

Executive Summary of Evaluation

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The Russia Renewable Energy Program (RREP) was launched by the International Finance Corporation (IFC) in 2010 with the overall environment goal to create a framework for reducing GHG emissions on a continuous basis by overcoming the barriers to the development of renewable energy (RE) in Russia. The overall development goal is to facilitate a sustainable market for RE in the country by supporting the development of market infrastructure and enabling policies at the regional level, thereby unlocking opportunities for private sector financing.

By the end of 2011, a revision of the original strategy was initiated and approved. In April 2012, the ICON-INSTITUTE GmbH & Co. KG Consulting Gruppe was commissioned by the Program's management to assess the performance and impact of the Program's operations and management. The evaluation team also assessed the relevance of the Program's revised strategy against the status of the renewable energy environment in the Russian Federation in order to achieve the desired impact: the development of market infrastructure, regional incentive schemes and RE financing by local financial institutions. The Executive Summary presented an overview of the findings as well as the main recommendations to enable mid-course programmatic improvements.

It was the evaluation team's conclusion that RREP was operating in a contradictory environment. On the one hand, renewable energy stood high on the political agenda and targets had been formulated to promote the development of energy generation from renewable sources. On the other hand, federal agencies dealing with RE legislation and infrastructure development were not moving forward. International agencies like IFC were perceived as being supportive in terms of providing external expertise and the provision of analytical support, but when it came to practical implementation any interference by international agencies was not appreciated. As a consequence, federal agencies neither consulted the relevant stakeholders nor succeeded in developing the needed legislation or infrastructure.

In order to build the base for achieving the desired impact, RREP carried out numerous public outreach activities and reached a broad community interested in the topic during the earlier stage of its implementation. RREP created the necessary awareness about the topic and succeeded in gaining the interest of some regional stakeholders to pursue the topic further. The first part of the project paved the

way for the second stage, which called for the practical implementation of RE demonstration sites in pilot regions. The increased interest in the topic on the regional level and the readiness to invest efforts into RE, demonstrated by potential pilot regions of the Program, can be attributed to the additionality of the first phase of RREP.

The revision of RREP's strategy with the shift of its focus to the regional level was considered sensible and promising. Although federal stakeholders who had been interviewed indicated skepticism about this approach, as legislation and infrastructure development had to come from the federal level according to their point of view, stakeholders from the regional level were very committed to RREP's interventions. They supported the initiative to create demonstration sites in the regions which could illustrate the feasibility of RE, but also underlined the additional need for RE legislation and infrastructure. Regional stakeholders were of the opinion that regions can influence the decisions made on the federal level, for example through the Federation Council of Russia. However, whether this bottom-up approach really fostered the necessary legislation on the federal level remains to be seen; therefore, it was concluded that RREP should maintain its cooperation with both levels simultaneously.

The selection criteria that were applied by RREP for the choice of its pilot regions covered a wide range of different aspects, but the evaluation team recommended that RREP consider some additional criteria (e.g. budget performance, qualified personnel, energy subsidies, or gasification) when additional pilot regions were selected. Those criteria ensured the maximization of RREP's efforts and improved the chances for building successful and fruitful relations at the regional level. In June 2012, RREP was actively cooperating with one region (Kaluga Region) and envisaged three concrete activities in the region: an analysis of RE potential, analysis of reasonable technologies and the creation of regulatory documentation. The expectation of the regional stakeholders was that these activities would eventually lead to the construction of operational demonstration sites that would illustrate to interested stakeholders the practical application of RE installations and provide recommendations on ensuring the sustainability of RE (through supportive measures like "green tariffs" or preferential rates for RE). Negotiations of cooperation documents with several other potential pilot regions – Kamchatka, Tomsk and Nizhniy Novgorod – were on-going throughout June 2012.

The human resources available for the implementation of the new strategy were sufficient based on one pilot region at that time. The range of activities to be covered in Kaluga region was complex and multi-faceted. It needed to be monitored closely to assess if one regional technical expert was able to manage all required activities appropriately. If more pilot regions were going to be involved, more technical experts operating in the partner regions would likely be needed. The evaluation team recommended adding to the team a dedicated IT expert who would focus on the supervision of development and fine-tuning of RE web-portal as indicated in the implementation plan. The IT expert would also assist in the development of an IT-based monitoring system. The budget allocation refers to the three key objectives only; a further breakdown of individual activities was recommended. The involvement of international experts with very distinct capacities (e.g. RE technology, legislation), as practiced by the Program's management, was a very economic approach that minimized administrative costs.

The existing M&E system covered only some of the activities as indicated in the implementation plan. It was strongly recommended to expand the set of M&E indicators to make sure that all envisaged activities were properly considered in the project monitoring system. Most indicators did not have defined targets or timeframes, which made it difficult to assess the progress or if the Program had achieved its goals; a respective revision of the indicators was recommended. In addition, many of the indicators provided purely quantitative data and did not take the actual impact of activities, although delayed in time, into account. This made it difficult for the project management to assess if the activities reached the expected outcome. Consequently, it was recommended to elaborate the M&E system and engage such tools as online surveys to gain more qualitative feedback of RREP's interventions. This, in return, would help to revise the approaches which failed to achieve the envisaged target.

In the opinion of the evaluation team, in order for RREP to effectively finalize its activities after the term of the Program (five years) a number of initiatives were yet to be implemented or launched. Those included the creation of RE demonstration sites, including the development of supporting legislation on preferential tariffs, building of stakeholder consensus and strengthening the commitment of investors and businesses to pursue RE installations, and building the capacity of the federal government to provide active assistance in terms of subsidies and expertise. Under the given circumstances, it was not likely that RE would be viable without the support of RREP, although the new strategy might initiate the necessary dynamics to implement the RE market sustainably.

Finally, the evaluation team recommended that another evaluation of RREP's performance would be undertaken in two years' term to cover the developments during a time period equal to the period analyzed in this report and make viable comparisons. This periodic evaluation would also assess the developments of the Russian RE market and the actual achievements under the revised strategy of the Program. It would also help to determine if at least some of the pre-conditions for the sustainability of RE market in Russia materialized. Depending on the results of the second evaluation it may be considered to finalize RREP and its activities or to prolong its interventions for a limited time span to achieve more prominent impact and prepare the market for a sustainable exit of the Program.

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