



Mid Term Review

Capacity Development of the *Ministry of Mineral Resources and Energy* (MIREME) and *Autoridade Reguladora de Energia* (ARENE)

Mozambique

MOZ1403011

ADE

November – 2021

Executive summary

Intervention form

Title of the intervention	CB MIREME/ARENE : Capacity Development of the Ministry of Mineral Resources (MIREME) and Autoridade Reguladora de Energia (ARENE))
Navision code of the intervention	MOZ1403011
Intervention zone	Mozambique
Total budget	4,000,000.00
Partner institution	Ministry of Mineral Resources and Energy MIREME and Autoridade Reguladora de Energia (ARENE)
Starting date of the Specific Agreement	19 April 2017
Closing date of the Specific Agreement	19 April 2023
Starting date of intervention – Opening steering committee – SMCL o	1 July 2017
Duration of the intervention and expected closing date of the intervention (end of implantation)	30 June 2022
Impact	The development of the energy sector is enhanced in order to power the socioeconomic development of the country and to contribute to the welfare of its people
Outcome	The performance of MIREME and CNELEC (now ARENE) in advancing access to renewable electricity in rural areas is enhanced
Outputs	<p>R1: MIREME's capacities at the central level are strengthened to improve planning and policy-making in the energy sector</p> <p>R2: DIPREME's capacities are strengthened in order to improve the planning, coordination and M&E of the energy sector in the selected provinces (Zambezia, Sofala, Manica)</p> <p>R3: Capacities of ARENE are strengthened to become a strong and independent regulator able to regulate new and renewable off-grid electricity</p>

1 Scope and methodology of the review

This Mid-term review (MTR) covers the bilateral cooperation intervention “Capacity Development of the Ministry of Mineral Resources and Energy (MIREME) and the National Energy Regulatory Authority (ARENE) in Mozambique” (CB MIREME). The intervention started in April 2017 for a duration of 6 years with a budget of 4 m€. The geographical scope is the whole country, but most of activities are specifically carried in the capital city (Maputo) as well as in selected provinces (DIPREMEs, Zambezia, Sofala, Manica). The specific objective of the intervention is to enhance the performance of MIREME and ARENE in advancing access to renewable electricity in rural areas.

This MTR aims at (i) supporting steering through recommendations; (ii) contributing to lessons learning; and (iii) ensuring accountability about the progress made, and the results achieved. Due to the global pandemic, this evaluation was conducted remotely with the main evaluator, operating remotely and the national expert located in the country. Data collection methods include a literature review, stakeholders’ interviews mixing remote and physical presence, 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 such a complex assignment.

2 Main findings and conclusions

The overall assessment of the main criteria is presented in the table below.

Relevance	 <small>Very good Highly relevant, effective, efficient, sustainable and impactful in response to development</small>	<i>Very good</i>
Effectiveness	 <small>Good Satisfactory results, some weaknesses to be improved</small>	<i>Good</i>
Efficiency	 <small>Good Satisfactory results, some weaknesses to be improved</small>	<i>Good</i>
Sustainability	 <small>Good Satisfactory results, some weaknesses to be improved</small>	<i>Good</i>
Impact	 <small>Good Satisfactory results, some weaknesses to be improved</small>	<i>Good</i>

CB MIREME is **highly relevant capacity building and strengthening intervention**. Its effectiveness, efficiency, sustainability, and impact are considered satisfactory. However, **the monitoring of effectiveness and sustainability of results require specific attention in the next years**, being at risk to become problematic.

The intervention is fully consistent with the strategic orientations of ICP 2013-2017 between Belgium and Mozambique. It took the national Energy sector strategy (2015-2024) as a reference, being directly aligned with its priorities both in terms of quantified targets and capacity development. CB MIREME was conceived in response to clearly stated needs in terms of institutional and organisational strengthening and capacity development. Identification and formulation exercises explored precisely the expertise needed. The design of the intervention considered the situation in the energy sector and the electricity sub-sector in terms of major

policy, institutional, organisational and technical issues to be addressed and key national stakeholders to be involved. Thus, CB MIREME was based on an in-depth understanding of the national and (sub)sector specific context which led to the definition of its specific objectives.

The **implementation of CB MIREME started in a shifting and complex environment**, facing particular changes in the institutional context (new Minister, merger of two portfolios under MIREME, creation of the regulatory body ARENE) as well as several challenges within the sector especially in terms of definition of roles, distribution of responsibilities and scope of mandates. The intervention assumes the technical choice of promoting the development of the renewable off-grid energy, while the division of labour between actors in the energy sector is not explicitly based on an economic analysis of available options and their mix (on-grid or off-grid solutions).

Overall, **the achievement of outputs at mid-term is rather limited and is contrasting according to main results**. In this context, the most advanced activities of CB MIREME are related to the IT equipment as cross-cutting support under all results, the HR dimension (including contracting of statisticians, development of HR strategy and retention plan, international benchmarking of ARENE's HR framework, some introductory trainings on policy / regulatory reforms, renewable energy, gender mainstreaming, GIS, English language exclusively within MIREME) and the production and dissemination of information about renewable energy at central and provincial level. Measuring the progress on outputs is not possible, in some cases, because of a lack of explicitly defined targets by 2022 (e.g. HR development plan implementation and Trainings delivered). Major capacity building activities were delayed and little progress is noted for the (i) compilation of the Planning and M&E Manual which would serve to improve planning of the sector at national and provincial levels; (ii) the development and approval of regulations for renewable off-grid electricity; (iii) the supply of training at MIREME and DIPREMEs (including the in-field exchange of experiences). The implementation of planned activities at provincial level has progressed the least since the beginning of the intervention (all 5 main activities foreseen under R2 are delayed or seriously delayed).

The timely implementation of activities under the CB MIREME was impeded by several hindering factors derived from the **policy, governance and administration context as well as from the restrictions related to COVID-19 pandemic**.

Regarding the outcomes of CB MIREME, **the 6 defined indicators within the logical framework of the intervention do not show any progress**, except the indicator related to dissemination of information on RE to rural areas. These indicators are not very sensitive to changes which are perceptible yet, despite the difficulties in implementing major activities. The MTR found several contributions of CB MIREME at this stage:

- **learning was stimulated through technical and organisational studies and analyses**
- **a solid basis and a positive dynamic for the introduction of a reliable system for energy data collection, systematization and analysis**
- **perceptible awareness and improvement of the planning and coordination capacity** mainly at MIREME,
- **reinforcement of institutional interactions and improvement of the coordination capacity**
- **commitment to overcome the shortage of skilled staff at central and provincial level**
- **active participation to the redesigning of the regulatory framework for renewable off-grid electricity**
- **integration of the gender dimension in the energy sector activities**, mainly in the field of planning and M&E.

Despite these initial contributions, important efforts are still needed within each specific result. In particular, the regulatory instruments, planning and M&E of activities at national and provincial level require the most prominent attention. Another important challenge is to complete the elaboration of a HR strategy taking in consideration the identified gaps and needs in terms of development and retention of qualified public servants. At the current stage of

implementation and taking into account the limited progress towards the targets of outcome indicators, the project's outcome will not be fully achieved by 2022. A real progress is needed in the regulatory, planning, monitoring and evaluation fields. On the other hand, official sources do not allow to consolidate targeted values for the development of the electrification and renewable energy. Meanwhile, the new 5-year plan 2020-2024 of GoM does not offer more accurate milestones for the (renewable) energy sector. Bearing in mind externalities like fluctuating policy context such as for instance the legislation and regulation around connections through renewable decentralized off-grid sources, the project could explore the opportunity to concentrate its outcome indicators on the 3 specific objectives / results.

The evaluation of **sustainability and impact** can only be partial as CB MIREME activities or components are still ongoing.

Regarding **sustainability of achievements**, there are key factors to be considered by the intervention at short-, mid- and long-term. *In the short term*, sustainability will depend on the governance stability / volatility and strategic continuity / discontinuity in the energy sector as well as on the capacity to improve skills and retain quality staff. *In the medium term*, the financial dimension of sustainability will require greater attention. The successful implementation of activities under CB MIREME could encourage the financial stabilization of the sector (through the role of ARENE) by the increase of connections and an efficient tariffication. *In the longer term*, the sustainability depends on the macro-economic stabilization, the prominent commitment of private operators as a signal of trust and profitable risk-taking, the affordable access to energy by the population and the culture change in the public administration. The vision and orientations (to be) adopted by GoM about the mix between on-grid and off-grid energy will influence the sustainability of CB MIREME achievements, especially those related to the renewable energy aspects.

When it comes to the **impact**, this mid-term review tries to give some insights about changes starting to take place and expected to develop in the longer run with the contribution of Enabel's intervention: (i) the creation of ARENE as an independent player in the energy sector, achieved mainly due to the strong Enabel advocacy in favour of the structuration and HR capacitation of the regulator; (ii) putting on the agenda the expansion of the electricity renewable off-grid network, as a fundamental feature for the development of the energy sector and reaching the objectives of expanded access to electricity; (iii) the stimulation of a renewed organisational perspective through learning and capitalisation on renewable energy and off-grid projects and a noticeable improvement of the planning and coordination capacity among the key players in the energy sector.

CB MIREME has the ambition to offer a comprehensive gender approach throughout the capacity building activities. This dimension has received attention at the project design stage, by highlighting specific needs and challenges for women in relation to energy sector. During the implementation, the project has been proactive in the field of gender balancing through several initiatives. However, funds are lacking for the implementation of the strategic activities regarding gender mainstreaming and clear guidelines and binding incentives are still missing.

3 Main recommendations

- R1 - Continue the strategic and technical support to improve the level of coordination and clarify the distribution of roles between key stakeholders in the energy value chain.
- R2 - Improve the implementation of activities at provincial level by providing more financial autonomy, reinforcing local participation, and exploring complementarities with other DPs at territorial level.
- R3 - Continue the efforts in improving the regulatory framework for renewable off-grid energy and promote this aspect through the policy dialogue with GoM.
- R4 - Refocus the steering of the intervention on specific results which reflect better the nature of contributions and changes achieved through capacity strengthening activities.
- R5 - Improve and increase women's inclusion in the energy sector through the allocation of more funds to the gender mainstreaming.