

# EXECUTIVE SUMMARY OF THE EVALUATION REPORT *MIDTERM EVALUATION OF IKI PROJECT “CLEAN, AFFORDABLE AND SECURE ENERGY FOR SOUTHEAST ASIA” (CASE)*

May 2023



# 1 EXECUTIVE SUMMARY

The heavy reliance of Indonesia, Philippines, Thailand, and Vietnam on fossil fuels for electricity generation with a share of 76.26% is far higher than the global annual average of about 61% in electricity generation from fossil fuels in 2021, according to data from the US Energy Information Administration and the International Energy Agency. Furthermore, the individual power development plans of these countries' respective energy ministries during the last 10 years, have considered coal, fossil gas (or natural gas), diesel and fossil oil as staples for their primary energy supplies as well as for their electricity generation.

In view of these challenges to combat climate change, the **Clean, Affordable and Secure Energy for Southeast Asia (CASE)** Project is supporting a change in the narrative of the direction of the power sector in Southeast Asia toward an evidence-based energy transition aimed at increasing political ambition to comply with the Paris Agreement. The project is implemented by a consortium consisting of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Agora Energiewende Smart Energy for Europe Plattform gGmbH, Energy Research Institute (ERI), Institute for Climate and Sustainable Cities (iCSC) - Philippines, Institute for Essential Services Reform (IESR), NewClimate - Institute for Climate Policy and Global Sustainability gGmbH, Thailand Development Research Institute - TDRI, and Vietnam Initiative for Energy Transition (VIET). For the period 01 March 2020 to 07 December 2022, the CASE Project has utilized 6.78 million EUR or 35% of the initially commissioned project volume.

In light of the design, implementation, and reported results of the CASE Project, the present midterm evaluation (MTE) report provides project partners and key project stakeholders with steering-level relevant information and recommendations on the further adjustment of the project's (i) *Relevance*, (ii) *Planning, Steering & Coherence*, (iii) *Effectiveness*, (iv) *Transformational Impact & Sustainability*, and (v) *Safeguards*. The MTE conducted a total of 76 interviews at regional and country levels, as well as one closed survey among the Implementing Partners. Moreover, the project's results framework was utilized to examine key contributions of programme activities towards defined outputs and outcome, and to subsequently explore the links from the outcome to the greenhouse gas mitigation impact - the underlying rationale for IKI funding of the CASE Project. Hence, the evaluation team collected and analyzed evidence against the results framework and triangulated findings against multiple information sources, such as open-source government reports, working papers, other energy transition initiatives, as well as respondent interviews from government sources, international organizations, and key project stakeholders.

In a nutshell, the MTE's findings based on a 6-point qualitative scale (from 1 = critical to 6 = excellent), are as follows: *Relevance* 5.0, *Planning, Steering & Coherence* 4.0, *Effectiveness* 3.5, *Transformational Impact & Sustainability* 3.7, and *Social & Environmental Safeguards* have been rated as "uncritical changes needed".

On the **Relevance** criterion, working with regional partner institutions at the regional level and the partner governments at the country levels enables the CASE Project to determine their respective needs. Correspondingly, the CASE Project is regarded as very well responding to those needs and priorities relayed by regional partner institutions and partner governments. As per project design, the core problems besetting the narrative of the direction of the power sector in Southeast Asia favouring energy transition are yet to be fully identified through the joint fact-finding mission of the CASE Project. So far, those related core problems are being provided with corresponding solutions by the CASE Project outputs. The fact that the CASE Project first and foremost identified those relevant target groups and affected populations as described in the proposal and the Regional Assessment Framework, is good. Collaborating with the target groups allows the CASE Project to determine their needs and provide appropriate actions. Furthermore, the CASE Project's alignment with the Paris Agreement's climate change mitigation objectives as part of its project design and the establishment of its goals in complementation with the Sustainable Development Goals 7.2 and 13, is a testament to CASE Project's response to the priorities of such relevant global thematic policies.

In terms of **Planning, Steering and Coherence** of the CASE Project, the chosen approach to work closely from the beginning with political partners provides stability to the project. The CASE Project carefully navigates the multiple actors and players at the regional and country levels, especially the government partners

involved. Furthermore, it does seek and extend cooperation with other relevant domestic and international (including German) projects or efforts in the region and in each target country. This coordination reduces role duplication and fosters efficient use of resources. What is more, the project steering is flexible and participatory, both within the implementing organisations and with the political partners. Country-level dynamics are taken into account in steering. However, targets may be disaggregated at the country level in the CASE Project to facilitate monitoring the necessary steps in achieving overall targets and to report results. Nevertheless, the salient provisions in the proposal and the aforementioned chosen approaches to lay down more specific regional-level and country-level plans, given the respective regional and individual country contexts, remain appropriate and commendable at this point.

The CASE Project uses an online results-based monitoring (RBM) tool developed to support the planning and steering of the project. Although the web-based system contains current performance and results information and is regularly updated, it also offers room for improvement. For example, some indicators approved by the commissioning authority are not SMART (Specific, Measurable, Achievable, Relevant and Time-bound) and some relevant data (e.g. unique visits/downloads/shares of some outputs) is not available yet.

Concerning **Effectiveness**, the MTE corroborated that the CASE Project logic and its results framework as presented in the proposal remains applicable at this point. However, the results framework presented in the proposal does not contain sufficient disaggregation at the outcome-level for which the project has collected consistent performance data across the implementation period, i.e. from 01 March 2020 to 31 December 2021 - albeit the IKI Guidelines on Project Planning and Monitoring currently constrain outcome disaggregation. Some of the defined intermediate results, particularly at the respective country-levels, have been delivered by the CASE Project. At the same time, a number of intended results have not yet been achieved at mid-term of the project. Such yet-to-be-achieved intended results do have their required intermediate results which still need to be achieved in a timely manner. While the planned outputs of the CASE Project are expected to be achieved, it is the timeliness of achievement of individual outputs that requires attention. The timeliness of the achievement of outputs affects the project's effectiveness in so far as achieving related higher level results depend on their achievement as a precondition. Consequently, delayed output achievements may translate into delayed achievements of higher level results. In February 2023, short before the closure of the MTE, the potential occurrence of this constellation has been substantially attenuated by the CASE project extension until February 2027.

All four countries are perceived as still in the early stage of renewable energy penetration. The energy sector in the region remains highly dependent on fossil fuels. Energy security is the main issue alongside energy affordability and energy sustainability. This heavy reliance on fossil fuels also reflects the very strong relationship between fossil fuels and the region's economic structure. In this context, it remains a challenge to convince state-owned enterprises to shift from fossil fuels to renewable energy-based power generation given their existing fossil fuel-dominated business models, not to discount the lack of much needed technical capacity and capable human resources to drive the intended changes. By and large, the governments in the region are keen on infusing capital as long as necessary to ensure at least energy supply security in power generation, thereby effectively allowing state subsidies for fossil fuel power generation. Thus, achieving the foreseen outcome remains an uphill battle for the CASE Project. At the same time, CASE Project's chosen approach of collaborating with regional and country stakeholders, especially with political partners in each country, are deemed as appropriate means to first understand these challenges and then to implement technically and politically appropriate solutions.

The CASE Project's **Transformational Impact & Sustainability** remains complex to quantify at this point. Since a number of interventions are at play in the international scene, not to discount those country-level initiatives that are already underway, the CASE Project may be (to some extent) contributing to the manifestation of its intended impacts. This is based on the openness and receptiveness of all its political partners given their capability to carry out the sought energy transition and decarbonisation respectively in Indonesia, Philippines, and Thailand (the approval of the participation of the political partner in Vietnam is still being worked out). Several technical preparations in those covered countries have already been carried out with CASE Project assistance, possibly leading to draft policy amendments furthering the intended impacts. However, tracing such impacts to CASE Project's very own contributed efforts and expended resources presents a challenge, also considering its partially improvable results management system.

**Social & Environmental Safeguards** were considered by the implementing partners and so far no major deviations were experienced nor documented. As an improvement a risks log could be put in place to better

at least identify, classify, monitor, and address any deviations from those safeguard standards throughout the life of the project. From a project inward-looking perspective in assessing the CASE Project, the 'Low' significance of risks identified is deemed appropriate. However, from a project outward-looking perspective and considering its intended impacts, there are major risks (i.e., economic risks) identified by stakeholders.

With regard to the specific **Learning Questions** of the MTE it can be noted, that the CASE Project may be scaled up by covering also countries that are part of the Greater Mekong Sub-region, in so far as the regional grid integration is concerned given the transboundary and contiguous nature of such a regional initiative. More particularly, advancing further the extension of transboundary and multi-country electricity trading or an improvement from the existing several bilateral trading for electricity export-import schemes would be options.

Looking at the external factors surrounding the CASE Project, the MTE Team shares the views of selected interviewees regarding the foreseen risks in the political developments in Indonesia, given that it is the top generator of electricity using fossil fuels and the country having the largest economy among the covered countries. The developments in Indonesia's political landscape are not by themselves risks to the project but the resulting policies of the upcoming administration, which could prove to be not so favourable to the energy transition and decarbonisation (e.g. whether the halt in the coal exporting programme will continue), is worth considering as a major foreseeable risk.

Corresponding to the findings of the MTE, room for the project's improvement, with primary focus on the manifestation of intended results, exists. Consequently, the most significant **recommendations** resulting from the investigation are presented in the following. All recommendations address the CASE Project and partially have implications for the IKI. They correspond to the numbering in chapter 5:

- √ (1) Furthering the development of renewable energy under the mantra of energy transition, would require concrete evidence that renewable energy does address energy security. As the CASE Project has been designed to help on this aspect, more similar evidence-based country-level studies are needed emphasising that variable renewable energy does not compromise the energy supply requirements of the region, including the underlying domestic economies.
- √ (2) As a recommendation the CASE Project could continuously work in collaboration with those partner regional institutions identified by the CASE Project, such as the ASEAN Centre for Energy and Heads of ASEAN Power Utilities/Authorities (among others), to address technological challenges related to variable renewable energy exists.
- √ (3) Considering that country steering systems constitute the heart of the CASE Project, the disaggregation of target outputs suitable for country-level project management and decision-making is recommended. It is also recommended to establish a risks log and assign a suitable focal person who will as a minimum classify, enumerate and communicate those perceived risks (risks to the project and risks by the project), for further review and appreciation by the CASE Project Steering Committee.
- √ (5) The contribution and plausibility of the CASE Project's efforts and expended resources based on evidence to positive intended impacts should be further established. Accordingly, the results management system as reflected by the CASE Project's web-based RBM Tool would benefit from further streamlining and some adaptations. These include: (i) the qualification/s of the "most important missing evidence", (ii) determination of "accomplished studies" as whether these could be properly counted as accomplishments given the potential inconsistency of the terms or wordings used, and (iii) unit of measure used, which needs to be explicitly defined to guide RBM Tool users. Furthermore, the attribution of the CASE Project's expended efforts should be clarified further and explicitly stated on several indicator titles. In some instances, the source of data, e.g. regarding unique visits/downloads/shares, should be available. Often consistency between usage of terminologies and reported data could be established more explicitly. Lastly, indicators are not always formulated unidimensional and the numerical values of numerator and denominator for indicators reporting percentage values should be disclosed.
- √ (10) One very important strategy to supplement the existing collaborative stakeholder approach would be to extend very soon the cooperation with selected groups of stakeholders in order for the CASE Project to enrich its existing base of conceptual resources. This is particularly related to working with selected power generators and the transmission system operators, to identify the needed information requirements, technological advancements, and policy-related interventions for energy transition to advance further in all countries covered. In relation to this, it is also recommended considering fast-tracking the establishment of

working relationships with established institutions in Greater Mekong Sub-region in line with the on-going sub-regional initiatives of the CASE Project to connect power systems, e.g. in Myanmar and Laos, with those of Thailand and Vietnam. The CASE Project has already embarked on studying regional grid integration. Regional partners are keen on working with the CASE Project regarding grid integration.

- \ (14) Elaborating country-level outcomes would also be helpful in keeping all stakeholders on board the CASE Project informed, regarding its chosen pathway (with clear steps to be undertaken). The results framework (and its underlying theoretical framework) is also an important material for strategy communication in so far as overall project coordination is concerned. More so the updating of the underlying theoretical framework whenever necessary is equally important. This could help in the operationalisation of the project logic in managing the CASE Project while ensuring the project logic as fit to indicators and vice versa. This would help to improve the effectiveness of the project.

Considering the facts presented in this report and in **conclusion**, the CASE Project is considered relevant, strategically planned, with social safeguards in place, and with uncritical changes needed. However, its steering and coherence would benefit from improvements and the current pathways to realize the manifestation of its intended positive impacts as well as sustainable and transformative results could derive added value from realignments and streamlining for better project management.