Mid-term Evaluation (MTE)

Transforming the financial system to support the development of sustainable energy solutions through technical assistance and investment

Short title: "A Financial Innovative System for Sustainable Energy (FIER)".

Country:	Madagascar
Region:	Africa
Implementing Agencies:	United Nations Development Programme (UNDP) United Nations Industrial Development Organization (UNIDO) United Nations Capital Development Fund (UNCDF)
Implementing Partner/Executing Agency:	Ministry of Economy and Finance Ministry of Energy and Hydrocarbons
Project Timeframe:	January 2021 – July 2024
Timeframe of MTE	January – March 2025
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April 2025

ACKNOWLEDGEMENTS

The evaluators would like to express their deep gratitude for the time and effort given by all project participants and stakeholders during the evaluation interviews. This provided valuable insights, candid perspectives and, most importantly, informed the evaluation findings. The evaluators appreciate the guidance, feedback and support provided by the United Nations Resident Coordination Office (RCO) Madagascar, United Nations Development Programme (UNDP) Madagascar Country Office, United Nations Industrial Development Organization (UNIDO) Madagascar Country Office, United Nations Capital Development Fund (UNCDF) team, particularly **Ms. Astrid Marschatz** and **Ms. Nanou Fiankinana (RCO)**; **Mr. Edwards Christow, Mr. Jean-Francois Dubuisson, Mr. Zo Havana Ihaganajaina Rakotoarivelo, Mr. Daniel Gbetnkom** and **Mr. Narcisse Chimi (UNDP); Mr. Vincent Wierda, Ms. Dina Heriniaina** and **Mr. Teddy Zafindrabotovao (UNCDF**); and **Mr. Vola Rakotondrazafy, Mr. Jean Luc Randriamampianina**, and **Mr. Sunyoung Suh** (UNIDO). Special thanks go to **Heewoong Kim**, **Maria Berenguer**, and **Jamaa Maalim** of the Joint Sustainable Development Goal Fund (JSDGF) for their support in reviewing and providing feedback to the evaluation inception report and the midterm evaluation (MTE) report. The evaluators are grateful to the Project Management Unit in particular **Mr. Evrard Karol Ekouedjen and Ms. Malala Nirina Rabearivony** for the support provided for the successful completion of the evaluation. The evaluators' special thanks also go to the project stakeholders from the Government of Madagascar, project beneficiaries (private sector companies and enterprises participating in the incubation programme) and other entities interviewed in Madagascar as part of the evaluation, for their frank responses during the interviews. It is hoped that this report will inform the implementation of the second half of the project.

DISCLAIMER

This report has been prepared by independent evaluators and is a product of the Independent Evaluation Office of UNDP. The findings and conclusions expressed herein do not necessarily reflect the views of UNDP Country Office or the UNDP Senior Management.

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ACRONYMS AND ABBREVIATIONS

ADER	Rural Electrification Development Agency (Agence de Développement de l'Electrification Rurale)
AGM	Accountability and Grievance Mechanism
AfDB	African Development Bank
RCO/BCR	Bureau de la Coordination Résidente (Resident Coordinator's Office)
CBD	Convention on Biological Diversity
CNRIT	National Center of Research for Industry and Technology
CSOs	Civil Society Organizations
DF	Derisking Facility
DIM	Direct Implementation Modality
EDBM	Economic and Development Board of Madagascar
EMP	Evaluation à Mi-Parcours (Mid-Term Review)
FNED	National Fund for Sustainable Energy Development (Fonds National de l'Energie Durable)
FIER	A Financial Innovative System for Sustainable Energy (Financement Intégré pour les Energies Durables)
FS, FSM, WSF	Sovereign Fund (Fonds Souverain, Fonds Souverain Malagasy, Wealth Sovereign Fund)
GCF	Green Climate Fund
GFEM	Group of Women Entrepreneurs of Madagascar (Groupement des Femmes Entrepreneures de Madagascar)
GEWE	Gender Equality and Women Empowerment
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German development agency)
GoM	Government of Madagascar
SEI	Sustainable Energy Incubator (Incubateur d'Energie Durable)
IRENA	International Renewable Energy Agency
ITC-ILO	International Trade Centre - International Labour Organization (Inferred)
JSDGF	Joint SDG Fund
LNOB	Leave No One Behind
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance
MEH	Ministry of Energy and Hydrocarbons
MICA	Ministry of Industry, Trade and Handicraft
MEDD	Ministry of Environment and Sustainable Development
MTE, MTR	Mid-Term Evaluation, Mid-Term Review
NBSAP	National Biodiversity Strategy and Action Plans
NDCs	Nationally Determined Contributions
ORE	Electricity Regulatory Office (Office de Régulation de l'Electricité)
PBP	Performance-Based Payments
PMU	Project Management Unit
PMP	Professional Project Management
ProDoc	Project Document

RC	Resident Coordinator
SDG	Sustainable Development Goal
SEI	Sustainable Energy Incubator (Incubateur d'Energie Durable)
SMEs	Small and Medium-sized Enterprises
SOPs	Standard Operating Procedures
ToC	Theory of Change
ToR	Terms of Reference
UNCDF	United Nations Capital Development Fund
UNIDO	United Nations Industrial Development Organization
UNDP	United Nations Development Programme
UNSDCF	United Nations Sustainable Development Cooperation Framework
UNFCCC	United Nations Framework Convention on Climate Change
WSF	Wealth Sovereign Fund (another translation for FS/FSM)

EXECUTIVE SUMMARY

Project description

The "Financial Innovative System for Sustainable Energy" project is jointly funded by the Joint SDG Fund, and three UN agencies - UNDP (United Nations Development Programme), UNIDO (United Nations Industrial Development Organization) and UNCDF (United Nations Capital Development Fund). The project is implemented in collaboration with the Ministry of Economy and Finance and Ministry of Energy and Hydrocarbons of Madagascar. The total cost of the project is USD $8,983,345 and the project has its end and start date as April 2022 and March 2026, respectively. The project is composed of two outcomes:

- Outcome 1: Madagascar has an integrated financial system that meets the needs of the public and private sectors and guarantees the availability of stable financial resources for financing the sustainable energy sector; and
- Outcome 2: The sustainable energy sector benefits from the advanced technical assistance required for its development. Innovative start-ups, especially by women and young people, are empowered and financially supported through incubation to enable their development.

The objective of the midterm evaluation (MTE) was to assess the achievement of the program this far relative to the expected results and draw lessons learned that could guide improvement of the next phase of implementation and improve on the sustainability of project results.

Data collection for this assignment was carried out using a mixed methods approach, consisting of a review of secondary literature to generate both qualitative and quantitative data, and primary data collection through in-person and virtual interviews and consultations. The data was synthesized and reported.

Summary of findings, conclusions and lessons learned

Project design/formulation

The FIER project was adequately designed and has a results framework with specific, measurable, achievable, relevant and time-bound indicators and targets. During its design phase, the project conducted a gender analysis and laid emphasis on the need to address existing gender inequalities in Madagascar. The project was designed to support women-led businesses through the provision of technical assistance and financing, aiming to empower women across Madagascar. Gender considerations were included in the results framework of the project to the extent possible through the disaggregation of indicators' targets by gender.

Relevance and country ownership

Although the FIER project is yet to achieve concrete results through the financing of sub-projects under its derisking facility, the project has potentials for contributing towards the six transitions of the Sustainable Development Goals (SDGs) – (1) food systems; (2) energy access and affordability; (3) digital connectivity; (4) education; (5) jobs and social protection; and (6) climate change, biodiversity loss and pollution. The project strongly aligns with the UN Sustainable Development Cooperation Framework in Madagascar for 2024–2028, specifically to the following priorities: Governance (Priority 1); Human Capital Development (Priority 2); Job Creation (Priority 3); and Environmental Sustainability (Priority 4). The project's objectives and interventions equally aligns with national priorities and policies on renewable and sustainable energy, notably Madagascar's Energy Policy Letter (2015-2030) and New Energy Policy, the National Energy Pact, Madagascar's Second Nationally Determined Contributions (NDCs), the National Sustainable Energy Fund Law 2017-021, the National strategy for the development of clean cooking in

Madagascar, National Biodiversity Strategy and Action Plans (NBSAP) 2015 to 2025 for Madagascar and Madagascar's formal intention to ratify the IRENA treaty. Country ownership of the project is demonstrated through the participation of national public and private entities in the project design, planning and implementation.

Progress towards results

Progress towards achievement of outcomes

While the FIER project has witnessed delayed implementation, some level of progress has been realised across the project components. As part of Outcome 2, the Sustainable Energy Incubator (SEI) was launched and operationalized through the recruitment and incubation of 15 small and medium enterprises (SMEs) and Startups constituting the first of three cohorts. For Outcome 1, the project had supported the Government of Madagascar in the establishment of the Sovereign Fund. Specifically, the project supported the establishment of the steering committee to monitor the activities of the Fund, contracted a specialized firm that recruited the Fund's secretariat staff, and supported the elaboration of the standard operating procedures for the Fund. At the time of the MTE, the Government of Madagascar had however not acted on the results of the recruitment process. Concerning the derisking facility, seven companies/projects have been selected by UNDP and UNCDF to benefit from performance-based grants, loans and guarantees. However, at the time of the MTE, no financing agreement had been established between the project and the selected companies and consequently, no disbursement of financing from the derisking facility had materialized.

Replicability of FIER

Although the FIER project had not leveraged co-financing at the time when the MTE was conducted, the evaluation generated views that the project has potentials for replication in other countries. The derisking facility alongside its financial instruments (grants, concessional loans and guarantees) constitute a key aspect of the project that can be transferred to other countries to achieve private sector engagement and investment in the energy space. The replication of the project in other countries will require that adaptations are made to fit local circumstances.

Co-financing materialization

The USD 8.7 million was envisaged to mobilise an additional USD 80 million from public and private sources. At the time of the MTE, the project had achieved 0% materialization of the expected co-financing amount. The MTE generated evidence that efforts were underway by the project to establish alliances with international financial institutions, public and private entities to secure additional financial resources.

Impact of FIER on the development of local communities and local population

While it was challenging for the MTE to assess the impact of the project on communities and local population due to the non-commencement of the sub-projects to be financed under the derisking facility, the evaluation identified potential areas of impacts of the FIER project on local communities and population, including: enhanced access to energy; economic development and job creation; and social and community empowerment.

Management effectiveness

Management arrangements

Roles are clearly defined for the three United Nations agencies (United Nations Capital Development Fund - UNCDF, United Nations Development Programme - UNDP and United Nations Industrial Development Organization - UNIDO) involved in the implementation of the project. UNDP serves as the lead of the Participating United Nations Offices (PUNOs) and therefore, equally assumes the coordination role and hosts the project management unit (PMU). While the coordination role of UNDP was not very visible to the other PUNOs, the coordination role of UNDP improved with the advent of the new project team. The Resident Coordinator's Office (RCO) acted as a neutral relay between the PUNOs and the donor. The RCO has equally been playing an important role in the monitoring and reporting of the project's progress to the JSDGF Secretariat.

Reports and communications

The reports produced by the project aligns with the requirements of the donor – the JSDGF. The project team used the templates provided by the donor and reporting happened in a timely manner. Communication between the project and external stakeholders was weak as little or no information relating to project's progress was being communicated to the external stakeholders but for members of the steering committee who received updates on the project occasionally – once a year during the project steering committee meetings.

Risk management and sustainability

The project document identified key risks classified under the following categories: contextual, institutional, fiduciary and reputational risks. Financial sustainability of the project is envisaged to be ensured through the operationalization of the National Fund for Sustainable Energy (FNED) which is hoped to adopt and use the financial instruments deployed under the FIER project. FNED resources will emanate from the government and other international climate financiers. FNED will therefore require support in the mobilization of financing lest it will be challenging for the institution to deploy the financial instruments in the absence of financial resources. An institutional risk to sustainability identified by the project relates to the difficulty which the companies to be financed under the derisking facility could face in accessing tax deductions on imported equipment destined for rural electrification. The procedures for accessing the tex deductions on imported energy equipment was changed in 2024, rendering the process more complex and cumbersome.

Lessons Learned

The successful establishment and operationalization of a national fund is highly hinged on national government support. The project provided substantial support for the establishment of the Madagascar National Sovereign Fund. It facilitated the recruitment process for the Fund's Secretariat staff and engaged a firm to develop its standard operating procedures. However, the Fund has not yet become operational due to delays on the part of the Government, which has yet to act on the recruitment outcomes supported by the FIER project.

While an incubation programme is important for enhancing the success rate of starts-ups and SMEs, incubation needs of SMEs already in business could differ from those of starts-ups. Selected participants of the SEI programme received training aimed at enhancing the viability of their businesses or business ideas. However, for SMEs already in operation, the primary interest lies in mobilizing additional resources to scale up their activities. As such, the first phase of the incubation programme was not fully aligned with their needs. In contrast, start-ups found the support provided during this phase to be well-suited to their stage of development and needs.

Participation of Government stakeholders in the steering committee of a project is important but insufficient to ensure the smooth flow of project related information and updates from the project to the administration. Although government stakeholders on the project's steering committee acknowledged that the meetings served as a platform for sharing project updates, they did not ensure the timely or consistent provision of updates to the Government of Madagascar.

Dedicated and targeted efforts for publicizing a financing or mentorship opportunity is key to attracting applicants. During the call for applications for the first cohort of the SEI, the project conducted sensitization campaigns through both social media and in-person sessions. It partnered with universities to raise awareness among students about the opportunity offered by the SEI, strategically targeting youth participation in the application process. Similarly, during the call for proposals under the de-risking facility, the project held sensitization meetings with private sector stakeholders across various provinces. These efforts successfully generated interest, leading to applications for financing from several private sector entities.

Recommendations

NO.	FINDINGS/CHALLENGE	RECOMMENDATIONS
Sovereign Fund		
1	The government is delaying the operationalization of the Sovereign Fund	UNDP and/or RCO should commit to lobbying the Presidency to expedite the process. **Responsibility**: UNDP and RCO **Timeline**: Before the end of the second quarter of 2025
Derisking Facility		
2	Delays due to internal restructuring within UNCDF	The internal restructuring of UNCDF has been completed. Therefore, UNCDF should collaborate with UNDP to advance the deployment of the derisking facility promptly. Additionally, both agencies should explore opportunities to synchronize their prioritized projects. **Responsibility**: UNCDF and UNDP **Timeline**: Before the end of the second quarter of 2025
3	UNDP has a strict Performance-Based Payments (PBP) policy	Given the constraints of PBP grant disbursements, it is essential to ensure that the loans provided can be disbursed more rapidly to achieve a more tangible operational impact. For companies seeking both loans and grants, it should be clearly communicated that they will have access to the loan component of the project before receiving UNDP's PBP grants. **Responsibility**: UNDP **Timeline**: Before the end of the second quarter of 2025
4	The National Sustainable Energy Fund is intended to ensure the sustainability of the financial instruments proposed under the project	UNDP should consider providing technical assistance to FNED to identify and develop advocacy documents that aid in mobilizing international financial resources (grants, climate financing, partnerships with investment funds) to consolidate the viability of the financial instruments. This includes facilitating connections with other entities—for example, the African Development Bank for accessing loans from the Climate Investment Fund. **Responsibility**: UNDP **Timeline**: Ongoing

5	The repayment of loans or guarantees will extend beyond the project duration, necessitating clarity on the use of repaid funds	According to the ProDoc, the derisking facility was designed to function as a revolving system, meaning that repaid loans will be reinvested into the system to reach more entities. Two scenarios are proposed for the way forward: • **Scenario 1** – UNCDF continues to use the resources as a revolving fund in Madagascar to promote investment in the energy sector. • **Scenario 2** – UNCDF reinvests the repaid loans and, once FNED is well established, the funds could be transferred to FNED to ensure continuity. This approach ensures that FNED continues to utilize the proposed financial instruments, thereby guaranteeing sustainability. It is crucial for UNDP, UNCDF, and the Government of Madagascar to discuss these options and decide which one to include in the development of the FIER project's exit strategy. **Responsibility**: UNCDF, UNDP, and Government of Madagascar (Ministry of Finance, Ministry of Energy, ADER, …) **Timeline**: Before the end of the second quarter of 2025
Incubation		
6	Varied levels of support among incubators (start-ups and existing SMEs requiring funding for expansion)	For future cohorts, UNIDO and SEI should consider providing customized support to incubator participants based on their needs, informed by a needs assessment. While the second phase of incubation is dedicated to more personalized support, SMEs could begin receiving tailored support from the start of the incubation period if both the SME and SEI determine that the initial phase does not add value. **Responsibility**: UNIDO and SEI **Timeline**: Ongoing
7	Participants noted the absence of a clear plan for the six-month incubation period	Whenever possible, SEI should provide participants with a detailed plan at the beginning of the incubation rather than on an ad hoc basis. This will allow participants to schedule their activities accordingly. **Responsibility**: UNIDO and SEI **Timeline**: Ongoing

1. INTRODUCTION

1.1. Objective of the Mid-term Evaluation

The midterm evaluation serves as part of the Monitoring and Evaluation process of the project. The main objective of this midterm evaluation is to assess the achievement of the program this far relative to the expected results and draw lessons learned that could guide improvement of the next phase of implementation and improve on the sustainability of project results.

Specifically, the MTE aims to:

- Assess the project's performance and achievements in relation to the program's overall objectives and results framework of the project.
- Identify difficulties encountered during implementation.
- Draw lessons from the implementation of program activities and the results obtained to date.
- Assess the impact of FIER on the problem of lack of private and public investment in key infrastructure needs, and on the development of sustainable energy solutions for the population (including young people and women), SMEs and productive uses, particularly in rural areas; and
- Develop specific, actionable recommendations for key stakeholder groups, based on the results of the assessment and the current working environment, to ensure relevance and sustainability of action.

1.2. Scope and Methodology

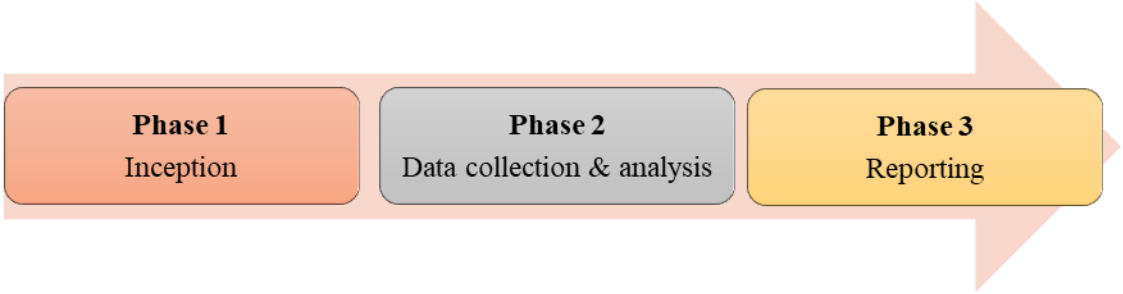
1.2.1. Scope of the Mid-term Evaluation

This midterm evaluation (MTE) assessed the performance indicators, including project design, relevance and national ownership; results achieved and recommendation; management arrangements and reporting and communications; risk analyst and suggestions; and financial sustainability/instruments and partnership mobilization, coherence, effectiveness, efficiency and impact of the FIER project. The assessment will also address relevant cross-cutting issues such as risks, social and environmental safeguards and gender. The evaluation covered the activities implemented for the period from April 2022 to December 2024.

1.2.2. Methodology of the MTE

Overall, a three-phased approach was employed during the midterm evaluation as shown in Figure 1.

Figure 1: **Phases of the FIER MTE**



Inception phase

The objective of this phase was to enable the project stakeholders and the consultants to have a common understanding of the objectives and scope of the assignment.

A virtual kick-off meeting and evaluation inception workshop:

A virtual kick-off meeting was held on 23 January 2025, between the international consultant and the project team (UNDP, UNIDO and UNCDF), in order to exchange ideas and relevant documentation, and to reach an agreement on the initial timeline. Following the submission of the inception report, a virtual mid-term evaluation inception workshop was held on February 3, 2025 during which the international evaluator presented to the Evaluation Reference Group, the approach and methodology for realizing the assignment.

Data collection and analysis phase

a. Secondary data collection

Desk review and research:

The evaluation team reviewed secondary documentation thoroughly to assess the level of achievement of the project since its inception till the time when the MTE was being conducted. Sources of the secondary data included project documentation such as the Project Document (ProDoC), quarterly narrative and financial reports, annual project progress reports, Project Steering Committee (PSC) meeting proceedings, and other deliverables of the project. Outside the project-related documents, other national strategic documents and policies relating to sustainable energy and climate change were reviewed – see Annex D for the list of documents consulted as part of this MTE.

b. Primary data collection

The evaluation team collected primary data using interview guides. In-country data collection happened in Madagascar, where data was collected through stakeholder consultations that took place in Antananarivo. In addition to the project staff in Madagascar, the Joint Sustainable Development Goal Fund (JSDGF) team was equally consulted virtually. Information on the stakeholders consulted as part of the MTE is presented in Annex B.

Data analysis: the notes taken during interviews were recorded into a pre-developed data matrix, rendering it possible to compare the feedback provided by different stakeholders on each question. The text data was analysed using python to identify common issues or themes cited by different respondents. To ensure reliability and accuracy of the data, triangulation was conducted by comparing primary data collected with secondary data emerging from document review.

Reporting

Following the completion of the data collection, the evaluators proceeded with the presentation of the preliminary findings to the evaluation reference group and the drafting of the inception report. Feedback received from the presentation of initial findings and those received through the review of the report were addressed and thereafter, the final version of the evaluation report alongside the audit trail was submitted to the client.

1.3. Ethics

The evaluator adheres strictly to the ethical and professional requirements of the United Nations Evaluation Group (UNEG), agrees to respect its Code of Conduct and strictly follow the highest standards in conducting the evaluation mission. These standards include:

- Ensuring sources all necessary confidentiality and anonymity
- Giving equal respect to interviewed stakeholders.
- Respect the freedom of speech of interviewees.
- Respect the diversity of stakeholders and reflect it in an inclusive sampling, with special attention towards women and vulnerable parties.
- Use appropriate protocols to adequately reach women and the most disadvantaged groups.
- Make it clear, at the outset, to all interlocutors that the Evaluator is neither a UNDP staff member nor a member of any other stakeholder, but an external and independent professional seeking feedback on the Programme and its implementation, and that information shared is done so anonymously.

1.4. Challenges, Strength and Limitations of the Evaluation

Challenge

Like most project midterm evaluations, this MTE was not conducted without challenges. During data collection, a few stakeholders who had been scheduled for interviews became unavailable to participate in interviews for primary data collection. Another challenge is related to communication and internet connectivity. As some of the stakeholders solicited virtual interviews, these interview sessions were sometimes disrupted due to poor internet connectivity and/or power outage. To mitigate this, the evaluators resorted to conducting the virtual interviews through regular calls and WhatsApp which requires lower internet band width.

Strength and limitation of the evaluation methodology

The limitations of the methodology are those of evaluations based on qualitative and quantitative tools. Secondary and primary sources, whether qualitative or quantitative in nature, pose their own problems. The former, especially in the case of the progress reports from which most statistical information is derived, refer to authors who are not independent, in this case the internal staff involved in the implementation of the project, and who may therefore develop biases unconsciously or intentionally. Primary sources, on the other hand, even if carefully chosen and included, remain a non-random qualitative sample and, therefore, a questionable representation of the general population. In other words, the extent to which the views of one or more actors are objective and/or meaningful of what has happened in the programme as a whole can always be questioned.

The evaluators combined field visits, interviews, group discussions and thus benefitted from the advantages of mixed methods. An additional strategy to mitigate the challenges identified is the rigor of a systematic triangulation of sources and data. In this respect, at a first level of internal confrontation, the documents are first examined from the point of view of their intrinsic coherence in order to determine their own quality and the reliability likely to result from them. Then, on the same subject, the different available documents are compared with each other to identify a second level of consistency and possible discrepancies. The primary data are in turn solicited and their indications compared with what emerges from the secondary data, to determine a third level of confidence.

1.5. Structure of the Evaluation Report

This midterm evaluation report respects the outline provided by the UNDP Guidelines for Midterm Evaluations. It is comprised firstly of the Project Basic Information including the title, PIMS ID number, timeframe for the evaluation among others. The main report is divided into four (4) main sections, namely:

- Introduction
- Project Description and Background
- Findings
- Main Findings, Conclusions, Lessons Learned and Recommendations and
- List of Annexes

2. PROJECT DESCRIPTION AND BACKGROUND

2.1. Project start and duration, including milestones

The "Financial Innovative System for Sustainable Energy" project known by its French acronym FIER, is jointly funded by the Joint SDG Fund, and three UN agencies - UNDP (United Nations Development Programme), UNIDO (United Nations Industrial Development Organization) and UNCDF (United Nations Capital Development Fund) who implement the project in collaboration with the Ministry of Economy and Finance and Ministry of Energy and Hydrocarbons of Madagascar. The project started in April 2022 and is expected to run until March 2026, over a total of 48 months. The total funding for the project stood at USD $8,983,345 at the time of inception, distributed among the co-funders as such: Joint SDG Fund – USD$7,733,345; UNDP – USD$1,000,000, UNIDO – USD$ 150,000 and UNCDF – USD$ 100,000.

The goal of the project is to support the Government of Madagascar (GoM) in creating a financial ecosystem that supports the development of sustainable energy projects by providing technical assistance and investment capital. The project will create three different initiatives namely:

1. A Sustainable Energy Incubator (SEI), an investment De-risking Facility and a Sovereign Development Fund, each of which serves a different purpose. The SEI is an innovative tool to accelerate the development of start-ups and MSMEs focusing on renewable energy projects through training and technical assistance and receive financial support in the form of small grants.
2. An investment De-risking Facility which will provide investment capital in the form of grants, loans etc to small and medium-sized projects in need of co-financing.
3. The creation of a Sovereign Development Fund for Madagascar that will invest in strategic infrastructure projects of a larger scale.

The FIER project has two main outcomes:

Outcome 1: Madagascar has an integrated financial system that meets the needs of the public and private sectors and guarantees the availability of stable financial resources for financing the sustainable energy sector. This will increase investment in sustainable energy and unlock structuring investment in large- and medium-scale energy projects, and contribute to the country's energy production and access (households, including women and young people, particularly in rural areas and in productive uses).

Outcome 2: The sustainable energy sector benefits from the advanced technical assistance required for its development. Innovative start-ups, especially by women and young people, are empowered and financially supported through incubation to enable their development. The capacities of policy-makers and stakeholders are strengthened to ensure policy and regulatory framework coherence and effective implementation.

The specific results of the project are as follows:

Outcome 1.1: A risk mitigation facility is set up and operational, offering diversified financial services tailored to the needs of investors and project developers. The latter have access to attractive financial products and their investment is guaranteed and financially supported to enable project financing on the ground and increase access for the population (including women and young people) to sustainable and affordable energy services and productive uses.

Outcome 1.2: A sovereign wealth fund with sufficient human and financial resources is created and structured with a clear scope of action, its financing mechanisms and sources are defined, and the first cohort of projects to be financed is identified.

Outcome 2.1: The Sustainable Energy Incubator is created to support innovative start-ups and MSMEs, with a focus on renewable energy projects led by women and young people, who receive training and technical assistance and financial support in the form of small grants. This will increase the supply and use of renewable energies.

Outcome 2.2: The capacities of stakeholders and policy-makers in policy formulation and implementation are strengthened, an analysis of the coherence of the energy regulatory and policy framework is carried out, and an effective mechanism for monitoring and supporting emerging high-impact projects and targeted.

2.2. Development context: environmental, socio-economic, institutional, and policy factors relevant to the project objectives and scope

2.2.1. Environment, and Socio-Economic context

Madagascar presents a paradoxical situation: a country rich in natural resources — including minerals, oil, gas, renewable energy potential, and 25 million hectares of arable land—yet struggling with persistent poverty, with approximately 80% of the population living below the poverty line. The country lacks key development infrastructure, notably access to energy, water, and roads. This paradox highlights the critical need for financial resources to increase investments across numerous sectors.

Madagascar's energy situation can be described as an "energy famine". The country ranks among the 20 nations with the lowest access to clean fuels and technologies (only 1% of the population) and is among the 20 countries with the lowest electricity access rates (only 26% of the population has access to electricity). Biomass (wood, charcoal) constitutes the primary energy consumption (80%), while electricity—mainly derived from polluting production sources—represents just 3% of total energy consumption. Access to the electrical grid is severely limited at 16.5% nationwide, dropping to just 6.2% in rural areas. According to the Energy Policy Letter (LPE 2015-2030), the goal of providing 70% of the population with access to electricity or modern lighting would require electricity production of 7,900 GWh by 2030, compared to the current 1,500 GWh. As of 2020, approximately 670 MW of electrical capacity is available in the country (450 MW from diesel/heavy fuel, 120 MW from hydropower, and 20 MW from solar).

These energy challenges constitute a major obstacle to economic and social development, increase pressure on deforestation (70% of Madagascar's forest cover has already disappeared), and negatively impact public health, primarily through inefficient cooking energy that generates indoor pollution. Although energy demand has increased over the past decade (+62% for domestic needs, +30% for SMEs and industrial operators), Madagascar's incredible renewable resources remain largely untapped. Only 2% of the available national hydroelectric potential is exploited, despite Madagascar having the best photovoltaic and wind potential in the Indian Ocean, along with innovative potential not yet fully studied, such as hydrokinetic, tidal, and geothermal energy. Nevertheless, investors in the strategic sustainable energy sector are showing growing interest in this dynamic, high-impact but undercapitalized market.

2.2.2. Institutions and policy factors

The need for biodiversity conservation and a shift to sustainable management practices cannot be overemphasized in the context of Madagascar. While Madagascar has been involved in many initiatives aimed at sustainable biodiversity management and conservation, such as the Convention on Biological Diversity (CBD) ratified in 1995, there is the need for more efforts in terms of creating an enabling environment through institutional infrastructure, capacity and adequate policies. One of the initiatives taken by the GoM is the National Biodiversity Strategy and Action Plan (NBSAP 2015-2025), with its five strategic goals of:

1. Awareness on the value of biodiversity, the causes of biodiversity loss and the consequences of its ecologically, economically and culturally destruction, particularly related to awareness, communication and education of policymakers and planners of the national economy, youth and the general public. This will be accompanied by the sharing of knowledge and basic science on biodiversity to guide the decision making and to stimulate investment in biodiversity conservation;
2. The minimization of direct pressures on biodiversity by addressing the main causes and the development of various strategies. Sustainable use is to be encouraged through good governance, rational management and a reduction in the loss or degradation of habitats and ecosystems;
3. The need for improvement and enhancement of the biodiversity status by safeguarding ecosystems, species and genetic diversity like the creation and management of terrestrial protected areas by at least 10% of the area of its ecosystems and 70% of coastal and marine areas;
4. Strengthening the benefits of biodiversity for all and services provided by ecosystems under sustainable management of biodiversity. Activities such as the restoration of at least 15% of degraded areas, the fight against desertification and the implementation of the Nagoya Protocol to the fair and equitable sharing of benefits arising from the utilization of genetic resources are also among the major proposed activities; and
5. Strengthening the implementation of an effective NBSAP using the participatory planning of knowledge management and capacity building and also setting up a system to protect traditional practices and knowledge of local communities.

The existing legal and institutional framework in the country needs to be improved and reinforced, as a requirement for sustainable biodiversity management. Biodiversity issues need to be embedded into national planning and policy to integrate actions that need to be taken to fight forest degradation and loss while promoting a resilient economy. Institutions must be equipped to have the capacity to tackle issues on sustainable biodiversity conservation and take the necessary actions. In this light, initiatives like the NBSAP have capacity building or strengthening, improved access to innovative mechanisms of financing biodiversity and ways of managing the underlying causes and drivers of biodiversity loss.

2.3. Problems that the project sought to address: threats and barriers targeted

The FIER project directly addresses the critical issue of limited energy access in Madagascar, a major impediment to sustainable development. A significant portion of the Malagasy population lacks access to reliable and affordable energy, hindering economic growth and exacerbating poverty. Inadequate infrastructure, particularly concerning energy provision, is a key constraint. While a large majority of the population relies on unsustainable biomass sources for energy needs, electricity access is severely limited. Particularly in rural areas, only a small percentage of the population has grid connection. This energy deficit negatively impacts health, contributes to deforestation, and limits economic opportunities, especially for SMEs.

The existing financial landscape presents additional challenges. There is a scarcity of commercial banks and microfinance institutions offering financing terms suitable for medium- to long-term investments in the energy sector. Credit terms are typically short-term, asset-based, and come with high interest rates, further compounded by expensive guarantees for political and non-payment risks. These factors deter investment and hinder the development of a robust and sustainable energy sector.

The FIER project aims to overcome these obstacles by improving energy access and stimulating investment. This will be achieved by supporting the growth of small and medium-sized enterprises (SMEs) in sustainable energy through capacity building, training, and other support mechanisms. The project's

multifaceted approach addresses the need for diversified investment capital and risk mitigation strategies to unlock the potential of sustainable energy projects in Madagascar.

2.4. Project area and key sites

The FIER project will focus more on rural areas where access to energy is a major problem compared to the urban areas. In 2018, data indicated that access in rural areas stood at 6.5% while urban areas were at 50%[1]. This limited access affects daily livelihood activities such as cooking and lighting in the rural areas, and so a project with the objective like the FIER project will be very beneficial to the rural communities.

2.5. Immediate and development objectives of the project

The FIER project is expected to bring development to Madagascar both in the immediate and long term. It will support the development of small and medium size enterprises aimed at taking up projects on energy investments, while solving the problem of access to energy through the provision of renewable energy to the rural areas and widely to the Malagasy population. Investments from both public and private sectors will open avenues for the financing of more sustainable energy sources, thereby increasing both production of energy and access to energy to households including vulnerable groups such as women and youth in rural areas. The de-risking facility created under this project is expected to provide financing for projects in the form of guarantees, performance-based payment grants or concessional loans for companies taking up projects in the renewable energy sector. This will go long way in improving the situation of the local population in the target areas even beyond the life of the project.

2.6. Total resources for the FIER project

The FIER project has a total budget of USD 8.7 million, disaggregated as follows: USD 7.5 million from the JSDGF, USD 1 million from UNDP, USD 100,000 from UNCDF and USD 100,000 from UNIDO.

2.7. Main stakeholders

The stakeholders involved in the FIER project are many and varying including government institutions, ministries and agencies, private sector institutions such as the Economic and Development Board of Madagascar (EDBM), investment funds, actors within the financial sector, renewable energy experts, civil society organizations (CSOs), educational institutions, local communities as well as national and international organizations, implementing partners such as Sustainable Energy Incubator (IED). As per the ProDoc, the government ministries involved are the Ministry of Economy and Finance (MEF), Ministry of Energy and Hydrocarbons (MEH), Rural Electrification Development Agency (ADER), Electricity Regulatory Office (ORE), Ministry of Industry, Trade and Handicraft (MICA), Ministry of Environment and Sustainable Development (MEDD), and the National Center of Research for Industry and Technology (CNRIT) among others.

2.8. Theory of change

This project results centered around the three clear components namely:

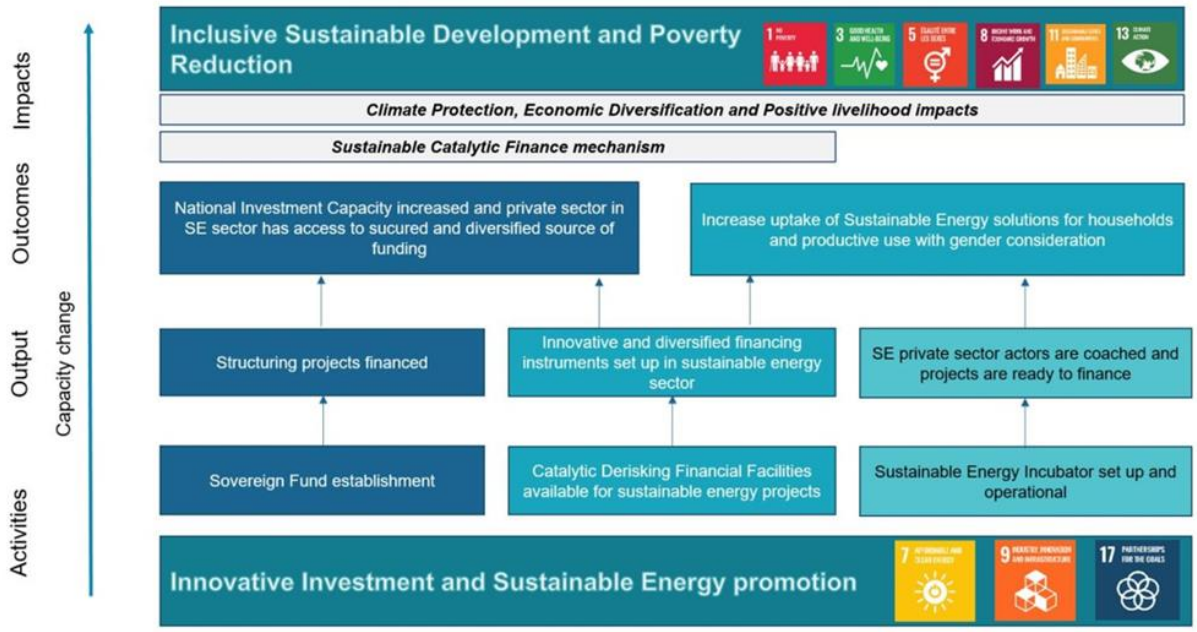
- Creating the Sustainable Energy Incubator (SEI) to support startup companies and SMEs to invest in sustainable energy through small grants
- Establishing a Derisking Facility (DF) to also provide capital for investment such as grants and loans to SMEs operating in the private sector who need financing for their projects and

[1] ProDoc

- Creating a Sovereign wealth fund to engage and invest in strategic infrastructure projects.

All these components will provide technical assistance to the startups and SMEs that need their support throughout the life of the project. The Theory of Change (ToC) is shown below in Figure 1.

Figure 2: Theory of Change for the FIER project.



Source: ProDoc

Madagascar's FIER project was designed to help the country's government in creating an enabling financial mechanism to support the development of projects in the sustainable energy sector, through the provision of technical assistance and investment capital. In that light, the infrastructure problem faced by the country will be gradually eradicated through projects on infrastructure development at a national level. This would further bring economic development opening up financial mechanisms and creating access to investment capital for the establishment of small and medium enterprises in the energy sector.

Analysis of the theory of change

Overall, the FIER project's theory of change demonstrates a strong but relevant ambition to increase access to sustainable energy in Madagascar and stimulate local development.

The project is built around three complementary interventions: an incubator for start-ups and SMEs (IED), a risk reduction mechanism to mobilise private investment (DF) and a sovereign wealth fund to support large-scale infrastructure projects (FS). Their synchronised implementation aims to extend energy production capacity, support the deployment of clean technologies and strengthen the sector's entrepreneurial dynamic.

An analysis of the theory of change shows that, on the whole, the objectives are clearly defined, and that the intermediate results (such as an increase in the volume of investment and capacity building) make a coherent contribution to the desired final impact. However, during the design phase: the prioritisation of objectives, the precision of indicators and the formalisation of assumptions could have been refined.

First, the prioritization of objectives across the three complementary mechanisms (IED, DF, and FS) lacked a clear hierarchy, making it challenging to establish implementation priorities when faced with resource constraints. For instance, while all three mechanisms were presented as equally important, the document did not provide guidance on which should be prioritized if implementation challenges arose.

Additionally, the precision of indicators in the results framework required enhancement. Some indicators, particularly those related to measuring the socio-economic impact of increased energy access, were insufficiently granular or lacked appropriate disaggregation (by gender, geography, or socioeconomic status). This made it difficult to track progress toward inclusion objectives effectively. For example, while indicators for overall investment volumes were established, metrics for tracking benefits to vulnerable populations were less defined.

Furthermore, the formalization of underlying assumptions could have been more explicit. Critical assumptions - such as the existence of sufficient latent demand for renewable energy investments, the stability of government policies, or the readiness of financial institutions to engage - were implied rather than clearly articulated and tested. This absence of explicit assumptions hindered the ability to monitor whether the foundational premises of the project remained valid during implementation.

A more detailed mapping of risks, particularly environmental and institutional risks, would have helped to consolidate the strategy.

In addition, the project design was somewhat lacking in detail about the methods for measuring impact: it would have been judicious to define more appropriate (and even evolving) indicators, to better plan data collection activities and to introduce regular monitoring and evaluation. Finally, a continuous adaptation approach, taking into account feedback and changes in the context, would have ensured greater responsiveness to unforeseen events.

Another important point is that the project document does not contain a section explicitly devoted to the introduction of Standard Operating Procedures (SOPs) to harmonise or unify procedures between partner agencies. However, harmonisation approaches are mentioned, but not in detail:

- Governance mechanisms for the management of the Sovereign Wealth Fund.

- The need for coordination and collaboration between public bodies, UN agencies and donors (in particular via monitoring committees, annual reports, etc.).

- The respective roles of the agencies (UNDP, UNCDF, UNIDO) and the government in implementing the various components (Incubator, Derisking Facility and Sovereign Wealth Fund).

These references are to management arrangements or frameworks for collaboration, rather than to a detailed SOP that would be formally shared and applied in an identical way by all partner agencies. In short, no section presents a standardised step-by-step protocol (like a Standard Operating Procedure) aimed at standardising all administrative or operational procedures across these agencies.

Elements of Change Theory Analysis	References in the Project Document (Page and Context)
1. Defining the aim and objectives : * The problem (lack of access to energy and financing for renewable energy) is clearly defined.	Pages 11-12. The lack of access to energy and the low rate of electrification are explicitly mentioned. The need for financing is implicit in the description of the proposed financial mechanisms.

Elements of Change Theory Analysis	References in the Project Document (Page and Context)
* The desired final impact (integrated and sustainable financial ecosystem for renewable energies, increase in sustainable energy capacity, contribution to the SDGs) is explicitly formulated, but measuring the long-term impact requires rigorous monitoring and precise indicators.	Pages 13-14. The final impact is described as an improvement in access to sustainable energy. The need for precise indicators is an observation of the analysis.
* The intermediate objectives (setting up the SEI, DF and SDF, mobilising resources, developing projects) are logically linked to achieving the final impact. The prioritisation of objectives could be made more explicit.	Page 13. The three instruments (IED, DF, FS) are presented as key elements of the strategy.
* The objectives are SMART overall, but some performance indicators require greater precision.	Pages 37-38. The objectives and results are clearly mentioned, but the level of detail of the indicators varies (pages 52-56).
2. Stakeholder mapping * The final beneficiaries (Malagasy population, companies, private sector) are identified, but at a fairly general level of detail among the stakeholders.	Pages 32-34, 72. The beneficiaries are mentioned in different parts of the document, and according to the sections concerned.
* Other stakeholders (government, UN agencies, civil society organisations, private investors) are also listed.	Pages 32-34. A large number of players are listed in the sections on partnerships and governance of the joint project.
* The roles and responsibilities of the main stakeholders are defined, but the mobilisation and consultation strategy could be more detailed.	The roles of the stakeholders are described throughout the document, but the mobilisation and consultation strategy is sometimes implicit and could be made more explicit.
3. Analysis of the intervention context * The main contextual factors (lack of infrastructure, limited access to energy, lack of suitable financial instruments, institutional challenges, gender-related challenges) are well identified.	Pages 19, 39, 65, ... These factors are mentioned at various points in the document.
* The analysis of the context is supported by data.	Precise figures are provided at various points in the document.
4. Identification of intermediate results * The intermediate results are described, but their prioritisation and sequence could be improved.	Pages 5-7, 37-38. Intermediate results are mentioned, but in a sequence that could be more detailed.
5. Identifying causal links * The links between activities, intermediate results and final impact are described in the theory of change.	Page 15 - Theory of change
6. Formulation of hypotheses * The underlying hypotheses (latent demand, institutional capacity, effective partnerships, favourable environment) are mentioned, but their validation requires further analysis	With the exception of the theory of change itself, the assumptions are not very explicit, but are implicit throughout the description of the project and its feasibility.

Elements of Change Theory Analysis	References in the Project Document (Page and Context)
* The analysis of the risks associated with the non-validation of hypotheses is present, but could be more detailed.	Appendix 5, pages 63-64. A risk analysis matrix is presented, but the mitigation measures lack significant detail.
7. Planning of interventions * The implementation schedule is present, but could be more detailed for each component.	Page 60-61. Work schedules are presented, but they do not provide the same level of detail for each component of the project.
8. Testing and revising the theory of change * While the ToC was reconstructed mid-project, it has not fully led to support tracking assumptions, causal logic, and unintended effects. The revised ToC should be actively used as a reference for planning, adaptive management, and learning by all stakeholders.	This is an observation from the analysis and from the additional feedback received.
9. Measuring results and evaluating impact * Progress indicators are defined within a precise results framework.	Appendix 2- Results framework, Pages 52-56.
* Data collection methods are mentioned, but could be more detailed.	Appendix 2- Results framework, Pages 52-56
10. Project documentation and communication * Information sharing with stakeholders and learning mechanisms are planned, but communication mechanisms could be better defined. There is limited evidence of a structured learning framework to capture, document, and apply lessons systematically. Learning mechanisms such as reflection sessions and community-led monitoring should be implemented to ensure M&E focuses on continuous improvement, not just compliance.	Appendices 10 and 11 (communication plan, learning/sharing plan) - Pages 85-89

3. FINDINGS

3.1. Project Design, Relevance and Country Ownership

3.1.1. Project Design

3.1.1.1. Analysis of Results Framework

The results framework designed for the FIER project was reviewed to assess the extent to which the project indicators and targets are Specific, Measurable, Achievable, Relevant and Time-bound (SMART). Apart from Output indicator 2.2.1 which was not fully complaint to the Specific criterion, the other project indicators were all found to be fully SMART compliant (*Table 1*).

Table 1: SMART analysis of the FIER project log frame indicators

Indicator	End-of-project Target	Mid-term evaluation SMART analysis					Evaluator's Feedback
		S	M	A	R	T	
Project Objective: To support the Government of Madagascar in creating a financial ecosystem that supports the development of sustainable energy projects by providing technical assistance.							
Outcome 1: Madagascar has an integrated financial system responding to the needs of the public and private sectors and guaranteeing the availability of stable financial resources for the financing of sustainable energy sector. This will increase the investment on sustainable energy and unlock structuring investment in large and medium scale energy projects and contributes to the country's energy production and access (households including women and youth especially in rural areas and productive uses).							
Indicator 1.1: Number of financial mechanisms set up and operational	3						The indicator is fully SMART
Indicator 1.2: Number of investors, companies using the catalyst financial mechanisms	9						The indicator is fully SMART
Outcome 2: The sustainable energy sector is supported by advanced technical assistance necessary for its development. Early stage innovative companies initiated in particular by women and youth are empowered and financially supported through incubation enabling their development. Policy makers and stakeholders' capacity are strengthened to ensure policy and regulatory framework coherence and effective implementation							
Outcome Indicator 2.1: A sustainable energy incubator is created and operational	1						The indicator is fully SMART
Outcome Indicator 2.2: Number of capacity building conducted and regulatory framework conducted	4						The indicator is fully SMART
Output 1.1: A de-risking facility is set up and operational, offering diversified financial services tailored to investors and project developers' needs. Those latter have access to attractive financial products and their investment is guaranteed and accompanied financially to allow project financing on the ground and increase access of sustainable and affordable energy services to the population (including women and youth) and productive uses.							
Output indicator 1.1.1: Number of de-risking facility instruments operational in a catalystic approach	3						The indicator is fully SMART

Indicator	End-of-project Target	Mid-term evaluation SMART analysis					Evaluator's Feedback
		S	M	A	R	T	
Output indicator 1.1.2: Number of beneficiaries having access to sustainable and affordable energy services	80,000 (at least 40% women / youth)						The indicator is fully SMART
Output indicator 1.1.3: Loans and Loan Guarantees: capital mobilized	USD $875,000						The indicator is fully SMART
Output indicator 1.1.4: Grants: capital mobilized	USD $1,200,000						The indicator is fully SMART
Output 1.2: A sovereign fund which has adequate human and financial resources is created and structured with a clear scope of action, its financing mechanism and sources defined and the first cohort of projects to be funded identified.							
Output indicator 1.2.1: Sovereign Fund is set up and operational	1						The indicator is fully SMART
Output indicator 1.2.2: Number of Sustainable Energy projects assessed in the pipeline of the Sovereign Fund	4						The indicator is fully SMART
Output 2.1: The sustainable energy incubator is created to support innovative start-ups and MSMEs with a focus on women and youth led projects on renewable energy that are empowered through training and technical assistance and receive financial support in form of small grants. This will increase renewable energy offer and uptake							
Output indicator 2.1.1: Number of SMEs/startups incubated by the sustainable energy incubator	45 (40% led by women/youth)						The indicator is fully SMART
Output indicator 2.1.2: Number of start-ups financially supported	10						The indicator is fully SMART
Output indicator 2.1.3: Capital mobilized (in USD) by start-ups/SMEs after having receiving support from the incubator	USD $ 1,500,000						The indicator is fully SMART
Output 2.2: Stakeholders and policy makers capacity on policy formulation and implementation is strengthened, a coherence analysis of the energy regulatory and policy framework is conducted and an effective mechanism for monitoring and supporting emerging high-impacts projects and targeting SDGs established.							

Indicator	End-of-project Target	Mid-term evaluation SMART analysis					Evaluator's Feedback
		S	M	A	R	T	
Output indicator 2.2.1: Regulatory Framework analysis is conducted and communicated	2						The indicator is not fully compliant to the Specific criteria. It would have been better for the indicator to be framed as follows " Number of Regulatory Framework analysis conducted and communicated"
Output indicator 2.2.2: Number of stakeholders empowered on policy formulation and implementation	50						The indicator is fully SMART
Output indicator 2.2.3: A M&E mechanism for tracking support to high impacts projects and targeted SDGs (7, 9, 17) is available (and includes gender dimension)	1						The indicator is fully SMART

Legend

SMART criteria compliant	Questionably compliant to SMART criteria	Non-compliant to SMART criteria

3.1.1.2. Integration of gender and the principle of Leave No One Behind in the Project Design

The FIER project conducted a gender analysis and outlined strategies for integrating gender perspectives in its delivery. The project documentation emphasized the importance of addressing existing gender disparities in Madagascar. For example, the ProDoc points out that although women head 22% of households, they lack equal access to job opportunities, land, and credit. In addition, there are notable inequalities in higher education and vocational training—women make up only 45% of university enrolees and 25% of those in technical training, compared to 55% and 75% for men, respectively. Consequently, the project committed to adopting a gender-focused approach in all implementation activities, which provides a significant opportunity for the UN Joint SDG Fund to drive progress toward the Sustainable Development Goals.

Electrification initiatives can advance gender equality in various ways. For instance, making the initial costs of electricity provision and appliances more affordable for women and women-led businesses—who often face financing challenges—can facilitate both grid and off-grid connections and the broader use of energy services. Moreover, by ensuring that women have the same chances as men to benefit from enhanced income opportunities, such projects can help reduce gender disparities. Focusing on narrowing gaps in employment and skills development also addresses the underrepresentation of women in the energy sector workforce.

The project was specifically designed to support women-led ventures by providing targeted technical assistance and financing, aiming to empower women across Madagascar. During the project design, the

Gender Equality and Women Empowerment (GEWE) civil society organizations was envisaged to play a role in the project's validation and approval process, with a focus on creating opportunities for women-led initiatives and ensuring equal employment within these projects and startups. Additionally, the Group of Women Entrepreneurs of Madagascar (GFEM) will be encouraged to engage with the Sustainable Energy Incubator in two main ways: first, by allowing GFEM project developers to submit sustainable energy projects for inclusion in the incubator, and second, by raising awareness among startups and project developers—potentially advocating for the inclusion of more women-led projects. As part of the sustainable energy incubation initiative of the project, participants of the incubator programme will have their awareness raised on gender and environmental dimensions. Overall, the FIER project was assessed against a set of criteria and was rated as a Gender Marker 2 project (**Figure 3**).

Figure 3: Gender Marker Matrix of the FIER project

Indicator N°	Formulation	Score	Findings and Explanation
1.1	Context analysis integrate gender analysis incorporating use of sex disaggregated data	2	Gender analysis is integrated in the context and when available gender disaggregated data are reported
1.2	Gender Equality mainstreamed in proposed outputs	2	All technical assistance and financial support which will lead to private led sustainable energy projects will consider gender dimension criteria and promotion (SDG 5)
1.3	Programme output indicators measure changes on gender equality	2	Between one-fifth and one-third of the output indicators are able to measure changes in gender equality and the empowerment of women in line with SDG targets including SDG 5.
2.1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	2	The program contributes to substantively strengthen Government participation and engagement in gender related SDGs localization and/or implementation and government departments have been consulted in the preparation phase of the program. Gender dimension questions had been discussed particularly with Ministry of Energy and all partners solicited during preparation phase. In addition for the selection of the pipeline of projects gender dimension had been discussed as one important criteria as well as environmental studies. Not all projects (42) pipeline identified integrated gender dimension but 45%. Finale
2.2	PUNO collaborate and engages with women's/gender equality CSOs	2	The program contributes to substantively strengthen GEWE CSOs participation and engagement in gender related SDG's localization and/or implementation. In particular the Group of Women Entrepreneurs of Madagascar (GFEM) will be encouraged to get involvoved in the sustainable Energy Incubator in two ways: i) projects developers from GEFM to sustainable energy may be submitted to integrate the incubator ii) GEFM will provide raising awareness to start-ups and project developers and could considers project women led to get included in the GEFM.
3.1	Program proposes a gender-responsive budget	2	More than 30% of the budget is allocated to women empowerment as women-led startups and SMEs/SMIs are the beneficiaries of grants, loans and guarantees, half the beneficiaries of solar projects are women and SMH projects benefit women dominated value chains
Total scoring		**2**	

Source: FIER ProDoc

The results framework of the project integrated gender targets to the extent possible. However, the evaluation identified one indicator for which gender target could have been established (**Table 2**). The project document would have benefitted from gender action plan (GAP), providing specific measures for the integration of gender in the project's delivery.

Table 2: Analysis of the integration of gender in the FIER project results framework

Indicator	End-of project Target	Gender target
Project Objective: To support the Government of Madagascar in creating a financial ecosystem that supports the development of sustainable energy projects by providing technical assistance.		

Outcome 1: Madagascar has an integrated financial system responding to the needs of the public and private sectors and guaranteeing the availability of stable financial resources for the financing of the sustainable energy sector. This will increase the investments on sustainable energy and unlock structuring investment in large and medium scale energy projects and contribute to the country's energy production and access (households including women and youth especially in rural areas and productive uses).		
Indicator 1.1: Number of financial mechanisms set up and operational	3	Not Applicable
Indicator 1.2: Number of investors, companies using the catalyst financial mechanisms	9	Not Applicable
Outcome 2: The sustainable energy sector is supported by advanced technical assistance necessary for its development. Early-stage innovative companies initiated in particular by women and youth are empowered and financially supported through incubation enabling their development. Policy makers and stakeholders' capacity are strengthened to ensure policy and regulatory framework coherence and effective implementation.		
Outcome Indicator 2.1: A sustainable energy incubator is created and operational	1	Not Applicable
Outcome Indicator 2.2: Number of capacity building conducted, and regulatory framework conducted	4	Not Applicable
Output 1.1: A de-risking facility is set up and operational, offering diversified financial services tailored to investors and project developers' needs. Those latter have access to attractive financial products and their investment is guaranteed and accompanied financially to allow project financing on the ground and increase access of sustainable and affordable energy services to the population (including women and youth) and productive uses.		
Output indicator 1.1.1: Number of de-risking facility instruments operational in a catalytic approach	3	Not Applicable
Output indicator 1.1.2: Number of beneficiaries having access to sustainable and affordable energy services	80,000	At least 40% women / youth
Output indicator 1.1.3: Loans and Loan Guarantees: capital mobilized	USD $875,000	Not Applicable
Output indicator 1.1.4: Grants: capital mobilized	USD $1,200,000	Not Applicable
Output 1.2: A sovereign fund which has adequate human and financial resources is created and structured with a clear scope of action, its financing mechanism and sources defined and the first cohort of projects to be funded identified.		

Output indicator 1.2.1: Sovereign Fund is set up and operational	1	Not Applicable
Output indicator 1.2.2: Number of Sustainable Energy projects assessed in the pipeline of the Sovereign Fund	4	Not Applicable
Output 2.1: The sustainable energy incubator is created to support innovative start-ups and MSMEs with a focus on women and youth led projects on renewable energy that are empowered through training and technical assistance and receive financial support in form of small grants. This will increase renewable energy offer and uptake		
Output indicator 2.1.1: Number of SMEs/startups incubated by the sustainable energy incubator	45	40% led by women/youth
Output indicator 2.1.2: Number of start-ups financially supported	10	No gender target specified. It would have been good to specify a gender target for this indicator – for instance, 40% of start-ups supported are women-led.
Output indicator 2.1.3: Capital mobilized (in USD) by start-ups/SMEs after having receiving support from the incubator	USD $ 1,500,000	Not Applicable
Output 2.2: Stakeholders and policy makers capacity on policy formulation and implementation is strengthened, a coherence analysis of the energy regulatory and policy framework is conducted and an effective mechanism for monitoring and supporting emerging high-impacts projects and targeting SDGs established.		
Output indicator 2.2.1: Regulatory Framework analysis is conducted and communicated	2	Not Applicable
Output indicator 2.2.2: Number of stakeholders empowered on policy formulation and implementation	50	30 % of women / youth
Output indicator 2.2.3: A M&E mechanism for tracking support to high impacts projects and targeted SDGs (7, 9, 17) is available (and includes gender dimension)	1	Not Applicable

The evaluation of the "Leaving No One Behind" (LNOB) principle was conducted by looking at how the project applied its three key strategies: "examine" (gathering and analyzing data to identify who is being neglected and why), "empower" (enabling those left behind to participate fully and equally in development and decision-making), and "enact" (creating policies, interventions, and budgets to support both duty-bearers and rights holders in addressing the root causes of deprivation). Although the project document offers limited evidence of LNOB being integrated, its focus on sustainable energy projects in rural areas

does benefit peasants and rural workers. In 2018, Madagascar had an overall electrification rate of just 16.3%, with rural areas at only 6.5% compared to 50% in urban areas. These figures reveal that rural populations face significant challenges in accessing affordable, reliable energy for daily needs like lighting and cooking. The program is designed to increase the number of people with access to electricity and to promote the use of clean fuels and technologies, particularly in rural regions. Thus, it can be inferred that the project is aimed at promoting the development of poor and marginalized rural communities, in line with the LNOB principle.

Pertaining to project implementation, output indicators were gender-sensitive and targets were discussed in a gender-disaggregated manner, to facilitate monitoring of the participation and involvement of women and youth in project interventions. Where applicable, progress on project outputs were reported in a manner disaggregated by sex during reporting. Women and youth were involved in the launching of the sustainable energy incubator (SEI) and were among the staff (4 women out of 8 staff) who participated in capacity building activities organized. Out of the 15 SMEs and startups hosted in the incubation program, 7 were run by women and 2 by young people below the age of 25[2]. One of the women engaged in the incubator program had a mobility disability. Stakeholders consulted during the mid-term evaluation highlighted that the integration of women and youths in the project was achieved through the incubation program which saw a strong participation of women and youths.

3.1.1.3. Assessment of the implementation timeline of the project

The FIER project is expected to be implemented over a period of 48 months which seems a reasonable time given the planned activities of the project. Based on consultations, evaluators determined that the project's originally planned timeline was both modest and achievable. However, delays meant it is now doubtful that all project activities will be completed by the planned closure in March 2026. For example, under the SEI component, the project was set to host three incubation cohorts, each lasting between six and eight months. The project is currently towards the end of hosting the first cohort and two cohorts are still to be recruited and incubated, hence a minimum of 12 to 16 months required. Similarly, the derisking projects, which need at least 12 months to complete[3] and still lack finalized financing agreements, are unlikely to be implemented completely by March 2026. Hence, assuming a financing agreement is established between the project and the selected companies by June 2025, the implementation of the sub-projects financed by the facility will only be completed by June 2026 at the earliest, which is already over the project's implementation timeline. The implementation of the sub-projects under the derisking facility will be heavily reliant on the importation of associated energy equipment into Madagascar and this process could be subjected to considerable delays. In fact, over 95% of stakeholders consulted have pointed to the need for an extended timeline. It is therefore the evaluator's assessments that a twelve months no-cost extension will be required for the FIER project - a revised implementation timeline of the project is presented in Annex H.

3.1.2. Relevance and country ownership

3.1.2.1. Contribution of the project to six key transitions of the sustainable development objective

The six transitions of the SDGs includes: (1) food systems; (2) energy access and affordability; (3) digital connectivity; (4) education; (5) jobs and social protection; and (6) climate change, biodiversity loss and pollution[4]. It is challenging to assess the contribution of the FIER projects towards the six transitions of the SDGs as the project is yet to commence financing the implementation of sub-projects through its derisking

[2] Annual Report 2024
[3] From discussion with the selected companies to receive financing under the derisking facility
[4] United Nations Sustainable Development Group (2023). LINK

facility. However, an analysis of the potential contribution of the project to the SDG transitions is presented in **Table 3**.

Table 3: Analysis of the potential of the FIER project to contribute to the six SDG transitions

SDG transition	Potential of the FIER project to contribute to the SDG transition
Food systems	Although the FIER project is primarily aimed at expanding rural electrification, it also presents benefits to food systems. First, by increasing rural access to electricity in Madagascar, the project will make it possible for communities to power irrigation systems that support food production. Additionally, having electricity in rural areas can enhance the processing and added value of agricultural products, strengthening the agroprocessing capabilities of local producers. Moreover, reliable electricity enables farmers and households to use refrigeration for food preservation, helping to reduce food losses and waste throughout the supply chain.
Energy access and affordability	The core of the FIER project is to support the development of renewable energies in Madagascar. Through the creation of an integrated financial ecosystem, the project plays a direct role in widening access to clean, reliable and affordable energy. This alignment reduces dependence on fossil fuels and cuts the cost of financing sustainable energy projects. The project seeks to deploy both performance-based grants and loans/guarantees. A mix of these financial instruments helps to reduce the investment cost of the envisaged projects which will translate into lower electricity tariff charged by the companies, rendering the electricity more affordable to the rural population.
Digital connectivity	Presence of electricity in rural areas means that the rural population will be able to use mobile phones and television set, enhancing their digital connectivity. Furthermore, access to reliable energy is a key enabler for the expansion of digital infrastructure such as mobile network towers, internet service hubs, and digital financial services — all of which are increasingly dependent on stable and sustainable energy sources.
Education	The capacity-building component, which includes training, coaching and mentoring for innovative start-ups and SMEs in the renewable energy sector, promotes the growth of technical skills and knowledge. This support contributes to specialized education in the energy field, supporting innovation and professionalization in the sector. Equally, access to electricity in rural areas means that students will have access to improved lighting for night studies and this could result to improved academic performance.
Jobs and social protection	By promoting business incubation and facilitating access to financing for renewable energy projects, the project stimulates job creation and promotes economic inclusion, particularly among young people and women. The resulting entrepreneurial momentum contributes to the emergence of a more inclusive job market, while helping to limit the risks for young project owners wishing to invest in the energy sector.
Climate change, biodiversity loss and pollution	Promoting investment in clean cooking and renewable energy technologies helps to reduce greenhouse gas emissions and limit pollution. By facilitating the transition to low-carbon energy sources, the project has a direct impact on the fight against global warming and, in turn, on the preservation of natural

	ecosystems. The promotion of clean cooking technologies such as biogas and ecological charcoal among others will culminate in reduced pressure on the forest for fuel wood, leading to reduced deforestation and forest degradation. This will reduce biodiversity loss and greenhouse gas emissions associated with deforestation and forest degradation.

Source : Evaluators' analysis

3.1.2.2. Alignment of the Project to the UN Sustainable Development Cooperation Framework in Madagascar for 2024–2028

The FIER project aligns strongly with the UN Sustainable Development Cooperation Framework (UNSDCF) for Madagascar (2024-2028), contributing significantly to its four strategic priorities and accelerators. Furthermore, FIER's integrated approach to renewable energy financing directly supports Madagascar's national development goals and its vision of becoming a middle-income country by 2030.

Alignment with strategic priorities:

Priority 1- Governance: While not directly addressed, FIER indirectly contributes by promoting transparency and accountability in the renewable energy sector. The project's emphasis on clear selection criteria, regular reporting, and independent evaluation fosters good governance practices within the energy sector.

Priority 2- Human capital development: FIER directly contributes through its SEI component, which provides training, coaching, and mentoring to start-ups and SMEs. This builds capacity in the renewable energy sector, enhancing human capital. The project also indirectly contributes by improving access to energy, which can improve educational opportunities and overall quality of life. This is linked to the UNSDCF's focus on youth and vulnerable populations.

Priority 3- Job creation: The SEI component fosters entrepreneurship and job creation in the renewable energy sector. The DF and SF components provide financing for projects that will create jobs during construction and operation. This aligns directly with the UNSDCF's goal of creating decent and productive jobs. The focus on SMEs and start-ups also supports inclusive economic growth.

Priority 4- Environmental sustainability: FIER directly addresses this priority by promoting renewable energy, reducing reliance on fossil fuels, and supporting clean cooking solutions. This contributes to environmental sustainability and climate change mitigation, key aspects of the UNSDCF.

Alignment with accelerators:

The project's goals also align with at least two UNSDCF accelerators.

- ***Decent jobs and social protection***: Through job creation and by supporting entrepreneurs, particularly women and youth, the project directly contributes to reducing their economic vulnerability.
- ***Gender equality***: the project has specific initiatives to support women and youth entrepreneurs in the energy sector, especially through its SEI component. It also indirectly contributes to gender equality through inclusive economic growth and improved access to energy in rural areas, where women often bear a disproportionate burden of energy poverty.

3.1.2.3. Relevance and effectiveness of proposed financial instruments

The project's objectives and strategy are consistent with national policies on renewable and sustainable energy:

- Madagascar Energy Policy Letter (2015-2030) and New Energy Policy: These strategic documents aim to improve access to electricity, particularly in rural areas (only 6% in 2015), and to promote renewable energies on a larger scale by 2030. The FIER, with its three pillars (SEI, DF, FS), responds directly to these objectives by supporting the development of renewable energy projects at various levels. It also addresses the need to attract private investment and build institutional capacity, which is what the FIER project aims to achieve.
- National Energy Pact: This pact aims to achieve 80% access to electricity and 50% access to clean cooking by 2030, with co-financing from the government, partners and the private sector. The project contributes directly to this objective by promoting clean cooking solutions, notably through its SEI component. The project's risk mitigation (RM) mechanism is also consistent with the government's commitment to simplify support procedures for mini-grid and isolated grid operators. In this respect, the project is helping to support ADER, while at the same time assisting private companies bidding for financing.
- National Energy Fund (Sustainable) - Law 2017-021: The reform of the FNE and the introduction of the FNED aim to improve the mobilization of funds and the securing of investments for the development of electricity, particularly in rural areas. The "Sovereign Fund" component can contribute to the capitalization of the FNED and the achievement of its objectives.
- National strategy for the development of clean cooking in Madagascar: The Government, with the support of the UNDP, is working together to develop a national strategy to guide the transition to clean cooking solutions with a view to improving public health and reducing deforestation. By supporting innovative SMEs in the field of clean cooking through the SEI component, the project also responds to the vision of this joint initiative.
- Formal intention to ratify the IRENA Treaty: The recent passage of Bill No. 013-2024 on November 13, 2024 - which formalizes Madagascar's intention to join the International Renewable Energy Agency (IRENA) - marks a critical legislative milestone that reinforces the national commitment to a sustainable energy transition. Not only this development aligns the country's national energy policies with international best practices but also validates the innovative financial instruments proposed in the project. By tapping into IRENA's extensive expertise in promoting renewable energy technologies and mobilizing financing for clean energy initiatives, Madagascar is better positioned to attract diverse investments and enhance risk mitigation measures. Moreover, the legislative endorsement, confirmed by subsequent constitutional review, underscores the robustness of the regulatory framework supporting the project. Thus, the integration with IRENA is expected to significantly boost investor confidence, facilitate technology transfer and capacity building, and ultimately drive an accelerated transition toward a resilient, inclusive, and sustainable energy in Madagascar.

Consultations with project stakeholders during the mid-term evaluation process revealed positive findings relating to the effectiveness and relevance of the proposed financial instruments by FIER in ensuring sustainable energy financing in Madagascar. Overall, all the stakeholders consulted expressed views that the financial instruments proposed by the project is very relevant and will be effective in promoting financing in the sustainable energy space in the country.

Government entities highlighted that the proposed financial instruments are relevant to the nation's economic landscape and rural electrification needs. The economic landscape of the country comprises of big, small and medium enterprises and the different instruments proposed are important for the different categories of enterprises – the small enterprises will go for grants while the medium and large ones will be more inclined towards loans and guarantees. Hence the instruments have potential for supporting the different categories of private sector actors in the country thereby promoting the financing of sustainable energy in the nation[5]. However, there is need for the project's exit strategy to look into the sustainability of the financial instruments beyond the life of the FIER project. "*While rural electrification is important, the local population have a low purchasing power. Therefore, the inclusion of grants within the financial instruments is very important as it supports the investment costs of rural electrification projects, , reducing the tariff charged to the rural population",* reported a government entity. Prior to the advent of the FIER project, ADER provided grants to up to 70% of investment cost of rural electrification projects, demonstrating the importance of grants in rural electrification, but stopped in 2023 due to inadequate financing.

Madagascar's financial landscape is characterized by commercial banks and less of development banks. The commercial banks charge interest rates in the range of 18% - 24%, rendering private sector access to loans challenging and the concessional loan promoted by the FIER project is therefore important for private sector actors to access financing for energy projects. Also, the commercial banks see rural electrification as risky as they doubt the capacity of the rural population to pay for the electricity services. The guarantee scheme promoted by the project is a potential solution to this issue as the perceived risks by the commercial banks will be assumed by the project through the provision of guarantees.

Consultations with the private sector actors within the derisking facility and the incubation confirmed their views relating to the importance of the piloted financial instruments by the FIER project. The Government has as objective by 2030[6], to achieve a 70% access of households to modern electricity and lighting, and the private sector has an important role to play in this process. However, the private sector requires support relating to accessing financing in order to support this course – mobilising resources from the commercial bank is not practical due to high interest rates and short repayment periods. Hence the concessional loans proposed by the project will enable private sector actors to access financing for the implementation of electrification projects in the rural milieu[7] "*We have appreciated the grant aspect a lot because we do not see this a lot in energy projects. The grants provided in other energy projects were very small and the performance-based grant approach is quite interesting as it guards against misuse of grant resources by the grant recipients",* reported a company selected to benefit under the derisking facility. However, a currency risk was highlighted by a stakeholder under the derisking facility as a factor that could hamper the effectiveness of the loan. However, discussions with UNCDF revealed the possibility of the project to issue loans in local currency.

3.1.2.4. Country ownership of the project

Participation of national public and private actors in project design, planning and implementation

Country ownership of the FIER project was ensured through a strong involvement of national stakeholders from the project preparatory phase to implementation. While the preparation of the project was led by the three UN agencies, the design process entailed consultations with public and private sector actors. *"There were three individuals in charge for the drafting of the project's concept note – one from each of the three*

[5] Interview with a project stakeholder from the Government of Madagascar

[6] Ministry of Energy and Hydrocarbons. (2015). Document d'Etude de la Politique et Stratégie de l'Energie. LINK

[7] Interview with a company under the derisking facility

UN agencies. Once the concept note was elaborated, it was submitted to the Ministry of Energy and the Ministry of Finance for their feedback. During the preparation of the project document, consultations were held with the government institutions to obtain their inputs which were integrated into the project document to obtain an advanced draft. The advanced draft version of the document was subjected to a validation workshop organised with the government actors during which the proposal was validated prior to its submission", reported a stakeholder from UNDP. The submission of the project had to be accompanied with a letter of endorsement from the Government of Madagascar to attest that they are in support of the initiative, and it aligns with the needs and priorities of the country. This implies that the project could not have been developed without consultation of the government counterparts lest a non-objection letter could not have been obtained to accompany the project submission. Details of the public and private entities consulted during the design of the project is presented in **Table 4**.

Table 4: Details of consultation of public and private sector actors during the design phase of the project

Sector	Institution	Nature of consultation during the design phase of the project
Public	Presidency Office	The office provided a letter of support for the project to UNDP
	Ministry of Energy	Ministry of Energy defined the pipeline of project during preparation phase and was envisaged to facilitate follow up of indicators related to sustainable energy.
	Ministry of Finance	Provided a letter of Endorsement for the project
	Ministry of Industry	The Ministry of Industry was consulted during the design of the concept note stage and in the elaboration of the project document
	Economic Development Board of Madagascar	Provided a letter of intent in support for the project
Financial institutions	Mauritius Commercial Bank	Provided a letter of intent in support for the project
Private sector	ANKA Madagascar and others	Several meetings organised with the private sector engaged in promoting sustainable energy projects was organised during the preparation phase of the project. One of the private sector actors with whom a meeting was organised is ANKA Madagascar and this actor provided letter of intent to the project

Source: Adapted from ProDoc

During project implementation, the public and private entities among other categories of stakeholders were invited to the inception workshop of the project. The Ministry of Energy was equally involved in the regional consultations that were conducted relating to the call for proposals for the derisking facility. Within the same vein, the project organised information sessions with the private sector in Antananarivo (February 8, 2024), Tamatave (February 13, 2024), Diego (February 21, 2024) and Tuléar (February 27, 2024)[8]. In the selection of the companies who responded to the call for proposals, ADER was involved in the technical evaluation organised in December 2024 for the selection of companies that applied for grants. However, the government entities and the private sector actors expressed views that they were often not kept informed

[8] Note-Memo Desrisking Facility

on the advancement of the different project activities and this breeds a feeling of non-involvement of their part on the implementation of the project.

Alignment of the project with the interests of the private sector

Consultations with both public and private entities during this mid-term evaluation revealed that the FIER project strongly aligns with the needs and interest of the private sector in Madagascar involved in the energy space. The private sector established a pact with the government in 2023 and energy represents an important aspect of the pact[9]. There are several projects in the rural areas proposed by the private sector, but the Ministry of Energy lacks the means to implement these projects and therefore relies on projects like FIER to support the private sector to realise the rural electrification projects[10]. The project is providing capacity building support to start-ups and SMEs interested in renewable energy. However, a key impediment for the private sector in Madagascar to invest in sustainable energy projects relates to difficulty accessing financing. Commercial banks in Madagascar provide loans with high interest rates and short payment periods which is not adaptable to the borrower's business. SMEs engaged in sustainable energy and already in operation require financing for upscaling but are unable to access resources from commercial bank due to eligibility requirements, one of which is to provide a collateral for the loan[11]. Private actors therefore are interested in loans with lower interest rates and longer payment periods. Not all rural communities present a business case for electrification since the population of some of the areas have a very low purchasing power. Hence, for the private sector investor to break even, the electricity tariff will have to be a function of the capital expenditure incurred, rendering the tariff unaffordable for the rural population. Consequently, rural electrification in such communities will only succeed if the private company obtains a grant to cover some of the capital expenditure of the installations[12]. The FIER project responds to all the aforementioned challenges and interest of the private sector by proposing a mix of financial instruments – performance-based grants; concessional loans; and guarantees. While the project presents prospects to respond to the needs and interests of the private sector, a respondent from the government voiced concerns that this will only manifest in reality following the successful implementation of the project and the on-lending/on-granting to the selected companies.

Participation of government stakeholders in the decision-making process of the project

The project has an established steering committee with representatives from different government institutions – the Ministry of Finance, Ministry of Energy, ADER, and Ministry of Environment among others. The steering committee provides oversight to the implementation of the project and validates annual work plans and budgets as well as taking decisions and providing recommendations. Consultations with the government counterparts of the project generated mixed views relating to the level of involvement of the government actors in decision-making within the framework of the FIER project. While some of the government entities shared views that they have been involved in decision-making, others shared contrary opinions. The Ministry of Energy opined that they had been involved in the selection of the start-ups and SMEs for the incubation program. The evaluation generated evidence pertaining to ADER's participation in the selection of companies to benefit from the grants financing of the derisking facility by UNDP[13], but scant evidence exists relating to ADER's participation in the prioritization made by UNCDF for companies to benefit from the grants/guarantee financing of the derisking facility. The Ministry of Economy and Finance confirmed that it was neither consulted nor informed on the selection of incubators and businesses that will benefit from the derisking facility. While FIER represents a Direct Implementation Modality (DIM) project where the implementation of activities is handled by the UN agencies with feedback provided

[9] Feedback from interview with a staff of UNIDO
[10] Feedback from interview with a staff of the Ministry of Energy
[11] Feedback from interviews with two participants of the incubation programme
[12] Feedback from interviews with a company selected under the derisking facility.
[13] Note – Memo derisking facility & feedback from interviews with a staff of ADER.

to the government entities[14], the evaluators are of the opinion that it will benefit the project and strengthen country ownership if the government entities are implicated on key issues of the project including but not limited to the selection of companies and projects for the derisking facility and start-ups and SMEs to take part in the incubation programme.

Allocation of resources by the government to the project

As of the time when this mid-term evaluation was conducted, no evidence existed pertaining to the allocation of financial resources by the Government of Madagascar. As part of the project document, it was envisaged that the Government of Madagascar will provide USD 40 million to the Sovereign Fund but no proof was identified by the evaluation attesting that part or all of the said sum had been made available by the Government of Madagascar.

Established mechanism by the project to ensure a regular communication and collaboration between the private sector and other stakeholders

The project conducted information sessions with the private sector entities in four localities to publicize the call for proposals. However, the evaluator did not identify a dedicated mechanism that was established to ensure communication between the private sector and other entities. For the incubators, a Facebook page and LinkedIn is being employed to inform the public on the results of the incubation[15]. Overall, the private sector entities felt the communication could have been improved based on the following cited shortcomings:

- There are a couple of areas for improving communication by the project. The response time for emails is long – one to two months. The companies that applied for the derisking facility did not know who exactly to contact to get more information. However, with the coming of the new project team, the situation has improved and there is a staff within the project management unit dedicated to the derisking facility whom companies can contact to request information.
- At the start, of the incubation, participants were briefed on the incubation process but not on the content of the programme or the module. Participants were informed about the stages of the incubation process, including its division into two phases—Phase 1 lasting four months and Phase 2 scheduled for two months. However, they were not given details about the specific modules within the program and, as a result, did not have the opportunity to offer feedback on the incubation content[16].
- The companies that applied for the de-risking facility experienced a lack of communication for approximately six months, receiving no updates from the project. When they reached out for information, they were told that the project team would get back to them. However, since they began engaging with the project team in December 2024, communication has improved significantly, primarily taking place through email and virtual meetings.

Existing policies and regulatory framework that facilitates the implementation of the project

Project stakeholders consulted believed government policies relating to energy supports or provides an enabling environment for the implementation of the project. The 2015 energy policy of the country seeks to achieve an increase in the share of renewable energy in the nation's energy mix to 70%. Equally, the nation's Energy Pact seeks to increase households' access to modern electricity and lighting by 70%. In its Article 12, the Energy Law stipulates tax deductions for companies importing technologies for rural electrification. However, the process for obtaining the tax deductions was changed in 2024 due to a case of

[14] Feedback from interviews with a staff of UNDP
[15] Feedback from interviews with a staff of UNIDO
[16] Feedback from interviews with 2 participants of the incubation programme

fraud involving a private entity that was importing some items. The aforementioned existing policies and regulations emerged as enabling factors that should facilitate the implementation of the FIER project.

Engagement of the government to address political gaps which hampers national ownership and sustainability of the project

The consulted stakeholders from the Government side did not see any policy gaps that could impede the national ownership and sustainability of the project warranting their intervention. The National Fund for Sustainable Energy (FNED) decree is under revision and is envisaged to play a key role in the sustainability of the financial instruments proposed by the FIER project[17]. The companies to be financed under the derisking facility were however of the opinion that the change in the procedures for obtaining tax deductions on the importation of rural electrification equipment constituted an institutional challenge that could negatively affect the sub-projects to be financed by the derisking facility.

3.1.2.5. Alignment of the project to national priorities

Madagascar is a signatory to various international development initiatives such as the United Nations Sustainable Development Group (UNSDG) and therefore tries to align national projects of such nature as the FIER project to the United Nations Sustainable Development Cooperation Framework (UNSDCF) outcomes. It also ratified the Convention on Biological Diversity (CBD) in 1997, pledging to preserve its biodiversity. The project document discussed some of the outcomes and outputs of the UNSDCF for Madagascar (2021 – 2023) to which the FIER project is aligned. These included in summary outcomes/outputs such as capacity building (UNSDCF Outcomes 3.1; 3.2; 4.2; and 4.3)[18] for youth, women and rural people, investments in green economy and support for the preservation and enhancement of biodiversity and the environment in general for the Malagasy population. The National Biodiversity Strategy and Action Plans (NBSAP) 2015 to 2025 for Madagascar in summary, emphasizes the need for awareness on biodiversity at all levels, focus on reducing biodiversity loss and addressing its drivers, and creating an enabling political and institutional environment for sustainable biodiversity conservation[19]. These are all in line with the aims and objectives of the FIER project. The outputs and outcomes for the FIER project were designed taking into consideration the needs and priorities of Madagascar, integrating the Sustainable Development Goals (SDGs) and their targets such as SDG 7 – Affordable and clean energy; SDG 9 – Industry, innovation and infrastructure; and SDG 17 – Partnerships to achieve the goals. FIER, through its activities on improving access to energy and finance while encouraging more startups and SMEs to venture into the energy sector, is aligned with Madagascar's General State Policy which aims to increase energy production and reduce price, facilitate the arrival of new companies in the energy sector, promote investment and access to financing for SMEs, and improve access to financing and grants for women led projects.

The FIER project plays a catalytic role in advancing Madagascar's transition to a low-carbon and climate-resilient development pathway. Through its strategic focus on private sector engagement and the deployment of innovative financial instruments, the FIER project is well-aligned with the objectives and priorities outlined in Madagascar's second Nationally Determined Contributions (NDCs), submitted under the Paris Agreement as presented below:

- **Support for Renewable Energy Deployment**: One of the core mitigation goals of Madagascar's second NDC is to increase the share of renewable energy in the national energy mix, targeting 80%

[17] Feedback from interview with a staff from the Presidency
[18] ProDoc
[19] LINK

share of renewable energy by 2030 for electricity and lighting[20]. The FIER project directly supports this target by facilitating the implementation of clean and renewable energy projects across the country, and through the mobilization of private sector investments in off-grid renewable energy technologies. As part of a mitigation strategy within the energy sector, the NDC2 also envisages the scaling up of improved cookstoves initiatives which is something being addressed under the SEI component of the FIER project.

- **Contribution to Emission Reduction Targets**: Madagascar's second NDC commits to reducing greenhouse gas (GHG) emissions by up to 48,403 Gg CO2 eq. by 2030, with the energy sector being one of the key focus areas. The scaling up of renewable energy generation and access, as supported by FIER, is expected to yield a significant reduction in emissions from fossil fuel-based power generation and an expanded access to modern energy services in rural and underserved areas.

3.2. Progress Towards Results

3.2.1. Progress towards achievement of outcomes

The FIER project has been late on the implementation of activities as indicated in the progress reports, due to a delay in implementation, however progress has been made to an extent. Reports show that project partners have been active in the preparatory meetings held to foster the achievement of project outcomes. The SEI under Outcome 2, has been launched and is operational, with about 15 SMEs and startups being incubated, chosen after a rigorous process of selection that saw the participation of over 46 applications. A mechanism for the monitoring and evaluation (M & E) of project progress has been developed and a plan established, which is also progress on the project activities. For Outcome 1, a call for grant applications was launched and an analysis of the various applicants carried out as well as an evaluation firm recruited to carry out an assessment of the different companies. This far, a procedure manual is being produced to guide the operationalization process of the MSF. Capacity building has been conducted for the SEI team, with the aim of enhancing the team's capacity to provide the necessary support for the selected start-ups and SMEs. An analysis of the target indicators relative to actual achievement this far is shown on the table below.

[20] Deuxième Contribution Déterminée au Niveau National de la République de Madagascar au Titre de L'accord de Paris. (2022). LINK

Table 5: Progress towards achievement of outcomes

Outcome Indicator	End-of-project Target	Actual achievement at MTE[21]	Rating
Outcome 1: Madagascar has an integrated financial system responding to the needs of the public and private sectors and guaranteeing the availability of stable financial resources for the financing of sustainable energy sector. This will increase the investment on sustainable energy and unlock structuring investment in large and medium scale energy projects and contributes to the country's energy production and access (households including women and youth especially in rural areas and productive uses.			
Outcome indicator 1.1: Number of financial mechanisms set up and operational	3	0 In February 2024, the project held information sessions across the Analamanga, Atsinanana, Diana, and Atsimo Andrefana regions. These sessions aimed to promote dialogue with the private sector, explain the financing options available through the Derisking Facility, and detail the eligibility requirements and necessary documents for expressing interest. Following the call for expressions of interest regarding the Derisking Facility, 26 companies and organizations applied. Out of these, nine that met the eligibility criteria were shortlisted for renewable energy (photovoltaic and hydroelectric) and clean cooking projects. UNCDF then prioritized and selected four companies or projects for loans and guarantees, while UNDP conducted a thorough technical analysis of preselected grant applications, prioritizing four projects that aligned with the project's goals. In total, eight projects were prioritized by UNDP and UNCDF, with one project overlapping between the two. Concurrently, UNDP began the process of recruiting an independent	On track[22]. Once the financing agreements have been established, disbursement of funds could happen. However, key issues to be looked into include the need for an extension of the project duration as the remaining implementation period of the project (12 months) will be insufficient for the companies to successfully

[21] Project's annual report, 2023, 2024

[22] Although no financing agreements between the project and the selected companies under the derisking facility has been established, the outcome indicator is rated to be on track since companies under the derisking facility had been selected and the process for the elaboration of the performance matrix for the results-based payment grant which will inform contracting between the project and the companies was underway during the MTE. Hence, once contracting is concluded, disbursement of funds by the project to the companies will happen – the entire process is driven by the project with very little or no factors beyond the control of the project.

		evaluator, a process that was still underway in February 2024 during the mid-term evaluation's primary data collection. The purpose of engaging this firm is to establish performance criteria in collaboration with private sector partners and the FIER project coordination team—for each performance-based payment contract, providing the benchmarks that will determine when UNDP releases payments to the grantees. A due diligence process for the companies was initiated in October 2024 and the companies will be subjected to a micro evaluation whose objective is to identify the strengths and weaknesses of the financial management of the companies, identify areas requiring capacity strengthening, determine the modality of transfer of funds, and guide decision relating to the frequency and nature of control activities. The recruitment process for the contractor to conduct the micro evaluation was ongoing at the time of the mid-term evaluation and companies have been informed of the process. As of the time when the mid-term evaluation was conducted (January – March 2025), no financing agreement had been signed between the project (UNDP/UNCDF) and the selected beneficiaries of the derisking facility.	implement their respective projects, implying that the grants would not be fully disbursed before project closure. There is also the need for UNDP and UNCDF to work together and synchronize the prioritized projects.
A sovereign wealth fund with adequate human and financial resources is created and structured with a defined scope of action, a defined mechanism and financial resources, and a first cohort of projects to be financed are identified.	1	0 The FIER project supported the Government of Madagascar on the setting up of the national sovereign fund (FSM): • A steering committee has been formed to monitor the activities of the Fonds Souverain Malagasy. • The project helped recruit the Fund's Secretariat staff, and the outcomes were shared with the Government, which has yet to take further action. • An international consultancy firm has been contracted and is now active in developing a manual for administrative, financial, and accounting procedures	Not on track. The evaluators rate this as not on track because the successful establishment and operationalization of the Sovereign Fund depends on the pace at which the Government of

		that meet international standards while fitting the Sovereign Fund context. This firm has completed an initial diagnostic and orientation report, which will serve as the foundation for the WSF procedures manual. • Work on the procedure manual is in progress. This effort is designed to formalize the practices of the Sovereign Fund and will culminate in an implementing decree to enforce the law establishing the fund. • A financial expert is currently being recruited to assist the international firm, thereby enhancing the expertise available to create a robust procedures manual tailored to the Fund's needs.	Madagascar drives the process, a factor out of control of the project.
Outcome 2: The sustainable energy sector is supported by advanced technical assistance necessary for its development. Early-stage innovative companies initiated in particular by women and youth are empowered and financially supported through incubation enabling their development. Policy makers and stakeholders' capacity are strengthened to ensure policy and regulatory framework coherence and effective implementation.			
Outcome indicator 2.1: A sustainable energy incubator is created and operational	1	1 The following achievements have been realized under tbe incubation program • The Sustainable Energy Incubator has been officially inaugurated, accompanied by three informational sessions in the Analamanga, Atsinanana, and Diana regions. These sessions were designed to raise awareness and inform local stakeholders about the opportunities available through this initiative. • Eight staff members from the Sustainable Energy Incubator, including four women, received capacity-building training from GIZ. This training helped them gain a comprehensive understanding of the electricity sector and the techniques required for developing electrification projects.	Achieved While the incubator is in place, only one of the three cohorts have been incubated. The successful deployment of the second and third cohorts will in part depend on the project successfully securing a no-cost extension.

		• The first group of the incubation program was launched, featuring 15 start-ups and SMEs—7 of which are led by women and 2 by young entrepreneurs under the age of 25. These companies are developing innovative projects, including solar-powered tricycles, biogas production units, solar generators, solar-powered rural electrification solutions, and pico hydroelectric plants, as well as eco-friendly products such as ecocharcoal, solar cookers, and clean cooking technologies. Their initiatives are spread across several regions: Analamanga, Vakinankaratra, Atsimo Andrefana, Boeny, Diana, Atsinanana, Itasy, and Haute Matsiatra. • A voluntary evaluation committee has been established to select the projects and companies eligible for the incubation program. The committee ensures that the selection process is fair, transparent, and aligned with the set criteria, guaranteeing that all applications meet the required standards and that diverse technologies are well represented. • A communication plan has been developed and approved to boost the profile of the incubator's activities and generate public interest in this innovative laboratory.	
Outcome indicator 2.2: Number of capacity building conducted and regulatory framework conducted.	4	2 (50%) Progress achieved relating to capacity building includes: • Two workshops were conducted to determine and rank the specific needs of the ministries. This process will allow future interventions to be precisely targeted and enhance institutional capacity in line with each ministry's urgent demands and strategic priorities. The identified needs span several key areas, including	On track At midterm, the project has achieved half of its end-of-project target for capacity building. Further trainings on energy efficiency

		financial development and blended finance (in partnership with ITC-ILO), the introduction of green financing mechanisms for supporting eco-friendly projects, and obtaining certifications in ITIL V4 and Professional Project Management (PMP). • Two representatives from the Ministry of Energy and Hydrocarbons (MEH) received training to secure ITIL 4 Foundation and PMP, PMI Project Management certifications, equipping them with essential qualifications to improve project management practices within the ministry. • The MEH has also received assistance in creating visibility tools designed to promote reforestation efforts, which will help raise public awareness and highlight the importance of ecological initiatives within the sustainable energy transition. • In addition, the project is helping the MEH update the standard for energy-efficient charcoal stoves and develop a new standard for energy-efficient wood stoves, with plans underway to train MEH's technical staff on energy efficiency topics.	topics envisaged for the staff of the MEH.

3.2.2. Constraining factors to the achievement of project objectives

The evaluation identified the following obstacles to the realisation of the project's objective for the remaining period of the project implementation:

Delays associated with meeting the target expenditure rate to trigger replenishment of project resources. For the project implementers to qualify to make a request to the donor for the replenishment of project resources, a 75% rate of expenditure of the current budget must be attained by all the three UN agencies. Delays from one or more partners to reach the 75% level means that the other entities will be retarded. For instance, delays from UNCDF and UNDP in disbursing resources for the derisking facility means that it could take them longer than required to achieve 75% expenditure rate and this would potentially slow down UNIDO's implementation as well[23]. UNIDO is still to host two cohorts of incubation before project closure and any delays in the replenishment of project resources will negatively impact on the calendar for the incubation of the two remaining cohorts.

Gaps in the synergy of the project components. UNIDO is responsible for the sustainable energy incubation, UNDP for the establishment of the Sovereign Fund while UNCDF and UNDP are co-implementing the derisking facility, with UNDP handling the results-based payment grants while UNCDF is charged with administering the loans and guarantee of the facility. Each UN agency is focusing on their respective component with little to no attention paid to exploring synergies between the area of interventions of the different agencies. For instance, while some ideas exist on how the financial instruments piloted under the derisking facility could be sustained beyond the project, there is limited clarity on the way forward for the start-ups and SMEs that have completed the incubation to access resources for the realization or scaling up of their projects. Moving forward, the regular coordination meetings between UNDP, UNCDF and UNIDO should strongly include discussions relating to options that could be explored by the project to strengthen the synergy between its different components. For instance, the derisking facility could work with local financial institutions in the country to extend the provision of guarantees to SMEs or Start-ups from the SEI with viable market-ready and scalable products, thereby strengthening the link between the derisking facility and SEI components of the project.

Lack of clarity on the role of UNDP as the coordinator and lead agency. UNDP has its own components of the project to implement and in addition, hosts the PMU that assumes the role of coordinating the delivery of the entire project. UNDP's role was perceived by the other UN agencies to be more focused on the implementation of their component of the project and less on ensuring coordination in the delivery of the project activities. However, the coordination role of UNDP has improved with the advent of the new project team[24]. The Resident Coordination Office and UNDP have a critical role to play in providing overarching coordination and oversight to the delivery of the project.

While the project is in its final year of implementation, the Sovereign Fund and the financial instruments under the derisking facility are yet to be respectively operationalized and deployed. Some progress has been recorded under the derisking facility such as the prioritization of project and companies, but concrete actions will only see the light of day following the establishment of financing agreements between the project and the selected companies and the consequent disbursement of funds. At the time of the mid-term evaluation, no financing agreement had been concluded. There is therefore need for the project to step up actions in this regard. Similarly, the project had supported the recruitment process of the

[23] Feedback from interview with UNIDO project staff
[24] Feedback from a staff of an implementing partner

Sovereign Fund's executive organ, but the results of the recruitment process submitted to the government has received no action.

Based on the data available at the time of the mid-term evaluation, direct evidence regarding the Government of Madagascar's current willingness to actively advance the operationalization of the Sovereign Fund and a concrete timeline for next steps remain limited. The project has supported the creation of the Sovereign Fund's executive organ and transmitted the recruitment results to the Government, but there has yet to be further governmental action on these outcomes. No public allocation of financial resources to the Fund has been reported so far, despite an initial indication of a planned USD 40 million government commitment. While the establishment of the Fund demonstrates previous government interest, the subsequent lack of decisive follow-up suggests challenges in advancing the process. The evaluation acknowledges that the progression of the SF is largely dependent on factors outside the project's control, primarily the pace and political will of the Government of Madagascar. Consequently, should there be no significant advancement by the time of the next project milestones, the need to re-examine and adjust the allocation of funds may indeed arise to maximize development impact elsewhere within the project.

The performance-based payments to be piloted by UNDP requires a set of performance metrics based on which monitoring will be conducted and payments disbursed. Hence, delays in establishing the performance metrics will delay the establishment of the agreements between the grantees and the project. While the recruitment process of the contractor for the elaboration of the performance metrics was ongoing at the time when the mid-term evaluation was conducted, measures should be taken to ensure that the contracting process is concluded in a timely manner lest this further delays the establishment of financing agreements and disbursement of project resources for sub-projects implementation. Equally, the conduction of the micro evaluation of the prioritized companies needs to happen in a timely manner and this will need to be finalized prior to the establishment of the financing agreements.

The internal restructuring within UNCDF meant that the loans and guarantee could not be deployed immediately after the prioritization and selection of the projects to benefit from the derisking facility was concluded. Some companies requested for both grants and loans, rendering it challenging for the project to advance with just one instrument. UNDP has the intent to move forward with the deployment of the performance-based grants, but it is uncertain how successful this will be in the event that a company requesting both grants and loans/guarantees gets the grants from UNDP but fails to secure the loan/guarantee from UNCDF or from other sources. Moreover, the prioritization of different projects by UNDP and UNCDF equally represents another issue which corroborates a lack of collaboration between both entities. UNCDF first engaged in the prioritization of projects and included UNDP in the preliminary stage of the process but not at the final stage. The prioritization was in favour of electrification projects with an implementation period of five years. Since UNDP must complete the disbursement of the grants before project closure, the prioritized projects by UNCDF were therefore not aligned with UNDP's disbursement timeline. This and coupled with the temporal pause in the deployment of the loans and guarantee due to UNCDF's internal restructuring, UNDP embarked on the prioritization of projects (04) for the result-based payments. The limited collaboration between UNCDF and UNDP in the prioritization of the projects is due to the lack of a unified standard operating procedures (SOPs) for the derisking facility to be used by both UNCDF and UNDP, causing each entity to function with their respective SOPs. As the internal restructuring within UNCDF is now finalized and the institution is ready to move forward with the deployment of grants/guarantee, it will be beneficial for UNDP and UNCDF to engage in a discussion and align on the way forward, and establish a unified SOPs for use by both entities in the delivery of the derisking facility..

3.2.3. Potential of replication of the FIER projects to other countries and sector

Although the FIER project is yet to leverage co-financing, stakeholders consulted all expressed views that the FIER project has high potential for replication in other countries and other sectors within Madagascar such as the agriculture sector. The FIER project's integrated financing approach involving leveraging a mix of grants, concessional loans, and guarantees offers a promising model for mobilizing private investment in renewable energy and rural electrification. Its replicability in other countries hinges on several factors:

- **Adaptability of Financial Instruments:** The project's design uses flexible financial tools that can be tailored to local market conditions. In countries where financial markets are evolving and risk perceptions are high, offering concessional loans or guarantees can help bridge the investment gap, while grants can catalyze initial project phases. This modular approach means that, with appropriate customization, similar instruments can be applied in different settings to address local challenges.
- **Regulatory and Institutional Environment:** Successful replication requires a supportive regulatory framework and strong institutional capacity. Countries that have established or are in the process of reforming policies to encourage private sector participation in renewable energy investments are more likely to benefit from a FIER-like model. Ensuring clear, transparent, and stable policies can help attract investors who might otherwise be wary of market risks.
- **Stakeholder Engagement and Partnerships:** A key component of the FIER model is its emphasis on building partnerships among public agencies, private financial institutions, and international donors. In replicating this approach, identifying and engaging with local stakeholders—who understand the unique challenges and opportunities of the country of interest is crucial. This collaborative framework not only shares risk but also aligns interests across sectors, thereby fostering a more resilient project ecosystem.
- **Capacity for International and Domestic Funding:** Replicating the FIER model also depends on the availability of both international support and domestic financing. Countries with active international development programs and financial institutions willing to participate in risk-sharing arrangements are more likely to successfully adopt a similar integrated financing mechanism.

Overall, the replicability of the FIER project in other countries appears promising, provided that adaptations are made to fit local conditions. Critical success factors include a flexible financial structure, a supportive regulatory environment, robust stakeholder partnerships, and strong alignment with local energy needs. With these elements in place, the FIER model can serve as a valuable blueprint for accelerating private sector investment in renewable energy and rural electrification across diverse regions. Examples exist of projects using some or all of the financial instruments adopted by the FIER project to enhance implementation of renewable energy technology. For instance, the Accelerating Solar Action Programme in Ghana is financed by the Green Climate Fund (GCF) through grants and concessional loans. Equally, the Caribbean Net-Zero and Resilient Private Sector implemented in eight Caribbean countries is financed by the GCF to the tune of USD 118,975,948 through the following financial instruments: concessional loans, guarantees, grants, and equity.

The key aspect of the FIER project that is transferable to other countries relates to the financial instruments (performance-based grants, loans and guarantees) under the derisking facility. However, the replication of the derisking facility in other countries could be hampered by the following challenges:

- Currency risk due to lack of hedging of the USD could serve as a disincentive for private sector actors to accept financing from the derisking facility. If the facility provides financing (loans and guarantees) in USD and the recipients of the financing market their products in local currency and have to repay the obtained loan in USD, a currency risk emerges.
- In some instances, a mix of financial instruments is required to achieve derisking. In such cases, the inadequate access by a company to one or more financial instrument would hamper the derisking potential of the derisking facility. For instance, a company requiring grants and

concessional loans would be unlikely to attain its desired results if lacking access to one of the instruments.

The programme's scalability within Madagascar itself is also an important aspect. The integrated financing model—combining grants, concessional loans, and guarantees—demonstrates strong potential to continue supporting and strengthening Madagascar's energy sector, **provided that certain enabling conditions are met**. These include the availability of new or additional resources, the operationalization and sustainability of key mechanisms such as the National Fund for Sustainable Energy (FNED), and ongoing capacity-building of both public and private stakeholders. The project's results to date show that key components such as the Sustainable Energy Incubator can be expanded to cover additional cohorts of SMEs and start-ups, and the derisking facility could scale its reach given sufficient financial and institutional support. Nevertheless, realizing this scalability would require securing additional funding, establishing dedicated mechanisms for continued partnership and coordination with national actors, and ensuring that lessons learned from the first phase are integrated into programme adaptations going forward.

3.2.4. Co-financing analysis

As per the ProDoc, the USD 8.7 million was envisaged to leverage USD 80 million, with an overall ~9.1x leverage from the public and private sectors. The MTE assessed the level of leveraged finance by the project and revealed that 0% of the envisaged USD 80 million has been mobilized (**Table 6**). The project's 2024 annual report mentioned that efforts are underway to forge alliances with both public and private sector entities, as well as international financial institutions, to secure funding for the planned initiatives. In pursuit of this goal, a meeting was convened with Société Générale to explore potential financing options. Similarly, with assistance from UNDP Global, the project submitted a proposal to the International Solar Alliance to mobilize USD 500,000 for the de-risking facility. Feedback was received on the initial submission, and necessary revisions were made before resubmitting the updated proposal in early March 2025[25]. As the project is past mid-point of implementation, it is worthwhile for the project to review the anticipated leverage financing potential of the project and revise it to a realistically achievable amount.

As of the mid-term evaluation, none of the initially envisioned USD 80 million in leveraged funds (from public and private sector, including the anticipated government allocation) had been materialized. While project efforts to forge partnerships—including discussions with banks such as Société Générale and submission of a grant proposal to the International Solar Alliance—indicate ongoing intent, tangible resource mobilization has not yet occurred. Given project delays and the absence of binding commitments to date, the evaluation concludes that it would be prudent to revisit and revise the original financial leverage targets downward to reflect a more achievable outcome before the project closure. The potential for financial leverage by the end of the joint programme remains present but will likely be modest unless major commitments are secured soon. Re-calibrating expectations and focusing on incremental milestones, such as materializing ongoing proposals or partial commitments, is advisable to align donor expectations with current realities.

Table 6: Analysis of leveraged finance by the FIER project

Source of financing (private,	Name of investor	Type of financing (e.g. grant, loan, bond,	Amount committed or envisaged in the project	Amount materialized at the mid-term	Note on supporting documents, objectives and links with

[25] Feedback from a member of the Project Management Unit

public, IFI, bilateral, etc.)		guarantee, equity, etc.)	document (USD)	evaluation (US$)	specific financial instruments
Private sector	Banks and funds	Debt (banks) or debt and equity (fund)	40,000,000	0	NA
Public	Government of Madagascar (Sovereign Fund)		40,000,000	0	NA
TOTAL		US$	80,000,000	% of target at time of MTE: 0%	

An analysis of the potential finance to be leveraged by the FIER project was conducted by the project team at the time of the MTR. for the selected companies under the derisking facility. As per the analysis, the project's de-risking facility was estimated to achieve a leverage finance ratio of 2.14 and a leveraged amount of USD 1,953,982 (see Annex I).

3.2.5. Potential of achieved project results in generating a systematic change beyond the life of the project

The financial innovative system for sustainable energy (FIER) project is designed to mobilize private sector investment in Madagascar's renewable energy and rural electrification sectors. By offering a blend of grants, concessional loans, and guarantees, FIER seeks not only to finance projects but also to address several underlying challenges in the country's financial sector. The underlying challenges faced by Madagascar's financial sector and how the FIER project addresses these are presented in **Table 7**.

Table 7: Alignment of the FIER project with underlying obstacles within Madagascar's financial sector

Key Obstacles in Madagascar's Financial Sector	Demonstration of how the FIER project addresses the obstacles
Limited Access to Credit: Many renewable energy and rural electrification projects struggle to secure financing due to the high perceived risk and lack of adequate collateral. This is compounded by a financial environment where traditional banks are often cautious about lending to sectors seen as non-traditional or high-risk.	**Enhancing Access to Capital with Grants:** By providing grants, FIER lowers the initial financial burden on project developers. This form of non-repayable funding can cover feasibility studies, preliminary investments, or capacity-building efforts, thereby reducing the upfront costs and mitigating initial risk factors.
Inadequate Financial Instruments: The market in Madagascar has historically been underserved with tailored financial products. Conventional loans may carry high interest rates and stringent conditions, making it difficult for innovative energy projects to secure funding under commercial terms.	**Offering Concessional Loans:** Concessional loans with favourable terms help to bridge the gap between high-cost commercial financing and the financial needs of renewable energy projects. These loans reduce the cost of capital, making projects more viable and attractive

	to private investors who might otherwise shy away due to higher interest rates and repayment risks.
Risk Perception and De-risking Challenges: Renewable energy projects, especially in rural areas, are often seen as risky investments. This risk perception is driven by factors such as uncertain revenue streams, limited historical performance data, and external challenges like regulatory or infrastructural constraints.	**Mitigating Risks Through Guarantees:** Guarantees serve as a risk-sharing mechanism, reassuring lenders and investors by covering potential losses. This de-risking approach helps to overcome the conservative lending practices prevalent in Madagascar's financial sector, encouraging more banks and investors to support energy projects.

While the project has established partnerships, the evaluation did not generate any evidence relating to the project engaging the private sector such as banks and investors in integrating sustainable financing mechanisms within their operations. While the proposed financial instruments under the derisking facility respond to the underlying factors hampering the flow of finance for private sector engagement in the nation's energy sector, the achievement of systemic change by the FIER project is contingent upon continuation of the joint programme beyond its life.

3.2.6. Impact and potential impact of financial instruments on the development of communities and local population

It is challenging to assess the impacts of the financial instruments on local communities as these instruments are yet to be deployed by the project. However, the evaluators assessed the potential impact of the financial instruments on the local population once deployed. Overall, the proposed instruments by the FIER project have the potential to drive significant socio-economic transformation at the community level, as presented in the ensuing paragraphs.

- **Enhanced Access to Energy.** By targeting investments in renewable energy projects for rural electrification, the FIER project will expand electricity access in rural areas. Reliable and affordable energy is crucial for powering homes, schools, and health centers. With better access, communities can expect improved educational outcomes, enhanced healthcare services, and an overall boost in quality of life.
- **Economic Development and Job Creation.** The injection of capital through grants and favourable loans can lower the barriers for local entrepreneurs and small businesses to participate in the energy market. This can lead to the generation of local employment opportunities and increased economic activities in rural areas.
- **Social and Community Empowerment.** Access to sustainable energy is a cornerstone for community development. The financial instruments provided by FIER can: 1)Reduce Energy Poverty - Lower energy costs and improved infrastructure help alleviate the burden on low-income households; 2)Empower Communities - Energy access supports local education, health initiatives, and overall social well-being, fostering a more resilient community; and 3)Promote Social Inclusion - by reaching underserved and remote areas, these initiatives help bridge the urban-rural divide, ensuring a more equitable distribution of resources.

3.2.7. Integration of gender and the principle of Leave No One Behind (LNOB) during project implementation

Consulted stakeholders mostly referred to the incubation programme as the initiative under the FIER project that integrated gender and LNOB principles. The sustainable energy incubation program has emphasized

key principles like gender equality, women's empowerment, and the inclusion of young people. Out of the 15 selected start-ups and SMEs, 7 are led by women and 2 by individuals under the age of 25[26]. This notable participation from women and youth clearly demonstrates the project's commitment to these values.

3.3. Management Effectiveness

From the perspective of a continuous improvement approach, analysis of the management mechanisms reveals some notable successes, but above all points for improvement to optimize inter-agency coordination and the quality of reports. The findings presented below are based on all the data obtained from interviews, reviews of project reports and other working documents consulted.

3.3.1. Management Arrangements

3.3.1.1. Overall Efficiency of Project Management

Observed data indicates that multi-level validation mechanisms (from financial data collection to final approval via several stakeholders) are in place, contributing to a certain administrative rigor in project management. On the other hand, recurrent delays in the transmission and validation of documents, as well as cumbersome procedures, sometimes hamper operational efficiency. Moreover, even though the implementation teams within the various partner agencies are attempting to better coordinate their activities with a view to achieving common objectives, the multiplicity of procedures leads to delays that could be reduced by simplifying and standardizing processes.

3.3.1.2. Quality of project implementation (UN agencies)

Analysis of interviews with the coordination team and UN agency contacts shows that the agencies involved are committed to continuous improvement in project implementation, as demonstrated by the recent introduction of digital tools for quarterly monitoring, with the support of the UNDP Head Oversight Unit. Nevertheless, it is also stressed that the lack of specific training on administrative procedures and some confusion regarding roles in the validation of operations are having a negative impact on quality and implementation times. Better appropriation of procedures by new teams and harmonization of practices between agencies appear to be priority areas for adjustment.

3.3.1.3. Quality of project execution (Executing partners)

With regards to the execution of operations carried out by implementing partners, it has been observed that the partners are endeavouring to make adjustments on the basis of the first lessons learned. However, according to the observations made, a number of bottlenecks remain:

- The absence of detailed planning and specific indicators for several activities in the initial project document has led to a lack of clarity in the modalities and timetable for execution, right from the start of implementation.
- Cumbersome procurement procedures and the need for multiple validations are slowing down the implementation process.

It is therefore recommended that the automation of data transmission be stepped up, and that implementation procedures be made more precise, in order to better reconcile quality and operational responsiveness.

[26] 2024 Annual Progress Report

3.3.1.4. Role and quality of coordination and supervision by the Resident Coordinator of the United Nations

The quality of coordination exercised by the Resident Coordinator's Office team is perceived as a stabilizing factor for the executive structure as a whole. The Resident Coordinator's Office - acting as a neutral relay between the project team and the implementing agencies - facilitates the resolution of certain conflicts by enabling organizational problems to be rapidly escalated. The project coordination mechanism could be further optimized through more harmonized communication, so that agencies can speak with one voice and gain synergy in achieving common objectives.

The Resident Coordinator (RC) plays a fundamental role in project monitoring as well as reporting on progress made to the Fund Secretariat throughout the project implementation. He/she plays the role of making sure that the project implementation is being reported regularly as expected, through the elaboration and submission of all progress reports. Monitoring and evaluation of the project is in the hands of the RC who ensures that the midterm evaluation is conducted as planned and will organize a final evaluation at the end of the project, while making sure that these reports are conducted in line with the UNEG guidelines for evaluations and respect the evaluation policies of the Participating UN Offices.

3.3.2. Reports and communications

3.3.2.1. Alignment with the requirements of the Joint SDG Fund

The reports produced are broadly in line with the requirements of the Joint SDG Fund, in that the frequency of reporting is broadly in line with the donor's expectations. However, observations show that the emphasis on concrete results remains insufficient, with reports sometimes tending to go into greater detail on activities and processes, to the detriment of outcomes and real impact. The adoption of results-based reporting will improve understanding and comparability of progress levels by component and indicator.

3.3.2.2. Knowledge management

By developing Excel tools and putting monitoring documents online, the unit in charge of monitoring and evaluation is striving to set up mechanisms to facilitate the sharing and updating of the information needed to manage the project's knowledge and institutional memory. While these tools can make a real contribution to better monitoring by facilitating the feedback of information, their use remains to date partially segmented between agencies. Furthermore, the lack of unified indicators - some of which have not yet been defined or harmonized between partners - remains a limitation identified in the initial system. It is therefore recommended to further strengthen the exchange and appropriation by stakeholders of existing knowledge management tools and systems, over the remaining duration of the project.

3.3.2.3. Assessment of external communication

The project's external communication system suffered from a lack of continuity, following staff changes within the coordination team in 2024. Since then, considerable efforts have been made to improve the communication strategy and media. The success of this revitalization will largely depend, once again, on a shared willingness to collaborate, but also on the leadership of the project's coordination unit. All category of project stakeholders consulted during the mid-term evaluation expressed their views that the communication between the project and stakeholders was poor. Stakeholders had very little or no information on the progress of the project. Government stakeholders recounted that outside the steering committee meeting which happens annually, they are not provided any further information on the state of progress.

3.4. Risk Management

3.4.1. Validation of Risks in the Project Document

The project document reflects a consideration of potential risks, classifying them into contextual, institutional, fiduciary and reputational risks. This matrix approach is a necessary starting point for effective management of project risks. The identification and formulation of the risks presented in the matrix denotes a comprehensive understanding of the project's complex environment. In addition, the document describes several mitigation measures, including capacity building, transparency and accountability mechanisms, rigorous project selection processes, and enhanced collaboration and coordination.

However, while risk assessment is mentioned in broad terms, some aspects would benefit from further clarification:

- Specificity and measurability of mitigation measures: Mitigation measures sometimes lack precision. It would have been judicious to specify more concrete mitigation actions, particularly concerning the risks associated with supporting the creation of theWSF, which was questionable from the outset in the project document itself: “Creation of a sovereign fund has never been experienced in Madagascar and is highly related to political commitment and leadership. “The institutions in charge of setting up the sovereign fund could encounter difficulties to coordinate effectively and it creates confusion on the scope of coverage”, ‘The setting up of a sovereign fund will take some time and will not be ready to finance projects on the ground’.
- Emergency plan: The document lacks specific details on how the project responds to emergencies. The development of detailed contingency plans for each major risk, with a definition of specific actions and responsibilities, would have strengthened the project's resilience.
- Regular risk reviews: The frequency of risk reviews is not specified. Yet regular reviews, perhaps quarterly or annually, are necessary to monitor the effectiveness of mitigation measures, identify emerging risks and adapt the risk management strategy accordingly. This dynamic approach is essential in an uncertain environment such as Madagascar's.
- Involvement of stakeholders in risk management: The persons or entities in charge of mitigation measures are indeed listed, but with no further details on their actual involvement. The involvement of government agencies, private sector partners and other key project stakeholders in the identification, assessment and mitigation of risks would probably have strengthened the ownership and effectiveness of the measures put in place.

3.4.2. Analysis of Socio-Economic and Political Risks to sustainability

This analysis of the socio-economic and political risks associated with the project's sustainability is based on the terms of reference (ToR), which guide the MTE towards an impartial examination of the project's implementation components. This is particularly true since the following lines deal with a delicate subject, namely the risks associated with the project's support for the operationalization of the Fonds Souverain Malagasy (FSM).

The creation of the Malagasy Sovereign Fund (FSM) reflects a strong political will to promote the country's economic development and invest in strategic projects, particularly in the sustainable energy sector. The adoption of Law no. 2021-024 establishing the WSF, in line with the Santiago Principles, underlines the commitment to international best practices in governance and transparency. The government's collaboration with the UNDP also testifies to a commitment to strengthening transparency and management of the WSF.

Despite these positive aspects, a number of socio-economic and political risks require particular attention.

A. Reputational and political risks

The rather hasty adoption of the Sovereign Fund law, without sufficient consultation with civil society, has raised concerns about the transparency and management of the fund's resources. Questions persist about the origin of the funds and their use, which may undermine the Sovereign Fund's credibility and entail reputational risks for the project and its implementing agencies.

The IMF has expressed concern about the lack of clarity regarding the Sovereign Fund 's ability to commit the state's signature on investment projects, and about the fund's guarantees of transparency and independence[27].

The delay in operationalizing the Sovereign Fund, despite its creation in 2021, raises questions about the institutional capacity to implement such a complex mechanism. The risks already mentioned in this respect in the matrix (Appendix 5) of the initial project document merit serious reconsideration.

B. Recommendations

Scenario a) Continuing with the Sovereign Fund, with known risks

This scenario is considered risky because of the challenges associated with governance, transparency and resource mobilization. If, despite everything, the project decides to pursue its intervention in this direction, it would be appropriate to strengthen communication and open the debate on how to improve the WSF's credibility.

Scenario b) Considering an exit strategy based on the FNED

If the challenges associated with the WSF persist, it would be wise to consider an exit strategy based on the National Sustainable Energy Fund (FNED), whose law has already been passed, and which enjoys a better reputation in the eyes of public opinion, civil society and international partners alike. The FNED could serve as an alternative financing mechanism for sustainable energy projects, until the WSF is fully operational and transparent. Among other things, this option would consolidate DF's achievements in the sustainable energy sector.

3.4.3. Environmental and social safeguards

Although Annex 3 of the project document includes a "Gender Marker" matrix, concrete measures for gender mainstreaming in the form of action plans have not yet been put into practice. A similar shortcoming has been noted with regard to environmental and social safeguard procedures. As a recommendation, a common approach to gender, environmental and social safeguards should be implemented with the collaboration of all implementing agencies.

3.4.4. Accountability and Grievance Mechanism (AGM)

The mid-term evaluation (MTE) highlighted difficulties in coordination and communication between implementing agencies, but also with partners, and similarly between executive and administrative teams. In this context, complaint management procedures need to be made more explicit to ensure project accountability. It is also important to ensure that this complaint mechanism is accessible to all beneficiaries, and that complaints, once centralized, are dealt with fairly.

3.4.5. Unexpected positive or negative impacts

[27] https://2424.mg/fonds-dinvestissment-le-fmi-demande-plus-de-clarte-sur-certains-elements-du-fonds-souverain-malagasy/

Unexpected positive impacts

- *Strong involvement of SEI project evaluation committee members*: The members of the SEI project selection committee, most of whom work on a voluntary basis, include a significant number of university lecturers who are strongly involved in the project selection procedures. Feedback from these members is invaluable for improving the SEI component as a whole. In addition, the presence of representatives of microfinance institutions among the committee members also opens up opportunities for broader co-financing of sustainable energy microprojects.
- *Synergy with the initiative to develop a national strategy for clean cooking*: independently of the FIER project, the UNDP is helping the Malagasy government to draw up a framework document on clean cooking. The corresponding work was officially launched in October 2024. Although independent of each other, the two initiatives complement each other well, particularly through the SEI component, which also supports entrepreneurial micro-projects for clean cooking.

Unexpected negative impacts

- At the DF level: the lack of clear communication on the usefulness, rationale and limitations of the DF has led to sometimes divergent expectations on the part of bidding companies. The DF is then perceived as a direct financing or pre-financing instrument, whereas its initial vocation is to facilitate the raising of co-financing (guarantees, incentives from commercial banks) and to reassure investors. As a result of this initial misunderstanding, many companies expect DF to be more of an upstream cash injection, which can lead to confusion and frustration on both sides.
- At the start of the incubation, the sessions were conducted virtually. With poor internet connectivity and power outages, it was challenging for some participants to participate in the sessions from their homes. Some students who are part of the incubation had to resort to renting a venue with back-up power supply and stable internet connection just to be able to participate in the incubation sessions, negatively impacting on their meagre resources[28]. More recently, participants were informed on the possibility to use the IED room, providing a solution to this issue.
- While start-ups participating in the incubation programme appreciated the level of support they access through the programme, more established SMEs already engaged in business and looking for resources to scale up, felt the trainings provided by the incubation within the first four months was a waste of their time as they did not see any added value for the sessions[29]. While the last two months of the incubation programme is dedicated to tailored or more personalised-oriented support, it is important for IED and SMEs to assess the benefits of their (SMEs) participation in the first part of the incubation programme, and in the event it is of no added value to them, IED could consider providing a tailored support to them from the start of the incubation

3.5. Sustainability

3.5.1. Financial Sustainability

Stakeholders expressed diverse views relating to the financial sustainability of the financial instruments. The sustainability of the instruments will depend on the policy of the government – the government's policy is to use the private sector to enhance electricity access in the country and once this policy remains valid, the financial instruments will in turn be valid with potential of being sustained but this will however depend on the exit strategy of the FIER project[30]. Multiple stakeholders consulted believed the sustainability of the financial instruments will be assured through the operationalization of the National Fund for Sustainable

[28] Feedback from interview with a participant of the incubation programme.
[29] IFeedback from interview with an SME engaged in the incubation programme
[30] Feedback from interview with a staff from UNIDO

Energy (FNED). FNED is envisaged to adopt and use the financial instruments, but the Fund will be capacitated to deploy these financial instruments pending availability of financial resources. The exit strategy of the project is therefore important to ensure the sustainability of the financial instruments. Clearly, the FNED will require support in terms of capacity strengthening and in the mobilisation of resources and this constitutes an area where UNDP and UNCDF could continue providing support beyond the life of the project. FNED's resources could emanate from the government and other international financiers in the form of grants and loans. For instance, FNED could be provided the support to have in place a robust fiduciary systems and standards that will render the institution eligible to qualify as a direct access entity for the Green Climate Fund – giving room for FNED to mobilise grants and concessional loans financing from the GCF for the implementation of projects in Madagascar. The project will therefore benefit from the elaboration of a comprehensive exit and sustainability strategy with clear milestones, responsible parties, and resource commitments. Equally, FNED and ADER should be engaged early enough for the institutionalization of the FIER's project tools and approaches.

3.5.2. Support to the financial instruments by public and private actors

While the financial instruments are appreciated by the government entities by virtue of their role in fostering private sector investment in the energy space of the nation, no public institution has to this day adopted a mix of the financial instruments. Prior to 2024, ADER provided grant financing to companies engaged in rural electrification. The FNED is hoped to take the relay in deploying the financial instruments once the FIER project comes to an end. Pertaining to the private sector, companies are eager to access the proposed financial instruments as these offer better conditions compared to those offered by commercial banks. As of the time when the mid-term evaluation was being conducted, no financial institution in Madagascar had adopted any of the financial instruments.

3.5.3. Adequate and appropriate stakeholder mobilisation by the project

UNIDO and GIZ have partnered to enhance the capacity of the IED team by equipping them with essential knowledge of the electricity sub-sector. This support aims to help the IED better understand the project's challenges and improve its ability to assist incubated start-ups and SMEs[31]. As part of this effort, GIZ has conducted training sessions for several project team members and the IED to strengthen their expertise in the electricity sector and their ability to develop electrification projects. The project established partnership with the Mauritius Commercial Bank and the AFD-Sunref programme[32]. Another stakeholder perceived the representation of public and private entities on the project's steering committee as a form of established partnership that could guarantee the sustainability of the project. It is the opinion of the evaluators that the project needs to strengthen its partnership with key institutions or organizations (such as the AFD and the African Development Bank - AfDB among others) with potentials of supporting the sustainability of the project. For instance, AfDB is a delivery entity for the Climate Investment Fund (CIF) which could emerge as a potential source for mobilizing resources (grants and loans) for the FNED.

3.5.4. Institutional risk

Private companies to be financed under the derisking facility mentioned the difficulty in accessing tax deductions on imported equipment for rural electrification as a potential risk that may jeopardise the sustainability of the sub-projects. Before 2024, the process for obtaining tax deductions was simple and straightforward but this has now been rendered complex and time consuming. An entity seeking to benefit from the tax deduction will have to submit an application with ADER, from ADER, the file goes to the

[31] 2024 Project Annual Report
[32] Feedback from interview with a staff of UNDP

Ministry of Energy for processing and thereafter, it moves to the Ministry of Finance. From the Ministry of Finance, the file is forwarded to the Council of Ministers where decision is taken whether to grant the request for a tax deduction or not. The duration of the process could slow down the importation of equipment for the implementation of the sub-projects to be financed by the derisking facility.

3.5.5. Key factors requiring attention for sustainability

Based on consultations and document reviews conducted as part of the evaluation, the issues that emerged requiring attention for sustainability includes the following:

- Communication with the different stakeholders should be enhanced. Update emails should be sent to the steering committee members to enable them to stay updated with the project's progress. Within the same vein, it is important for the MTE report to be shared with the relevant Government ministries involved in the FIER project.
- Coordination between the three UN agencies (UNIDO, UNCDF and UNDP) should be enhanced.
- Elaboration of the exit strategy in collaboration with the government and other relevant stakeholders.
- A standard operating procedure had to be established for UNDP and UNCDF but this never happened, giving rise to the prioritization of different projects by each agency.
- Acceleration of the implementation of the activities that are ongoing and avoidance of procedures that culminates in delay. The project should work in close collaboration with the procurement and finance team to avoid possible delays.
- A request for a no-cost extension up to March 2027 is required to enable the project to successfully implement its pending activities to completion.
- The Ministry of Finance will in most cases require the approval of funds provided as grants to be used in the country and this often culminate in delays. UNDP and UNCDF should assure that the Ministry of Finance will not pose any problem in the disbursement of the funds.
- The project should focus on establishing strategic partnerships with potentials for guaranteeing sustainability.
- It is important to associate the technical and financial partners in the activities of the project to ensure the sustainability of the proposed financial mechanisms and instruments. Public sector actors should also be strongly engaged to ensure the sustainability of the project in the long run.
- In a joint programme, the representative from the UN side on the steering committee should be the RCO and UNDP should be a technical lead and not the lead from the UN side on the steering committee.

An overview of the evaluation ratings for the different thematic areas is provided in **Table 8**.

Table 8: An overview of the evaluation ratings

Category	Sub-category	Score[33]	Justification and description of achievements
Design			The project aligns with the national priorities, country ownership is secured, and the project

[33] "Green" means that results are on track to be fully achieved by the completion date, or that they are satisfactory/very satisfactory. "Yellow" means that the majority of results are on track, but implementation is 1 to 3 months behind schedule, or that results are moderately satisfactory. "Red" means that results are not on track, with significant delays and complications, or are unsatisfactory.

Category	Sub-category	Score[33]	Justification and description of achievements
			responds to the interests and needs of the private sector actors.
Progress towards results	Outcome 1		Although the financial mechanisms have not been deployed, good progress has been made such as prioritization of companies/projects and the conduction of due diligence. However, the Sovereign Fund has witnessed delays from the government's side, and this is beyond the control of the project.
	Outcome 2		The IED is now operational, and capacity building has been conducted for government entities, although not finalized.
Management effectiveness			Each UN agency is performing their role as envisage in the ProDoc, although there are cases of lack of collaboration, such as the case between UNDP and UNCDF where entity had to prioritize separate projects under the derisking facility.
Risk Management			Some gaps relating to risk management were identified as presented in section 3.4.
Sustainability	Financial		While FNED is envisaged to ensure sustainability of the financial instruments, this can only be possible with FNED having access to financial resources. As of now, it is unclear where the FNED will obtain resources from.
	Institutional		The lengthy and complex procedures to access tax deductions for the importation of rural electrification equipment could retard the implementation of the sub-projects financed by the derisking facility.
	Community		Low purchasing power of rural community members could jeopardise their ability to pay for electricity tariff and this may negatively impact the viability of the sub-projects. It is therefore important for the sub-projects to be associated with productive use of energy.
	Environmental		Climatic hazards like cyclones could destroy the installations to be made by the sub-projects under the derisking facility. It is therefore important for climate resilience to be mainstreamed in the installations to be made.

4. MAIN FINDINGS, CONCLUSIONS, LESSONS LEARNED AND RECOMMENDATIONS

4.1. Key findings

Design: the project's results framework had indicators that were SMART compliant except for one indicator (Output 2.2.1) which was not fully compliant to the specific criterion. The design of the project took into consideration gender issues and gender was well-captured in the results framework but for output indicator 2.1.2 which required a gender target. The initial timeline for the implementation of the project was reasonable, but due to delays in the delivery of the project, the remaining project implementation period seems insufficient for the successful implementation of the pending activities. Country ownership of the project was achieved through the integration and consultation of different government, private and civil society organizations. The project is highly aligned to the national priorities of Madagascar and responds to the interests and needs of the private sector.

Progress towards results: the project has made progress in its implementation. Pertaining to the deployment of the three financial instruments, these are yet to be deployed but steps have been taken in the right direction. The companies/projects to benefit from the derisking facility have been identified and due diligence conducted. The project is in the process of finalizing the recruitment of a consultant for the elaboration of the performance matrix based on which progress made by the different companies will be assessed prior to disbursement of funds by UNDP under the results-based financing. The project supported the recruitment of the executive organ of the Sovereign Fund and the results transmitted to the government, but this is yet to be acted upon. The project successfully established the IED which is still in the incubation of its first cohort. In the area of capacity building, the project provided capacity building opportunities to staff of the Ministry of Energy. The approach utilized by the FIER project was found to be highly replicable in other countries.

Management effectiveness: the different UN agencies focused on the implementation of specific activities as per the ProDoC. UNDP served as the lead agency and the coordinator of the project, a role which was not very clear to the other two UN entities at the start as they felt UNDP was more focused on implementing its activities under the project than on ensuring coordination in the delivery of the project. With the coming of the new project team, the situation improved as UNDP was playing a more prominent role in the coordination of the FIER project. The RCO played a pivotal role in providing oversight to the implementation process and serves as an interface between the three UN agencies and the donor. The RCO oversees submitting the annual progress report of the project following compilation by UNDP. The project team respected the reporting guidelines of the donor, including the required template and timeline for the submission of the report. Communication between the project and external stakeholders was judged to be weak, meriting further strengthening.

Risk management: the project had a risk assessment that was conducted during the project design phase and monitored on an ongoing basis. The identified risks had mitigation measures for addressing them but in some cases, the mitigation measures were broad and lacked precision. The project lacked an accountability and grievance mechanism, and was missing an environmental and social safeguards assessment or screening alongside management measures.

Sustainability: financial sustainability of the financial instruments is an important element of the FIER project. It is hoped that the FNED will adopt the instruments thereby promoting their sustainability. However, this will be subject to FNED having access to adequate resources. The change in the procedure for accessing tax deductions on the importation of rural electrification equipment, rendering it more

complex emerged as a risk that could retard the importation of electrification equipment by the companies which will receive financing from the derisking facility.

4.2. Conclusions

The FIER project is being implemented in Madagascar by three United Nations agencies: UNDP, UNIDO, and UNCDF. It is firmly anchored on Madagascar's national energy priorities and has made notable progress to date. Under its Sustainable Energy Incubator (SEI), the project successfully recruited the first of three cohorts of participants, who were nearing the completion of their six-month incubation cycle at the time of this midterm evaluation.

As part of its institutional development efforts, the project supported the establishment of the Madagascar Sovereign Fund, including the recruitment of its executive organ staff. The results of the recruitment process were submitted to the Government of Madagascar for appropriate action.

FIER was designed to deploy three innovative financial instruments under its de-risking facility to stimulate private sector investment in sustainable energy: results-based payment grants, concessional loans, and guarantees. A call for proposals under this facility led to the selection of four companies by UNDP for the administration of results-based grants, and four companies by UNCDF for the provision of concessional loans and/or guarantees. Ideally, both UNDP and UNCDF were expected to jointly select the same companies or projects to benefit from these financial instruments. However, this coordination did not materialize due to the absence of a common standard operating procedure between the two entities. As of the time of the midterm evaluation, no financing agreements had been finalized between the project (either UNDP or UNCDF) and the selected companies.

Each of the selected companies will require a minimum of 12 months from the signing of their financing agreements to fully implement their respective sub-projects under the de-risking facility. Likewise, the SEI will need 12 to 16 months to complete the incubation cycle for its second and third cohorts. In light of these timelines, the programme will require a no-cost extension of 12 months, extending the implementation period to March 2027, to ensure the successful completion of the remaining activities.

4.3. Lessons learned

The successful establishment and operationalization of a national fund is highly hinged on national government support. The project provided substantial support for the establishment of the Madagascar National Sovereign Fund. It facilitated the recruitment process for the Fund's Secretariat staff and engaged a firm to develop its standard operating procedures. However, the Fund has not yet become operational due to delays on the part of the Government, which has yet to act on the recruitment outcomes supported by the FIER project.

While an incubation programme is important for enhancing the success rate of starts-ups and SMEs, incubation needs of SMEs already in business could differ from those of starts-ups. Selected participants of the SEI programme received training aimed at enhancing the viability of their businesses or business ideas. However, for SMEs already in operation, the primary interest lies in mobilizing additional resources to scale up their activities. As such, the first phase of the incubation programme was not fully aligned with their needs. In contrast, start-ups found the support provided during this phase to be well-suited to their stage of development and needs.

Participation of Government stakeholders in the steering committee of a project is important but insufficient to ensure the smooth flow of project related information and updates from the project to the administration. Although government stakeholders on the project's steering committee acknowledged

that the meetings served as a platform for sharing project updates, they did not ensure the timely or consistent provision of updates to the Government of Madagascar.

Dedicated and targeted efforts for publicizing a financing or mentorship opportunity is key to attracting applicants. During the call for applications for the first cohort of the SEI, the project conducted sensitization campaigns through both social media and in-person sessions. It partnered with universities to raise awareness among students about the opportunity offered by the SEI, strategically targeting youth participation in the application process. Similarly, during the call for proposals under the de-risking facility, the project held sensitization meetings with private sector stakeholders across various provinces. These efforts successfully generated interest, leading to applications for financing from several private sector entities.

4.4. Recommendations

NO.	FINDINGS/CHALLENGE	RECOMMENDATIONS
Sovereign Fund		
1	The government is delaying the operationalization of the Sovereign Fund	UNDP and/or RCO should commit to lobbying the Presidency to expedite the process. **Responsibility**: UNDP and RCO **Timeline**: Before the end of the second quarter of 2025
Derisking Facility		
2	Delays due to internal restructuring within UNCDF	The internal restructuring of UNCDF has been completed. Therefore, UNCDF should collaborate with UNDP to advance the deployment of the derisking facility promptly. Additionally, both agencies should explore opportunities to synchronize their prioritized projects. **Responsibility**: UNCDF and UNDP **Timeline**: Before the end of the second quarter of 2025
3	UNDP has a strict Performance-Based Payments (PBP) policy	Given the constraints of PBP grant disbursements, it is essential to ensure that the loans provided can be disbursed more rapidly to achieve a more tangible operational impact. For companies seeking both loans and grants, it should be clearly communicated that they will have access to the loan component of the project before receiving UNDP's PBP grants. **Responsibility**: UNDP **Timeline**: Before the end of the second quarter of 2025
4	The National Sustainable Energy Fund is intended to ensure the sustainability of the financial instruments proposed under the project	UNDP should consider providing technical assistance to FNED to identify and develop advocacy documents that aid in mobilizing international financial resources (grants, climate financing, partnerships with investment funds) to consolidate the viability of the financial instruments. This includes facilitating connections with other entities—for example, the African Development Bank for accessing loans from the Climate Investment Fund. **Responsibility**: UNDP **Timeline**: Ongoing

5	The repayment of loans or guarantees will extend beyond the project duration, necessitating clarity on the use of repaid funds	According to the ProDoc, the derisking facility was designed to function as a revolving system, meaning that repaid loans will be reinvested into the system to reach more entities. Two scenarios are proposed for the way forward: • **Scenario 1** – UNCDF continues to use the resources as a revolving fund in Madagascar to promote investment in the energy sector. • **Scenario 2** – UNCDF reinvests the repaid loans and, once FNED is well established, the funds could be transferred to FNED to ensure continuity. This approach ensures that FNED continues to utilize the proposed financial instruments, thereby guaranteeing sustainability. It is crucial for UNDP, UNCDF, and the Government of Madagascar to discuss these options and decide which one to include in the development of the FIER project's exit strategy. **Responsibility**: UNCDF, UNDP, and Government of Madagascar (Ministry of Finance, Ministry of Energy, ADER, …) **Timeline**: Before the end of the second quarter of 2025
Incubation		
6	Varied levels of support among incubators (start-ups and existing SMEs requiring funding for expansion)	For future cohorts, UNIDO and SEI should consider providing customized support to incubator participants based on their needs, informed by a needs assessment. While the second phase of incubation is dedicated to more personalized support, SMEs could begin receiving tailored support from the start of the incubation period if both the SME and SEI determine that the initial phase does not add value. **Responsibility**: UNIDO and SEI **Timeline**: Ongoing
7	Participants noted the absence of a clear plan for the six-month incubation period	Whenever possible, SEI should provide participants with a detailed plan at the beginning of the incubation rather than on an ad hoc basis. This will allow participants to schedule their activities accordingly. **Responsibility**: UNIDO and SEI **Timeline**: Ongoing

Cross-cutting recommendations

- **Enhance communication between the project and various stakeholders** – including the government, private sector, and incubation participants. The project should consider sending quarterly progress reports to the government.
- **Conduct an environmental and social screening** and, where applicable, develop management plans. While UNCDF is utilizing environmental and social safeguard plans, other entities are not. UN agencies should collaborate to determine the best approach to address this issue – either by adopting UNCDF's existing plans or developing new ones.
- **Implement an accountability and grievance mechanism**, which is crucial for a project of this nature. UNDP should deploy its grievance mechanism for the project and ensure it is widely publicized during project events, including but not limited to steering committee meetings and other project workshops.

- **Develop a gender action plan**. This will enable the project to monitor its performance from a gender equality perspective.
- **Begin formulating a clear exit strategy**, in collaboration and consultation with government entities (Ministry of Energy, Ministry of Finance, etc.), UN agencies, and private sector partners.
- **Request a no-cost extension** for a duration of 12 months to facilitate the successful implementation of project activities.
- **Increase engagement with IRENA, the UNFCCC focal point, the GCF-designated national authority**, and other relevant bodies to diversify partnerships and co-create similar initiatives.

LIST OF ANNEXES

Annex A: Terms of Reference of the Mid-term Evaluation

JOINT SDG FUND

Terms of reference for the mid-term evaluation of the FIER Joint Project (Financial Innovative System for Sustainable Energy)

Preamble

These Terms of Reference (ToR) are based on the model ToR for the conduct of the mid-term review of joint projects under the SDG Catalytic Investment Portfolio (Component 2) of the Joint SDG Fund, including the specific contexts of the countries concerned. The mid-term review will be conducted through a decentralised review process provided by the UN Implementing Agencies of the joint projects taking into account the joint management arrangements including the Office of the UN Resident Coordinator in Madagascar (UNRCM), the joint project team, the national government and the Joint SDG Fund Secretariat to ensure stakeholder oversight of the evaluation and follow-up response.

1. General information on the FIER Joint Project

Madagascar is a paradoxical country rich in natural resources, notably ores (gold, nickel, cobalt minerals, sapphire, ilmenite, coal, iron, bauxite, etc.), oil, gas, renewable energy potential and 25 million hectares of arable land, yet poverty remains persistent, with around 80% of the population living below the poverty line. The country lacks key infrastructure for development, notably access to energy, water and roads. This paradox highlights the crucial need for financial resources to increase investment in many areas. Madagascar's government and private sector lack adequate and reliable financial vehicles to make strategic investments for the country, and their capacity to unlock potential investments in many sectors, including the sustainable energy sector (renewable energy and energy efficiency), remains weak. It should be noted that, to date, more than €1.5 billion worth of sustainable energy investment projects are in the pipeline (from the distribution of solar home systems to large-scale hydroelectric power stations, not to mention all the untapped potential of other clean or renewable energy production sources), and will not be able to come to fruition without the State's financial involvement and the appropriate diversified and catalytic financial mechanisms being operational. Madagascar's energy situation can best be described as an "energy famine". Moreover, Madagascar is one of the 20 countries where most of the population does not have access to clean fuels and technologies (only 1% of the population) and the country is one of the 20 countries with low access to electricity (only 26% of the population has access to electricity). The main source of energy (80%) is still biomass (wood, charcoal), while electricity, which is mainly based on polluting production sources, accounts for 3% of total energy consumption. Access to electricity is still very limited, with only 16.5% of the population having access to the electricity network, falling to 6.2% in rural areas. According to the Lettre de Politique de l'Energie (LPE 2015-2030), the objective of providing 70% of the population with access to electricity or a modern form of lighting would mean producing 7,900 GWh of electricity by 2030, compared with the 1,500 GWh currently produced. In concrete terms, around 670 MW of electrical capacity will be available in the country in 2020 (450 MW of diesel/heavy fuel, 120 MW of hydroelectricity and 20 MW of solar). These energy challenges constitute a major obstacle to economic and social development, increase the pressure on deforestation (70% of Madagascar's forest cover has already disappeared) and have a negative impact on the health of the population, mainly through paraffin lighting sources, inefficient cooking energy making indoor pollution responsible for 10.7% of premature deaths in Madagascar. Although the demand for energy has increased over the last ten years (+62% for domestic needs, +30% for SMEs and industrial operators). Energy is a catalyst for development, and Madagascar has incredible renewable resources that are still untapped (only 2% of the country's available hydroelectric potential is exploited, Madagascar has the best photovoltaic and wind energy potential in the Indian Ocean, and innovative potential that has not yet been fully explored, such as hydropower, tidal power and geothermal energy). Despite this, investors in the strategic sustainable energy sector are showing increasing interest in a dynamic, high-impact but under-capitalised market.

To help address these multiple challenges to the development of Madagascar's sustainable energy sector, the Joint United Nations Sustainable Energy Financing (FIER) project, financed by the Joint SDG Fund, aims to establish an innovative financial ecosystem for sustainable energy in Madagascar. The project was developed and is being implemented by UNDP, UNIDO and UNCDF in partnership with national institutions including the Ministry of Economy and Finance and the Ministry of Energy and Hydrocarbons. The main objective is to help the government and private sector of Madagascar to develop a financial ecosystem that supports the development of investment projects in clean and renewable energy by strengthening the technical and financial capacities of public and private

players, so that they can promote innovative and sustainable financing mechanisms at national level and access those available on the global market. The project is structured around three major interrelated components: the establishment of a sustainable energy incubator, the creation of a financial derisking facility and the development of the technical and institutional capacities required to create national structures or mechanisms for financing major investments.

Launched in April 2022 for a period of 4 years, the project is now entering its mid-term evaluation phase. In order to carry out this evaluation, a decentralised review process has been recommended by the Joint SDG Fund. This process involves UNDP, UNIDO and UNCDF, the project's implementing agencies, and takes into account joint management arrangements involving the Office of the United Nations Resident Coordinator in Madagascar, the joint project team, the government and the Joint SDG Fund Secretariat to ensure oversight of the evaluation and follow-up response by stakeholders.

Two independent external consultants, **one international and one national**, have been recruited to form the Mid-Term Evaluation Team (MTE), with the expertise and experience required to carry out the mid-term evaluation and produce the evaluation report.

2. Objectives of the mid-term evaluation

The mid-term evaluation will assess the progress made in achieving the objectives and key results of the FIER Joint Project (JP), both in development and financial terms, as set out in the project document, as well as the early signs of success or failure of the programme, with a view to identifying the necessary changes to be made, if any, in order to put the FIER project on track to achieve the expected results. The mid-term evaluation will also examine the strategy adopted by the FIER project and the risks to its sustainability.

3. Approach and methodology of the mid-term evaluation

The mid-term evaluation (MTE) report must provide factual, credible, reliable and useful information.
To achieve this, the EMP team must :

- Review all relevant sources of information, including documents prepared during the preparation/design phase, the CP document, various available reports on the CP, revisions of the CP, national policy and legal documents and any other documents that the evaluation team deems useful for this evidence-based review.
- Follow a collaborative and participatory approach ensuring close engagement with the CP team, including the project coordination team and agencies involved as well as the Office of the UN Resident Coordinator in Madagascar. The evaluation team will also work closely with government counterparts, private and public sector partners, direct beneficiaries, the Secretariat of the Common Fund for the SDGs and other key stakeholders.
- Ensure the commitment of all entities involved in the implementation of the EMP to the success of this evaluation. Stakeholder engagement should include interviews with those with programmatic responsibilities, including public and private sector partners, implementing agencies, senior government officials, key experts and consultants in the relevant fields (renewable energy, clean cooking, energy efficiency), joint project steering and technical committees, universities, local authorities and CSOs, the financial sector, etc. During this exercise, the evaluation team should also consult the donors of the Joint Fund for the SDGs. In addition, the EMP team should carry out field missions to the investment sites, companies or projects concerned.
- Use gender-sensitive methodologies and tools and ensure that gender equality and women's empowerment, as well as other cross-cutting issues, the "Leaving No One Behind" principles and the SDGs, are integrated into the mid-term evaluation report.

The final methodological approach, including the timing of interviews, field visits and data to be used in the MTE, should be clearly described in the inception report and thoroughly discussed and agreed between UNDP, UNIDO, UNCDF, RCO, the Joint SDG Fund Secretariat, other stakeholders and the MTE team. The MTR report should describe the full approach to the mid-term evaluation adopted and the rationale for the approach, making explicit the underlying assumptions, challenges, strengths and limitations of the methodology

4. Scope of the mid-term review

The EMP team will conduct the review based on the following five categories:

i. **Designed by :**

- Examine how the FIER joint programme contributes to the six key transitions of the SDGs, taking particular account of the project's objective of mobilising additional resources for the SDGs.
- Examine the relevance and effectiveness of the proposed financial instruments and other programmatic interventions.
- Examine national ownership of the FIER project - by both public and private sector partners.

- Verify that the FIER project strategy is aligned with national development priorities and the United Nations Cooperation Framework for Sustainable Development in the country.
- Examine the extent to which relevant issues relating to gender, youth and other aspects of Leaving No One Behind (LNOB) have been addressed in the design of the FIER project, including verifying that the results framework incorporates key considerations and data disaggregated by gender and other LNOB dimensions, both for their developmental and financial outcomes.
- Carry out a critical analysis of the indicators and targets of the logical framework of the FIER project, assess the extent to which the indicators are SMART (Specific, Measurable, Achievable, Relevant, Time-bound), and whether the mid-term and end-of-project targets are achievable. Suggestions for specific amendments/revisions to the targets and indicators should be added to the Conclusions and Recommendations section.
- Carry out a detailed assessment of the timetable for implementing the FIER project and determine whether it is sufficient to carry out the planned activities and achieve the envisaged results. Recommendations on a possible extension of the programme, if relevant, should be included in the Conclusions and Recommendations section.

ii. **Progress/results to date**

- Examine the results achieved against the FIER project results framework, particularly in relation to the key results indicators and their end-of-project targets. Code progress as red, green or yellow according to the level of progress achieved per outcome area. Recommendations for areas marked "yellow" and "red" should be added to the Conclusions and Recommendations section. Include assessments of progress made at product level when assessing the results areas.
- Identify the obstacles to achieving the objective of the FIER project for the remaining period.
- Assess the extent to which the solution(s) developed to date as part of the FIER project can be extended to other countries or economic sectors, with suggestions to be included in the Conclusions and Recommendations section.
- Examine the scale and extent of additional funding mobilised by the FIER project, including whether co-financing targets are being met, using the financial leverage monitoring table (below) based on contributions from the project team. Assess reported financial leverage based on documentary evidence and direct financial flows to financial instruments. Provide reflections on the ways in which the FIER project has been successful in leveraging additional funding or explain why such additional funding has been limited.

Table 1 - Financial leverage monitoring table

Source of funding (private, public, IFI, bilateral, etc.)	Name of investor	Type of financing (e.g. grant, loan, bond, guarantee, equity, etc.)	Effective amount of leverage at the time of the EMP (US$)	Note on supporting documents, objectives and links with specific financial instruments
TOTAL		US$	% of target at time of EMP	

- Examine whether the results/progress achieved to date are likely to lead to systemic change and/or have a demonstrative impact in the future, beyond the joint project, to catalyse change, innovation and evolution in the financial sector - whether public, private or development - in the country, in order to devise new ways or solutions to unlock additional finance for the SDGs.
- Examine whether the financial solutions/instruments developed have had (or have the potential to have) an impact on the development of local communities and populations as well as on the environment in

terms of accelerating the achievement of the SDGs. Any suggestions for improving the instrument's impact strategy should be added to the "Conclusions and recommendations" section.

iii. **Management effectiveness :**

Management arrangements :

- Examine the overall effectiveness of the management of the FIER project as described in the project document. Have changes been made and are they effective? Are responsibilities and reporting lines clear? Is decision-making transparent and timely? Is a governance body for the joint FIER project formally established with clearly defined roles?
- Examine the quality of project implementation by UN implementing agencies and partners
- Review the role and quality of coordination and supervision provided by the Resident Coordinator (RC)/Resident Coordinator's Office.
- Recommendations on the above points should be added to the Conclusions and Recommendations section.

Reports and communications :

- Assess the extent to which the FIER project team and partners meet the reporting requirements of the ODD Joint Fund.
- Assess how the results and lessons learned from the FIER project have been documented, shared with and integrated by the main partners.
- Examine external communication: Are appropriate means of communication established or being established to inform stakeholders and the general public of the progress of the FIER project and its expected impact? Has a communication strategy for the FIER project been developed and is it being followed? Do the communication products reflect the "joint" nature of the programme?

iv. **Risk management :**

- Validate whether the risks defined in the project document and annual reports are the most significant and whether the risk levels applied are appropriate and up-to-date.
- Analyse the socio-economic and political risks that could compromise the sustainability of the project's results.
- Analyse the unexpected or unforeseen positive or negative effects of the FIER project's interventions.
- Add suggestions for revising the risk matrix to the "Conclusions and recommendations" section

v. **Durability. :**

- Analyse the likelihood of financial sustainability of financial solutions/instruments designed and launched once Joint SDG Fund support comes to an end.
- Assess whether the financial solution/instrument has sufficient support from relevant public and private partners, both on the demand and supply side, to ensure its sustainability after the completion of the FIER project. Examine whether the programme has a realistic and feasible exit strategy and a phasing out approach. Examine whether the actions and outcomes of the project interventions are likely to be sustainable, ideally through ownership by local partners and stakeholders.
- Define whether the FIER project has developed and mobilised the necessary and appropriate partnerships - both public/private and developmental - to achieve its expected results and guarantee the sustainability of its actions.
- Identify the main factors that will require particular attention to improve the prospects for sustainability, evolution or replicability of the project's results/products/outcomes.

In addition to these five categories, the EMP report will also include an executive summary, a conclusion section summarising the findings and recommendations, and an evaluation section based on the conclusions and assessments of these categories (see Table 2 below).

Conclusions and recommendations

The EMP team will include in the mid-term evaluation report a section devoted to evidence-based conclusions and recommendations, in the light of the results. Recommendations should be succinct suggestions for critical interventions that are specific, measurable, achievable and relevant. For each recommendation, the GME team should

provide the 'how to' aspects, i.e. the steps to be taken (and the requirements) to implement the recommendation. A summary table of the recommendations should be included in the executive summary of the EMP report.

Assessment rating

The EMP team will include its assessments of the above five categories in a summary table in the Mid-Term Report. It is not necessary to give an overall score to the CP. The table should include a brief 1-3 sentence description of the rationale for the assessment and the achievements

Table 2- Summary table of ratings

Category	Sub-category	Rating[34]	Justification and description of achievements
Design			
Progress/results to date	General objective		
	Result 1		
	Result 2		
	etc.		
Management efficiency			
Risk management			
Durability	Financière		
	Institutional		
	Community		
	Environmental		

5. Timetable for the mid-term review

The total duration of the EMP will be approximately 60 calendar days, of which the provisional schedule is set out below:

ACTIVITIES	**# WORKING DAY**
Document review and preparation of initial EMP report	15 days
Gathering EMP data: stakeholder meetings, interviews, site visits	20 days
Preparation of the draft EMP report	15 days
Integration of the audit trail on the draft report and finalisation of the final EMP report	10 days
Total	**60 days**

The final report on the mid-term review must be submitted by 31 December 2024 at the latest.

[34] To use the traffic lights (3-point scale): **"Green"** means that the results are on track to be fully achieved by the completion date or that they are satisfactory/very satisfactory**. "Yellow"** means that the majority of results are on track, but that implementation is 1 to 3 months behind schedule, or that results are moderately satisfactory. "**Red"** means that results are not on track, with significant delays and complications, or are unsatisfactory.

6. Mid-term evaluation deliverables

#	Available at	Description	Calendar	Liability
1	**Initial report**	In the initial report, the EMP team describes the approach and methodology defined for the mid-term review.	Within 2 weeks of signing the contract	The EMP team submits the initial report to the PC team. The FIER project team shares the initial report with the EMP reference group and receives feedback and validation (by telephone or e-mail).
2	**Presentation of initial conclusions**	Data collection, assessment and initial conclusions	Within 2 weeks of the initial report.	The EMP team makes a presentation to the FIER project team and the EMP reference group (by call or e-mail).
3	**Draft report**	Full draft EMP report, including main annexes	Within 2 weeks of the presentation of the initial conclusions.	The EMP team submits the draft EMP report to the FIER project team. The FIER project team shares the draft EMP report with the EMP reference group and receives feedback and validation (by telephone or e-mail).
4	**Final report**	Final report including audit trails	Within 2 weeks of receiving comments on the draft EMP report.	The MTE team submits the revised EMP report to the PC team. The PC team forwards the report to the EMP reference group.

7. Management arrangements for the mid-term review

FIER joint project coordination team :

The main responsibility for managing this EMP lies with the FIER joint project coordination team.
In addition, the CP coordination team will act as a focal point to liaise with the EMP team to provide all relevant documents, organise stakeholder interviews and arrange field visits as required.

The EMP Reference Group :

Oversight of the EMP will be provided by a Reference Group consisting of the Resident Coordinator/RCO, the Joint SDG Fund Secretariat, selected representatives of all FP agencies and other FP stakeholder groups as appropriate. The Reference Group will have the responsibilities described in section 6 above . Members of the Reference Group may also accompany the EMP team on field visits, if required.

The EMP team :

The EMP team will be made up of two independent consultants, one national and one international: the team leader, an international consultant with experience in sustainable development financing or investments, and a national consultant with expertise in conducting programme/project evaluations.

The EMP team leader (the international consultant) will be responsible for :

- Drafting the initial EMP report in coordination with the national consultant.
- Conducting the EMP interviews and field visits in coordination with the national consultant and the FIER joint project team
- Presentation of initial results.

- Preparation of the draft EMP report.
- The overall design, drafting, quality assurance and finalisation of the final EMP report and the audit trail showing how all comments from the EMP Reference Group and other stakeholders have been addressed.

The national EMP consultant will

- Working closely with the EMP team leader and the PC team.
- Contribute to the inception report, including the development of a detailed plan for interviews and field visits.
- Carry out data collection and contribute to the presentation of the initial results and the draft EMP report
- Carrying out and confirming any data/information tracking required for the completion of the revised and final ASR report with an audit trail.

Consultants must not have been involved in the preparation, formulation and/or implementation of the joint project (including the drafting of the project document) and must have no conflict of interest with the activities related to the joint project.

The selection of consultants will aim to maximise the overall qualities of the team in the following areas:

- More than 10 years' proven professional experience in carrying out/participating in projects and/or assessments in the fields of financing or investment for sustainable development.
- More than 5 years' proven professional experience in the design and conduct of development evaluations that apply relevant mixed methods evaluation, with a good understanding of gender mainstreaming and other cross-cutting priorities.
- Knowledge and experience of working with the United Nations system and the reform of the United Nations development system are highly desirable.
- Skills in results-based and adaptive management.
- Fluency in English for the project manager and French for the two consultants is essential, as are excellent writing and presentation skills.

Level of education required :

International expert

- Master's degree in corporate and market finance
- Master's degree in financial engineering
- Master's degree in financial analysis
- Master's degree in finance and banking
- Master's degree in international finance or equivalent

National expert

- Master's degree or equivalent
- Area(s) of specialisation: Monitoring & Evaluation

8. Ethics

The EMP team will be held to the highest ethical standards. The evaluation will be conducted in accordance with the principles set out in the UNEG Ethical Guidelines for Evaluation. The MSE team must safeguard the rights and confidentiality of information providers, respondents and stakeholders by taking steps to ensure compliance with relevant legal and other codes governing data collection and disclosure. The EMP team should also ensure the security of information collected before and after the EMP, and protocols to ensure the anonymity and confidentiality of information sources where appropriate. The information, knowledge and data collected as part of the EMP process must also be used exclusively for the mid-term review and not for any other purpose.

9. Details of logistics requirements

10. Drafting the ToRs

Annex B: Stakeholders Consulted

S/N	Name of stakeholder	Institution	Gender (M/F)	Mode of engagement
1	Heewoong Kim	JSDGF	M	Virtual
2	Maria Berenguer	JSDGF	F	Virtual
3	Jamaa Maalim	JSDGF	M	Virtual
4	Astrid MARSCHATZ	RCO	F	Virtual
5	Nanou Fiankinana	RCO	F	Virtual
6	Edward Christow	UNDP	M	In-person
7	Jean Francois	UNDP	M	In-person
8	Daniel Gbetnkom	UNDP	M	In-person
9	Zo Havana Ihaganajaina Rakotoarivelo	UNDP	M	In-person
10	Narcisse Chimi	UNDP	M	In-person
11	Dina Heriniaina	UNCDF	F	Virtual
12	Teddy Zafindrabotovao	UNCDF	M	Virtual
13	Vincent Wierda	UNCDF	M	Virtual
14	Vola RAKOTONDRAZAFY	UNIDO	F	In-person
15	Sunyoung SUH	UNIDO	M	In-person
16	Jean Luc Randriamampianina	UNIDO	M	In-person
17	Evrard Karol Ekouedjen	PMUUNDP	M	In-person
18	Alizee Cler	PMU	F	In-person
19	Ny Avolanja Ratsirojaza	PMU	F	In-person
20	Malala Nirina Rabearivony	PMU	F	In-person
21	Nekena Razafinjatovo	PMU	F	In-person
22	Andriambalohery Zo	Ministry of Environment	F	In-person
23	Dieudonne Virgiana Dalia	Ministry of Energy	F	In-person
24	Fidiarison Kenny Marco Louis	Ministry of Energy	M	In-person
25	Rasocondraibe Tsisery	PCA	M	In-person
26	Rakotofiginga Marc Auguste	Presidency	M	In-person
27	Rakoto Dimby	Ministry of Economy and Finance	M	In-person
	Starts-up and SMEs under the SEI			
28	Levatiana Ralesemeandresoa	Madagascar Biogas technology	M	Virtual
29	Santatra Valisoa	Eco-Vohitra	M	Virtual

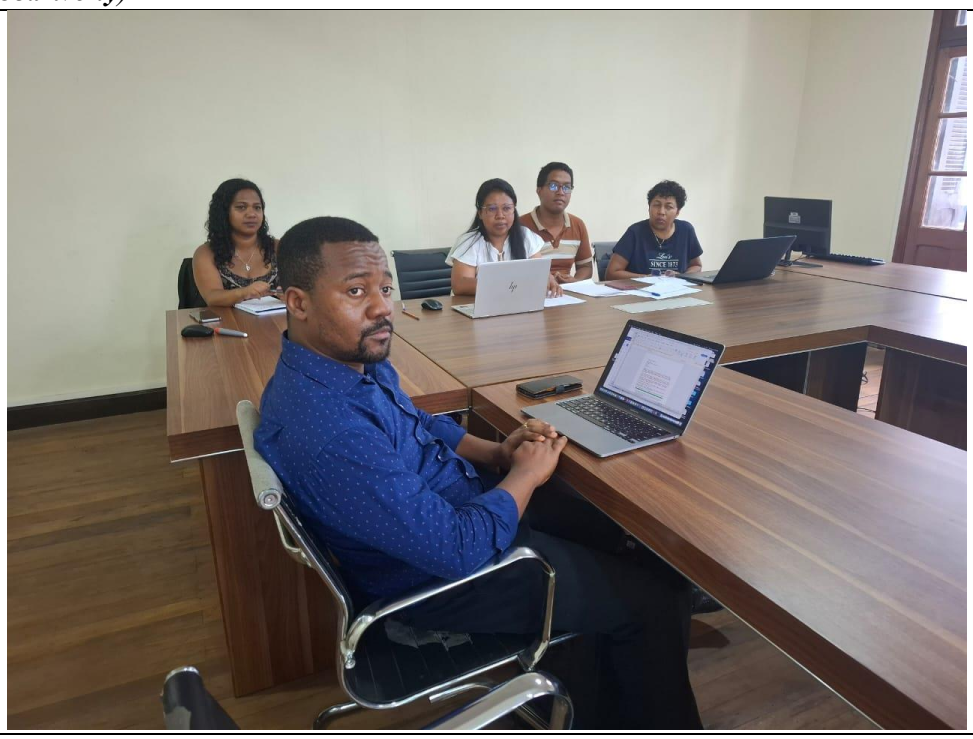
30	Tsanta Fitiavana	Eco-Vohitra	F	Virtual
31	Rasolofonirina Tokiniaina Francky	Electrica Madagascar	M	Virtual
32	Randrianalalahi-Rison Ando	HERI (DF)	F	In-person
33	Marie Louiise	Biogasikara SARL	F	Virtual
34	Nicholas Saincy	Nanoe (DF)	M	Virtual
35	NJIAMIZAKA Liva Ferod	NFL	M	Virtual
36	Enomanana	Sunelec	F	Virtual
37		ANKA (DF)		
38	Randrianarijaoua Jamasoa Mileolo	MAJINCO	F	In-person
39	Andriahiadantsoa Sandre	MAJINCO (DF)	F	In-person
40	Rabemarlarivo Tahiana	MAJINCO (DF)	H	In-person
41	Rakatonirina Fanja	MAJINCO (DF)	F	In-person
42	**SEI team**			
43	Ciiariod Irene	SEI	M	In-person
44	Rakotomananitsoa Mamatiana	SEI	F	In-person
45	Indrenjafinora Aaronne	SEI	F	In-person
46	Randriamaoluloma Morosoa	SEI	M	In-person
47	Pabesiata Tanya	SEI	F	In-person
	SEI Selection committee			
48	Dr. **RAVALISON Rijamalala Mamy**	**I**nstitut **S**upérieur de **T**echnologie d'An**t**ananarivo (I.S.T.-T)	F	Virtual
49	Ratsiorbasafy Sololoniaino Baboliarisoa	CRED2	F	In-person
50	Ratsimbazafy Guy	PAMF	M	In-person
51	Pamauautsoa Ravy	IME University of Antananarivo	M	In-person
52	Ramarison Liome	GIZ	F	In-person

Annex C: Photos of meetings and sites visited

Discussion session with the members of the selection committee of the SEI ***(Picture by Malala Nirina Rabearivony)***

*Interview with a representative of Madagascar Biogas Technology, a participant of the SEI (****Picture by Malala Nirina Rabearivony****)*

*Discussion with the MAJINCO team – a company selected under the derisking facility (**Picture by Malala Nirina Rabearivony**)*

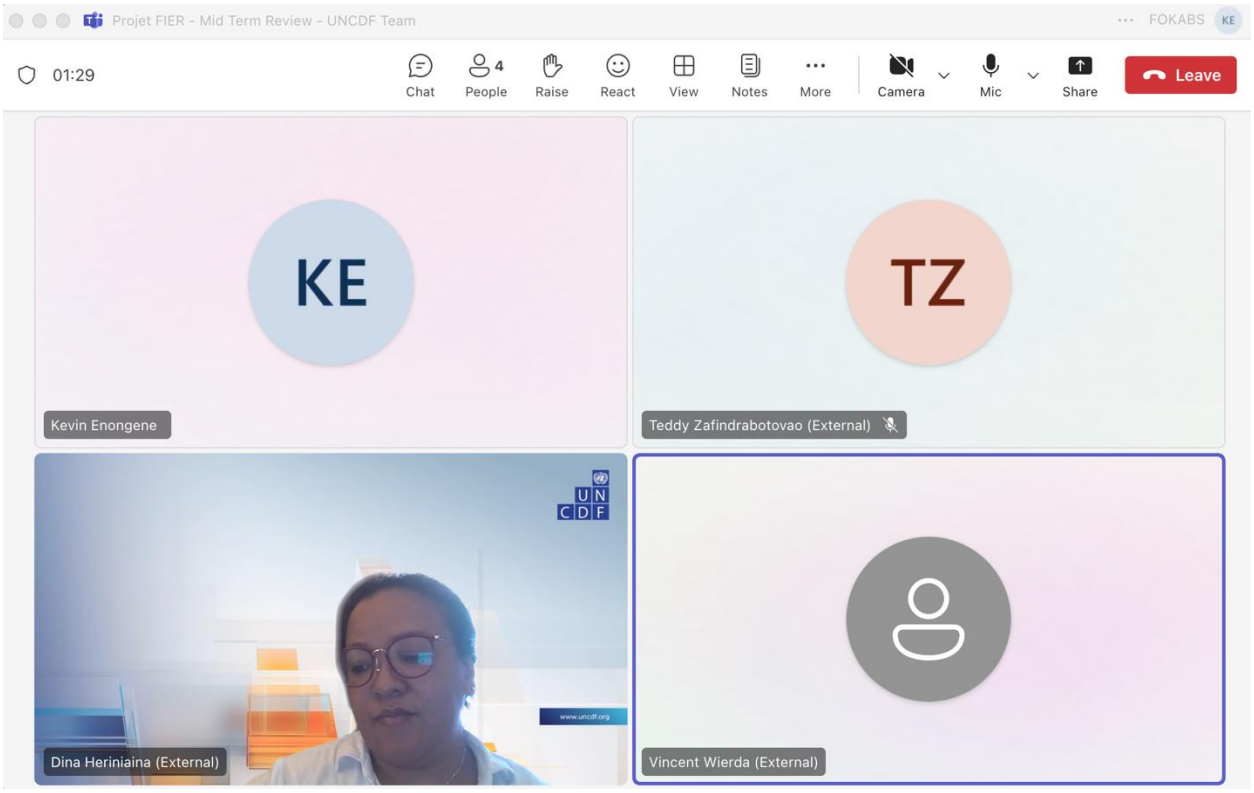


*Discussion with the Head of the Public Private Partnership Unit at the Presidency (**Picture by Malala Nirina Rabearivony**)*

*Discussion with a representative of ANKA - a company selected under the derisking facility (**Picture by Malala Nirina Rabearivony**)*

*Discussion with the SEI team (**Picture by Malala Nirina Rabearivony**)*

Virtual meeting with the UNCDF team



Annex D: List of Documents Reviewed

- Project Document (ProDoc)
- Annual progress reports (2023, 2024)
- United Nations Sustainable Development Cooperation Framework for Madagascar
- Madagascan Second Nationally Determined Contributions
- Report on the selection of companies under the derisking facility
- List of institutions (start-ups and SMEs) selected under the first incubation cohort
- Monitoring and evaluation tool of the FIER project
- Project Annual Workplans (2023, 2024)
- Law on the creation of the Madagascar Sovereign Fund
- Report on the recruitment of the staff of the Madagascar Sovereign Fund
- Diagnostoc and orientation report for the elaboration of the standard operating procedure manual for the Madagascar Sovereign Fund (2024)
- Terms of reference for the call for proposals for projects to be selected under the incubation
- Terms of reference on the training of staff of the Ministry of Energy on Project Management
- Minutes of the 2024 Steering Committee meeting

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Annex E: Evaluation Question Matrix

Evaluation Questions	Sources d'information	Methods/Informants
1. Relevance: Project design, relevance and national ownership; degree of alignment with country needs, UNDP, UNIDO and UNCDF **mandates, existing national strategies and policies, international conventions and SDGs.**		
Examine how the joint programme FIER contributes to the six key SDG transitions, with particular consideration given to the project's objective of mobilizing additional resources for the SDGs.	Project documents Project Team Project stakeholders	Document review: Interviews with project partners
To review the relevance and effectiveness of the proposed financial instruments and other programmatic interventions.	Project documents Project Team Project stakeholders	Document review: Interviews with beneficiary groups and stakeholders
Examine national ownership of the FIER project – both on the part of public and private sector partners.	Project documents Project Team Project stakeholders	Document review: Interviews with beneficiary groups and stakeholders
Did the project provide the necessary support to the target government institutions, as outlined in the project document?	Project documents Project Team Project stakeholders	Document review:
Was the project relevant to meet the identified needs?	Project documents Project Team Project stakeholders	Document review:
Verify whether the strategy of the FIER project is aligned with national development priorities and the United Nations Sustainable Development Cooperation Framework in the country.	Project documents Project Team Project stakeholders	Document review: Thematic analysis of primary data from interviews and focus group discussions

Evaluation Questions	Sources d'information	Methods/Informants
Examine the extent to which relevant issues related to gender, youth and other aspects of the Leaving No One Behind (LNOB) principle have been addressed in the design of the FIER project, including by verifying that the results framework incorporates key considerations and data disaggregated by gender and other LNOB dimensions, both for their development and financial results.	Project documents Project Team Project stakeholders	Document review: Thematic analysis of primary data from interviews and focus group discussions
Perform a critical analysis of the indicators and targets of the FIER project logical framework, assess the extent to which the indicators are SMART (Specific, Measurable, Achievable, Relevant, Time-bound), and whether the mid-term and end-of-project targets are achievable. Suggestions on specific amendments/revisions to targets and indicators should be added to the Conclusions and Recommendations section.	ProDoc	Document review:
Conduct a detailed assessment of the implementation schedule of the FIER project and determine whether it is sufficient to carry out the planned activities and achieve the intended results. Recommendations on a possible extension of the program, if relevant, should be included in the Conclusions and Recommendations section	ProDoc Project Team	Document review: Project Team Interviews
2. Management Effectiveness: Management Arrangements and Reporting and Communications		
Management Arrangements:		
- Review the overall effectiveness of the management of the FIER project as described in the project document. Have any changes been made and are they effective? Are the responsibilities and reporting lines clear? Is decision-making transparent and timely? Is a governance body for the joint project FIER formally established with well-defined roles?	ProDoc Progress reports Annual Work Plans Project Team	Document review Project Team Interviews
- Review the quality of project delivery by UN implementing agencies and partners	ProDoc Progress reports Annual Work Plans Project Team Project stakeholders	Document review Interviews with stakeholders and partners

Evaluation Questions	Sources d'information	Methods/Informants
- Review the role and quality of coordination and oversight provided by the Resident Coordinator (RC)/Office of the Resident Coordinator.	ProDoc Progress reports Annual Work Plans Project Team	Document review Project Team Interviews
Reporting and Communications		
- Assess the extent to which the FIER project team and partners are meeting the reporting requirements of the SDG Pooled Fund.	ProDoc Progress reports Annual Work Plans Project Team Project stakeholders	Document review Interviews with stakeholders and partners
- Assess how the results and lessons learned from the FIER project have been documented, shared with, and integrated by key partners.	ProDoc Progress reports Annual Work Plans Project Team Project stakeholders	Document review Interviews with stakeholders and partners
- Review external communication: Are appropriate communication channels established or being established to inform stakeholders and the general public about the progress of the FIER project and its anticipated impact? Has a communication strategy for the FIER project been developed and is it being followed? Do the communications products reflect the "joint" nature of the program?	ProDoc Progress reports Annual Work Plans Project Team Project stakeholders	Document review Interviews with stakeholders and partners
3. Progress/Results to Date: Results Achieved and Recommendations		
Review the results achieved against the FIER project results framework, including key outcome indicators and their end-of-project targets. Code progress in red, green, or yellow based on the level of progress achieved by outcome area. Recommendations for areas marked as "yellow" and "red" should be added to the	Progress reports ProDoc Project teams	Document review: comparison of project objectives (indicators) and level of achievement

Evaluation Questions	Sources d'information	Methods/Informants
Conclusions and Recommendations section. Integrate assessments of progress at the output level when assessing result areas.		Project Team Interviews
Identify barriers to achieving the objective of the FIER project for the remaining period.	ProDoc Progress reports Project Team	Document review: Project Team Interviews
Assess the extent to which the solution(s) developed to date in the framework of the FIER project can be extended to other countries or economic sectors, with suggestions to be incorporated into the Conclusions and recommendations section.	ProDoc Progress reports Project Team	Document review Project Team Interviews
Examine the scale and extent of the additional funding mobilised by the FIER project, including whether the co-financing objectives are being met using the financial leverage monitoring table (below) based on the contributions of the project team. Assess reported financial leverage based on evidence and direct financial flows to financial instruments. Provide reflections on the ways in which the FIER project has been successful in mobilizing additional funding or explain why this additional funding has been limited.	ProDoc Progress reports Project Team	Document review Project Team Interviews
Examine whether the results/progress made to date are likely to lead to systemic change and/or demonstrative impact in the future, beyond the joint project, in order to catalyze change, innovation and evolution in the financial sector – whether public, private or development – in the country, in order to design new ways or solutions to unlock additional financing for the SDGs.	ProDoc Progress reports Project Team Project stakeholders	Document review Interviews with stakeholders and partners
Examine whether the financial solutions/instruments developed have had (or have the potential to have) an impact on the development of local communities and populations as well as on the environment in terms of accelerating the achievement of the SDGs. Suggestions for improving the impact strategy of the instrument, if any, should be added to the "Conclusions and recommendations" section	ProDoc Progress reports Annual Work Plans Project Team Project stakeholders	Document review Interviews with stakeholders and partners
4. Risk Management: Risk Analyst and Suggestions		

Evaluation Questions	Sources d'information	Methods/Informants
Validate whether the risks identified in the project document and annual reports are the most significant and whether the risk levels applied are appropriate and up-to-date.	ProDoc Progress reports Annual Work Plans Project Team	Document review Project Team Interviews
Analyze socio-economic and political risks that may compromise the sustainability of project results.	ProDoc Progress reports Annual Work Plans Project Team Project stakeholders	Document review Interviews with stakeholders and partners
Analyze the unintended or unforeseen positive or negative effects of FIER project interventions.	ProDoc Progress reports Annual Work Plans Project Team Project stakeholders	Document review Interviews with stakeholders and partners
5.1. Sustainability: Financial sustainability of financial solutions/instruments and partnership mobilization		
- Analyze the likelihood of financial sustainability of financial solutions/instruments designed and launched once Joint SDG Fund support ends.	Joint Fund for the MDG, UNDP, UNIDO and UNCDF, Project Team Members Financial Reporting Progress reports	Document review - Interviews with stakeholders and partners
- Assess whether the financial solution/instrument has sufficient support from relevant public and private partners, both on the demand and supply side, to ensure its sustainability after the completion of the FIER project. Examine whether the programme has a realistic and feasible exit strategy and a phase-out approach.	Joint Fund for the MDG, UNDP, UNIDO and UNCDF Project Team Members Financial Reporting Progress reports	Document review - Interviews with stakeholders and partners
Examine whether the actions and results of the project's interventions are likely to be sustained, ideally through ownership by local partners and stakeholders.	Joint Fund for the MDG, UNDP, UNIDO and UNCDF Project Team Members	Document review - Interviews with stakeholders and partners

Evaluation Questions	Sources d'information	Methods/Informants
	Financial Reporting Progress reports	
-Define whether the FIER project has developed and mobilized the necessary and appropriate partnerships – both public/private and developmental – to achieve its expected results and ensure the sustainability of the actions.	Joint Fund for the MDG, UNDP, UNIDO and UNCDF Project Team Members Financial Reporting Progress reports	Document review - Interviews with stakeholders and partners
- Identify the main factors that will require special attention to improve the prospects for sustainability, evolution or replicability of the project results/outputs/results.	Joint Fund for the MDG, UNDP, UNIDO and UNCDF Project Team Members Financial Reporting Progress reports	Document review - Project Team Interviews
5.2. Sustainability: To what extent are the project's achievements likely to continue beyond the project and what are the risks that may hinder the extension, replicability and scale-up of this project?		
To what extent are the benefits of the project likely to be maintained after the completion of the project?	Government Agencies Project Team UNDP, UNIDO and UNCDF team Project stakeholders Project Reports	Document review - Interviews with stakeholders and partners
What is the likelihood that the results and benefits of the project will continue and be sustainable after the completion of the project?		
To what extent do current government policies and regulations support or hinder renewable energy investments in Madagascar, and are they likely to continue fostering such investments in the future?		
What knowledge transfer has already taken place during the implementation of the project that will ensure that government institutions will play their role when the project is completed?		
Describe the key factors that will need to be considered to improve the prospects for sustainability of the project results and the potential for replication of the approach, including investment trends from the private sector in the renewable energy space in the country.		

Evaluation Questions	Sources d'information	Methods/Informants
How have capacities been strengthened at the individual and organizational level (including contributing factors and constraints)? Describe key lessons learned		
What are the main lessons learned from the knowledge and experiences provided by the project that can be used by evaluation users (UNDP, donor and government) to improve decision-making and programming?		
What are the recommendations for similar interventions in the future?		
Are there any risks that could limit the sustainability of the project's results?		
7 Gender and rights-based approaches: To what extent have vulnerable or marginalized groups been involved in the implementation of the project?		
How many women and young people have benefited from the project?	Project document, IREP	Document review
To what extent have gender equality and women's empowerment considerations been taken into account in the design and implementation of the project, and has the project been implemented in a way that ensures equitable participation and benefits for both sexes?	Project Document, Project Stakeholders	Document review Interviews Group Discussions
To what extent has the project contributed to gender equality, women's empowerment and the human rights-based approach? Specifically, the evaluation will measure whether the project's gender marker was consistent with the results achieved.	Action Plan for Equality between Women and Men Results framework Project stakeholders	Document review: Interviews with beneficiary groups and stakeholders
Have there been any missed opportunities or lessons learned with regard to gender mainstreaming?	Quarterly and annual project reports Project stakeholders	Document review: Interviews with beneficiary groups and stakeholders
To what extent have vulnerable and marginalized groups been involved in the project?	Quarterly and annual project reports Project stakeholders	

Evaluation Questions	Sources d'information	Methods/Informants
Have there been any unintended effects on women, men and vulnerable groups?	Quarterly and annual project reports Project stakeholders	
Were persons with disabilities meaningfully consulted and involved in the planning and implementation of the project?	ProDoc, Stakeholder Engagement Plan, Project Progress Report Project stakeholders	
What is the proportion of people with disabilities among the beneficiaries of the project?	ProDoc, Stakeholder Engagement Plan, Project Progress Reports	
What are the obstacles that the project faced during this process and what actions were taken by the project?	Project progress reports, project steering committee reports Project stakeholders	

Annex F: Questionnaire used for Data Collection

Interview Guide for Programme Implementing Partners (UNDP, UNIDO and UNCDF, Ministries, etc.)

Information about the respondent

Respondent's Name:
Institution :
Job Title:
Email:
Gender:
Pays de l'institution :

A. Conception

1. To what extent are the proposed financial instruments (grants, loans, guarantees, etc.) relevant and effective in ensuring sustainable energy financing in Madagascar?

National ownership

2. How does the project align with the country's national development strategies or sector plans?
3. Is the project supported by policies or regulatory frameworks established by the government?
4. To what extent does the project align with private sector interests or contribute to national economic development objectives?
5. To what extent were public institutions involved in the design, planning and implementation phases of the project?
6. Are public institutions actively involved in the project's decision-making processes and governance structures?
7. What is the level of resource allocation (e.g., funding, personnel) of the government to the project?
8. Were private actors consulted during the conceptualization and planning phases of the project?
9. What mechanisms are in place to ensure regular communication and collaboration between the private sector and other stakeholders?
10. Are there supporting policies or legal frameworks that facilitate the implementation of projects?
11. Is the government actively working to address policy gaps that hinder project ownership or sustainability?

Alignment with national development priorities

12. To what extent is the FIER project aligned with national development priorities in the energy sector in Madagascar?
13. To what extent does the FIER project fit into the United Nations Framework for Sustainable Development Cooperation in Madagascar?

Gender, Youth and Leaving No One Behind

14. To what extent have youth and gender aspects been integrated into the FIER project?
15. To what extent has the project been successful in identifying vulnerable groups (women, persons with disabilities, youth, indigenous peoples, ethnic minorities, etc.) during the design phase of the project?

16. What mechanisms have been used to ensure that the voices and perspectives of vulnerable groups are taken into account in needs assessments or consultations?
17. Does the project identify and address physical, social, economic, or cultural barriers that could prevent marginalized groups from accessing the benefits of the project?
18. Have any provisions been made to ensure accessibility for persons with disabilities (e.g. physical infrastructure, communication equipment)?
19. Does the project collect disaggregated data (e.g., by age, gender, disability, ethnicity) to track progress and impact on marginalized groups?

Implementation timeline

20. To what extent is the planned timeline for implementation practical and realistic for the full implementation of project activities?

B. Progress/Results to Date

21. What are the obstacles to achieving the objective of the FIER project for the remaining period of project implementation?
22. To what extent can the solution(s) developed so far in the framework of the FIER project be extended to other countries or economic sectors?
23. What is your assessment of the level of implementation of the FIER project in terms of mobilizing additional funds?
24. Were there any factors that prevented the project from accessing additional funding?

Systemic Change

25. To what extent have the project's interventions addressed root causes or structural barriers in the financial sector?
26. How did the project engage key financial sector stakeholders (e.g. banks, investors, policymakers) to integrate sustainable financing practices and mechanisms?
27. Has the project influenced regulatory or policy changes that promote sustainable financing of the SDGs?
28. What are the specific results or progress made to date that demonstrate the feasibility and benefits of the project approach?
29. Are there examples of stakeholders adopting innovative project-driven financial instruments or mechanisms?
30. Has the project created or strengthened market incentives for private sector engagement in SDG financing?

Impact of financial instruments

31. Have financial instruments had an impact on the development of local communities?
32. Has the financial impact had an impact in terms of accelerating the achievement of the SDGs?

C. Management Effectiveness

Management Arrangements

33. Were there any changes to the management of the project during its implementation? If so, have these changes been effective?
34. Are the responsibilities and reporting relationships of the different project stakeholders clear?

35. How transparent and timely is the project's decision-making?
36. What was the performance of the implementing agencies and UN partners in the execution of the project?
37. What was the coordination and supervision role of the Resident Coordinator (RC) / Office of the Resident Coordinator in the framework of the FIER project?
38. How effective has the coordination and leadership role of the Resident Coordinator (RC) / Office of the Resident Coordinator been?

Reporting and Communications

39. To what extent have the FIER project team and its partners met the reporting requirements of the SDG Common Fund?
40. How have the results and lessons learned from the FIER project been documented, shared and integrated by key partners?
41. To what extent has the FIER project developed or implemented communication means to inform stakeholders and the general public about the progress of the FIER project and its expected impact?
42. To what extent does the FIER project follow its communication strategy?
43. To what extent do the project's communication products reflect its joint nature?

D. Risk Management

44. Are there any socio-economic risks that could compromise the sustainability of the project's results?
45. Are there any political risks that could compromise the sustainability of the project's results?
46. Are there any unintended or unintended positive or negative effects of the FIER project interventions?

E. Sustainability

47. What is the likelihood of financial sustainability of the financial solutions/instruments designed and launched once the Joint SDG Fund support ends?
48. To what extent does the financial solution/instrument have sufficient support from the relevant public and private partners, both on the demand and supply side, to ensure its sustainability after the end of the FIER project?
49. Does the project have an exit strategy?
50. To what extent are the project's interventions likely to be sustainable, ideally through ownership by local partners and actors?
51. To what extent has the FIER project developed and mobilised the necessary and appropriate partnerships - both public/private and development - to achieve the expected results and ensure the sustainability of the actions?
52. What are the main factors that will need to be given special attention to improve the prospects for sustainability, evolution or replicability of the project results/outputs/outcomes?

Interview Guide - for other stakeholders

Information about the defendant

Respondent's Name:
Institution :
Job Title:

Email:
Gender:
Pays de l'institution :

A. Conception

1. To what extent are the proposed financial instruments (grants, loans, guarantees, etc.) relevant and effective in ensuring sustainable energy financing in Madagascar?

National ownership

2. How does the project align with the country's national development strategies or sector plans?
3. Is the project supported by policies or regulatory frameworks established by the government?
4. To what extent does the project align with private sector interests or contribute to national economic development objectives?
5. To what extent were public institutions involved in the design, planning and implementation phases of the project?
6. Are public institutions actively involved in the project's decision-making processes and governance structures?
7. What is the level of resource allocation (e.g., funding, personnel) of the government to the project?
8. Were private actors consulted during the conceptualization and planning phases of the project?
9. What mechanisms are in place to ensure regular communication and collaboration between the private sector and other stakeholders?
10. Are there supporting policies or legal frameworks that facilitate the implementation of projects?
11. Is the government actively working to address policy gaps that hinder project ownership or sustainability?

Alignment with national development priorities

12. To what extent is the FIER project aligned with national development priorities in the energy sector in Madagascar?
13. To what extent does the FIER project fit into the United Nations Framework for Sustainable Development Cooperation in Madagascar?

Gender, Youth and Leaving No One Behind

14. To what extent have youth and gender aspects been integrated into the FIER project?
15. To what extent has the project been successful in identifying vulnerable groups (women, persons with disabilities, youth, indigenous peoples, ethnic minorities, etc.) during the design phase of the project?
16. What mechanisms have been used to ensure that the voices and perspectives of vulnerable groups are taken into account in needs assessments or consultations?

B. Progress/Results to Date

17. What are the obstacles to achieving the objective of the FIER project for the remaining period of project implementation?
18. To what extent can the solution(s) developed so far in the framework of the FIER project be extended to other countries or economic sectors?
19. What is your assessment of the level of implementation of the FIER project in terms of mobilizing additional funds?
20. Were there any factors that prevented the project from accessing additional funding?

Impact of financial instruments

21. Have financial instruments had an impact on the development of local communities?

22. Has the financial impact had an impact in terms of accelerating the achievement of the SDGs?

C. Management Effectiveness

Reporting and Communications

23. How have the results and lessons learned from the FIER project been documented, shared and integrated by key partners?
24. To what extent has the FIER project developed or implemented communication means to inform stakeholders and the general public about the progress of the FIER project and its expected impact?

D. Risk Management

25. Are there any socio-economic risks that could compromise the sustainability of the project's results?
26. Are there any political risks that could compromise the sustainability of the project's results?
27. Are there any unintended or unintended positive or negative effects of the FIER project interventions?

E. Durability

28. What is the likelihood of financial sustainability of the financial solutions/instruments designed and launched once the Joint SDG Fund support ends?
29. To what extent does the financial solution/instrument have sufficient support from the relevant public and private partners, both on the demand and supply side, to ensure its sustainability after the end of the FIER project?
30. To what extent are the project's interventions likely to be sustainable, ideally through ownership by local partners and actors?
31. To what extent has the FIER project developed and mobilised the necessary and appropriate partnerships - both public/private and development - to achieve the expected results and ensure the sustainability of the actions?
32. What are the main factors that will need to be given special attention to improve the prospects for sustainability, evolution or replicability of the project results/outputs/outcomes?

Interview Guide - for companies selected for the derisking facility and Start-ups/SMEs selected for the SEI

Information about the defendant

Respondent's Name:
Institution :
Job Title:
Email:
Gender:
Pays de l'institution :

F. Conception

1. To what extent are the proposed financial instruments (grants, loans, guarantees, etc.) relevant and effective for financing your Start-Up/SME, and for the sustainable energy sector in Madagascar?

National ownership

2. To what extent has the choice of your Start-Up/SME enabled the project to be aligned with national development strategies and sector plans?
3. To what extent does the financing of your start-up/SME align the project with government policies or regulatory frameworks?
4. To what extent does the financing of your start-up/SME enable the project to align with the interests of your start-up/SME and national economic development objectives?
5. To what extent have private-sector players been involved in the project's design, planning and implementation phases? To what extent was your Start-Up/SME involved in these phases?
6. Did your organization receive financial resources from the government? If so, to what extent?
7. Were private stakeholders consulted during the conceptualization and planning phases of the project? If so, was your Start-Up/SME consulted during these phases?
8. What mechanisms are in place to ensure regular communication and collaboration between your Start-Up/SME and other private sector players? between your Start-Up/SME and other stakeholders?
9. What supporting policies or legal frameworks facilitate the services and activities of your Start-Up/SME in the sustainable energy sector?
10. To what extent is the government actively addressing policy gaps that hinder the sustainability of your Start-Up/SME's services and activities?

Alignment with national development priorities

11. To what extent are the FIER project and the services and activities of your Start-Up/SME aligned with national development priorities in Madagascar's energy sector?

G. Progress/Results to Date

12. What are the obstacles to achieving your Start-Up/SME's objectives under the FIER project for the remaining period of project implementation?
13. To what extent can the solution(s) developed by your Start-Up/SME to date under the FIER project be extended to other countries or economic sectors?
14. What is your assessment of the level of achievement of the FIER project in terms of granting funds to your Start-Up/SME and other selected players?
15. Were there any factors that prevented your Start-Up/SME from accessing additional funding based on your activities?

Impact of financial instruments

16. Have financial instruments had an impact on the development of local communities?
17. Has the financial impact had an impact in terms of accelerating the achievement of the SDGs?

H. Management Effectiveness

Reports and communications

18. Have the results and lessons learned from the FIER project been documented and shared with your Start-Up/SME and other beneficiary companies?
19. What is your assessment of the level of communication that exists between your company and the project team? Do you have any recommendations on how communication could be strengthened?

I. Risk Management

20. Are there any socio-economic risks that could compromise the sustainability of your Start-Up/SME's results under the project?
21. Are there any political risks that could compromise the sustainability of your Start-Up/SME's results under the project?
22. Are there any unexpected or unforeseen positive or negative effects of your Start-Up/SME's services and activities under the FIER project?

J. Durability

23. What is the likelihood of financial sustainability of the solution/financial instrument your Start-Up/SME has benefited from once support from the Joint Fund for the SDGs ends?
24. To what extent are your Start-Up/SME's services and activities in this project likely to be sustainable, ideally through ownership by local partners and stakeholders?
25. To what extent have the services and activities of your Start-Up/SME in this FIER project developed and mobilized the necessary and appropriate partnerships - both public/private and development - to achieve the expected results and guarantee the sustainability of the actions?
26. What are the main factors that will require particular attention to improve the prospects for sustainability, evolution or reproducibility of your Start-Up/SME's results/outputs/outcomes in this project?

Annex G: Signed UNEG Code of Conduct Form

UNEG Code of Conduct for Evaluators[35]

Independence entails the ability to evaluate without undue influence or pressure by any party (including the hiring unit) and providing evaluators with free access to information on the evaluation subject. Independence provides legitimacy to and ensures an objective perspective on evaluations. An independent evaluation reduces the potential for conflicts of interest which might arise with self-reported ratings by those involved in the management of the project being evaluated. Independence is one of ten general principles for evaluations (together with internationally agreed principles, goals and targets: utility, credibility, impartiality, ethics, transparency, human rights and gender equality, national evaluation capacities, and professionalism

Evaluators/Consultants:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders' dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study imitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.
8. Must ensure that independence of judgement is maintained, and that evaluation findings and recommendations are independently presented.
9. Must confirm that they have not been involved in designing, executing or advising on the project being evaluated and did not carry out the project's Mid-Term Review.

Evaluation Consultant Agreement Form

Agreement to abide by the Code of Conduct for Evaluation in the UN System:

Name of Evaluator: _Kevin Enongene

Name of Consultancy Organization (where relevant): _____

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at ____Ottawa, Canada_____ (Place) on ___January 25, 2025_____ (Date)

Signature: _____

[35] Source: http://www.unevaluation.org/document/detail/100

UNEG Code of Conduct for Evaluators[36]

Independence entails the ability to evaluate without undue influence or pressure by any party (including the hiring unit) and providing evaluators with free access to information on the evaluation subject. Independence provides legitimacy to and ensures an objective perspective on evaluations. An independent evaluation reduces the potential for conflicts of interest which might arise with self-reported ratings by those involved in the management of the project being evaluated. Independence is one of ten general principles for evaluations (together with internationally agreed principles, goals and targets: utility, credibility, impartiality, ethics, transparency, human rights and gender equality, national evaluation capacities, and professionalism

Evaluators/Consultants:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders' dignity and self-worth.
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8. Must ensure that independence of judgement is maintained, and that evaluation findings and recommendations are independently presented.
9. Must confirm that they have not been involved in designing, executing or advising on the project being evaluated and did not carry out the project's Mid-Term Review.

Evaluation Consultant Agreement Form

Agreement to abide by the Code of Conduct for Evaluation in the UN System:

Name of Evaluator: _Ariel ELYAH

Name of Consultancy Organization (where relevant): _____

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at ____Antananarivo, Madagascar _____ (Place) on ___March 21, 2025_____ (Date)

Signature: _____

_____

[36] Source: http://www.unevaluation.org/document/detail/100

Annex H: Revised implementation timeline of the project

Produits attendus	Activités	Actions	Chronogramme 2025												Chronogramme 2026												Chronogramme 2027		
			M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
Résultat 1: Madagascar a un système financier intégré répondant aux besoins des secteurs public et privé, et garantissant la disponibilité de ressources financières stables pour le financement du secteur des énergies durables.																													
Produit 1.1. Une facilité de derisking est mise en place et opérationnelle, offrant des services financiers diversifiés et adaptés aux investisseurs et aux besoins des développeurs de projets. Ces derniers ont accès à des produits financiers attractifs et leur investissement est garanti et accompagné financièrement tonnels dans le cadre d'une approche catalytique	1.1.1 Réaliser l'évaluation et éligibilité, Pré-évaluation et diligence raisonnable	Action 1.1.1.1: Microévaluation des 4 entités priorisées dans le cadre de subvention																											
		Action 1.1.1.2: Diligence raisonnable et évaluation, évaluation technique																											
		Action 1.1.1.3: Soumission et validation des dossiers auprès du comité d'investissement																											
		Action 1.1.1.4: Partage d'expériences																											
		Action 1.1.1.5: Définition et évaluation des indicateurs dans le cadre du PBPA																											
	1.1.2 Effectuer la contractualisation et déboursement	Action 1.1.2.1 : Effectuer la signature des contrats et communication associée																											
		Action 1.1.2.2 : Déployer les instruments financiers																											
		Action 1.1.2.3 : Déboursement																											
	1.1.3 Superviser les projets - supervision technique et gestion financière	Action 1.1.3.1: Organiser des missions de suivi des projets																											
Sous-Total Produit 1.1																													
Produit 1.2: Un fonds souverain ayant des ressources adéquates humaines et financières, est créé et structuré avec un champ d'action délimité, un mécanisme et des ressources financiers définis, et une première cohorte de projets à financer sont identifiés.	1.2.1 Soutenir la constitution d'un fonds souverain	Action 1.2.1.1: Appui à la mise en place d'un système d'information intégré (Achat Equipement IT)																											
	1.2.2 Apporter une assistance à l'établissement administratif et structurel	Action 1.2.2.1: Validation du manuel de procédure administrative, comptable et financière, du projet de décret et décision par le Conseil d'administration après consultation des différentes parties prenantes																											
	1.2.3 Identification des ressources et bien publics qui seront alloués au FS	Action 1.2.3.1: Évaluation et valorisation des ressources auprès du ministère des Finances																											
	1.2.4 Soutien à la mobilisation et capitalisation des ressources	Action 1.2.4.1: Préparation d'une présentation du portefeuille de ressources																											
		Action 1.2.4.2: Recherche de partenariat stratégique en collaboration avec l'EDBM																											
		Action 1.2.4.3: Elaboration d'accord de partenariat																											
		Action 1.2.4.4: - Préparation du roadshow - Roadshow																											
		Action 1.2.4.5: - Production et édition d'un Fact sheet sur le FSM (Coût d'édition) - Couverture photo / vidéo du roadshow																											
	1.2.5 Soutien à l'opérationnalisation du fond	Action 1.2.5.1: Renforcement de capacités du personnel du bureau exécutif (Coût de la formation)																											
		Action 1.2.5.2: Assistance technique à l'opérationnalisation du fonds																											
Sous-Total Produit 1.1																													

Produits attendus	Activités	Actions	Chronogramme 2025												Chronogramme 2026												Chronogramme 2027		
			M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
Résultat 2: Le secteur de l'énergie durable est soutenu financièrement et techniquement par des instruments financiers performants et efficaces et une assistance technique avancée pour son développement. Ceci contribue à la production et l'accès à l'énergie du pays (ménages incluant les femmes et les jeunes, en particulier dans les milieux ruraux). Les projets innovants et à fort impact, qui sont en partie initiés par des femmes et des jeunes sont renforcés et soutenus avec un soutien financier permettant leur développement. La capacité des décideurs et acteurs institutionnels est renforcée pour garantir la coherence des politiques et cadres et leur mise en oeuvre effective.																												
Produit 2.1 L'incubateur d'énergie durable est créé pour soutenir les start-ups innovantes et les MPME, en mettant l'accent sur les projets d'énergie renouvelable menés par les femmes et les jeunes, qui bénéficient d'une formation et d'une assistance technique et reçoivent un soutien financier sous la forme de petites subventions. Cela permettra d'augmenter l'offre et l'utilisation des énergies renouvelables.	2.1.1. Mettre en place l'incubateur pour l'énergie durable (IED) prêt à créer et à soutenir un marché pour les PME, les startups et les technologies liées à l'énergie durable.	2.1.1.2 Engagement inclusif des parties prenantes																											
		2.1.1.3 Amélioration et validation du cadre stratégique IED																											
		2.1.1.4 Des experts en énergie durable formés pour soutenir l'IED																											
	2.1.2. Incuber, former et soutenir financièrement les start-ups et les PME du secteur de l'énergie durable	2.1.2.1 Planification des sessions d'incubation pour les PME et les startups																											
		2.1.2.2 Evaluation de candidatures en fonction de leur viabilité, du potentiel de mise à l'échelle des produits, des besoins de financement et de l'impact potentiel de leurs technologies, produits et services énergétiques durables																											
		2.1.2.3 Soutien par des services avancés à des startups et PME et sensibilisation au genre pour leurs croissance et pour leurs faciliter l'accès à des investissements																											
		2.1.2.4 Connexion des entreprises accompagnés aux opportunités de financement et bénéficiant d'un soutien pour faciliter l'investissement au point de basculement																											
		2.1.2.5 Organisation d'un programme de récompenses annuel pour les projets exceptionnelles dans le domaine de l'énergie durable																											
	2.1.3. Encourager et diffuser les bonnes pratiques, le partage d'expériences et les enseignements tirés	2.1.3.1 Capitalisation annuelle sur l'expérience d'incubation et recommandation politique																											
		2.1.3.2 Des outils de formation, de communication et de suivi sont développés																											
		2.1.3.3 Réalisation d'une campagne de sensibilisation des acteurs identifiés pour favoriser la production de projets énergétiques durables																											
		2.1.3.4 Promouvoir la visibilité internationale de l'IED et les échanges internationaux																											
Sous-Total Produit 2.1																													

Produits attendus	Activités	Actions	Chronogramme 2025												Chronogramme 2026												Chronogramme 2027		
			M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M1	M2	M3
Produit 2.2 Les capacités des acteurs et décideurs politiques sur la formulation et mise en oeuvre de politiques et stratégies sont renforcées, une analyse de la cohérence des cadres réglementaires existants sur l'énergie, est menée, et un mécanisme efficace pour le suivi et l'appui aux projets émergents à fort impact et contribuant aux ODD (7,9,17) est établi	2.2.1 Renforcer les capacités sur la formulation et la mise en oeuvre des politiques	Action 2.2.1.1: Atelier de révision de la norme pour les foyers économes à charbon de bois et l'élaboration de la norme pour les foyers économes à bois de feu																										
		Action 2.2.1.2: Formation des cadres techniques du MEH sur l'efficacité énergétique basée sur la norme ISO 50001																										
		Action 2.2.1.3: Formation des Agents du MEF sur le Development Finance avec ITC ILO																										
	2.2.2 Analyser la cohérence du cadre politique et légal dans le secteur de l'énergie et le cadre financier	Action 2.2.2.1: Formation sur le cadre réglementaire de l'énergie renouvelable pour les personnels du MEF et MEH																										
	2.2.3 Développer un mécanisme de suivi et évaluation pour appuyer les projets émergents à fort impact	Action 2.2.3.1: Elaboration d'un mécanisme de gestion des plaintes et réalisation d'un Analyse de genre et élaboration du plan d'action genre du projet																										
		Action 2.2.3.2: Elaboration de la stratégie de sortie du projet																										
		Action 2.2.3.3: Revue de la stratégie de sortie du projet																										
		Action 2.2.3.4: Mise en œuvre de la stratégie de sortie du projet																										
	2.2.4 Identifier les risques et les obstacles au financement du secteur de l'énergie	Action 2.2.4.1: Réalisation de l'étude des risques environnementaux et sociaux du projet																										
		Action 2.2.4.2: Réalisation d'une étude sur l'identification des risques et obstacles au financement du secteur de l'énergie																										
		Action 2.2.4.3: Identification de partenariats (Initiatives M300, EDBM, etc.) et ateliers avec les investisseurs																										

Annex I: Estimated potential leveraged finance

Parameters	Companies considered under the de-risking facility						
	NANOE	HERI	ANKA	MAJINCO	BAOBAB+	JIRO KANTO	HIER
Initial co-financing (USD) - (A)	2,841,038	415,682	1,749,134	655,150	1,773,204	2,714,601	6,033,821
Revised co-financing (USD) - (B)	2,841,038	52,539	453,226	319,621	-	-	-
Financing need (USD) from FIER (Initial) - (C)	1,100,000	290,000	1,219,604	2,620,601	1,773,204	979,766	1,279,896
Financing need (USD) from FIER (Revised) - (D)	932,000	28,290	302,152	450,000	-	-	-
Leveraged financing ratio (Initial) (=A/C)	2.58	1.43	1.43	0.25	1	2.77	4.71
Leveraged financing ratio (Revised) (=B/D)	3.05	1.86	1.50	0.71		4.33	9.43
Leveraged financing Amount (USD) - Initial (=A-C)	1741038	125682	529530	-1965451		1734836	4753925
Leveraged financing Amount (USD) - Revised (=B-D)	1909038	24249	151074	-130379		396925	5393873
Total Leveraged Financing ratio (Initial)							1.75
Total Leveraged Financing ratio (Revised)							2.14
Total Leveraged financing Amount (USD) - Initial							6,919,560
Total Leveraged financing Amount (USD) - Revised							1,953,982