

LIBERIA

MCC Learning from

Evaluation of the Liberia Power Compact's Mt. Coffee Hydropower Plant Rehabilitation and Capacity Building and Sector Reform: Baseline and Interim Findings

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MCC has identified the following programmatic and evaluation lessons based on the Evaluation of the Liberia Power Compact's Mt. Coffee Hydropower Plant Rehabilitation and Capacity Building and Sector Reform: Baseline and Interim Findings.

PROGRAMMATIC LESSONS

- *A political economy analysis (PEA) conducted in compact development may have helped MCC to understand the incentive structure of the utility and the government.* After the Government of Liberia refused to extend the utility operations component of the management services contract with Manitoba Hydro International beyond December 2016, the Liberian government installed individuals in LEC's management whose actions did not serve the best interests of the utility. Then, not respecting the operational independence of ESB International, the operator of a new management services contract in 2018, the government appointed (and refused to remove after numerous requests) another individual who interfered with loss reduction efforts and complicated the utility's operations. These sorts of dynamics were something that MCC needed to better understand during compact development, however, measures to address them would reduce the country's ownership for program success. Entrenched political interests resisted reform in the sector. The evaluation indicated that the management services contract would have benefitted from a utility-level and country-level PEA to help increase the likelihood of success. MCC is now conducting more political economy analyses as part of compact development.
- *Even within MCC's stringent five-year time clock, donor coordination for big public works is possible with careful planning.* Because Mount Coffee was a large, multi-donor effort, MCC had to find creative solutions to amend its standard processes, like accepting the procurement guidelines of other entities and finding a way to make payments outside of MCC procurement structures. While the evaluation found many challenges with the contract mechanism, MCC ultimately succeed in completing the Mount Coffee Hydro Powerplant. Early engagement with the project implementers and engagement stakeholders familiar with similar projects was critical.
- *High levels of commercial losses for a utility have serious sustainability implications, despite maintaining the economic benefit to the end users of electricity.* The evaluation showed that

commercial losses in Liberia are some of the highest in the world and have increased with the commissioning of Mount Coffee to about 58%. As more power became available on the grid and the utility has been unable to curb illegal connections, the long run prospects for the ability of the utility to maintain Mount Coffee and the transmission and distribution network are concerning. MCC is addressing this issue in Liberia by funding a survey to map out the assets of the utility and the customers connected to the grid through legal and illegal connections. However, while the mapping survey is a necessary condition for the utility to begin recouping the costs of operations and maintenance and become solvent, it may not be sufficient.

- *Donors and the utility needed to have a better plan for how to expand access to the grid once more power was available due to the Mount Coffee intervention.* Mount Coffee coming online meant that there was substantially more power available, but the evaluation found that more power led to more illegal connections to the grid. This was because the utility did not have the resources to expand connections at a rate that could keep up with the pent-up demand. Donors committed to expanding the network to different geographic zones, but households and businesses just outside of those zones had access to the grid, but no way to get a legal connection from the utility. Connections in these areas are now being served through illegal connections, exacerbating already high commercial losses.

EVALUATION LESSONS

- *When program “treatment” and/or implementation occurs prior to EIF or early in the program implementation period, independent evaluator assessments of implementation progress can be useful and can be used to inform programmatic decision-making and budget reallocations.* This baseline/interim evaluation was timed at a point where other activities had already started and therefore contained both data establishing a baseline for certain outcomes, as well as interim findings assessing progress-to-date on implementation. MCC was then able to use and learn from these early findings to support project implementation. Going forward, MCC may consider collecting interim evaluation data early in the implementation period to capture early learning.