

« FICHE CONTRADICTOIRE »

External Evaluation of the EU’s Sustainable Energy Cooperation (2011-2016)

Recommendations	Response of EU services	Follow-up (one year later)
<p>1) Focus sustainable energy cooperation on the end use and promote productive use of energy in other sectors</p> <p><i>In general, the focus on end use in the EU’s sustainable energy cooperation has been weak with the danger that energy becomes an end in itself rather than a means to many ends. Where there was a link to the end use, the results have been impressive.</i></p> <p>This recommendation can be implemented by promoting the energy, food and water nexus concept and supporting the link between delivery of more reliable energy and the productive, income generating uses of energy. Moreover, the focus on end use should strengthen the contribution of energy as a basic service in order to enhance governance, peace and stability in fragile and conflict-affected situations. Special attention should be given to increasing support for modern fuels, biomass and biogas for cooking and energy efficiency in general in all sectors.</p>	<p>Accepted</p> <p>The need to focus sustainable energy cooperation on the end use / productive uses of energy, is acknowledged and several steps have been taken in this direction, at policy programming and implementation levels, including:</p> <ol style="list-style-type: none"> 1. the Communication on a “<i>new Africa–Europe Alliance for Sustainable Investment and Jobs</i>” that foresees, inter alia, the establishment of the EU-AU High Level Platform (task force) on Sustainable Energy Investments gathering leaders from EU and Africa’s authorities, private sector, financiers and academia to identify and promote (i) strategic opportunities and sustainable energy business models having a high potential in terms of job creation and (ii) means and partnerships to deliver increased numbers of deals and to accelerate investments in those priority areas; 2. the ‘jobs and growth compacts’ addressing energy as an enabler for job creation and inclusive sustainable growth; 3. the Multi-annual Indicative Programme (MIP) of the Global Public Goods and Challenges Programme (GPGC) for the period 2018-2020, that focuses on promoting the interlinkages between cooperation sectors including the energy, food and water nexus concept. The sustainable energy cooperation programme under this MIP foresees activities increasing access to energy and to services depending on energy such as digital, for financial inclusion and job creation. The sustainable energy Annual Action Plan (AAP) 2018, includes a new global action increasing access to energy for job creation including, inter alia, 	<p>The EU sustainable energy cooperation is more and more focusing on productive, income generating and job creating uses of energy, energy efficiency and clean cooking.</p> <p>All applications for EU support under the sustainable energy investment de-risking and support mechanisms (EFSD, regional and thematic blending including ElectrIFI, Climate Investor One, the Facility for Energy Inclusion, etc.) are assessed considering, inter alia, the potential to contribute to new job creation and to inclusive sustainable growth through productive uses of energy.</p> <p>The analysis of results in energy cooperation under the Results Framework, of the DG is now including information on job creation.</p> <p>The EU sustainable energy cooperation portfolio has been enriched with new programmes</p>

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	<p>through the establishment of a revolving fund that will pre-finance energy efficient equipment for productive uses. As for the sustainable energy Annual Action Plan (AAP) 2019 it will follow the same job creation aim prioritising partnership actions in the areas of energy efficiency and clean cooking;</p> <p>4. proposals under the sustainable energy investment support mechanisms (under EIP/EFSD including blending/ElectriFI) are assessed, inter alia, against their potential to contribute to new job creation and to inclusive sustainable growth;</p> <p>5. each energy project or programme under development cooperation that will be undergoing quality review, will be duly scrutinised so as to ensure that the proposed actions will optimise potential synergies between energy generation / transmission / distribution and its productive uses for catalysing job creation and inclusive sustainable growth.</p>	<p>promoting the use of energy as a means to productive uses, energy efficiency or clean cooking. These programmes that are already operational catalysing job creation and inclusive sustainable growth or have been prepared and are shortly to be launched, include:</p> <ul style="list-style-type: none"> - the Digital Energy Facility (DEF), which is already implemented by AFD, to support innovative business models in the energy-digital nexus, including for access to digital and financial services and markets; - two ambitious programmes for clean cooking prepared in partnership with the African Development Bank and RVO, and expected to be launched in 2021; - a mega energy efficiency programme (of EUR 190 million) to benefit users in urban or rural households and businesses, and public infrastructure, prepared in partnership with EIB, and expected to be launched in 2021.

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<p>2) Increase the policy contribution of EU sustainable energy cooperation by taking a proactive approach</p> <p><i>As the EU moves into a second period of cooperation in sustainable energy, it can capitalize on its goodwill, its central role in coordination, its development of policy research and mechanisms such as the European Fund for Sustainable Development, to make a more proactive and influential contribution at policy level.</i></p> <p>This recommendation can be implemented by monitoring and engaging early with sector reforms in the energy sector and in particular subjecting partner policies, plans and practices to stronger assessment of relevance and credibility and, being prepared to delay disbursement on capacity and investment until the conditions are suitable. It will be important to develop and adapt financial and other mechanisms so that the policy leverage is stronger in practice and creates a constructive sequence of policy, capacity and investment. The policy contribution can be strengthened by focusing on developing actions for fewer policy related initiatives rather than launching new initiatives. Finally, there is much to be gained by reviving the Joint Declarations country by country and widen their scope to include member states and other development partners.</p>	<p>Accepted</p> <p>High attention is paid to each of the three main drivers for the deployment of EU sustainable energy cooperation, namely: (i) political ownership, (ii) capacity building for improved governance and reforms, and (iii) boosting investments through innovative financial instruments. It is nevertheless acknowledged, that frontloading efforts and achieving results in policy will catalyse the deployment of investments. To this effect, the Commission together with the EU Delegations, will scale up efforts to improve the investment climate and business environment in partner countries through:</p> <ol style="list-style-type: none"> 1. stepping up policy and political dialogue with partner governments and regional organisations, to address key constraints to investments and assisting their effort to improve sector governance in view also of attracting more investments under EFSD, which is expected to leverage major improvements / reforms; 2. ensuring coherence with EU policies, energy and climate diplomacy; 3. stepping up the coordination of efforts and resources allocated by EU Member States to policy dialogue aiming at increased coherence and defragmentation of the overall EU support for policy reforms in partner countries; 4. following up the ‘Joint Declarations (JDs) on enhanced sustainable energy cooperation’, by elaborating road maps / action plans, with clear milestones and indicators for tracking progress as a major step towards maintaining political ownership at top level and increasingly widening JDs’ scope by involving more interested EU Member States and other development partners concerned. The progress will be proactively monitored whilst, as an inherent part of the programming process, the pace of allocation and disbursement 	<p>A proactive ‘policy first’ approach is clearly aimed at and becomes an increasingly strong characteristic of the EU partnerships and cooperation in all sectors.</p> <p>The aim is to focus indeed on strategic and transformative partnerships between equals and based on mutual benefits, rather than on more traditional cooperation schemes based on development aid with uncertain sustainability.</p> <p>The European Green Deal with its external dimension and the new comprehensive strategy with Africa set a clear policy framework in this direction.</p> <p>Several new initiatives taken by the Commissions in critical sustainable energy related industrial sectors (e.g., clean hydrogen, offshore renewable energy technologies) have an important external dimension supporting the deployment of these technologies in partner countries where they match the local development plans and sustainable energy needs.</p> <p>Moreover, a much closer partnership with EU Member</p>

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	<p>of EU support for capacity building and investments will be adjusted, inter alia, in view of the pace of that progress.</p> <p>5. involving, developing partnerships with, and providing additional capacity building to “mezzo players” like Municipalities / Local Authorities, who are much closer to the citizens’ needs and concerns and who are sometimes more prone to implement sustainable energy programmes/actions despite national sensitive/conflictual political contexts. In this area, the Commission will build on the existing experience under the ongoing Covenant of Mayors’ approach, which proved very successful in several regions.</p>	<p>States has been promoted under the new ‘Team Europe Initiative’ mode, in view of further involving all interested EU Member States.</p> <p>The programming guidelines promote such a proactive approach starting by policy dialogue on the basis of a prior assessment of each country’s policies and reforms needed in view of attracting more investments.</p> <p>The EIP/EFSD clearly foresees and fosters a constructive sequence of policy, capacity building and investments.</p> <p>Moreover, the EU extended support to the Covenant Of Mayors for Climate and Energy, which is an initiative targeting the root level of cities and municipalities ensuring the dissemination of energy and climate policies and promoting the advocacy in support of these policies at national level.</p>
<p>3: Adopt a stronger results-orientated approach to capacity development and enhance sustainability</p> <p><i>Developing capacity, particularly where access to finance is improved through facilities such as the</i></p>	<p>Accepted</p> <p>In view of further strengthening the results oriented approach to sustainable capacity development, efforts will continue focusing on:</p> <p>1. assisting national and regional authorities through dialogue on key issues where there are prospects for progress by assembling</p>	<p>A new strategic cooperation with the International Energy Agency (IEA) aims at capacity building in energy data, statistics and knowledge, remaining with local energy</p>

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<p><i>European Fund for Sustainable Development, is central to achieving the longer-term goals of the energy cooperation. Whilst EU support to capacity development has been demand led and partner owned it has not been sufficiently results orientated in the sense of ensuring that interventions leave capacity behind when they end. It has also not engaged to a sufficient degree a wider range of capacity development approaches or taken advantage of EU research and technology expertise.</i></p> <p>This recommendation can be implemented, by ensuring that all terms of reference and intervention designs explicitly identify, test and monitor what capacity in the energy sector should be developed. It will also be important to increase the sustainability of capacity development by training trainers and making use of and enhancing local capacity building facilities. Finally, deeper analysis should be made of the wider institutional constraints within and outside the energy sector that affect the development and use of capacity.</p>	<p>and disseminating evidence and expertise to support improved policies;</p> <ol style="list-style-type: none"> 2. building upon market, sector and value-chain intelligence at country level and assisting the development of many more bankable projects and, thus helping to mobilise more investments under EFSD; 3. stepping up the coordination of efforts and resources allocated by EU Member States to Technical Assistance, aiming at increased coherence and defragmentation of the EU support for capacity building in partner countries; 4. continuously identifying and integrating improvements in the ongoing Technical Assistance Facility (TAF) for sustainable energy programme and providing for a sound follow up face based on the cumulated know how and the lessons learned from the TAF management to date; 5. ensuring that for all TA assignments under the sustainable energy TAF, the specific terms of reference will explicitly identify, test and monitor what capacity in the energy sector should be developed, to what end and by whom; putting greater responsibility on the learners / TA recipients and making use of a wider range of capacity development approaches (including embedded advisors, institutional twinning for peer-to-peer learning and exchange of good practice and tools, South South cooperation); 6. increasing the sustainability of capacity development by training trainers and making use of and enhancing local capacity building facilities and institutions relevant for the energy sector; 7. analysing the wider institutional constraints in partner countries, within and outside the energy sector that affect the development and use of capacity, and by using necessary political economy insights, aiming at elaborating optimal capacity building 	<p>authorities, as a precondition to inform sound policy decisions, with special focus on those African countries where the needs are higher.</p> <p>The Technical Assistance Facility (TAF) for sustainable energy provides capacity building planned and implemented in conjunction with concrete operational interventions and with the full involvement of the relevant national or regional authorities. The Get.Invest programme builds capacity at the level of the private sector, SMEs and local business associations building upon market, sector and value-chain intelligence at country level, feeding the local dialogue on policy reforms requirements and catalysing the development of many more bankable projects.</p> <p>The Arica- EU Green Energy Initiative laid out in the new comprehensive strategy with Africa and based on the recommendations of the Africa-EU High Level Panel on Sustainable Energy Investments, focus on results</p>

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	strategies and targets.	oriented capacity building plans, including, inter alia, locally embedded technical assistance advisors and a wide range of EU research and technology expertise to be made available not only through TAF but also through institutional twinning for peer-to-peer learning and exchange of good practice and tools.
<p>4) Develop tools to determine and monitor the additionality of innovative financial mechanisms in the sustainable energy sector.</p> <p><i>The evolution towards supporting investment through market based and innovative financing instruments is well conceived. However, tools are not available to determine if the investments are truly additional, avoid distortion in the local market, crowd-out private sector players and de-risk investments that would not otherwise occur.</i></p> <p>This recommendation can be implemented by developing guidelines, with key developing financing institutions, on how to determine additionality and the type and level of grant funding that will be effective in catalysing the private sector and avoid crowding out effects. Guidelines on how to enhance the pro-poor effect of market-based instruments for the energy sector should also be made. Tools for monitoring the achievement of additionality at all stages of implementation are</p>	<p>Accepted</p> <p>The evolution of investment support mechanisms from grants based towards reimbursable schemes and guarantees, has been piloted in sustainable energy cooperation with innovative instruments such as ElectriFI, under blending, and is now scaled up under EFSD. The Commission has been always vigilant to avoid subsidisation of already commercially viable operations or subsidisation that benefits the commercial position of certain operators rather than the targeted final beneficiaries. The capacity of the Commission services to identify and mitigate risks of over-subsidisation has considerably developed overtime with the assessment of increasing numbers of applications / investment proposals. In this framework, the Commission has been exchanging with the European Development Finance Institutions (EDFI) and other financiers aiming to develop a set of principles and guidelines to ensure that investment de-risking funding to sustainable energy investments in partner countries is truly additional and does not distort markets, crowd out any potential actors or replace other private financing. The outcome of these ongoing exchanges will form a set of instructions on the type and level of funding that will be effective to catalyse ever-increasing private sector investment in sustainable</p>	<p>Establishing, monitoring and validating the additionality of any EU de-risking support to investments, as well as the non-distortion of markets are obviously equally important challenges for all cooperation sectors. The elaboration of the right set of administrative and eligibility criteria as well as the provision for the establishment and sound functioning of an adequate governance structure are crucial for each and every financial instrument supported by the EU, including of the new guarantee schemes, since the compliance with the principle of additionality is sought indeed. The dialogue of the Commission with financial institutions is constant and the</p>

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also necessary	<p>energy whilst ensuring additionality and avoidance of any crowding out effects.</p> <p>Moreover, based on the experience gained through the management of a critical mass of EU de-risked private sector investments in sustainable energy, the Commission will develop guidance on how best to enhance the pro-poor effect of market-based instruments for the energy sector.</p> <p>The Commission will also elaborate and use a suitable monitoring tool for checking the adherence to the criteria applicable for support to investments, the achieved results and the extent to which the estimated objectives are met. This tool will be a monitoring, tracking and reporting application to follow up projects in all stages of implementation providing accurate and real time info/data about when and how positive effects are achieved. Once developed and fed with data this application would allow lessons learned to be gathered and to be used for assisting in future data informed decision-making.</p>	<p>accumulation of know how is a continuous and dynamic process that benefits, to the extent this is possible, from the direct participation of the services of the Commission and/or EU Delegations in the perusal and deliberation of EU de-risking support applications. This knowledge is ever increasing in the sustainable energy sector through the participation to investment committees of several investment de-risking and support mechanisms including ElectriFI, Climate Investor One, Facility for Energy Inclusion, GEEREF, etc.</p> <p>The access to relevant external independent expertise, which is available, <i>inter alia</i>, under the EU Technical Assistance Facility (TAF) for sustainable energy, may also facilitate this task.</p> <p>In this framework, a set of proposals/recommendations for possible concessionality levels and types of EU de-risking funding for different business models and stages of sustainable energy investments</p>

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		has already been elaborated at technical level. This set of recommendation will be further deliberated at a first stage between all relevant services of the Commission and then with partner financiers, in view of jointly concluding on a possible set of guidelines.
<p>5) Strengthen the private sector through engaging with business member organisations and private sector fora.</p> <p><i>A leading engagement by the private sector is at the core of the energy sector strategies of the EU and the newly created European Fund for Sustainable Development. However, the capacity of the local private sector is too low in many cases to fully respond to the opportunities and the EU cooperation in sustainable energy has not sufficiently focused on how to increase this capacity. Where the EU cooperation on sustainable energy has engaged with energy business member organizations, such as in Tanzania, Kenya and Rwanda, the results have been promising. It is important that the overall support to energy recognizes and engages at different levels: business-to-business cooperation between EU and Africa business, public-private cooperation within partner countries and regions, and public-private cooperation between the EU and Africa.</i></p>	<p>Accepted</p> <p>Due steps to strengthen partnerships and scale up support to private sector both in EU and in the partner countries will include the setting up of platforms, such as the EU-AU High Level Platform on Sustainable Energy Investments in Africa, for catalysing a structured dialogue process in the sector. This process that will involve public, private sector, financiers and academia, will be based on existing business networks already established under past and ongoing EU and Members States' initiatives but will also build closer partnerships with local energy business member organisations. The local organisations reinforced from such partnerships could most efficiently advocate for policy reforms and capacity changes in the enabling environment. This is a clear aim under EIP and, in sustainable energy in particular, could be further catalysed through the follow up of the Renewable Energy Cooperation Programme (RECP) that has been jointly managed with EU Member States and is reinforced and extended under the GPGC Annual Action Plan 2018 for sustainable energy.</p> <p>As regards the proactive engagement with the research efforts of the EU, the African Union - European Union Summit of 2017, launched the AU-EU Research and Innovation (R&I) Partnership on Climate Change and Sustainable Energy. The partnership</p>	<p>The Commission has been scaling up support to the local private sector and associations contributing to capacity building, including through increased opportunities for networking and partnership with their EU counterparts in view of jointly seeking strategic and mutually beneficial opportunities.</p> <p>To this effect, the Commission together with several EU Member States has been funding, the Get.Invest programme that builds capacity at the level of the private sector, MSMEs and business associations, by elaborating and making available, to all parties concerned, market, sector and value-chain intelligence at country level</p>

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<p>This recommendation can be implemented by building on the network and contacts of EU and members state initiatives in the energy sector to develop a strategy for longer-term engagement with energy related SME business fora in countries where energy is a focal sector. It will also be important to engage proactively with the research efforts of the EU.</p>	<p>extends to a new area of cooperation with the main objective being the promotion of human capital development and knowledge and skills based societies and economies.</p> <p>Under this partnership, preparation has started for the co-design and co-development of a Joint R&I Programme dedicated to Renewable Energy, to be launched in 2020. The programme will support research projects, demonstration projects, technology transfer projects, and exchange of researchers between European and African actors, with the objective to adapt renewable energy technologies to the African environmental, social and economic conditions through joint research efforts. A consortium has been formed, bringing together relevant European funding agencies and African partners already involved in research and innovation cooperation actions.</p>	<p>and by catalysing the development of many bankable projects with suitable expert advice. This tangible support and advice has been appreciated to the extent that several partner countries aim at the establishment of national Get.Invest windows that could assist local businesses in building capacities and accessing funding and de-risking opportunities that are available, <i>inter alia</i>, under ElectriFI and/or other EFSD and regional blending support schemes.</p> <p>For the promotion of more innovative business models in Africa, an R&I programme call dedicated to sustainable energy, has also been launched in 2020.</p> <p>The constructive exchanges and structured dialogue between African and EU partners from public, private sector, financiers and academia, have been likewise catalysed under the Africa-EU High Level Platform (HLP) for Sustainable Energy Investments (SEI).</p>

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		<p>The recommendations of the HLP SEI have fed the elaboration of the Africa-EU Green Energy Initiative that was proposed in the new comprehensive strategy with Africa.</p> <p>The HLP SEI success, largely due to the central role played by the private sector, is now followed up by the launch of the energy Task Force by the Friends of Europe, the Mo Ibrahim Foundation and IPEMED (Institut de Prospective Economique du Monde Méditerranéen) with the co-patronage of the AU and EU Commissioners.</p>