

A. REPORTING A.I.D. UNIT:

USAID Morocco

(Mission or AID/W Office)

(ES# 608-88-3)

B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN?

yes slipped ad hoc

Eval. Plan Submission Date: FY ___ 0 ___

C. EVALUATION TIMING 6/9/89

Interim final ex post other

D. ACTIVITY OR ACTIVITIES EVALUATED (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report)

Project #	Project/Program Title (for title & date of evaluation report)	First PROAG or equivalent (FY)	Most recent PACD (\$mo/yr)	Planned LOP Cost ('000)	Amount Obligated to Date ('000)
608-0180	Energy Planning Assistance	8/28/84	6/30/90	4000-	4000

IDENTIFICATION DATA

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

Action(s) Required

Name of officer
responsible for
Action

Date Action
to be
Completed

Develop plan for reallocation of funds outside the ISTI contract to cover excess in planned expenditures under ISTI contract.

ENR

10/88

Develop background paper to assist Mission and AID/W review and understand cost overruns.

ENR

12/88

Issue PIO/T to amend ISTI contract.

USAID

1/89

Amend ISTI contract.

AID/W

3/89

Issue implementation letter to GOM to extend PACD until June 1990 to offset initial delays, with no increase in total funding.

USAID

3/89

(Attach extra sheet if necessary)

ACTIONS

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo ___ day ___ yr ___

G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:

Signature Typed Name	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
	Mohammed Pubnichou		John Wiebier	Charles W. Johnson
	Date: 5/26/89	Date: _____	Date: 6/7/89	Date: 6/9/89

ENR: Robert Kahn 5/26/89

ENR: Stephen Klein

APPROVALS

H. EVALUATION ABSTRACT (do not exceed the space provided)

USAID financed an external evaluation of the project in the fall of 1987 to provide advice to the USAID on the next steps in achieving the project goal and purpose, or to propose some restructuring of the project to the extent that the initial project design required revision. The evaluation report covers the period from August 1984, the date of project authorization, to December 1987. The report was prepared by TvT Associates, an 8(a) firm.

In September 1985, USAID awarded a technical assistance contract to International Science and Technology, Inc. (ISTI), an 8 (a) firm, to implement project activities. So far the project has made outputs and products available to the MEM including: a functioning energy planning model (EPM); a computer capability with compatible hardware and software; technical assistance in data base and information management, industrial energy efficiency and conservation (fish canning, oil refinery, textiles, electric power, hotels, etc.), and refinery product pricing.

The evaluation report concluded that: (1) the project could not achieve the building of the institutional capacity within the MEM which was the central purpose of the project; (2) the rate of spending for the ISTI contract was well in excess of the planned contract expenditures, and some reallocation of funds from outside the ISTI contract would be needed; and (3) the energy planning model was operational with staff trained to use it and provided valuable assistance to the MEM in the preparation of the Five-Year Plan.

The report recommended that: (1) the effort to create a distinct planning unit (SPD) within the MEM to do energy planning should be abandoned; (2) the project financed computer and database systems should be made compatible with the MEM system now being installed; (3) the MEM should establish two computer centers in the two MEM buildings to link the data bases with the services; (4) AID should finance an additional six computers, extend the information specialist position, and provide short term TA on data base management and issues of critical importance to the energy sector; and (5) the MEM should physically relocate the planning function as well as the TA team to the main MEM building. Furthermore, the report recommended that the energy conservation advisor should only be extended if USAID approved the new Energy Demand Management (EDM) project, and that the project should be extended to December, 1990 to offset the initial delay in project start-up.

I. EVALUATION COSTS

1. Evaluation Team		Contract Number ^{OR} TDY Person Days	Contract Cost ^{OR} TDY Cost (US\$)	Source of Funds
Name	Affiliation			
Donald Hertzmark	TvT Associates	27	\$45,000	Project
Eloise Brooks	TvT Associates	27		

2. Mission/Office Professional Staff Person-Days (estimate) 10

3. Borrower/Grantee Professional Staff Person-Days (estimate) 4

2

A.I.D. EVALUATION SUMMARY - PART II

J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided) Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: USAID Morocco

Date this summary prepared: 5/4/89

Title and Date of Full Evaluation Report: Energy Planning Assistance Evaluation Team Report, 12/88

USAID financed an external evaluation of the project in the fall of 1987 to provide advice to the USAID on the next steps in achieving the project goal and purpose, or to propose some restructuring of the project to the extent that the initial project design required revision. This evaluation report covers the period from August 1984, the date of project authorization, to December 1987. AID awarded a technical assistance contract to International Science and Technology, Inc. (ISTI), an 8 (a) firm, in September 1985 to implement project activities. The evaluation report was prepared by TVT Associates, also an 8(a) firm.

The overall purpose of the project is to help improve analysis of energy policy, conservation, and investment by the Government of Morocco. Specifically, the project will strengthen the analytical and advisory capabilities of the Ministry of Energy and Mines (MEM) Directorate of Energy (DE) through its Energy Planning and Information Service (SPD). By the end of the project, MEM should have the ability to: (1) review and evaluate specific energy investment proposals; (2) prepare critical energy studies for improved management in the energy sector; and (3) contribute significantly to inter and intra-ministerial policy dialogue.

The evaluation reviewed the project achievements in light of establishing the three capabilities listed above. So far the project has made the following outputs and products available to the MEM:

- o A functioning energy planning model (EPM).
- o A computer capability with compatible hardware and software.
- o Technical assistance in a variety of areas including data base and information management; computer use; industrial energy efficiency and conservation (fish canning, oil refinery, textiles, electric power, hotels, etc.); refinery product pricing; coal vs. fuel oil for electric power; LPG supply; household energy; and fuelwood demand and supply.
- o Training of SPD staff, including one long term and two short term, plus extensive on-the-job training in computer use.
- o Technical support for the development of a major effort in energy conservation.

In addition, the Ministry established a cadre, the SPD, to fulfill part of its Conditions Precedent in the Project Agreement.

Conclusions

The central conclusions and recommendations of the evaluation report are presented below:

- o First and foremost, the project could not achieve the building of the institutional capacity within the MEM to perform investment planning, evaluation, and policy dialogue which was the central purpose of the project.

- o The rate of spending for the ISTI contract was well in excess of the planned contract expenditures, and some reallocation of funds from outside the ISTI contract would be needed to complete the planned actions.
- o The energy planning model was operational with staff trained to use it and provided valuable assistance to the MEM in the preparation of the Five-Year Plan, though the evaluation team cautioned that SPD did not have the right mix of professional skills and that MEM did not possess the necessary data base to use the model effectively at that time.

Recommendations

- o SPD should remain intact as the umbrella unit for analysis and data, but that the planning function should be split from the documentation work (e.g., development of information, management of the MEM data base, and collection and cataloging of periodicals). Essentially, the effort to create an SPD as a MEM unit to do energy planning should be abandoned.
- o The documentation effort should organize data from the MEM services and the parastatals to assure that the data collected was useful to the users and available when needed. The computer and database systems should be made compatible with the MEM system now being installed.
- o The MEM should establish two computer centers in the two MEM buildings to link the data bases with the services which will use the information. The team recommended against putting in place the extensive information network envisioned in the Project Paper, but did recommend that USAID utilize the funds reserved for this purpose to finance an additional six computers to implement its recommendations, the extension of the information specialist position, and detailed short term TA on data base management.
- o The MEM should physically relocate the planning function as well as the TA team to the main MEM building to encourage much more easy access to decision makers.
- o Regarding the TA contractor, the Chief of Party should play a much stronger role in the definition of key issues and in liaison with the MEM staff, and the recruitment process for a new Chief of Party should begin as soon as possible to avoid the situation in which the project could quickly revert to its pre-1986 status. The energy conservation advisor should only be extended if USAID approved the new Energy Demand Management (EDM) project because the team was concerned with the lack of counterparts to take full advantage of the value of the advisor's work. The resident team should include an information systems specialist.
- o The project should address a set of critical issues for which short-term TA could prove valuable to the MEM. The areas of particular interest were: optimization of power sector investments; petroleum and energy product pricing studies; efficient provision of LPG to the countryside; regulatory issues in energy supply, transport, and retailing, and macroeconomic impacts of energy sector investments and pricing decisions.

- o The project should be extended to December, 1990 to offset the initial delay in project start-up, to permit time to implement the evaluation recommendations, and to recruit a new Chief of Party.

Actions Subsequent to Evaluation Report

USAID Response

USAID decided not to take any position on the evaluation report recommendations because it was decided to have the MEM put forward its own views rather than respond to an established USAID position. Accordingly, the USAID forwarded the report to the MEM with a request for comment per a January 19, 1988 letter to the Minister of MEM. That letter specifically asked the MEM to detail particular energy issues that the project could help the MEM address, based on the successful examples for the refinery pricing and energy efficiency work. The decision was also made not to give the MEM any guidance as to what kind of response would be acceptable to USAID.

During the period between forwarding that letter and the present, several actions have been taken concerning personnel, discussions with the MEM on responses and decisions they have made, implementation of project actions in 1988, and development of a work plan for the remaining time left in the project. The key elements are set forth below:

Chief of Party. While the USAID awaited a definitive MEM position on the substantive issues in the evaluation report, no long term decision was taken on the tour of the Chief of Party. The USAID agreed to three interim extensions of the Chief of Party's contract: (i) a December 18, 1987 letter extending the tour through the end of April; (ii) a 27 May 1988 letter extending the tour through September 1, 1988; and a 26 August 1988 letter extending the tour for another month through October 1, 1988, when the incumbent finally left Morocco.

ISTI only started recruiting activity for a new Chief of Party in September, 1988 after the firm had received the USAID's August letter. That letter instructed ISTI to begin recruitment for a period through the project PACD, and possibly for a further extension through June 30, 1990. ISTI presented three candidates to the USAID and MEM, but concurrent with their consideration, USAID determined that the project currently does not contain sufficient funds for both short term TA and an additional 18 months of a Chief of Party as well as the other long term specialists.

Energy Conservation Specialist and Information Specialist. USAID approved the Energy Conservation Advisor's contract extension through June 30, 1989. The USAID also extended the long term contract for the information specialist through the life of the ISTI contract. These services will help the MEM with the transition period of putting in place the data base and information systems recommended by the evaluation report, which have now been accepted by the MEM.

(Continued)

K. ATTACHMENTS (List attachments submitted with this Evaluation Summary; ~~do not~~ attach copy of full evaluation report, even if one was submitted earlier)

USAID Morocco Energy Planning Assistance Project Evaluation Team Report. Donald Hertzmark and Eloise Brooks. December 1987. TVT Associates. Washington, D.C.

L. COMMENTS BY MISSION, AID/W OFFICE AND BORROWER/GRANTEE

The absence of agreement on the project focus precluded the preparation of a formal work plan for 1988. However, the ISTI team did continue, consistent with informal agreement with USAID staff, on priority actions that were already on-going or had high priority. The major actions included response to the evaluation report which recommended significant changes in the projects operation affecting the ISTI contract; follow-up of the work for the refinery pricing study; continuation of the energy conservation advisor's action plan; and preparation of the work plan through the completion of the contract.

The uncertainty surrounding the tour of the Chief of Party and the lack of any definitive response from the MEM on its priorities (for whatever reasons) severely hampered the outputs of the ISTI contract. With three separate short term extensions, none of which exceeded four months, and without the long term basic agreement between the MEM and USAID on future priorities, the time horizon for the Chief of Party was necessarily short. His attention was concentrated on making certain that contract operations continued smoothly (e.g. myriad contract and financial details, reporting requirements), and that necessary support was provided for the effective use of short term TA, primarily for refinery pricing analysis, energy tax reform, and definition of future work to be carried out in conjunction with the World Bank.

The ISTI team advisor associated with the data base, computer network, and documentation made productive progress in putting improved systems in place, much of which helped the MEM to its important decisions on the change in the internal structure of the Energy Directorate which has recently been decided. The energy conservation advisor's continued and intensified program has produced valuable results, and his work is serving as the start of implementation of the EDM project prior to arrival of the long term contractor's team.

ISTI's Semi-annual Progress Report (January - August 1988), prepared by the Chief of Party prior to his departure, documented the project achievements, and set forth issues of immediate attention of the MEM-USAID project overview committee.

USAID authorized a \$5 million, five year Energy Demand Management Project in July 1988. The EDM project is a direct follow-up on the successful energy conservation work accomplished under the Energy Planning Assistance project.

In December, 1988, AID issued an implementation letter approving the contract of services between the Ministry of Energy and the Société Nationale de Produits Pétroliers (SNPP) to implement the Household Energy Study, for which funds had been previously reserved under the project.

J. Summary of Evaluation findings (cont.)

MEM Response

The external evaluation report and the USAID January, 1988 letter created several internal questions for the MEM because they thought that the Energy Planning project was beginning to respond to important inputs such as the refinery pricing study. To respond to USAID, the MEM elevated responsibility to the Secretary General, presumably because many of the external team recommendations required administrative action.

The first formal MEM response came in a May 2, 1988 four page letter. This letter reiterated the MEM's priorities as set forth in the Project Agreement, and listed ten subject areas which the MEM thought were important to them. Unfortunately, the MEM response did not contain the specificity (tasks, consultant requirements, and associated cost estimates) sought by USAID, and we requested MEM and the ISTI team to be more specific as to the work which should be undertaken. The MEM letter also indicated the importance of continuity for the ISTI team, an indirect reference to keeping the Chief of Party in place for an extended period of time.

The second formal MEM response was per August 8 letter laying out again its plans for the future, and committing itself to some significant actions to make these decisions operational. The major points were:

- o The SPD team approach would be restructured, as part of a Direction de l'Energie effort to accommodate the new directions identified by the project.
- o The MEM would create additional posts and hire new people.
- o The TA team would be moved back into the Ministry headquarters building to be closer to the Ministry personnel whom the team advised.
- o A Plan of Action oriented around two lines: Documentation and Information; and Studies, Planning and Strategies. This MEM product represented a very solid piece of work and the point of departure for USAID discussions with ISTI and MEM staff of the contract work plan.
- o The MEM requested a project extension to September, 1991 to achieve the objectives described.