



Executive Summary

Private Sector Participation in the
Generation and Distribution of Electricity
from Renewables Sources (PSPE)

Rwanda

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Final Report

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1 Presentation of the evaluation

The object of the review is the bilateral cooperation project between Belgium and Rwanda named “Private Sector Participation in the generation and distribution of Electricity (PSPE)” which started in March 2018 for a duration of 3 years with a budget of 2,450,000€ and a Belgian contribution of 2,000,000€.

The general objective of PSPE is the provision of sufficient, reliable and affordable energy for all Rwandans. This corresponds to the three earlier Belgian contributions to the nationwide Electricity Access Roll-out Program (EARP).

The purpose of the PSPE project is to increase electricity production from renewable sources by promoting private sector participation through capacity building and technical assistance. The PSPE is jointly implemented by the Development Bank of Rwanda (BRD) and the Belgium development Agency-ENABEL.

The project focuses on developing capacity within the BRD around two main areas of intervention: i) analytical skills for project proposals and ii) ability to assist the private sector in project development.

The Mid-term review of the PSPE project responds to the following objective.

- i) To support steering. On the basis of an in-depth analysis, the review offers useful recommendations based on data (evidence-based). That way, the review supports strategic and operational decision making, and consequently, the steering of the interventions.
- ii) To contribute to learning. By analysing the development process, the review allows us to explain what works, what does not work and why, and to thus draw lessons for other interventions or for the elaboration of new policies, strategies and programmes.
- iii) Accountability to the donor, partner and other internal actors by supplying an external assessment of the progress made and the results achieved.

The scope of the project at outcome level is the country (Rwanda). Most of its activities are however specifically carried out in the capital city (Kigali), which is where resource persons and other PSPE key stakeholders are based.

The evaluation covers the implementation period from the signing of the Specific Agreement by both Governments in March 2018 up to the realisation of the mid-term review assignment that started in September 2020.

Due to the global pandemic, this evaluation was conducted remotely with the main evaluator, the team leader, operating remotely and the national expert located in the country. Almost all interviews could, however, be conducted by both evaluators. Data collection methods include literature review, stakeholders’ interviews and field visits, used to build a picture as exhaustive as possible of the project performance thus far and to triangulate information as much as possible in the context of a complex assignment.

2 Results and conclusions

2.1 DAC Criteria

Project relevance is very satisfactory.

The PSPE project is perfectly aligned with the objectives of the Belgian development cooperation policy in Rwanda, the national targets pursued by the Government of Rwanda and the BRD's mandate and key intervention sectors including the Energy sector. It responds to the needs and issues of beneficiaries among private sector companies and to those of households as indirect beneficiaries and end-users.

Efficiency of the project is partially satisfactory

Activities are overall conducted in a cost-effective manner. Disbursement level is low due to delay in some activities' implementation. The project is on track to achieve its first result and lags behind for the achievement of the second one. The mini-grid feasibility study activity could have been realised more efficiently while the Covid-19 pandemic has also impacted the speed of delivery of the hands-on coaching to small scale solar companies.

PSPE monitoring system is based on the initial REF strategy. REF restructuring will impact PSPE performance indicators.

Effectiveness of the project is partially satisfactory.

At the current stage of implementation, the outcome may not be fully realised. The disbursement rate from BRD to beneficiaries and targets for access to electricity may not be achieved in the timeframe of the project. Issues that prevent the project from making an impact at outcome level have been identified and the project has overall been very agile in responding to challenges that were hindering the achievement of the outputs and the outcome.

The prospective impact from the project is positive.

PSPE creates a growing portfolio and increasing profitability for BRD and SACCOs while creating organisational knowledge in renewable energy. Mitigation measures are likely to consolidate this impact. Mixed effects are encountered among private sector companies while end-users of solar products are enjoying a number of benefits related to health and education.

Long term energy access impact depends on private sector capacity to present and realise viable projects currently in the pipeline.

The expected sustainability of the project is good.

Sustainability is expected to be good at the level of BRD and in terms of institutional structures and regulatory framework. The project has been instrumental in promoting sustainability with innovative activities introduced and support of REF restructuring.

From the private sector point of view, it will depend on companies' capacity to present bankable projects and to be able to bring the necessary equity while a detrimental impact is feared from the end of PSPE support in less than a year.

Maintenance issues could affect sustainability at the level of households.

2.2 Transversal themes and horizontal aspects

The gender dimension has received attention at project planning stage but lacks clear anchorage in the project with specific targets and indicators lacking. The project has however conducted some positive discrimination action towards women and women-led business and been proactive in trying to reach out to the latter.

The project has an expected positive environmental impact through renewable energy promotion.

The steering process is satisfactory, and the team has been very agile at proposing to strategically reorient the project as and when needed.

The linkage of a number of PSPE performance indicators to REF project indicators and the REF restructuring are affecting the usefulness of PSPE monitoring system.

2.3 Specific questions

As per elements illustrating relevance and institutional sustainability of the intervention, PSPE objective is fully aligned with the energy sector policy and regulatory framework and the mandate of the BRD. Its organisational structure is also relevant to the institutional context.

All stakeholders' interviews conclude that the project has a very strong team, very proactive in managing the project with its complexity. No weaknesses can be found in terms of capacity.

3 Recommendations

| Recommendation | Recommended timeframe | Responsibility |
|---|------------------------|---|
| <p>The project should focus on properly implementing critical current activities and new activities introduced that will leverage impact, which is already a challenge over the year left:</p> <ul style="list-style-type: none"> › Support to small solar companies › Completion of feasibility studies › Deployment of DOAs, use of the guarantee fund and mobilisation of the subsidy window | Up to September 2021 | PSPE project team |
| Expand the project duration to i) reflect Covid-related delays, ii) reflect difference in REF and PSPE project implementation period, iii) meet request from the private sector to receive ongoing support to finalize current activities, iv) increase sustainability of the project achievements thus far. | Decision in Q1-Q2 2021 | ENABEL HQ |
| Retain key human resources contributing to the good implementation and strategy of the project so far and crucial in pursuing the project targets. | Decision in Q1-Q2 2021 | PSPE Steering Committee |
| Follow-up on awareness campaigns conducted in provinces with focal points and expand operations for local authorities to cover all non-grid connected areas where SACCOs are active | As soon as possible | PSPE project team |
| Amend PSPE logical framework, namely output 2 indicators to account for restructuring of REF and track progress on window 5 | As soon as possible | PSPE Steering Committee/ENABEL HQ/ENABEL Rwanda/PSPE project team |
| Ensure that solar companies supported by REF provide after-sales services in the provinces as indicated in their agreements with SACCOs | As soon as possible | PSPE project team in relation with SACCOs |
| Accelerate completion of mini-grid feasibility surveys to secure mini-grid sites with EDCL and secure guarantee that grid will not reach those sites in the short run (return on investment period) | Q1 2021 | PSPE project team / BRD / EDCL |

| Recommendation | Recommended timeframe | Responsibility |
|--|-----------------------|--|
| To advance financial viability of mini-grid projects, facilitate stakeholder dialogue to develop a subsidy window | Q4 2020 – Q1 2021 | Mininfra/ Steering Committee / ENABEL Rwanda / PSPE project team |
| Expand assistance to the private sector to support them in bringing equity to access to REF loans <ul style="list-style-type: none"> › Advocate for lower equity level and in kind contributions › Scan financing opportunities. › Matchmaking with international project developers to stimulate joint-ventures | Up to September 2021 | Steering Committee / PSPE project team |

4 Lessons learned

4.1 At the level of ENABEL

- The feasibility of exceptional dispositions in the project design should be assessed before being endorsed.
- Attaching a project's outcomes and performance targets onto another project does not allow for a proper evaluation of that project's performance.
- Linking consultants' fees to the achievement of performance targets (cost plus incentives contracts) increases project efficiency.
- Demand-driven technical assistance and capacity building enhances relevance and prospective impact.

4.2 At the level of the project

- The off-grid solar market is still in its development stage and it takes time to develop a market.
- Communication and awareness raising in rural areas are key to developing the off-grid solar market
- Affordability gap to access off-grid solar solutions needs to be addressed at household and SME level
- Financial viability of mini-grid projects requires grant financing and equities