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File Ref: PO 7160

Date: 10th December 2019

Contract Amendment No: 3

CONTRACT FOR: Applied Research on Energy and Economic Growth

CONTRACT NUMBER: PO 7160

With reference to the contract dated 13th April 2016, (as most recently amended by the letter dated 18th December 2017) both Parties have in principle agreed to the following variations to the Contract:

Section 1 – Form of Contract

3. Commencement and Duration of the Services

Delete: “15th April 2021”
Insert: “15th October 2021”

4. Financial Limit

Delete: “£13,021,827”
Insert: “£14,321,827”

Section 3 – Terms of Reference

Add: Addendum 1 to the Terms of Reference (October 2019)

Section 4 – Special Conditions

REDACTED

Section 5 – Schedule of Prices

REDACTED

2. These amendments relate to an extension of the programme end date by 6 months, changes to key personnel, an addendum to the Terms of Reference and an increase of £1,300,000 to the overall financial limit.
3. Please confirm in writing by signing and returning one copy of this letter, within **15 working days** of the date of signature on behalf of DFID that you accept the variations set out herein.
4. The Contract, including any previous variation, shall remain effective and unaltered except as amended by this letter.
5. Words and expressions in this letter shall have the meanings given to them in the Contract.

Signed by an authorised signatory for and on behalf
of the Secretary of State for International Development

Name:

Position:

Signature:

Date:

Signed by an authorised signatory for and on behalf of
the Oxford Policy Management

Name:

Signature:

Date:

Addendum 1 to the Terms of Reference (October 2019)

List of abbreviations

AfDB	African Development Bank
CV	Curriculum Vitae
DFID	UK Department for International Development
EDRI	Ethiopian Development Research Institute
EEG	Applied Research Programme on Energy and Economic Growth
ICF	International Climate Fund
IFPRI	International Food and Policy Research Institute
KPI	Key Performance Indicator
LIC	Low income country
LoI	Letter of Interest
OPM	Oxford Policy Management
RWI	Rheinisch-Westfälisches Institut
SoK	State-of-Knowledge
SRO	Senior Responsible Owner
USAID	United States Agency for International Development

1 Introduction

This addendum describes required outputs for new initiatives of the EEG Research Framework. They are described in Section 2.

The team and governance structure during the first year of implementation was aligned with the original structure outlined in the Research Framework, as presented in the Research Framework, approved December 2017. Figure 1 outlines the previous EEG governance and management structure, which is divided as follows:

- **Governance:** EEG was governed by a Programme Directorate, which is overseen by DFID and a Steering Committee and informed by Scientific Advisors. The Programme Directorate was formed of the Programme Director (REDACTED), the Technical Lead (REDACTED) and the Quality Control Lead (REDACTED).
- **Programme management:** The Programme Manager (REDACTED) held responsibility for management and operational tasks, with the assistance of a Programme Administrator (REDACTED).
- **Technical implementation:** Under the guidance of the Programme Director and Technical Energy Lead, the research coordination and research uptake tasks were divided between two individuals - Research Coordinator (REDACTED) and Research Uptake Co-ordinator (REDACTED).

Figure 1: Current EEG governance and team structure (based on Research Framework and showing current post holders / vacancies)

REDACTED

In the first year of implementation, focus was on scoping country programmes and procuring research projects. Moving forward, primary focus is on implementing those projects. Communications, capacity development and policy engagement are required for 24 individual EEG projects.

Figure 2: New EEG governance and management structure

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Responsibility for the 24 projects will be divided as follows:

- The Programme Director will act as a technical focal point for roughly 4 projects, on top of his additional responsibilities providing strategic direction and overall delivery of programme, including scope, timing and costing.
- The Head of Research and Engagement will act as technical focal point for roughly 10 projects, on top of their additional responsibilities implementing programme-level research uptake activities and shared learning across projects.
- The Research and Uptake Coordinator will act as technical focal point for the remaining projects (roughly 10).

2 Change to the end date of the programme

To meet requirements, the contract end date will be extended to 15 October 2021.

3 Proposed new initiatives to be implemented with additional funding

A series of potential impactful new EEG initiatives have been identified since the start of the implementation phase. These initiatives have emerged through scoping exercises for country programmes, the EEG calls for proposals and discussions with DFID, other donors and agencies engaged in the energy sector, and in one case the Ethiopian Government. These proposed initiatives allow the EEG project to lever greater impact and influence and achieve additional value for money from the original DFID investment in the project.

Five categories of initiative have been identified:

1. Additional climate activities
2. Additional research uptake and capacity development activities
3. Scoping for seven potential new EEG country programmes
4. State-of-Knowledge Reports for four potential new thematic areas for future EEG research

These categories of initiatives are described in more detail in the below sub-sections.

3.1 Top up funds for Ethiopia country programme

The first use of additional funding will be to top up the country programme in Ethiopia, where EEG enjoys particularly strong buy-in from the government and other energy stakeholders. The funding will be allocated to:

- A rapid survey to identify pockets of agricultural demand for electricity to feed into the government's electrification strategy and supplement two selected EEG proposals on the topic.
- Local renewable value chain research captured within the recent Ethiopia-focused call for proposals.

The below sections describe each of these uses of additional funding.

3.1.1 Research to identify pockets of agricultural demand for electricity

Expected outputs:

The expected output of the research to identify pockets of agricultural demand for electricity would be the following:

- A geo-referenced data set of projected demand for electricity from agricultural uses in a pre-defined part of Ethiopia. This data set will be shared with RWI and EDRI to feed into its larger map of agricultural demand and the Government of Ethiopia to inform its near-term investments in electricity infrastructure.

3.1.2 Unfulfilled research area outlined in the recent Ethiopia-focused call for proposals

Expected outputs:

The expected outputs of a call for proposals on local renewable energy value chains would be the following:

- A research project, yielded through the call for proposals, that produces both academic outputs and detailed policy briefs proposing steps that the government should take, or should not take, to foster local renewable energy value chains.
- Targeted research uptake activities, such as workshops, training programmes or curricula support, to disseminate the findings of the research project to government and industry stakeholders.

3.1.3 Approach to funding decisions between the potential uses of funding in Ethiopia

Priority is the rapid survey of agricultural demand over an unfulfilled research area on renewable energy value chains based on the request from the Government of Ethiopia; the initiative's potential large impact on Ethiopian electrification policy, agricultural productivity and jobs for low-income families; and the potential co-funding from USAID.

3.2 Additional climate activities

Having now commissioned 25 research projects and carried out a number of country level scoping studies it is clear that there is a range of climate-related potential areas for further research, including:

- the challenges around the decarbonisation of energy systems
- the technological, market and institutional reforms required to integrate intermittent renewables into grid operations
- the impact of climate change on the resilience of energy supplies, particularly hydropower, and how these negative consequences can be mitigated
- the importance of access to energy in strengthening household and community resilience to negative climate change impacts

EEG will contribute to furthering one or more of these research areas, both through its existing portfolio of projects, but also by responding to opportunities and requests for engagement.

Expected outputs:

- Additional thought pieces drawing on EEG's climate related work or small additional pieces of research, together with co-financing of events with other donor programmes, with a view to leveraging EEG's climate related research effort and findings to influence other donor programmes thinking around climate change and energy, including energy systems resilience, the impact energy access has on community resilience, and the challenges of decarbonising energy systems and incorporating renewables into grid operations.
- **Two Climate Parliament** events to showcase the findings from EEG research projects and shape the dialogue and decision-making of influential legislatures from across the world, and to build an understanding of senior decision-makers knowledge gaps and research needs to feed into the future EEG research agenda.

3.3 Additional research uptake and capacity development activities

The third new initiative will be to supplement research uptake and capacity development activities. The capacity and willingness of decision-makers to find, appraise and apply evidence will be central to the impact of the EEG research programme. Policymakers or energy stakeholders who are 'prime targets' in terms of the degree of their influence upon energy systems do not always have the capacity or motive to

engage with research without targeted support. The supplier is required to fill this gap and therefore scale up EEG research uptake and capacity development activities.

To ensure that the widest possible net for impact and uptake of findings has been cast, the supplier will implement research uptake and capacity development at three levels:

- **Project Level.** A strategy for research uptake and capacity development has been incorporated into the design of each EEG research project.
- **Country Level.** Target specific individuals at the country or regional level who have the authority or influence to act upon the research results and deliver impact directly – the ‘decision-makers’ (e.g. policy-makers, government advisors, etc.).
- **EEG Programme Level.** Take steps to inform the thinking and work of a wider set of stakeholders who have the resources or connections to influence those in a position of power – the ‘influencers’ (e.g. other researchers, Climate Parliament, donors).

Expected outputs:

Specific research uptake and capacity development activities will be defined through systematic consultations with key decision-makers in EEG countries and the principal investigators of EEG research projects. The expected outputs from the additional research uptake and capacity building initiatives include:

- **Capacity development workshops** for researchers and policymakers in low-income countries to design, contribute and/or disseminate findings of policy-relevant research. These workshops will be carefully targeted in terms of matching participants with a topic they perceive as relevant. Where possible, workshops will piggy-back on other development programmes focused on technical assistance, to achieve maximum impact and value-for-money.
- **Targeted lectures and seminars.** When EEG researchers are on the ground they will seek to optimise their visits by providing seminars, workshops, lectures, etc. on a range of interesting topics at universities, professional associations, energy organisations and utilities, sectors training schools or government training schools. As well as building local capacity this could help inform the team on the needs and demands with regard local training needs.
- **Support for universities and technical institutes in low-income countries.** EEG country programmes will assess how training and professional development is organised in country and appraise (with the local partners’ involvement) strengths and weaknesses in current curricula and programming to identify where and how EEG can help. EEG researchers could support universities and technical institutes through curricula enhancement related to EEG’s areas of research: energy policy and financing, energy systems management, energy economics, etc.
- **Training for different levels of audience.** On the job training or e-training could be offered in some cases, for example for utilities or renewable energy investors. Where possible, training initiatives will piggy-back on other development programmes focused on technical assistance, to build relationships, maximise impact and achieve value-for-money.
- **Communication pieces.** EEG workshops, webinars, newsletters and policy briefs to encourage exchange of information amongst policymakers worldwide, to enhance synergies and learning experiences.

3.4 Scoping for seven new EEG country programmes

The fourth new initiative will be to scope new EEG country programmes in anticipation of a potential expansion in the EEG programme.

Expected outputs:

The expected outputs of each scoping exercise include the following:

- **7 briefing notes on the energy system of the scoped countries.**
- **7 research agendas and plans to launch new EEG country programmes.** These research agendas will detail the stakeholder interviewed in the scoping process, a long-list of research questions identified, a short-list of prioritised and validated research questions/topics and potential users of findings from each proposed topic.

3.5 State-of-Knowledge Reports for four potential new thematic areas for future EEG research

The fifth new initiative will be scoping of four new thematic areas of research, also in anticipation of a future expansion in the EEG programme. To scope these areas, State-of-Knowledge (SoK) Reports will be produced by leading experts on each selected topic. These will supplement the 18 SoK Reports that were produced in the Inception Phase.

The selected four topics are the following:

- 1) Understanding investment in Sub-Saharan African and South Asian electricity systems
- 2) Decarbonisation, disruptive energy technologies and utilities of the future
- 3) The nexus of grids, mini-grids and off-grid options for expanding electricity access
- 4) Distributed generation and cities

These selected four topics may change based on further discussions.

4 Changes to the logframe

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