnish ODA. Based on dialogue with the Vietnamese government, in 2003 the Six-Bank partnership project harmonised its procedures in the areas of procurement, project reporting, project preparation, and environmental and social standards.

In terms of project-specific management structure and priorities, the EEP programme, which is executed nationally and partly also regionally, is by far the most advanced. One of the strengths of the programme in Central America has been its ability to approve a wide variety of projects during the first two phases. Another area of importance, especially for larger projects such as those in the EEP framework, was in terms of stakeholder inclusion and involvement and the relative balance of roles and responsibilities. Although the responsibilities may be outlined in project documentation, readjustments may be necessary during the implementation to maintain the course towards objectives. The involvement of partners in dialogue and action is more complex with a larger number of stakeholders. It was mentioned during the CA EEP field visits that some countries seem to have more projects approved than others, but this may merely reflect the difference in commitment and organisation of national country units. For example, Nicaragua has been well organised in submitting project proposals and has received a significant share of EEP funds for projects in recent years (48 projects). El Salvador, too, has been well organised in submitting proposals yet less successful in obtaining funding (27 projects). Stakeholders also referred to a lack of clear criteria for project approval. This issue can be easily remedied, a task

that other EEP replications such as in Indonesia have taken to heart. Communication with prospective applicants is the task of the National Coordinators and/or through the ad hoc efforts of the staff of the Regional Coordination Unit. In the donor countries information is mainly obtained through donor country staff participating in the Technical Evaluation Teams. A systematised call for applications, combined with better-articulated selection criteria, would make the process far more transparent. Phase III of the CA EEP project has created a searchable database of all projects, and, with a detailed users' manual, the new website is comprehensive, easy to navigate, and state of the art.

In sum, there is a need to mitigate the risks in the EEPs by improving transparency of the approval process, clarifying roles and responsibilities and by ensuring the allocation of sufficient human, technical, and financial resources to the national units.

M&E activities and records of energy sector interventions are based on standard guidelines set by the MFA. However, M&E descriptions are generally short and do not go into great detail. The absence of a comprehensive M&E plan at the project document stage contributes to the "slow progress made in the development of a comprehensive monitoring framework for the EEP activities." The overall effectiveness of the monitoring system is also hindered by the use of non-comparable, changing indicators that are impossible to track. Moreover,, monitoring information does not appear to be systematically collected, assessed, and made readily accessible for the purposes of learning from individual projects or across the MFA energy sector programme. This holds for all categories of projects but is especially true for NGO projects. Increasingly, donor governments are placing emphasis on results-based management (RBM) as a means to increase accountability and make a positive impact. Multilateral organisations, such as the World Bank, UNDP, and the United Nations Environment Programme, are also improving the process and systems for accounting for outcomes and impact. They have established RBM as a standard approach to project design and implementation, including in the energy sector. Learning from the experiences of these organisations would strengthen this RBM of the MFA in its energy portfolio.

3.6 Evaluation question 6

What are the discernable factors, such as exit strategies, local budgetary appropriations, capacity development of local counterpart organizations or personnel, which can be considered necessary for the sustainability of results and continuance of benefits after the closure of a development interventions?

Well over half of the projects assessed in this evaluation have not reached closure. The other half have not been the subject of a post-implementation evaluation. Assessment of the factors contributing to sustainability in this evaluation is based primarily on the lessons learned during field visits and interviews.

While sustainability after project completion does not always fall under the project's control. Vulnerability to external shocks is a frequent feature of underdevelopment (e.g. civil unrest, price shocks, social changes such as migrations or diseases). However, there is much that a well-designed energy project can do to maximise the chances of outlasting these exogenous factors at the end of the intervention. The most important is to start with clear and solid project identification and design. The level of risks to sustainability depend largely on a variety of assumptions particular to the specific context of the project.

Conditions for the sustainability of the EEP programme, or even a policy-oriented project such as the Kenya REM, are different in nature from those of smaller-scale projects. While the afore mentioned projects may target the same type of beneficiaries, they do not act at the same level. Policy-oriented projects and programmes do not aim to be "sustainable" but rather aim at transformation and broader development actions. As such, they require institutional sustainability, which can typically be fostered by using established local or regional institutions for programme execution, such as rural electrification agencies, which are likely to continue to operate and make use of lessons learned after project closure. Success on this front is also highly dependent on the capacity of local counterpart organisations and or personnel.that has been developed at the technical and managerial level.

In case of the EEP, at the project or sub-project level, sustainability factors vary from one project to another and depend heavily on project type, overall objectives, and scope and location. However, lessons learned from the field visits show that there are common threads in ownership, suitability, and local capacity. These are interlinked, and successful projects were able to weave them together, whereas others failed to identify or act on weaknesses.

For any kind of intervention to be sustainable, these three factors mentioned above must be considered simultaneously by the intervention proponents, whether it is a small local NGO or a highly technically sophisticated Finnish institution. Moreover, the MFA shall take care that proper risk analysis, monitoring, evaluations, and post-completion follow-up be done to increase the likelihood that lessons are learned and transferred to the final recipients for improved sustainability.

Ownership, Suitability, and Capacity

Ownership, which is paramount to reaching project objectives and sustainability, implies sufficient involvement of all local stakeholders, primarily local beneficiaries, especially when they are are communities that are not accustomed to the technology being introduced. For example, the Vietaudit project in Vietnam did not sufficiently involve institutions and experts aware of local needs during the design and implementation of projects. This lack of perspective led to multiple audit recommendations in which the technical solutions proposed were standard in Finland but not socially appropriate (such as labour-saving equipment in a very populous country) or technically

suitable (such as costly energy-saving equipment that could not be funded by the local financing market).

Similarly, a low level of project ownership was noted in both the NGOs' projects in Kenya. Unlike in many development projects, this was not the result of lack of interest or capacity on the part of the Kenyan partners. For example, interviews with both local operational staff and national stakeholders revealed that the Kendu Bay Hospital project was handled without proper involvement of the leaders of the hospital and the staff that would be in charge of running the system. No local training institution was involved, yet the project concept included biogas systems and technologies completely unknown in the area. In contrast, the Kenyan authorities were satisfied with their ownership of the EEP process, even though, based on interactions with other stakeholders, it seemed to have been mostly limited to the government.

Ownership also implies responsibility, and this is best attained when all the beneficiaries share some burden of the risk in the project and are exposed to the potential for project failure over time. This can be accomplished primarily through co-financing, tailored to the financial capacities of the end-beneficiary (be it a company, an NGO, or a household). Such incentives could also be materialised through reputation risks or benefits.

The suitability of a project to the specific needs, capacities, and limitations of the recipients is also key. It goes hand in hand with the ownership and is especially important in the energy sector, which tends to be technology-driven. The risk is high if the technology is either mismatched to the country's or community's need or if it creates technology dependence that the implementers cannot sustain, financially or technically. In the small hydro sub-project El Bote, in Nicaragua, "EEP financing has resulted in the installation of technologically outstanding but rather complex Finnish equipment in a remote location where possibilities for technical support to resolve emerging problems are limited or non-existent." By contrast, the Ascanahui Solar Wood-drying project, in El Salvador, proposed a technologically simple solar system that dries wood for furniture making much faster than naturally (15 days instead of a year). This enables the glue to bond better, which again leads to improved joinery and ultimately higher-quality products. The technology was suitable to the community's needs and capacity and the facility is still operational.

Capacity building and long-term training were major areas of weaknesses in nearly all projects reviewed.

In Kenya no training institutions were involved in any projects implemented. In case of completed NGO projects local people were not trained or even offered explanations as to how to maintain the systems. The new NGO-managed projects such as the ongoing renewable energy training project, cooperate with local training institutes.. In Central America, it was apparent in a number of cases (e.g. Blue Energy, Cooapante) that the executing local agencies, while technically competent, lacked experience in

project management, project reporting and financial reporting. This led to inadequate reporting and subsequent delays in disbursement of funds. The representatives of one NGO mentioned that they would have benefited from more guidance from the EEP, particularly in regard to the feasibility of certain aspects of the project. It is recommended that the CA EEP arranges training for project executing agencies in project management, RBM, project financial accounting, and reporting standards. The EEP management has heeded this issue and taking action towards capacity-building components.

More extensive capacity development would be needed but it typically requires more extensive planning and a much longer period of time than the basic technical projects. In case of ICI projects it is generally considered beyond the scope of the ICI scheme. Today, training needs assessment, including analyses of gaps in skills and knowledge of human resources are not up to the required standard. Therefore, the likelihood that ad hoc training by individual projects would be successful is rather low.

Risk Analysis, Monitoring, Evaluation, and Post-Completion Follow-up
Thorough risk analysis is an important factor for the sustainability of results. Similarly, establishing a systematic M&E function, rather than the frequent limited self-evaluations with likely biased conclusions (as in the NGO-managed renewable energy project at Kendu Bay Hospital in Kenya), can help towards better design, execution, and risk management. Longer-term projects should have an independent evaluation at key steps of the project cycle (mid-term and final evaluation of each phase). Local experts should be included in the evaluation team. Long-term involvement with repeated visits of the Finnish counterpart should be favoured instead of short periods of intense work as is the case in projects delivering services and goods. A sustained commitment is more likely to have an effective impact. The Finnish counterpart should maintain its responsibility also after the immediate delivery of goods or services in order to ensure the functioning of equipment after the end of the project Various mechanisms could be used according to the type of instrument – e.g. bilateral, NGO and ICI projects.

3.7 Evaluation question 7

What has been the role of considering the cross-cutting issues of Finnish development policy in terms of contributing to the sustainability of development results and poverty reduction; has there been any particular value added in the promotion of environmentally sustainable development?

Cross-cutting Themes in the Finnish Energy Portfolio
In Tanzania and Kenya gender is incorporated into the national energy strategy. The projects attempt to fulfil the respective educational and economic goals set at the national level to provide opportunities to women and girls. However, even within countries with approved policies in this respect, Finnish interventions face a lack of com-

mitment and/or capacity by the partner countries and partner institutions to realise those goals, let alone collect and monitor gender-disaggregated data. According to the Gender Technical paper of the Kenya REM project in 2008 "The [national] Gender Desk seems not to be linked with the technical and political tasks of the Ministry of Energy. The person in charge of the Gender Desk neither participated in the gender training carried out in October 2006, nor in a preceding workshop in November 2005. They however participated in the energy policy audit activities. According to interviews with partners in different institutions and organisations, Gender Desks are only formally established without clear mandates and ToRs. They have no work plans and budget allocated for their tasks." There were no gender aspects defined to be measured in the NGO-managed projects in Kenya. Consequently there was a lack of data at both the document planning and implementation levels. Both Rukongo solar energy and Kendu Bay Hospital renewable energy had direct and indirect impacts, particularly on rural women's and children's everyday tasks, by diminishing the time required to pump and transport water (Rukongo) and by planting trees for fuel to avoid the risk of deforestation.

When hiring technical experts and local consultants (Vietnam Enerfish, S&E Africa EEP) the equality rule is applied i.e. if there are two equally qualified candidates, the female should be hired for the position. Tanzania does takes this at least one step further. The national energy supply company emphasizes that in human resources training and recruitment equal opportunity shall be respected with regard to gender. The more relevant issue, the one that the interventions must first address, is how a woman's possibility to apply for jobs in the energy sector. Or, as stated in the Mekong EEP project document, the project "[needs to] take a conscious effort in exploring expansion of the role of women in [renewable energy]. Availability and use of energy are linked to issues such as women's lack of access to land and other basic resources such as credit, equipment and technology, education and training. The EEP and use of renewable energy in income generation and livelihood has a potential to strengthen women's access to the economic resources."

The issue of gender is given various levels of priority in EEP interventions in Central America. Of the sites visited in the field, nowhere was the issue more prevalent than in the Mozonte project, run by a women's collective in Nicaragua. Before EEP involvement, the greenhouses were run by the community, which, in effect, meant that the men in the community ran the work. Micro-loans had been granted to the group, and when the next season's crops did not yield a profit, the group forfeited on the loans. Under the EEP, the group was reorganised with the help of a local NGO,ADRA, which granted credits to pay off the original loans, and the collective was reorganised under female management. With the small profit from the first crop, they began to pay off the loans to ADRA. Although cultivation is currently on hold because of a fungal infestation, it is anticipated that, once operative again, the women will continue to pay oof the credits. An unanticipated but notable outcome was the subtle change in the attitude and behaviour of some of the women in the community. Also, the husbands of some of the women began to support their wives by doing housework and child care duties while the women worked the land.

The issue of gender can evoke paradoxical attitudes, which is summed up well in the Laos PDR Energy Strategy project document: "Implementation of the Programme as such will not have any conceivable effect on gender equality or other cross-cutting issues. Those responsible for renewable energy in the stakeholder organisations should be involved in the Programme be they men or women." However, it continues, "Eventually, implementation of the renewable energy strategy will have an impact on gender equality particularly in the households of the rural areas where women are usually responsible for collecting the wood used in cooking. More efficient cooking devices and other renewable energy sources in the household will lessen the burden of women and improve the quality of air in the households and thus the health conditions of particularly women, children and people with disabilities who spend more time indoors. Improved lighting will have a positive effect on both genders."

There are conflicting studies, discussed in the CA EEP project document, that suggest that longer lighting hours in the home mean longer work hours for women. The Kenya REM Gender Study also conducted a survey that revealed surprising evidence of how energy sector interventions may affect the relative roles and well-being of men and women. In contrast with men fewer women believed that private or public electrification, such as night lighting, reduced sexual harassment or physical violence; also, proportionately fewer women believed that electrification either reduced physical work or saved time in the household. There is also the problem of terminology and disaggregating data. Most NGO-managed projects focus on improving cooking facilities. However, positive experiences and results were typically described as project development objectives and achievements but not necessarily gender related objectives or achievements.

The assumptions and background research of each project must be localised and well founded in order to improve the status and opportunities for women and girls. Complex social dynamics cannot be assessed in a linear fashion. The next step after the stage of identifying general issues, is to devote adequate resources to local gender studies and determine the precise mechanisms through which the project can positively affect women and girls and their relative opportunities, in a way and at a pace that does not cause social disharmony. The Kenya REM project has done so. A starting point is to keep close track of gender-disaggregated statistical information, in so far as possible, on incidence of lung disease resulting from indoor air pollution and other gender-specific health issues tied to energy-related activities.

The EU 2010 Plan of Action on Gender Equality and Women's Empowerment in Development is a plan for specific action regarding the inclusion of women in the policy process and mainstreaming gender into development monitoring through gender-disaggregated indicators in sector support programmes (SWAps). EUEI PDF, which is supported by Finland, is moving towards a policy with a stronger focus on household energy requirements and gender dimensions, especially in countries with large rural populations. Finland also supports ESMAP, which is implemented by the World Bank. ESMAP recognises energy access, gender, and climate change as major themes for funding and underlines gender mainstreaming.

Marginalised groups – Marginalised groups are perceived as historically vulnerable to major disasters and generally have no strong political influence. The UN recognises marginalised groups as one of the key populations with a dire need for disaster preparation and tools for adaptive measures in the context of climate change. The MFA has made some progress in acknowledging these groups through financing of the UN activities and also in some energy sector projects since 2007, which implicitly address their needs related to improving energy access.

However, identification of such persons and their differentiation in terms of those most in need is largely absent as an target population. If they are included, they are generally not defined using "marginalised" groups. These populations are recognised as being systematically overlooked by public services in general. For example, the Kenya REM Gender Technical Paper remarks: "A look at key policy issues of the energy policy in Kenya reveals that the productive and commercial sectors receive the bulk of investment funding for supply by conventional energy sources as against non-conventional energy sources. … Poor women and men are unlikely to benefit from the large-scale commercial energy expansion programmes, especially if they do not support connections to households where participation of women is key and their needs have to be considered."

Community-based natural resource management is addressed in the context of improving food security, water and sanitation, and other natural resource development issues, presumably important to indigenous or marginalised groups and ethnic minorities (Mekong EEP, Indonesia EEP), as is efficient and low-cost off -grid energy access in remote areas (Lao PDR Strategy). In terms of the opportunity cost in choosing the least well-off, the definition remains ambiguous. Therefore, sometimes ambiguity in definition makes the opportunity cost unclear. The mid-term review of Phase I of the CA EEP found early evidence that the programme has been benefiting local communities by making energy available to rural areas, by creating jobs and by alleviating rural poverty, but without providing any further details on the beneficiaries: what qualifies them as marginalised or politically voiceless? The document goes on to describe projects that have been benefiting indigenous populations, but only gives an example of one project (PV systems for Embera communities in Panama) without explaining the concrete benefits or how the group of beneficiaries was defined in terms of poverty, needs or energy demand. Nevertheless, some encouraging energy projects have been managed by NGOs, such as the one in Bolivia, where the particular problems of certain minorities have received sufficient attention and input within the project. There are also NGO-managed projects, such as the one run in Afghanistan by ADRA, where the vulnerable group specifically targeted is disabled youth who undergo energy-related vocational training.

Energy is still a relatively small portion of Finnish development cooperation funding and the goals for the marginalized population as a whole are varied and highly contextualised. This area is perhaps more thoroughly addressed in the context of land resources because of sustainable management models, CDM, and innovative forestry

products. However, in terms of the energy sector, MFA can rely on the models of the United Nations Framework Convention on Climate Change (UNFCCC)and countless international organisations concerned with giving a voice to marginalised populations. It can also seek more focused analysis and subsequently identify the scope of possibilities to address the issue through local research. Finland would benefit from collaborating more closely with the international agencies in targeting vulnerable and marginalised groups and minorities, which would add value to the joint efforts.

HIV/AIDS – The issue of HIV/AIDS elicits even less attention than the issue of marginalised populations in the Finnish portfolio of energy sector interventions. This is most likely because of the incongruence between a specific health and social issue and the energy sector in general. However, in Africa specifically, the documentation does not shy away from discerning the connections. For example, the Kenya REM Gender Study states that, "HIV/AIDS transmission in many cases is linked to labour migration, resulting in risky sexual contacts when husbands stay away from home."

Even if the rationale behind the documentation is not factual, and the connection with energy tenuous, the function of bringing the topic to the foreground is critical, as we know that incidence of HIV/AIDS is related to awareness and education. The Africa EEP project document goes on to explain, "These risks can be reduced by implementing external HIV and AIDS activities like raising HIV awareness among workers and the community, distributing IEC materials on HIV and AIDS, having peer educators among the workers, availing or linking workers to [AIDS service organisations], community-based organisations [CBOs] or faith-based organisations that operate in the same catchment area as the project."

The Finnish aid to HIV/AIDS is mainly directed through Global Fund to Fight AIDS, Tuberculosis and Malaria. Nevertheless, at least one project,(Kendu Bay Hospital) has been implemented, if only partly and not satisfactorily, in close cooperation with the establishment of an HIV/AIDS clinic, which is operating successfully at a hospital serving a large number of communities. Other potential successful medical service points could also be established in concert with current Finnish efforts, including mobile facilities and services for remote rural villages, a concept unique in Kenya.

Promotion of Environmentally Sustainable Development

It is not yet clear whether there has been any particular value added in the promotion of environmentally sustainable development across the energy portfolio. It is clear that there is interplay, across almost all relevant interventions, between national energy policy development and the goals and objectives of individual projects (Kenya REM, Cambodia and Laos IEPs, Laos PDR Energy Strategy, Mekong EEP, CA EEP, EUEI in Africa, S & E Africa EEP, Electric Power Supply Reliability Project in Tanzania).

Because of the very nature of the EEP mandate, there is extensive evidence of environmental sustainability not only being included in projects, but also of positive re-

sults from the interventions. The evidence is largely seen in projects that reduce reliance on fossil fuels, promote environmental stewardship, reduce reliance on locally cut wood for fuel, and reduce health hazards from in-house air pollution. From the perspective of climate change, it is notable that Nicaragua, for example, currently has a heavy dependence on fossil fuels for the generation of energy. The government recognises that this is problematic, and has an ambitious plan to reduce dependence on fossil fuels from the current level of 75% of electricity produced to 25% by 2017. This is to be done mainly through the creation of new renewable energy sources. CA EEP is supporting this in many of the government's demonstration projects. Still, because CA EEP focuses primarily on pilot projects, the impact on environmental sustainability is seen largely in the context of very small-scale operations. In the two countries visited, one of the greatest challenges facing the energy sector is the use of wood for fuel, a practice that is leading to rapid depletion of forests in the region. In response to this issue, a number of the CA EEP interventions aim to reduce reliance on forest timber for fuel. For instance, the Masaya biomass torch burner for ceramic baking ovens is reducing reliance on local cut wood for the ovens.

Several of the CA EEP projects have an environmental component within a larger set of objectives. El Bote is currently working with the World Conservation Union to purchase the watershed territory in which the hydroelectric project operates. The plan is to convert the territory into an officially protected zone. The nature of the micro-hydro projects is apt for raising awareness among beneficiaries of the importance of maintaining and protecting the watershed that is the source for producing the needed energy. This leads to a collective feeling of obligation to practice environmental stewardship to protect the source of electricity. Other examples of environmentally sustainable components that meet community needs and raise natural resource conservation awareness are the Rukongo Solar Pump project, and the forestry component of the Kendu Bay Hospital project, both in Kenya.

Sustainable development is claimed to be key to the three projects reviewed in Vietnam, but the S&E Africa EEP has not been under implementation long enough to produce results; the Enerfish project has a questionable claim on sustainability; Vietaudit has been completed with some discernable results but of a very small scale relative to both the level of funding and the energy efficiency. Overall, in the context of Vietnam, there is little to no value added in the promotion of environmentally sustainable development.

In sum, there are some examples in which the promotion of environmentally sustainable development during the design stage can lead to more productive use of energy, increased awareness of natural resource conservation and even alleviation of the consequences of poverty during implementation. However, the portfolio as a whole is in the early stages of defining and tracking the progress of such approaches. There is a learning curve ahead in terms of testing the assumptions and criteria that shape the direction of the highly contextualised energy sector interventions.

3.8 Evaluation question 8

Are there any concrete identifiable examples of interventions, which may be classified to be environmentally, economically and socially sustainable, which have lead to poverty reduction or alleviation of consequences of poverty?

Environmentally, Economically, and Socially Sustainable Interventions; Poverty Reduction

In terms of demonstrating long-term feasibility towards positive economic, social, and environmental outcomes, the Finnish portfolio has exhibited some early signs of sustainability through various aid modalities in the energy sector. However, to date there is only a small sample of projects that might be considered sustainable across the three targeted dimensions, let alone lead to poverty reduction.

As noted earlier, the CA EEP has served as the testing ground for exploiting existing opportunities and developing concrete approaches to covering a broad spectrum of energy technologies and alternative energy options. The networks of partnerships and growing associations of public authorities and the local and international private sector have proved to be a significant achievement in a relatively short period of time. In later replications of the EEP, the S&E Africa and the Indonesia project documents state: "Although the partnership is being initiated as a comprehensive and not a regional pro-poor programme as such, it will help the poor directly by facilitating access to modern fuels and electricity, create projects which will support energy needed for social services (health, education, communication) and promote energy-efficient and less polluting end-use technologies for traditional fuels. As a result, the partnership aims also at reducing the cost and improving the quality of energy services supplied to low-income households by supporting mainly decentralised sustainable energy solutions." This model and the level of visibility it creates for renewable energy, energy efficiency and energy access can be considered to be the flagship of sustainability for the Finnish portfolio.

One intervention funded under EEP CA that could be said to be achieving all the dimensions of sustainability and a positive effect on the local economy and livelihoods is the El Bote project in Nicaragua. The Finnish supportt was inserted as one subcomponent into a broader context of the El Bote project . It is demand-driven and interventions from various donors are well coordinated and complementary. Due to sound project management, it has managed to reduce poverty in an environmentally, socially and economically sustainable manner. The project has created jobs for locals (currently 34 employees). Improvement in electricity supply to the region has led to increased economic activity; computer schools have opened; businesses are able to maintain longer hours and prices for some services have decreased because gas-powered generators are no longer required. ADTER, the executing agency, has a strong environmental commitment. The improved electricity supply has also improved service to homes, allowing people to have light in the evening, access to computers, televisions, electrical appliances, etc. The El Bote intervention is demonstrably sustainable as it is

now inserted into the fabric of the community it serves; the service provided was needed, the delivery is largely efficient and effective and it generates a small profit that is used to pay off loans, maintain the systems and plan for future expansion.

Field visits to Kenya and Vietnam were less conclusive than CA EEP in terms of attaining all three dimensions of sustainability, improving livelihoods and lessening the consequences of poverty, but there were some examples worth noting. The Rukongo project offers a good example of community involvement that offers joint benefits leading to sustainable poverty alleviation. While the project does not generate revenue for the community, it certainly improves living conditions and people come from far away to fetch water at the well, the only other option being Lake Victoria several miles away. The effective involvement of the community has ensured sustainability, with only one instance of solar panel theft. The environmental benefits are also high, with no emissions compared with the diesel alternative, even though the arrival of the grid will diminish the CO_2 savings, as grid electricity is largely based on low-carbon hydropower.

In Vietnam, unfortunately, none of the interventions could be considered economically sustainable, and while all the interventions claim environmental sustainability, only one could justify minimal results. No impact on poverty reduction or alleviation of the consequences of poverty has been identified in the Vietnam projects reviewed.

The projects managed by Finnish NGOs, which typically operate close to the recipients and have been prepared using a participatory approach, usually reflect the prioritised development needs of the rural society. There are positive and encouraging examples among such NGO-managed projects. However, NGO projects are not required to be independently evaluated. Therefore there are very few final evaluations under this modality and the few that were conducted are often internal. The likelihood of the sustainability of such projects is therefore sometimes poorly understood, and poverty reduction even more difficult to measure. Each new small NGO project tends to support and bolster the achievements of the previous efforts, and one can recognise long-term commitment to the region, the sustainable deliverables and even the impact with a degree of probability. This type of approach is reflected in supporting the development of renewable energy in the 2000s by the Technology for Life Association and the Green Namibia Eco Centre. Unfortunately, a final external evaluation has not been carried out, but this project represents an encouraging example of a concept with sustainable achievements across the three dimensions and local income generation.

A key problem in answering this evaluation question in the case of the CA EEP is measuring portfolio performance on the basis of the proliferation of pilot projects. While all the projects theoretically address the three dimensions of sustainability and poverty reduction, the pilots are often intended to test a particular system, model, or technology and thus are not necessarily capable of fulfilling all the dimensions of sustainability and alleviation of poverty within a limited implementation period and with

the limited budget. The first CA EEP phase concluded in its mid-term report that the main impact of EEP is immaterial and measurable only in qualitative terms: raising awareness of renewable energy at political and investor levels. As the CA EEP moved into new phases and attempted to meet the needs of RBM, the challenge of evaluating the impact on poverty of pilot schemes is now being taken on by the Regional Coordinating Unit (RCU) of CA EEP. The RCU has devised a series of indicators looking at the different facets of sustainable poverty reduction. The challenge will, of course, lie in implementation of this system, which is imperative to informing the success and potential for replicability of the pilots supported by the CA EEP.

In terms of influence on policies and other regulatory frameworks, which was an implicit area of focus of the Finnish energy sector strategy, few bilateral projects highlight a strong connection with the overarching systems that can facilitate changes to existing infrastructure, decision-making processes and allocation of resources at national or regional levels, all of these issues being fairly robust examples of sustainable results. The CA EEP mid-term review of Phase I states that, "there are no systematic links or feedback from project to national policy and strategy processes, or processes to revise legislative framework in the countries." With the policy of 2007 with emphasis on sustainability, it remains to be seen whether implementation will catch up with intentions.

Acknowledgement of sustainability issues is a precondition for a successful project, and in principle all Finnish projects have plans that assess the dimensions of sustainability and poverty reduction. Yet seldom have these been quantified and systematically monitored. The Kenya REM project document, for example, contained a detailed "SMART" project log-frame matrix, which outlines numerous characteristics that must be met to attain sustainability. Indicators are presented such as: "129 407 rural customers had been connected by 31st May, 2007", and "More than 50 renewable energy projects will supply target loads in 24 fully or partly rural constituencies, serving 60 000 connections in 200 localities." However, since Finland financed only the REM, not participating in the implementation of rural electrification, the REM project has no hold on these indicators i.e.the indicators are not correctly defined.

Poverty reduction or alleviation of the consequences of poverty from within the Finnish portfolio of energy interventions will become identifiable with time and with sound M&E systems. While technical information such as the size specifications of power substations, engineering services provided and number of personnel trained is useful, reporting should go beyond these. In order to do so, relevant indicators of environmental, economical, and social effects have to be identified and collected over time for each project in order to provide an overview of the whole programme. The EEP model as a whole will need to examine closely how it succeeds in scaling up at the regional level, and how and why the model is replicable. Finally, in terms of applying the concept of sustainability as a tool towards poverty reduction, MFA must examine the full range of aid modalities to identify concrete and verifiable connections between energy sector interventions and the goals of poverty reduction, and expand sustainability beyond the project concept stage.

3.9 Evaluation question 9

Have interventions which support economic development or private sector, been able to contribute towards sustainable economic results, let alone, raising people from poverty?

Finland has clearly and progressively integrated sustainable development and poverty reduction goals in its energy sector strategies.

Energy sector support can bring about economic development results in diverse forms: improved investment climate, reduced vulnerability to energy price shocks through improved domestic or regional energy security, increased investment in the national and regional energy sector, or a general improvement of economic indicators as a result of increased productive use of energy. These economic improvements can have direct or indirect effects on the availability of economic/livelihood opportunities for the target population(s), as well as effects on household income and on women and/or groups with marginalised economic status. If these changes are sustained, they can ultimately lead to poverty alleviation.

The CA EEP is the most advanced project in the Finnish energy portfolio in terms of both sustainability and poverty reduction. In six years of operation, the EEP CA has obtained some concrete results. Based on the sub-projects for which the regional secretariat has data, EEP has thus far benefited more than 2,600 families, promoting an investment of US$21 million, installing a capacity of 1,702 kW (mainly through solar energy), enabling a biodiesel production capacity of 6,434 litres a day, and creating annual savings of US$746,033 as well as an increase in income of US$38, 886.

CA EEP sub-projects target women, marginalised groups, and particularly poor communities, with mixed but largely positive results. The Las Nubes micro-hydro-electricity project started in 2006 is well organised and collectively owned, and shows very promising prospects for supplying power to the nearly 100 families so that they can, among other things, replace dangerous kerosene lanterns. The Biomass Torch project in Masay, Nicaragua, increased the quality and competitiveness of the business cluster of 50 small companies by setting up ceramics burners run by biomass torches for baking of ceramics. The project also aimed at reducing the levels and incidences of occupational health issues, and forest degradation with the application of biomass-fuelled torches. Ultimately, the project reduced the use of wood as fuel by the targeted entrepreneurs by 50% in the production of their ceramics and therefore reduced production costs to them by 2.95%, or US$0.0625 per tile produced, leading to a total production cost of US$2.11 per tile. It also led to fewer emissions and less time baking the ceramics (reduced by half, from two hours to one hour). Some sub-projects have also benefited groups of women, for example, through a solar fruit-drying project in Guatemala, which provided employment opportunity for women, despite of the initial resistance .

Because systematic collection and reporting of data only commenced in 2009, there is little information on basis of which the effectiveness of the programme on poverty reduction can be judged. The 2009 Annual Report to the CA EEP Management Committee the evaluation of EEP results and impact began. As the new M&E tracking system for CA EEP is the most concerted effort in the Finnish energy portfolio, other EEP projects should be poised to benefit from the emerging lessons learned in terms of both tracking data and results from project evaluations.

The energy portfolio is too young to have yielded long-term economic development of a depth or nature that can achieve poverty reduction. Within the small sample of desk review and field visits, it can be concluded that The Finnish energy sector interventions present a relatively smaller cohort of purely economic development and private sector development projects; most are blended with other activities related to social services, capacity building, technology transfer, PPPs, energy access, etc. Finnfund and other modalities focus more on goals in the private sector.

Some projects managed by Finnish NGOs are highly localised and focus on target communities, such as the solar energy projects in Bolivia and in Namibia, as well as the support for the Green Namibia Eco Centre. They appear to have created at least a few measurable results, and seem likely to lead to poverty alleviation for their direct beneficiaries. These projects have trained a number of people to become experts in assembly, maintenance, and repair of solar cooking stoves and other equipment. As there are no final evaluations of the projects, the exact numbers of people who received training cannot be ascertained.

Still, none of the interventions mentioned so far either directly or solely supported economic development or the private sector in order to attain poverty reduction. The Kenya REM, for example, indirectly supports economic development, but an effective impact on poverty will happen only when the rural areas have access to electricity, a process that Finland decided not to participate in. The private sector will most likely be involved in the S&E Africa EEP in the future. So far the proposals screened have originated more from the public sector.

At the opposite end of the spectrum are projects that are centred more on finding the correct business model, promoting a particular energy efficiency or renewable energy technology, trade, or developing a niche in the renewable energy market. These tend to benefit a few people at the expense of high opportunity costs and face greater challenges to sustaining activities once Finnish support ends.

Likewise, while technical skills are considered a forte of Finnish interventions, the most technologically simple projects end up being the most sustainable and are far more likely to be truly owned and maintained by the local community. One example is the Ascanahui solar wood-drying project, which was proposed by 16 professional carpenters known as the Asociación Ascanahui Collective. The project established a simple drying system with immediate buy-in and new economic activity and is still

owned and managed by the community today. In Kenya low-maintenance and battery-less system, part of the Rukongo solar energy project, has been bringing heated water to the community around the Finnish missionaries' church for 10 years.

Some highly complex projects can also remain sustainable and touch upon poor communities, such as the CA EEP sub-project, El Bote. This, now computerised, hydroelectric project began in the 1980s, has evolved to the great benefit of the region, and has supplied the community of El Cua with a reliable source of energy and a strengthened sense of local conservation. In Kenya a NGO project in the Laikipia District, "Renewable energy, use, and training", had a fairly technical proposal, concerned with biogas and windmill turbine construction. It aimed at improving skills and knowledge in their construction, use, maintenance and repair. The community was involved through the pilot units, housed in local primary schools. Longer projects tend to be more likely to benefit from the troubleshooting skills or resources of Finnish partners or stakeholders in the region.

Furthermore, there are lessons to be learned from testing an entire strategy or approach. Based on the case study in Central America, in practice, the PPP concept that forms the basis of the EEP framework is an approach that seems not to have been successful in focusing on private sector engagement and development. The focus of sub-projects, at least in the countries visited, has been weighted more towards energy access and projects with a strong social component. There is unachieved potential to work on barrier removal to let the energy market mobilise itself. In order for the EEP to be effective will require truly engaging the private sector on the scale and make partnerships viable beyond scattered, short-term pilot/demonstration projects. This is especially true given the fundamental market transformation objectives implicitly supported by Finland in its energy sector strategy and given the means at the disposal of the EEP. This need for an increased effort to engage the private sector, further promote the activities of MFA (through PPPs or other mechanisms), and gain visibility for the value-added qualities of Finnish interventions cuts across all projects and programmes, not just the EEP framework.

While the limited amount of comprehensive M&E material is the biggest impediment to formulating answers to whether the Finnish portfolio is moving towards sustainable economic outcomes and poverty reduction, several findings from field visits and interviews suggest the answer is even more complex. First, there is an apparently weak understanding of connection between economic and private sector development, and poverty reduction at a strategic level. The lack of strategic direction that is grounded in identified and understood links between the programme design and specific poverty reduction goals manifests itself when projects exhibit a weak affinity with the targets of the national development agenda and MDGs (Enerfish). Furthermore, the projects most concerned with private sector development were often those with the weakest levels of sustainability and/or links to poverty reduction (Vietaudit). Lastly, if institutional learning is expected within MFA, Finnish embassies and other key stakeholders, monitoring must be more systematically implemented and evaluation data more readily available.

3.10 Evaluation question 10

How is the society touched upon by the development interventions taken into account in the strategic and project/program plans, and what have been the major modalities for the society to influence and affect the development interventions and the decision-making on them?

Principles have been established over time to enable society to influence and affect Finnish development interventions and project decision making and implementation. Finland's development policies have consistently insisted on the importance of reaching out to stakeholders as an integral part of sector intervention. For example, in 2001 a decision-in-principle for the operationalisation of development policy objectives states that Finland's "cooperation is based on political dialogue and consultations on cooperation with the partner countries", and that it "encourages the partner countries to engage in genuine dialogue and to invite stakeholders to call attention to their own priorities." Similar principles are also stated in the 2004 and 2007 development policies. However, the energy sector has been notoriously slow and reluctant in convening such dialogues beyond basic rubber-stamping workshops at the end of a given study. This inclination was not specific to Finnish energy cooperation; rather, it was widespread in partner countries with an energy sector often dominated by large country-wide utilities that often shun the exposure that comes from open dialogue. This partly explained why the energy sector often had difficulties in harnessing the early waves of poverty reduction strategies.

Overall, the involvement of society in development interventions boils down to the two core notions of ownership and empowerment through participation. These issues affect the partner country's civil society at many levels, starting with the elected representatives who are the natural first entry point, but involving also other components of society, from beneficiary households and their communities to the vast array of civil society organisations that exist in each country. This can sometimes prove challenging, as some countries' social structures may not be conducive to such outreach (for reasons of centralisation, corruption, etc.). Given Finland's development policy emphasis on good governance and the promotion of democracy, however, this aspect of each project ought to be a strong point.

Insufficient Involvement of Society in Early Projects and Programmes

In the first half of the evaluation period, from 2000 to 2005, Finnish development aid either targeted directly NGOs or specific bilateral projects where the relevance of such dialogues was not necessarily high. Cooperation with NGOs worked by introducing small-scale innovative schemes, often using solar energy systems or targeting a direct impact on household fuels such as in Afghanistan, Kenya, or India. In such cases the NGOs carried the dialogue with the project stakeholders, whether promoters, universities, other NGOs or final recipients. Given the small scale of the projects, society involvement was likely to be high but very much limited to the (small) project perimeter. However, field visits to some of these NGO projects in Kenya showed

that ownership and participation were not a fact and that there were cases of external well wishers trying to replicate the experience of other countries but with weak technical knowledge and almost non-existent involvement of the final recipients. In one case the project output, a biogas digester, was never completed or used, resulting not only in a sub-optimal use of funding but also in disappointment, resentment and scepticism towards future energy-related aid involvement on the part of the intended recipient.

Early bilateral support often focused on power generation (such as diesel in the Dominican Republic and Nepal, or hydroelectric in Nepal) and district heating (in Bosnia as well as CC in China); in other words, classical energy projects, often large-scale, which invited little interaction with overall society. In such cases, contact with society was purely a final recipient of energy. This is not to say that standard social impact assessments or EIAs were not performed, but more that public participation was not a key element of the project design and delivery.

Increased Involvement of Society in Recent Projects and Programme Design

The second half of the evaluation period proved more dynamic in terms of intent and active steps to engage society. This is in part because, by 2005-2006, all major international stakeholders, including multilateral institutions, bilateral donors, and governments of partner countries had clarified and stated their commitments to such dialogues at the highest level of their policy making, and it had trickled down to the energy sector. Other projects discussed at length the importance of involving stakeholders during implementation to ensure their buy-in and the sustainability of the project or programme at the end of the intervention. In many projects during the last three years of the evaluation period project promoters went to great lengths to reach out to stakeholders at the design stage. Examples can be found in the Lao PDR Renewable Energy Strategy, which includes, as pillar 2 (out of 4), "To develop a culture of cooperation between the various stakeholders of the strategy, including between authorities", and adds as a result to be monitored that, "the various key stakeholders have actively and substantively contributed to the strategy."

The EEP programme exhibits the most consistent path to participation of society, as has been shown through the positive practices developed in the CA EEP. In fact, during EEPs replication phases across various regions, consultations with key stakeholders were systematically held at the design stage to ensure their interest and related commitment to the concept. Such was the case with the Mekong EEP, where a "consultant ensured a workshop with participation of Government, NGO, academia, private sector at regional, national and local level across 4 countries, results from which were included in the result log-frame." Another example includes the Indonesia EEP, which specifically targets the involvement of the end recipients or end beneficiaries of sub-projects, as noted in its sub-project briefing document: "Projects supported by EEP Indonesia should actively promote the participation of stakeholders and end-users in the planning, implementation and management of energy solutions, both through consultations on their needs for energy services and through their active par-

ticipation in the implementation and management of the chosen solutions. The participatory approach will duly respect and seek to make use of local knowledge and traditions by involving local communities and end-users, especially women, in the development of the sector." It is clear that for most of the recently developed programme, there is a genuine intent as well as positive action to enable increasingly participatory approaches that involve all stakeholders at both the design and implementation stages.

At the programme level, especially the EEP framework, society involvement goes beyond programme and sub-project design and execution and moves into sharing knowledge among implementing entities and other stakeholders, thereby deepening ownership of results and methodologies among these, mostly local, actors. For example, in the case of CA EEP, an operating report states that, "a main objective is to promote the exchange of experiences between the key players in developing renewable energy projects throughout the region. The EEP organised very successful regional forums, the attendance was made of project developers, financial institutions, development agencies, government officials, NGOs, energy consultants and renewable energy technologies suppliers, including from Finland." Such multi-stakeholder forums, while not necessarily new in principle, were innovative in that they were systematic and backed up the ongoing design and implementation of EEP sub-projects by providing much-needed knowledge-sharing opportunities on renewable energies and improvement of access to energy. This statement was backed up during field visits by many local stakeholders interviewed, who explained that one of the most positive aspects of their experience with EEP was the opportunity to participate in the regional forums. These occasions provided them with the opportunity to interact with other executing agencies that had faced similar design and implementation issues, as well as private sector experts in related technology, and create networks through this mechanism.

There appear to be differences in preparation phases between EEPs in different regions and countries. Documents prepared by MFA staff at the identification and preparation phases reveal that the S&E Africa EEP in particular has been prepared with less depth of approach than, for instance the EEP in CA. Stakeholders in S&E Africa have merely included state authorities and companies, donors, and large entities in R&D rather than, for example, NGO communities. The same issue can be found to some extent in the Mekong region. Additionally, it is important that a participatory approach and its results be used in programme and project design, and be included in the selection criteria. Interviews held by the evaluation team reveal that this has not been the case in practice, for instance, in the Mekong region, or in Kenya.

Efforts Still Needed to Improve Practices

While improvements are noted at the project design and global programme levels, attention should be paid to the actual implementation of projects, especially EEP subprojects. The risk is high that, having gone through the country-level participatory phases during EEP creation, the RCU may consider the stakeholder involvement

work complete. The participatory approach remains necessary within the process of calling for sub-projects and initial selection, as well as later during selected sub-project execution.

Many implementing entities, especially those that are very technically oriented, see participatory activities that bring recipient ownership and empowerment as adding to costs and delays and believe therefore that they should be avoided. Unfortunately, as discussed in question 4, it has been shown time and again that, while technical quality is a necessary condition, it is clearly not a sufficient condition for sustainability. This is an issue of particular importance in projects led by Finnish companies (in Vietnam) or NGOs that, for reasons appropriate to a Finnish context, may tend to favour technically oriented projects. They may end up having an overbearing influence on choices and execution because local stakeholders do not necessarily have mastery of such techniques and knowledge.

The participatory approach ought to be systematised because the immediate additional costs in time and funding are likely to be compensated for by increased sustainability at the exit phase. To ensure this happens incentives have to be built into project evaluation and selection phases. This is especially important for the EEP sub-projects. A good practice can be seen in the Indonesia EEP, which allocates 10 points out of the possible 100 in the sub-proposals selection process to this dimension. Additionally, monitoring and reporting need to be done on this dimension, along with efforts to keep incentives alive for project sponsors beyond the proposal statements and during project implementation. Some monetary elements may be added, either as positive or negative incentives (e.g. payments could be withheld if crucial participatory steps are not taken or additional payments when specific empowerment efforts are made) to ensure that more than lip-service is paid to such an important issue.

It can be a challenge to include the least-powerful stakeholders, such as end users, community representatives and local governments in the actual design and execution of projects. Problems range from physical access (remote communities) to language and social challenges. A frequent limitation is the low capacity of stakeholders to understand the schemes or technologies proposed and their intended impact, both direct and indirect. Instead of simply being briefed upon project completion the stakeholders need strong capacity-building to ensure that they can provide meaningful input to the projects that affect them. Institutional and human capacity building should play a key role in projects, at both strategic and operational levels.

The participatory approach and its operationalisation into selection criteria is important as well as donor coordination and coordination with other programmes and projects. Several interviewees considered that a more participatory approach should be used among the donor community regionally and in-country in order to clarify the niches into which Finnish-supported EEP should concentrate. In case of EEP Indonesia, the appraisal and mission reports present recommendations that would give more focus to areas where other donors and local projects are not operating yet, (wood-based energy instead of renewable or energy from biomass).

3.11 Strategic level – Building on strengths for the future

Finnish assistance in the energy sector has been well aligned with the goals of poverty reduction and sustainable development, especially since the 2005-2007 period. Furthermore, the general strategic direction embraced for the energy sector through its policy memorandum is found to be sound and in line with international paradigms for the development of this sector, with its focus on climate change, energy access, and energy security issues as drivers. The challenge is in ensuring actual implementation of this strategic framework, which is ambitious for a country like Finland that remains a small player in the energy sector.

As exemplified in analysis of the EEP, the most promising and recent evolution of the Finnish approach to the energy sector lies in ensuring, beyond design, that the strategic and policy intervention focus is also found in the implementation of energy sector schemes on the ground. To ensure a catalytic effect at the sector level, it is paramount that appropriate, structured energy policy dialogue is maintained and that market incentives and other factors affecting enabling environment around the renewable energy and energy efficiency sub-sectors be tackled with more strength. It is also crucial that adequate attention be given to institutional sustainability to ensure the sustained impact of EEP-type schemes beyond Finnish support. At the lower levels, adequate framing of long-term capacity building needs in the energy sector must also be provided, using the different Finnish aid modalities in a complementary fashion.

Finnish assistance in the energy sector is generally well aligned with country policies and priorities. This is something Finland must build upon to ensure that the focus on poverty reduction and sustainability in its energy sector portfolio is strengthened as the national or sector context of the partner countries evolve. In that respect, Finland may want to reassess its future country-specific niches based on country priorities and take note of the niche already occupied by other major cooperation actors and the potential for complementarities this may offer.

Field visits in Nicaragua and El Salvador have confirmed that the CA EEP focus on renewable energy should be maintained, albeit with a stronger emphasis on policy level and barrier removal,. on expanding the linkages at the policy level and ensuring a catalytic effect at both the country and regional levels - rather than on expanding on the energy efficiency sub-sector. The involvement of Austria and the EC in the partnership is providing a critical mass and added arguments to strengthen this policy-level niche at the regional level. Building stronger linkages between pilot projects and policy dialogue militates further structuring pilot-level support around themes of mutual interest to draw lessons that can feed into specific sub-sector policy dialogue. Such themes should be discussed at regular EEP coordination forums, with participation from all concerned stakeholders.

In Kenya, while rural electrification has an abundance of donors, led by the World Bank and AFD, other energy sub-sectors remain in need of technical assistance and

investment now that a master plan is in place. This is especially true in the case of cooking fuels, a sub-sector that is getting renewed attention under UN and IEA leadership as part of the revitalised push to meet the MDGs.

There could be a strong potential of connection with the forestry conservation dimension of current Finnish aid, as well as with the concept of integrated rural development at district level, because cooking fuel initiatives ought to be local in their impact and implementation to ensure success. Refocusing future energy activities in Kenya on cooking fuels may have the added advantage of acknowledging the leadership and ownership of Kenyan authorities, as they have clearly indicated this issue to be among their current priorities given the focus of their EEP projects on indigenous forest reclamation, briquetting development, and charcoal improvement.

Initial re-engagement could be done first through the current NGO and EEP instruments, possibly by adding further projects related to cooking fuels, as well as by making a link to ongoing forestry and integrated rural development programmes. At a later stage, bilateral aid may be considered to enhance and scale up lessons learned from the existing projects. Collaboration with other like-minded donors and organisations already involved in this topic, such as UNDP, Denmark or the Netherlands, may also be sought.

In Vietnam, in the energy efficiency sub-sector, Finland has demonstrated its high technical knowledge and willingness to directly support capacity building. The need for improved energy efficiency remains critical in Vietnam, where final energy consumption almost tripled from 11 million tonnes of oil equivalent in 1998 to 30 million in 2007. This has direct repercussions on both energy security and GHG emissions, since the electricity sector is at pain to keep up with a demand that grows at 15 percent a year and is currently trying to catch up by relying increasingly on coal generation in order to decrease the frequent load shedding.

Finland, through Vietaudit, has established good contact with the key players in the area of energy efficiency, namely the VNEEP and the Hanoi EE&C. However, while the Vietaudit project was a leader when it started, since then several other donors – led by ADB and the World Bank but also including DANIDA, JICA, and AFD – went further both in terms of support for investment and technical assistance.

Finland could therefore approach the group of donors on energy efficiency coordinated by the VNEEP and the World Bank to explore potential areas of renewed cooperation in this field. One possible area to explore further may be cooperation with DANIDA, which is currently implementing a three-year programme focusing on energy audits in the industrial sector and training of energy managers and auditors, to be followed by development of economic incentives for investments. Reading the 2010 ASTAE publication "Vietnam: Expanding Opportunities for Energy Efficiency", referenced at the end of this report, is recommended to help find areas where a possible cooperation strategy might be established.

A path towards further involvement in the sector could involve joint financing of a programme with a like-minded donor, or establishment of a sub-programme with VNEEP promoting energy efficiency in a sector of known competitive advantage, such as forestry. This could be coupled with other focal sectors of the Finnish intervention programme in Vietnam, thus creating an interesting opportunity for future bilateral cooperation in the energy sector. In addition, now that the ICI has gone beyond early tests and is in the replication phase, there could be some value added in deepening collaboration with Hanoi University of Technology through the use of the HEI-ICI, which applies to universities and research institutions. This may help addressing a known need for the development of trained engineers mindful of energy efficiency. Another possible avenue is the twinning of Finnish industrial plants with Vietnamese plants, possibly with the participation of entities like VTT and Motiva Oy, which could ensure that some mechanism be set up to help with the implementation phase of future audit recommendations.

4 CONCLUSIONS

4.1 Conclusions based on Evaluation Matrix Questions

- Evaluation Question1. The project-level focus, project diversity, and overall budget appropriations have shifted over the period examined in the study to reflect an increased commitment to poverty reduction and climate change mitigation. Interventions were seemingly ad hoc in the first half of the period, following areas of Finnish interest and comparative advantage. By 2005-2007, however, Finland had started to integrate these goals into the energy sector strategy and create new methods and vehicles for implementation, such as the EEP. These topics were better included in the project design of most recent programmes with an increased likelihood of ultimately witnessing a quantifiable impact on sustainable energy and poverty reduction.

- Evaluation Question 2. Overall, at the project design stage, due consideration appears to be given to the specific needs of partner countries and to the activities of other partners operating in them. These considerations are generally well reflected in the formulation of project objectives. There is clear evidence that stakeholder consultations are conducted to inform project design. In some cases, these consultations are comprehensive and reflect best practices in the area. Finland is an active participant in donor coordination at the policy and programme levels – where such coordination mechanisms exist in the energy sector. However, this does not always seem to carry over into project implementation, where opportunities for synergies are often missed, partly owing to insufficient involvement of the embassies. Other than the EEP instrument, little apparent specific Finnish valued added has been identified. The EEP supplies a cross-country cooperation and coordination mechanism that fills a gap, perceived by participating countries, for seed funding to develop small-scale pilot projects and schemes in the renewable energy sub-sector, and to target the regional dimension.

- Evaluation Question 3. Economic, social and environmental sustainability are the three key dimensions of sustainability to be addressed by Finnish development activities. In the Finnish portfolio of energy interventions, project design documents generally consider each of the three dimensions, either directly or indirectly. Both in project documentation and in implementation, environmental sustainability appears to the most comprehensively addressed aspect, which is consistent with Finland's priority of climate and environmental issues. Longer-term projects with several phases, such as the CA EEP, and longer-term partnership countries, such as Kenya, appear to have a stronger and clearer foundation of assumptions and understanding of factors — especially social and economic influences — that affect sustainability.

- Evaluation Question 4. Several of the projects reviewed did not necessarily contribute to major changes. However, the lack of substantive results is partly due to numerous small-scale or pilot projects in the energy sector. There is much information to report about the outcomes of such projects. Still, there is no clear evidence on the materialisation of changes, or on project sustainability and possible attribution to Finland. Out of 8 projects completed (from a sample of 13), only half can be regarded as having triggered sustainable changes attributable to Finland's financial support. Among them, the most prominent is the CA EEP, which was successful in providing a novel mechanism to Central America for the development of small innovative pilot projects.. The relative success of CA EEP and other projects and regions, can be attributed to careful consideration of effective local social and economic conditions. In no small measure, this was achieved by thoroughly integrating local communities into project design and implementation.

- Evaluation Question 5. Management and administration modalities sometimes have sometimes hampered rather than enabled the achievement of set objectives in energy sector projects. Barring a few exceptions, MFA's internal management procedures are adequate and generally well run. A lack of subject-matter experts involved in qualitative project management, as opposed to strict administration, is observed. Delays in administrative processes and high levels of interference in daily decision making can be difficult to understand by the partner country representatives.

  In Nicaragua and El Salvador, the timely design and implementation of CA EEP pilot projects is a challenge. A major concern in project design and implementation is the availability of specialised experience or local technical capacity. To ensure sustainability, training needs assessments and institutional assessments will have to be conducted more systematically at the project or programme level. The regional EEP secretariat has recently taken action to rectify the situation by building the capacity of partners. These measures are promising, but need to be monitored. Also monitoring systems of CA EEP are being developed, but systematisation of the M&E and related capacity building is necessary to make implementation effective and to ensure that RBM is mastered by EEP partners.

- Evaluation Question 6. Sustainability of Finnish energy sector interventions vary across projects, depending on project type, scope and overall objectives. There are still numerous challenges, the projects try to tackle with, for instance the appropriateness of energy and production technologies and capacity of the stakeholders. Some projects had ad hoc training components and showed lack of prioritisation and strategic approach to human capacity development. Others made insufficient efforts to remove barriers to domestic energy markets or institutional strengthening. Rather than limited, sometimes biased, self-evaluations a systematic monitoring and independent evaluations would be required to ensure that lessons from projects are effectively learned. Incentives (or making stricter requirements) could be considered to ensure follow-up on evaluation recommendations on the part of implementing entities.

- Evaluation Question 7. Gender, marginalised groups, and HIV/AIDS are the three cross-cutting issues to be addressed by Finnish development activities as defined in the development policy programme of the Government (October 2007). New project design documentation (post 2007) does generally address each of the three issues, either directly or indirectly. The most comprehensively addressed aspect appears to be gender. Also, longer-term projects with several phases, such as the CA EEP, and longer-term partnership countries, such as Kenya, appear to have a stronger and clearer foundation for understanding the factors that affect the three cross-cutting issues. Preliminary results point to an increased awareness and integration of cross-cutting issues and environmental sustainability in project design as a means to address the overarching goals of poverty reduction. Nonetheless, efforts are needed to carry these themes beyond the proposal stage into implementation and M&E.

- Evaluation Question 8. Between 2000 and 2009, Finland's energy sector projects increasingly aligned themselves with the priority areas of sustainability and poverty reduction. Because the portfolio is fairly new and because little evaluative data are available on current projects, it is not possible to determine whether interventions in the energy sector have led to significant progress in the reduction of poverty or alleviation of its consequences. There are currently few examples of projects that have resulted in poverty reduction even though all three dimensions of sustainability are well integrated in them. Larger, longer-term projects such as CA EEP and Kenya REM have laid solid foundations that improve the likelihood of sustained project activities and outcomes following the close of the Finnish interventions. However, proof of this will only come with time.

- Evaluation Question 9. With respect to sustainable economic results and the fight against poverty, this evaluation concludes that very few private sector and economic development results have stemmed from Finland's energy sector interventions to assist in achieving poverty alleviation, let alone poverty reduction. As the M&E material provided only limited evidence of the results of these interventions, the evaluation had to rely on additional information gathered during the field visits. There is limited evidence suggesting that indicators of economic results and potential paths towards alleviating poverty have been identified, let alone monitored in any systematic or effective way.

- Evaluation Question 10. From a social perspective, Finland's interventions have increasingly focused on ensuring that participatory approaches are applied in energy interventions. The move from strictly occasional interactions to improved involvement of stakeholders has reinforced partner-country ownership in projects or programmes. With their strong partnership component, EEPs stand out with respect to achieving stakeholder involvement. Although the improved participation of society has increased the likelihood of sustainable continuation of activities at the end of Finnish-supported interventions, examples of sub-optimal concern for local ownership and empowerment can still be seen in selected energy projects. To

secure a constant focus on stakeholder participation, adequate incentives need to be embedded in the project approval process and in the execution, monitoring, and evaluation of results.

- Finnish assistance in the energy sector has been well aligned with the goals of poverty reduction and sustainable development, especially since the 2005/2007. The general strategic direction embraced for the energy sector through its policy memorandum is found to be sound and in line with international paradigms for the development of this sector. The challenge is in ensuring the actual implementation of this strategic framework, which is ambitious for a country like Finland, which remains a small player in the energy sector. To ensure a catalytic effect on the sector policies for renewable energy or for energy efficiency structured, continuous energy policy dialogue is paramount. Moreover, market incentives and other enabling environment issues around these two sub-sectors shall be tackled with more strength. It is also crucial that adequate attention is paid to institutional sustainability at the regional level to ensure the sustained impact of EEP-type schemes beyond Finnish support. At lower levels, adequate attention to long-term capacity-building needs in the energy sector of the partner countries must also be provided, possibly by using the different Finnish aid modalities in a complementary fashion to tackle the capacity challenges.

  Finnish assistance in the energy sector is generally well aligned with country policies and priorities. This is something Finland must build upon to ensure that the focus on poverty reduction and sustainability in its energy sector portfolio is strengthened as the national context of its partner countries evolves.

4.2 Overall Conclusions

The findings of this evaluation and the findings of the meta-analysis of evaluations that was conducted by MFA on projects carried out in 2007-2008 (Williams & Seppänen 2009) could be compared. Both studies are very different in nature, sector scope and period reviewed. Neither do they use the same evaluation metrics. Nonetheless, their global conclusions are fairly consistent. The meta-analysis uses ratings of the five OECD/DAC evaluation criteria as well as some other evaluation criteria (such as coherence, Finnish value added) In contrast, the present evaluation is structured around a set of 10 specific questions provided by MFA that cut across the evaluation criteria used in the meta-analysis. By roughly mapping the findings of the evaluation against the ratings supplied by the meta-analysis (which range from 1, "poor", to 3, "very good"), the following conclusions can be drawn regarding energy sector activities:

- High levels of relevance and coherence of energy interventions with Finnish development policies and with host government development policies. These criteria also come out strongly in the meta-analysis (2.7 and 2.3, respectively).

- Average impact and Finnish value added for energy interventions; while the "average" mark of the impact of energy interventions reflects the combination of poor results at the sector level and of overall good results at sub-project levels, in the meta-analysis these criteria get ratings of 2.1 and 2.0 respectively.
- While energy interventions have below-average effectiveness and sustainability of results these two criteria score 1.9 in the meta-analysis. In the energy sector, effectiveness is often hampered by unrealistic project objectives that end up not being met.
- Finally, both in the energy sector evaluation and the meta-analysis, efficiency and data, indicators and monitoring have the lowest marks i.e. 1.8 and 1.7 respectively.

While the energy sector has its own specificities, it can be said that Finland's interventions in this sector reflect the overall strengths and weaknesses of the Finnish development portfolio.

5 LESSONS LEARNED

Based on the analysis and conclusions provided in the previous chapters of this report, a number of key lessons learned can be drawn. Below is a summary of primary lessons identified by the evaluation team.

- ***Key development policy issues (such as sustainable development, poverty reduction and cross-cutting dimensions) in project documentation requirements is necessary, but not sufficient to see them materialise in project execution and lead to a subsequent impact*** – Issues such as donor coordination at the project implementation level and administrative agility have to be taken into account. Other sector-specific factors that can have an effect may include: inadequate private sector engagement; the need for PPP and outreach to local businesses and organisations; the need to develop a strategic approach for promotion of pilot schemes, a broader energy market barrier removal process for "market transformation" in the renewable energy and energy efficiency; and the need to conduct adequate needs-based assessments of partner and energy sector institutions at the country level.

- ***Successful execution requires project ownership and suitability, which entails involvement of local stakeholders at different stages of the project and programme cycles, with adequate capacity building to ensure their effective participation*** – This matter is amply referred to in project documents, but insufficiently considered in reality. It implies identifying suitable communities to involve, proper ex-ante needs assessment. Also needed is the promotion of participatory approaches throughout the management cycle, including in M&E functions, to ensure self-learning and self-accountability.

- ***The expectations in terms of impact for energy sector interventions have to be commensurate with the means at the disposal of the projects and programmes*** – At the development policy level, Finland has already chosen to focus on certain sectors and countries only. Even within these restrictions, achieving major changes in the energy sector on issues such as GHG emissions or rural electrification requires investment of magnitude greater than the current level of funds allocated to the energy sector. Expecting to achieve or identify any large-scale impact is akin to self-deception. It does require the integration of Finnish input into broader, coordinated country programme approaches to the energy sector. Interventions must thus be designed with this integration in mind.

- ***Sound management requires clear roles/jurisdictions, communication and effective knowledge management*** – Local ownership and ultimately the effectiveness and sustainability of development interventions in the energy sector may suffer from an inadequate attention to simple, harmonised aid modalities and good communication and knowledge-sharing tools and mechanisms. Modalities for involvement and communication lines must also be clear between embassies and

headquarters. All this can contribute to internal and external transparency and efficiency in the aid management process, at both the project and sector levels.

- ***Long-term local involvement is necessary for project benefits to materialise, but this requires regular and improved risk assessment analysis for sustainability*** – Effects do not materialise in a short time and achieving consequent impact implies long-term cooperation with partner countries to establish a relationship based on trust. This also requires a realistic understanding of risks involved in the interventions and cooperation, but also the acceptance of a certain level of risk that will vary over time and can be handled using the various aid modalities at hand.

- ***Adequate resources are required to ensure proper M&E of energy sector interventions to address sector learning and to document successes and failures*** – M&E has to be viewed not only as an administrative process, but as a knowledge-sharing tool from project to country and sector levels. In that context, defining clear, targeted sectoral programme- and project-level performance indicators for energy interventions is paramount. Adequate training for M&E is also a necessity, as is a systematic and transparent process to follow up on the findings of M&E exercises. All these can help keeping the expected results of an intervention in focus, and allow adaptive management along the way to stay on target and manage emerging risks.

- ***Given the magnitude of challenges in the renewable energy and energy efficiency sub-sectors, in order to move towards reaching common energy sector objectives, big and small, clear coordination frameworks and mechanisms have to be in place*** – This requires clarifying the interplay with other actors in the sector — other donors, the private sector, NGOs, public officials — as well as looking for synergies and creative problem solving. It also involves, as much as possible, defining the function and role of respective aid modalities to be used in support of sector objectives, in coordination with other key players, to have the largest leveraging effect. It can also involve promoting the goals and targets of MFA and the individual projects to the local stakeholders and to potential targets, stirring up awareness and interest vis-à-vis the broader sectoral transformation processes required in the energy sector and their role in that broader process.

6 RECOMMENDATIONS

6.1 At the Strategic and Policy Level

- ***1. Focus on the implementation of existing MFA energy-related policies and strategies*** – While ensuring that the key development policy issues are respected in designing project documents, the focus now must be on securing that the policy goals for renewable energy, energy efficiency and climate change are carried over to effective execution.

- ***2. Reassess country-specific niches as entry points in the energy sector*** – As country priorities and contexts for cooperation evolve Finland may want to reassess its future country-specific niches by taking into considering other major cooperation actors already occupying certain niches and bearing in mind the potential for complementarities this may offer.
    - In Nicaragua and El Salvador the EEP CA focus on renewable energy should be maintained, albeit with a stronger policy-level and barrier-removal focus. Stronger emphasis should be placed on policy-level linkages and ensuring a catalytic effect on that sub-sector at both the country and regional levels, rather than on further expansion of the focus on the energy efficiency.
    - In Kenya, while the master plan is in place and rural electrification now has an abundance of donors, led by the World Bank and AFD, other energy sub-sectors remain in need of technical assistance and investment. This is especially true for cooking fuels, a sub-sector receiving renewed attention under UN and IEA leadership as part of the revitalised push to meet the MDGs. Finland could build on its ongoing portfolio of small but important projects with both NGO-funded renewable energy training and the current set of EEP-funded projects. These are all related to the crucial issue of improved access to and use of cooking fuels.
    - In Vietnam's promising energy efficiency sub-sector Finland could build on its track record and approach the VNEEP- and World-Bank-coordinated group of energy efficiency donors to explore potential areas of renewed cooperation. A possible area to further explore may be cooperation with DANIDA, which is currently implementing a three-year program focusing on industry-sector energy audits, training of energy managers and auditors, and development of economic incentives for investment. The 2010 ASTAE publication "Vietnam: Expanding Opportunities for Energy Efficiency" might helpful in identifying potential cooperation opportunities in this sub-sector. A possible path could be through joint financing with a like-minded donor or through creation of a sub-program with VNEEP. Promoting energy efficiency in a sector with a known competitive advantage, such as forestry, is one example. This could be coupled with other focal sectors of the Finnish program, creating interesting opportunities for future bilateral cooperation in the energy sector. Moreover, now that the ICI instrument has gone beyond early tests, there

could be some value added in deepening the collaboration with Hanoi University of Technology. This could be achieved by using the HEI-ICI instrument, which applies to universities and research institutions, and could help meet the known need for trained engineers who are energy-efficiency "literate". Finally, another possible avenue is the twinning of Finnish industrial plants with Vietnamese plants, possibly with the participation of entities like VTT and Motiva Oy. This would help ensuring that a mechanism is set up to help with the implementation of future audit recommendations.

6.2 At the Programme and Project Intervention Level

- ***3. Give more attention to links with the policy level*** – The EEP has achieved small-scale effects, but not the significant impact that was targeted. Of course, this is partly due to the decision to focus on the pilot/demo sub-project component of EEP without putting equal effort into other components associated with information sharing, policy-level dialogue or the removal of barriers in the renewable energy and energy efficiency markets. Indeed, as envisioned in the original design, sub-project-level achievements would have to be incorporated into strategies and policies for market development, energy access and replication in order to achieve more significant results. These elements should be strengthened in future implementation of the EEP scheme. To ensure a catalytic sector-level effect, whether in renewable energy or energy efficiency, there must be appropriate, structured, continuous energy policy dialogue, market incentives and other efforts to develop enabling environment. More attention shall be paid to the institutional sustainability of the national and regional structures. Within that framework, MFA may also want to capitalise on the lessons learned from the EEP to support South-South cooperation across continents. This could involve using a modified version of EEP and the backing of an improved ICI instrument that would complement capacity-building efforts. As mentioned earlier, some contribution to the broader impact could be achieved by transferring part of the increase in development funding to support select energy trust funds that act directly at the policy and operational level in target countries.

- ***4. Strengthen capacity building to become a systematic, consistent component of programmes and projects*** – Given the capacity challenges faced by numerous stakeholders, training needs assessments and institutional analyses need to be performed more systematically, at both project and programme levels. Non-project-related assessments of the energy sector's long-term capacity building needs could ensure that competent personnel are available for upcoming projects—including the development of train-the-trainer approaches that promise better results than direct training of trainees or use of ad hoc training.

- ***5. Ensure that implementation and supervision pay continued attention to cross-cutting issues*** – This includes ensuring the inclusion of cross-cutting issues

in M&E through development of appropriate indicators. This also involves reinforcing training in cross-cutting issues for energy-related and implementing agencies staff.

6.3 Management of Finnish Aid in the Energy Sector

- ***6. Favour longer-term involvement over punctual interventions*** – Although there is constant pressure to create shorter projects, emphasis should be put on realistic project cycles. These are shaped by the circumstances and contexts in which activities are set and partnerships developed, not by theoretical timetables. The result may be nominally longer projects and programmes that are less prone to delays. Project or programme execution should also take into account the effective time span required for institutional strengthening and human capacity building to ensure sustainability of impact.

- ***7. Increase the technical capacity of MFA in the energy sector*** – This can be achieved through increasing of energy advisors, including in the embassies of focus countries, or possibly decentralised in regional hubs, similar to the practice in several multilateral organisations. As it is understood that MFA may not be able to increase staffing to the level required, consideration should be given to accessing methodologies, toolkits, and processes developed by international organisations such as the World Bank, UNDP, or regional banks. In addition, according to the cross-sector cooperation principles of the energy policy memorandum, consideration should be given to energy training for rural, forestry, agricultural, industrial and other advisors and desk officers. As their sector-based work increasingly involves energy-related issues, they must be well informed if they are to incorporate effective energy components in their projects or programmes.

- ***8. Reinforce local involvement and project ownership in execution*** – Decision and operation responsibilities should be clarified among all entities, whether Finnish or local, and delegated as fully as possible to country stakeholders, whenever possible. Ideally, depending on legal feasibility, procurement should remain harmonised with the rules of partner countries and the practices of other donors. In addition, adequate incentives should be built into the execution and evaluation of results to ensure the continued participation of government and other stakeholders, including energy end users and the civil society and private sector organisations that could contribute to project success.

- ***9. Address the need for strengthened risk assessment, M&E, and knowledge sharing of project or programme results*** – Risk analysis must be conducted at the project level and be verified by a competent entity at the appraisal stage. This will ensure that implementing entities have demonstrated due diligence in their project preparation and understand the technical and social challenges they face in the energy sector of a given country. The analysis should be updated at key steps of pro-

ject execution — if only to check that the risks have not materialised — and may minimise risk exposure. Coordination of aid instrument should be studied to make replication of pilots developed under the EEP model more efficient, particularly by using concessional credit to scale up private-sector investment and ICI to leverage capacity building. Finally, while administrative involvement needs to be reduced in execution phases, M&E requirements must be strengthened and incentives (or obligations) found to ensure follow-up on projects or feasibility/other relevant studies after completion. This requires defining appropriate indicators, including qualitative indicators, determining baselines and setting up results-based monitoring systems for improved information flow and knowledge management. This is essential to prove the success of pilot schemes to be replicated by others; if not on results, on what basis can a demonstration or pilot be considered successful?

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ANNEX 1: TERMS OF REFERENCE

Ministry for Foreign Affairs of Finland **ANNEX B**
Office of the Under-Secretary of State
Development Evaluation / EVA-11

Evaluation of the Sustainability Dimension in addressing Poverty Reduction (89886201)

1. Finnish Development Policy

Poverty reduction was an overarching goal of the Finnish development cooperation strategy already in 1993. In the subsequent policy documents of 1996, 1998, 2001, and 2004 the emphasis on poverty reduction has also been strong. In line with the Millennium Development Goals, poverty reduction is the major objective of the current development Policy of Finland, approved by the government in 2007. It states that "eradicating poverty is possible only if progress in developing countries is economically, socially, and ecologically sustainable". Moreover, the policy points out that development is economically and socially sustainable only, if it supports poor people and depressed areas. To achieve stable poverty -reducing economic development, measures have to be built on an economically sustainable basis. The Finnish development policy emphasizes the importance of seeking development opportunities from a comprehensive perspective. The three dimensions of sustainability, spelled out in the 2007 Development Policy of Finland, are strongly interlinked and constitute preconditions for effective poverty reduction. Yet, the enabling circumstances for the three sustainability dimensions to flourish and develop include essentially also democracy and rule of law, respect of human rights, and active civil society.

The global factors, in particular, the climate change and its potential consequences have been considered in the Development Policy of 2007, which puts an emphasis on the significance of climate change, environment, crises prevention, and support to peace-building processes.

Loss of biodiversity and overall environmental damage are important dimensions of the policy. Finland has a strong history in the forestry sector development cooperation. Consequently, and interlinked with biological resources, forestry sector plays an important role in the Finnish development cooperation also today. Forestry is partly linked to the energy sector, in particular to the alternative energy development, which is a novel area in the Finnish development policy of 2007. Energy and climate change are naturally also interlinked.

In food security, maintenance of the fertility of soil, and sustainable use of lands and biological resources, agriculture is in key position. Thus, in the agricultural development, sustainable and ecological development methodologies must be employed. Similarly, fresh-water resources need to be carefully managed. It is known that appropriate management of water resources helps protecting environment and may even avert conflicts between riparian countries. Moreover, adequate access to clean water

can help eliminate consequences of poverty and promote health and economic development.
The development policy of 2007 promotes strongly the concept of trade and private sector development as key drivers of economic development and poverty reduction. Free access to information and promotion of information society are seen as other key factors by enabling freedom of expression and helping democracy, and building of knowledge society.

2. The evaluation

2.1. Objectives and Purpose

The objective of this evaluation is acquisition of an expert assessment on how the sustainable economic, ecological and social development approach, has enabled progress towards the overall poverty reduction goal of the Finnish development policy.
The purpose of the evaluation is to identify concrete results and achievements in the Finnish development cooperation, with particular reference to the sustainable development approach. The purpose is also to draw lessons from past experience, learn of novel ways of implementation, thinking or planning, and to identify immediate factors which hamper or enhance the achievement of the set objectives of development interventions.
The users of the results of the final synthesis evaluation, which draws together the evaluations of 2008, 2009, and 2010, as well as the sub-evaluations carried out within this umbrella evaluation, are decision-makers and planners of development cooperation. The individual sub-evaluations contributing to the synthesis may be used in a similar manner.

2.2. Scope

This evaluation is an umbrella-type of evaluation, which in the end synthesizes together information derived from evaluations carried out in 2008, 2009, and from those which will be completed during 2010 (Appendix 1 to the ToR), and from the two sub-evaluations under the current umbrella undertaking.
The final product of the current umbrella evaluation will be the Synthesis Evaluation report of all the components listed above. The meta-analysis type of synthesis is believed to bring about better understanding of how the sustainable development approach and its three dimensions, has been able to influence the achievement of the poverty reduction goal central to the development policy of Finland and globally.
The new sub-evaluations, which will be carried out within the framework of the current evaluation are the following:

- Finnish support to energy sector;
- Finnish support to forestry and biological resources.

Note: The following text deals with the Desk Phase of the evaluation, and the optional Field Phase of the Evaluation. The text pertinent to the Field Phase is given here for the bidders to be aware of the option and what is expected of it.
However, the continuing of the evaluation from Desk Phase to the Field Phase is not automatic, but is based on a separate decision by EVA-11 and invitation addressed to the respective consultants at the juncture of available respective draft desk study reports. The field phase pertains only to the new sub-evaluations on energy sector and forestry sector, not to the synthesis

evaluation.

Should it be decided that no field phase in any individual sub-evaluation be organized, these terms of reference become void with respect to reference to the field phase evaluation.

Stepwise approach

The sub-evaluations will be performed in two phases:

1. The Desk Study phase, which includes to a limited extent also study of other likeminded countries´ evaluations on the respective topics.
2. Field Study Phase, which is optional and which will be decided upon by EVA-11 after the results of the desk study are available and the draft report is of satisfactory quality.

The Synthesis evaluation is run in parallel with the two theme-based sub-evaluations. The Synthesis brings together all the major information derived from the existing evaluations of 2008-2010, and from those to be completed before August-September 2009, and from those sub-evaluations performed in this evaluation. Moreover, it includes an overview of the current global development agenda. The synthesis will also make reference to other like-minded countries´ development policies and focal areas of development cooperation, as well as other features relevant to the major questions of this evaluation.

Each of sub-evaluations and the synthesis evaluation will include an inception period, during which the evaluation team(s) shall prepare the methodology for the document study, the detailed evaluation questions, based on the overall evaluation questions in section 2.5., and the evaluation matrix which combines the evaluation criteria, evaluation questions, judgment criteria, indicators and the sources of verification.

The desk study phase utilizes, to a reasonable extent, interviews and questionnaires to complement the information available in the documents. The evaluators will make contact and interview the key personnel in the Ministry and in the home offices of those consultants relevant to the implementation of the Finnish interventions in the topical areas of this evaluation.

In the desk study reports, the evaluators will give their informed opinion and argumentation on the necessity or not to extend the individual sub-evaluations to a field phase. Their judgment will be reflected against a working hypothesis for the field evaluation.

The inception phase of the field trip shall be prepared at the point of time of an acceptable draft final desk study report becoming available, provided that EVA-11 sees it feasible to proceed to the field phase.

During the inception phase of the field phase, the detailed evaluation questions shall be specified, the methodology defined and the evaluation matrix prepared taking into account the information collected during the desk phase.

The field visit shall be organized in parallel between the two sub-evaluations, so as to harmonize the missions to partner countries in accordance with the requirements of the Paris Declaration. Thus the meetings with higher government offices can be organized together, not separately. The theme-based meetings of the teams will be organized then in accordance with the needs of each team.

The inception phase of the synthesis study starts parallel to the desk studies of the

sub-evaluations. After the inception phase, the implementation of the synthesis study is likely to continue during the potential field phases of the sub-evaluations, amalgamating the material contained by the draft desk reports to the analysis of the existing written material.
At the point of time when the draft desk study reports are ready, there will be a workshop organized, and the feedback utilized to improve the final reports and identify possible gaps in their information. The final desk study reports are likely to be produced in tandem with the field reports. The feasibility of merging the draft final desk study reports with the field reports will also be considered at the appropriate time to avoid too many reports and to economize the working time. After the potential field trips a back-to-Finland briefing session will be organized with EVA-11.

The width and dept of the evaluation
The onus of the evaluation will be on the sustainability concept, with its three dimensions, and how it has been able to promote the achievement of the poverty reduction goal. Thus, the evaluation will look at, how the development policies have been operationalized, and what have been the modalities and factors which have brought about most effective results.
For the sub-evaluations to be comparable with the already performed ones, a time span from the year 2000 to-date will be examined.
Of particular interest and focus in the current evaluation are changes and transformations which have taken place in the planning, management, and achievement of results and impacts of development interventions with the introduction of the concepts of sustainable economic, environmental, and socio-economic development. It is important to identify any novel approaches, themes or ways of thinking or performance, and judge, whether these novel ways have been more effective in bringing about sustainable impacts/effects and results to the cooperating partners in terms of poverty alleviation.

Major sources of information
For the Synthesis, the major sources are the already finalized, those to be finalized during 2010, and the sub-evaluations to be carried out with this Terms of Reference.
For the sub-evaluations, the material shall include the project cycle documentation, plans, mid-term reviews, and evaluations. At times, it might be necessary also to look at the decision-making and administration in the project cycle and the respective material.
Should the optional field studies materialize, then usual methodology (interviews, questionnaires, stakeholder group analyses etc.) will constitute additional information sources.
The 2008, 2009 and 2010 -completed evaluations (Appendix 1 to this ToR) can be accessed at: http://formin.finland.fi or hard copies can be obtained from EVA-11@formin.fi, with the exception of the Concessional Credits evaluation that is run parallel to this umbrella evaluation, but as an independent Endeavour. It will be completed no later than August-September 2009.
For comparison, during the desk study phase of the sub-evaluations and the synthesis, it is necessary to study evaluation literature of likeminded countries. This will be

helpful in view of the optional field phase materializing in order for the evaluators to be better positioned to look at the coordination, complementarity, and cooperation dimensions in the field. Such evaluation literature can easily be located from the OECD/DAC open web-site, called DEReC (can be accessed via Google search machine or via the web-site of OECD: http://www.OECD.org).
In the synthesis evaluation the global aid architecture and trends must be discussed.
At the outset of the work, the evaluation team shall be provided with the bulk of the evaluation material collected in advance by EVA-11, as hard copy documents, lists of available documents, and documents saved to a memory stick. This arrangement will be put in place due to the limited time available to this evaluation. It is essential that the entire evaluation, including the finalization of the synthesis evaluation be completed in no later than early October 2010.
The evaluation team(s) should, in addition to the above, use their own judgment and knowledge base to harness any source of information which they deem useful to the achievement of the objectives and purpose of this evaluation. Modern ways of communication should be used, ecological and ethical principles followed, and unnecessary copying and printing avoided.

2.3. Evaluation Process

2.3.1. Invitation to tender, eligibility, and choice of scope of tenders

The stepwise approach to the current evaluation was briefly touched upon in section 2.2.

Publication of invitation to tender and information sharing session

After the publication of the invitation to tender, there will be about three weeks for interested parties to inform EVA-11 of their interest in this evaluation. Those who have expressed interest will be invited to an information sharing meeting with EVA-11, around mid-January 2010, to exchange questions and to seek clarifications on the evaluation task. The participation to this session may also be organized via a video-link, if EVA-11 is informed well in advance of such requirement.
In addition to participating in the information sharing session, there will be a period of time for written questions and answers, which is indicated in the invitation to tender.

Eligible parties

This evaluation is open to consultancy companies, research institutions, and other public and private institutions, which have significant and relevant evaluation and research experience in the topical areas of this evaluation and development issues in general. Offers from individual consultants or researchers cannot be accepted.
The synthesis evaluation may best be suited to a research institution with experience of meta-evaluation and with deep and wide understanding of development paradigm and issues. Yet, this suggestion is not exclusive, and the synthesis is open to any competent party eligible to tender.

Whole evaluation or sub-components?

Any eligible party may offer to perform the entire evaluation, including the two sub-evaluations on specific themes and the synthesis, or only one or two of the three components. The combination is to the interested party to decide.
The bidders should take into account that the evaluation of the tenders will be by component, meaning that each of the two themes and the synthesis will be assessed separately.

2.4. Timetable

The evaluation is anticipated to start no later than end of February 2010 – first days of March 2010. The final results of the evaluation, meaning the completion of the final synthesis evaluation, must be available before early October 2010. The draft final synthesis report must be ready mid-September 2010 for comments. A final evaluation seminar to present the results of the synthesis will be organized either at the point of time when the draft final report is ready, or soon after the completion of the entire evaluation. Presentation of the results of the sub-evaluations may also be considered.
The desk study phase will be done during March-April and be completed by the first week of May 2010.
The field phase of the evaluations will take place during the months of May-June 2009. A separate detailed time table will be compiled for both of the sub-evaluations.
The draft reports of the field phase of the sub-evaluations must be ready before the end of June 2009. The Final reports of the sub-evaluations, combining the information of the desk report and the field report, must be ready no later than the third week of July 2010 so that the results can be utilized in the overall synthesis study.
The experts performing the synthesis evaluation and the sub-evaluations must be actively communicating between themselves to keep each other informed on their status of work. Joint meetings will be organized. Internal workshops will be organized, if deemed necessary (for an outline of the process pls. see Appendix 2 to the ToR).

2.5. Evaluation Questions

The evaluation will utilize the five OECD/DAC development evaluation criteria, relevance, efficiency, effectiveness, sustainability, and impact, as well as the additional criteria of coherence and consistency, complementarity, and coordination, compatibility, and the Finnish value-added, as appropriate.
The major applied principle in the relative weight of any of the criteria will be their presumed significance in the relationship between poverty reduction and economic, environmental and social sustainability of development cooperation interventions. The relative weight will be justified in the inception reports.
Due consideration must be given to the different tiers of development, the global policy goals (including, MDGs, the Paris Declaration and the Accra Platform) and specific concerns (including Climate Change and Adaptation and related Disaster Risk Reduction), development policies at donor and at partner country levels, including cross-cutting themes, as well as to the implementation of policies through practical development cooperation interventions. Best practices should be pointed out, if identified.
The following major umbrella evaluation questions have been prepared to ensure

comparability between the different sub-evaluations and the analysis in the synthesis evaluation. The questions below are presented in no order of preference:

1. Did the respective budgetary appropriations, overall policy measures, sector policies and their implementation plans adequately reflect the development commitments of the partner countries, and those of Finland, as well as the global development agenda in general, and in particular, the major goal of poverty reduction?
2. Are the interventions responding to the priorities and strategic objectives of the cooperating party, are they additional or complementary to those done by others, or are they completely detached and stand-alone – in other words, what is the particular Finnish value-added in terms of quality or quantity or presence or absence of benefits, and in terms of sustainability of the benefits and in terms of filling a gap in the development Endeavour of the partner country?
3. How have the three dimensions of sustainability been addressed in the intervention documents, and were the aid modalities and instruments conducive to optimal materialization of the objectives of the aid intervention?
4. What are the major discernible changes (positive or negative, intended or unintended, direct or indirect) and are these changes likely to be sustainable, and to what extent these sustainable changes may be attributed to the Finnish aid interventions, or to interventions in which Finnish aid have been a significant contributing factor?
5. Have the financial and human resources, as well as the modalities of management and administration of aid been enabling or hindering the achievement of the set objectives in the form of outputs, outcomes, results, or effects?
6. What are the discernible factors, such as exit strategies, local budgetary appropriations, capacity development of local counterpart organizations or personnel, which can be considered necessary for the sustainability of results and continuance of benefits after the closure of a development intervention?
7. What has been the role of considering the cross-cutting issues of Finnish development policy in terms of contributing to the sustainability of development results and poverty reduction; has there been any particular value-added in the promotion of environmentally sustainable development?
8. Are there any concrete identifiable examples of interventions, which may be classified to be environmentally, economically and socially sustainable, which have lead to poverty reduction or alleviation of consequences of poverty?
9. Have interventions which support economic development or private sector, been able to contribute towards sustainable economic results, let alone, raising people from poverty?
10. How is the society touched upon by the development interventions taken into account in the strategic and project/programme plans, and what have been the major modalities for the society to influence and affect the development interventions and the decision-making on them?

In the evaluation matrix to be prepared during the inception phases of the desk and

the field evaluations, each of the 10 evaluation questions will be assessed and the appropriate evaluation criteria be assigned to each of the questions.

2.6. Check-points and Key Deliverables

Check-points

EVA-11 will organize a number of horizontal coordination meetings with and between the evaluation team(s).

Kick-off meeting: At the onset of the evaluation, estimated as soon as the tender evaluation process has been finalized and decision reached, a kick-off meeting will be organized.

Discussion on inception reports of the desk phase: Will be organized about three weeks from the kick-off meeting.

Desk study workshop: Towards the end of the desk study phase, at the emergence of the draft final desk phase results and reports.

Results of the desk study and recommendations for the field phase: Meeting between EVA-11 and the evaluation team(s) on the basis of the draft final desk reports.

Decisions: On the basis of the draft final desk study report and results, EVA-11 will decide on the launching of the field evaluations. The decision is made no later than early May 2009 or immediately after the results of the draft desk study results are available.

Kick-off meeting on field evaluation phase: Organized immediately after decision by EVA-11 is made on the field phase.

Inception meeting of the field evaluation phase: two weeks after the kick-off meeting.

Key Deliverables

EVA-11 will approve the different reports prior to proceeding with the next steps of the work.

Desk evaluation phase:

The Sub-evaluations:

- Desk evaluation phase inception report in the electronic format. It will specify the working methods on data and information collection, and have a time schedule and work plan of the desk evaluation phase. It will describe briefly the evaluation subject and context, and validate the evaluation questions against the evaluation criteria in the format of an evaluation matrix, which will include also a limited but appropriate number of judgment criteria and the related qualitative and quantitative indicators.
- Desk evaluation phase power point supported oral report at the workshop when the desk evaluation results are emerging.
- Desk evaluation phase draft final report in the electronic format.
  This report will contain the information gathered and analyzed. It will also identify the complementary information and data which is needed for the analysis, and for which field evaluation phase if proposed. The draft desk evaluation report will identify the major issues to be examined in the field evaluation phase, if deemed necessary. Annexed to the draft desk evaluation report will ap-

pear lists of documents studied. The report will describe under separate section the methodologies used in the study. The Evaluation Guidelines of the Ministry: Between Past and Future (2007) should be consulted in the preparation of the reports.

The results of the draft final desk study reports of the two sub-evaluations will be merged together with the field phase draft reports, if any field trip is organized. Otherwise, or for some other, yet unidentified reason, the final desk study reports should be prepared.

The Synthesis evaluation (desk study only):

- The Synthesis evaluation will be worked as a desk study only. It will also produce an inception report in parallel with the sub-evaluations.
- The status and results of the Synthesis evaluation will be reviewed at the major check-point meetings and workshops to check that the work is progressing according to the time schedule and for any major unresolved issues.

For all the three evaluation components (two sub-evaluations and the synthesis) to be comparable, it is necessary that the framework of the 10 major evaluation questions, spelled out in section 2.5 above, will be used. The desk evaluation reports of the sub-evaluations contain already the tentative responses to these questions. The working hypothesis of the field evaluation phase of the sub-evaluations will be defined on the basis of the desk evaluation results. The draft desk report of the sub-evaluations will thus already suggest basic methodologies on the testing of the working hypothesis during the field phase, if field work is proposed.

Provided that EVA-11 has decided to proceed to the field evaluation phase, the following reports will be prepared.

Field evaluation phase:

- Inception report of the field evaluation, with much of the same specifications as above in the desk evaluation inception report, including the evaluation matrix. Also the countries / regions to be visited will be identified, as well as the time table and overall work plan, including the distribution of tasks between the members of the team(s).

  It should be noted that the field visits will be harmonized between the team(s), so that visits to individual countries will be done in parallel. Embassies will be consulted if field visits will be organized.

2.7. Required expertise

The evaluation team(s) has/have proven sound knowledge of and experience in global development problematics, development policy analysis, and in practice of development cooperation in the field. Moreover, the team(s) has/have proven experienced in development evaluations and its methodologies. Working experience and evaluation experience in one or more of the major partner countries of Finland (Ethiopia, Kenya, Mozambique, Nepal, Nicaragua, Tanzania, Vietnam, Zambia) is a particular asset.

The overall evaluation contains roughly the following areas of development:

- ❖ global development agenda, development policy analysis, economics and financing, sectoral policies, aid instruments and development cooperation modalities, governance issues, capacity building, institution building, and statistics;
- ❖ poverty reduction, civil society, democracy, and other cross-cutting themes, food security, biological resources, in particular forests, environment in general, energy, and concessional credits.

The entire evaluation team should cover all these areas in a complementary way. In case of separate sub-component/synthesis evaluations, the competencies respective to the particular evaluation, must be specified and justified within the proposed teams. A special requirement for the synthesis evaluation is that the proposed team members have earlier experience in meta-analyzing wide heterogenic material. Ability to tease out the essence and conclude the results in a compact and clear manner is a must. The final synthesis report must be easy to read even to non-specialists in development.
Oral and written fluency in English is required. In the proposed team(s) at least one senior member (in each) must be a resident in Finland and have oral and written fluency in the Finnish language.
The evaluation core teams are required to have both male and female members, and preferably also member(s) from the partner countries.

Size of the evaluation team(s)
For the evaluation to be manageable, the size of the team must be kept to a reasonable size. Should the offer concern the entire task, the synthesis evaluation and the two sub-evaluations, the core team is suggested to be no more than four persons. Local assistants or consultants may also be included as well as some junior expert(s).

2.8. Budget
The overall budget for the Desk Phase of the evaluation is 320.000 euro, which is suggested to be divided between the various sub-component evaluations as follows, with an estimate for the field phase for the sub-evaluations in the parentheses:

- ❖ The synthesis evaluation (total) 160.000 euro; a desk study only
- ❖ Energy sector sub-evaluation 80.000 euro (100.000 euro)
- ❖ Forestry and biological resources sub-evaluation 80.000 euro (100.000 euro)

The provisional field phase is estimated to be no more than 200.000 euro, 100.000 euro for each of the two sub-evaluations. The use of this budget is subject to decision by EVA-11 after the review of the draft desk study reports.

2.9. Working Modality
The evaluation team(s) is/are responsible for organizing their work programmes and schedules of interviews. In the beginning of each phase of the evaluation EVA-11 will issue an official internal document informing all concerned in the Ministry, embassies, and the relevant stakeholders, of the starting up of the evaluation and on the names of the evaluators. For the optional field evaluation phase, EVA-11 will facilitate

the contacts with the embassies and with the relevant local authorities by issuing introductory letters or draft letters to be finalized by the embassies.
The bulk of documentary has been collected in advance by EVA-11 on memory sticks or as hard copies, yet additional documentary material is needed. The contacts with the document service of the Ministry will be done through EVA-11, which requires the requests to be submitted to EVA-11 well in advance, and specified what documents are needed. The documentary service of the Ministry, will advice on the date and time, when the evaluator(s) may visit the archives. Ad hoc sudden requests are not acceptable. The documentation available through the open-to-all internet must be searched by the evaluators themselves.
The evaluation team(s) shall provide EVA-11 with lists of proposed interviewees before contacting them. EVA-11 will provide the necessary phone numbers and contact coordinates to the evaluators. EVA-11 is not, however, responsible to organize or coordinate meeting schedules of the evaluators.

2.11. Authorization
The evaluation team(s) are entitled to contact and discuss with persons or institutions pertinent to the evaluation(s). They are, however, not allowed to make any commitments on behalf of the Ministry.

Helsinki, 18.12.2009

Aira Päivöke
Director

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