

MFAT Management Response to the Strategic Evaluation of MFAT's Energy Programme

Evaluation	Strategic Evaluation of MFAT's Energy Programme
Context for the evaluation	The New Zealand Ministry of Foreign Affairs and Trade (MFAT) commissioned Tetra Tech International Development to undertake a strategic evaluation (the evaluation) of the Energy Programme (the Energy Programme). The evaluation was conducted from September 2020 to June 2021. The report presents the evaluation findings and considerations for future directions of the Energy Programme. The purpose of the evaluation was to gather information to determine the contributions of the Energy Programme over the period 2012 to 2019 and assess if expected

results are being achieved as well as to inform future strategy and policy direction of the Programme.

The evaluation is a strategic evaluation focused primarily on assessing the Energy Programme broadly across the suite of activities to inform how they have collectively contributed to achieving the objectives of the Energy Programme. The key evaluation objectives were as follows:

1. To examine the relevance, significance and coherence of the Energy Programme
2. To examine the extent to which the Energy Programme achieved, or is expected to achieve, its objectives and results
3. To review the effectiveness of MFAT's approach and ways of working [e.g. internal roles and responsibilities and resource allocation, funding, contracting and delivery (management and governance) modalities] to deliver expected results
4. To assess the sustainability [e.g. physical, operational, economic, social and environmental] and resilience of the Energy Programme
5. To use the evaluation findings to inform the future direction of the Energy Programme.

The evaluation covered the Energy Programme's activities over the period from 2012 to 2019 and focuses on energy assistance provided to both the Pacific and Global (ASEAN, Caribbean and East Africa) programmes. Deep dive analysis was undertaken through six-country/activity case studies (Cook Islands, Samoa, Tonga, Tuvalu, PNG and Indonesia). The evaluation utilised a mixed-methods approach combining different forms of data collection (primary and secondary) in a phased manner and combining both qualitative and quantitative data sources. Evidence from multiple data sources was then triangulated to inform the evaluation's findings and considerations.

**Management
comment on the
final evaluation
report**

MFAT endorses the evaluation, which confirms the relevance, significance and coherence of the Energy Programme, and achievement of the overall long-term outcomes of increased and equitable access to affordable energy, and more reliable and resilient energy supply.

MFAT acknowledges and agrees with the evaluation findings that the Energy Programme has delivered effective, resilient and

sustainable development outcomes, but that there some areas for improvement moving forward.

Overall, MFAT considers that the evaluation validates the success of the Energy Programme as an investment priority for the New Zealand Aid Programme, and provides some valuable considerations for future efforts.

Recommendation	Response and Action (Agree, Partially Agree, Reject)
<p>1. Clearly articulate the mandate, interventions and outcomes of the Energy Programme and how it contributes to MFAT’s strategic intentions and priorities by: (1) facilitating internal discussions to agree objectives and outcomes of the Energy Programme; (2) developing a Programme-level strategic and engagement framework to articulate the shared understanding of objectives, outcomes and interventions; and (3) developing an external-facing capability statement to clearly and concisely demonstrate objectives, services, capabilities and potential areas for collaboration.</p>	<p>Agree. MFAT’s Strategic Plan for the New Zealand Aid Programme and Investment Priorities (both 2015-19) provided a robust framework for the Energy Programme (a Flagship Investment Priority), and, while there is a new strategic framework in place for the Aid Programme, an equivalent framework to the Investment Priorities covering our thematic and sectoral work has not been established.</p> <p>MFAT is currently developing a new framework for the thematic focus areas, including the Energy Programme, and the findings of this Strategic Evaluation will inform the framework’s content and communication.</p>

Recommendation	Response and Action (Agree, Partially Agree, Reject)
<p>2. Enhance holistic integration of the Programme with MFAT’s other thematic areas / sectors and highlight the critical role of energy as an enabler of broader development outcomes. A priority should be better integration with MFAT’s Climate Change and Infrastructure teams. Integration can be enhanced through regular and targeted collaboration at the Programme / team level and activity level to increase opportunities for energy components to be factored into MFAT’s investments across the Aid Programme and contribute to the achievement of the socio-economic development efforts.</p>	<p>Agree. MFAT’s new strategic framework for the Aid Programme has meant a change in focus from the previous Investment Priorities, and Renewable Energy as a Flagship Investment Priority. MFAT agrees that this change in focus requires greater integration and alignment of the Energy Programme within the context of MFAT’s new strategic framework, and considers this recommendation as integral to the implementation of Recommendation 1 above.</p> <p>MFAT also agrees that greater integration with the Climate Change and Infrastructure [thematic focus areas] should be a priority, but believes this should be expanded to include Economics and Equity and Inclusion (including Human Rights, Gender and Youth). This is consistent with the Strategic Evaluation’s findings relating to the Energy Programme’s contribution to broader socio-economic [and environmental] development outcomes, and the need to strengthen inclusive development in programming (Recommendation 7).</p>
<p>3. Leverage soft power and MFAT’s reputation as an approachable and nimble partner in the Pacific energy sector to influence regional and partner countries’ priorities. There are opportunities to leverage MFAT’s soft power and influence at existing forums such as the Pacific Regional Infrastructure Facility (PRIF) energy working group. Opportunities also exist to influence regional and national priorities (in alignment with New Zealand’s interests) through closer collaboration with Post / bilateral teams who hold the diplomatic mandate, implement regional and country strategies, and drive MFAT’s investment decisions.</p>	<p>Agree. There are opportunities to better leverage MFAT’s reputation in the Pacific energy sector to influence regional and partner country priorities. The Energy Programme works closely with existing regional forums and partners, and will continue to build on and strengthen these relationships. However, MFAT acknowledges that the Energy Programme’s reputation could be more effectively leveraged to influence internal programming and design decisions.</p>

Recommendation	Response and Action (Agree, Partially Agree, Reject)
<p>4. Advocate for and facilitate the development of a common suite of regional model approaches for the energy sector in the Pacific. Working collaboratively with regional organisations and development agencies can help embed common approaches and standards that will in turn support the sustainability of investments and more effective outcomes. For instance, MFAT could support standardisation through regional models for negotiations of Power Purchase Agreements (PPAs), Independent Power Producer (IPP) agreements and model agreements covering renewable energy, energy efficiency, battery services and Energy Service Companies.</p>	<p>Partially Agree. MFAT agrees that the Pacific energy sector would benefit from greater collaboration and information sharing and will seek opportunities in fora such as PRIF to do so, but notes there are challenges in applying common approaches and standards given the different country contexts. As such, the effectiveness of regional model approaches for the Pacific energy sector requires careful consideration, as does MFAT’s role in advocating for and facilitating their development.</p> <p>MFAT also agrees that there is an opportunity for greater standardisation of models, particularly models that have proven to be effective. However, ensuring best practice policy, regulatory and advisory (including commercial and transactional) support should be the priority for regional organisations and development agencies.</p>

Recommendation	Response and Action (Agree, Partially Agree, Reject)
<p>5. Future energy sector assistance should consider and prioritise resilience (climate, economic, environmental and social) in its programming. The Programme’s investments should prioritise resilience through innovative, adaptive and smart designs that are future proofed for variations to the climate. Further, efficient energy use through design, regulations, pricing, policy and reduction of systems losses should be a core consideration for energy supply initiatives.</p>	<p>Agree. MFAT agrees that the Energy Programme should prioritise resilience, both through giving practical effect to resilience in design and programming, and through giving great emphasis to the contribution of energy to broader resilience outcomes. MFAT again considers this recommendation as integral to the implementation of Recommendation 1 above, which is under development and includes articulating the mandate, interventions and desired outcomes of the Energy Programme. MFAT also considers this recommendation strongly aligns with Recommendation 2 above, with resilience being a defining factor in the critical role of energy as an enabler for broader development outcomes.</p> <p>MFAT also agrees that the Energy Programme should consider energy efficiency, and intends this to be included in the new framework for the Energy Programme (Recommendation 1).</p>

Recommendation	Response and Action (Agree, Partially Agree, Reject)
<p>6. Consider resourcing for Monitoring, Evaluation, Research and Learning (MERL) for the Programme to enable better and ongoing assessments of effectiveness and impact. Assessing the effectiveness of the Programme and/or its activities is highly dependent on having fit-for-purpose measurement frameworks in place, support, and incentives to ensure they are measured and reported against. The Programme should consider investing in technical capability to support the Programme with aligning activities to the overarching Programme results framework/indicators. Doing so will help improve consistency of reporting, aggregation of results and outcomes, and inform early evidence-based course corrections.</p>	<p>Partially Agree. MFAT agrees that improvements to the MERL frameworks for the Energy Programme are necessary, and that an updated overarching results framework and indicators would improve effectiveness. These issues are being considered together with the implementation of Recommendation 1 above, which is under development and includes updating the Energy Programme’s MERL resources.</p> <p>MFAT also agrees in principle with the need to consider the resourcing of MERL for the Energy Programme, and in particular investing more time and effort in prioritising MERL at both a programme and activity level. MFAT does not, however, consider it practical or appropriate to establish dedicated MERL capability and capacity within the Energy Programme. MFAT maintains MERL capability across the New Zealand Aid Programme, and is currently reviewing MERL resourcing models and levels.</p>
<p>7. Strengthen inclusive development in its programming. Activity designs, informed by gender and inclusion analysis, will help to deliver better results and support a clearer understanding of the distribution of activity benefits and limit negative unintended consequences.</p>	<p>Agree. MFAT’s Energy Programme is considered to deliver a range of inclusive development outcomes; however, MFAT acknowledges that this has often been implicit in activity designs. MFAT agrees that making inclusive development more explicit in programming and design will enhance the delivery of inclusive development outcomes for the Energy Programme.</p>

Recommendation	Response and Action (Agree, Partially Agree, Reject)
<p>8. Consider options for improving the sustainability of energy investments and infrastructure. This could include undertaking tariff modelling and studies on lifeline tariff approaches to inform technical advice to utility companies and partner governments on sustainable tariffs. Workable mechanisms for sustainable tariffs will contribute to the financial sustainability of investments and support long-term reliable energy supply while also keeping energy costs affordable to support consumers' social and economic participation. Further, the Programme should consider cost-effective ways to improve the efficiency of energy end-use within projects (i.e. through better design, regulations, pricing, policies, etc). Improved energy efficiency and reduced system losses should be considered in activity design and implementation.</p>	<p>Agree. MFAT agrees that improving the sustainability of energy investments and infrastructure is of critical importance, and that sustainable electricity tariffs are fundamental to achieving this. MFAT will continue to support the establishment of sustainable tariffs, but notes that this can be a challenging issue due to the range of complex factors that influence tariff outcomes.</p> <p>MFAT also agrees that the Energy Programme should consider energy efficiency, and intends this to be included in the new framework for the Energy Programme (Recommendations 1 and 5).</p>