



## Project Implementation Report

(1 July 2022 – 30 June 2023)

|   |   |
|---|---|
| Project Title:  | Investing in energy efficiency to strengthen the cold value chain of small and medium enterprises |
| GEF ID:   | 10143   |
| UNIDO ID:   | 170167  |
| GEF Replenishment Cycle:                                | GEF-7   |
| Country(ies):   | Afghanistan   |
| Region:   | MNA - Middle East and North Africa  |
| GEF Focal Area:   | Climate Change  |
| Integrated Approach Pilot (IAP) Programs <sup>1</sup> : | Climate Change Adaptation (CCA)   |
| Stand-alone / Child Project:                            | NA  |
| Implementing Department/Division:                       | TCS/MPD   |
| Co-Implementing Agency:                                 |   |
| Executing Agency(ies):                                  | UNIDO/a national execution agency to be selected for a limited component by UNIDO                 |
| Project Type:   | Medium-Sized Project (MSP)  |
| Project Duration:                                       | 60 months   |
| Extension(s):   | Insert number of approved extensions  |
| GEF Project Financing:                                  | 1,321,141   |
| Agency Fee:   | 125,508   |
| Co-financing Amount:                                    | 9,711,000   |
| Date of CEO Endorsement/Approval:                       | 8 April 2020  |
| UNIDO Approval Date:                                    | 24 June 2020  |
| Actual Implementation Start:                            | 4 August 2020   |
| Cumulative disbursement as of 30 June 2023:             | 1,259,141   |
| Mid-term Review (MTR) Date:                             |   |

<sup>1</sup> Only for GEF-6 projects, if applicable

|   |               |
|---|---------------|
|   | N/A           |
| <b>Original Project Completion Date:</b>            | 5/31/2025     |
| <b>Project Completion Date as reported in FY22:</b> | NA            |
| <b>Current SAP Completion Date:</b>                 | 31 July 2025  |
| <b>Expected Project Completion Date:</b>            | 30 April 2025 |
| <b>Expected Terminal Evaluation (TE) Date:</b>      | NA            |
| <b>Expected Financial Closure Date:</b>             | 30 April 2026 |
| <b>UNIDO Project Manager<sup>2</sup>:</b>           | IINO Fukuya   |

## I. Brief description of project and status overview

### Project Objective

The objective of the approved project document is to implement energy efficiency labelling for refrigerators and air-conditioning and engage private financing to invest in energy efficiency of cold value chain operated by small and medium enterprises.

### Baseline

The baseline of the approved project document is:

15. This project is designed to identify, develop and stimulate the application of low-carbon, energy efficient refrigeration technologies and business practices for use throughout different sectors of cold chain in Afghanistan. In addition, it facilitates the establishment of partnerships with the private sector and collaboration with co-financing institutions for the promotion of investment and support of best available energy-efficient design technologies and practices transfer. It would be a holistic measure to build adaptability and mitigate some of the drivers of global environmental challenges in addition to building the resilience of the vulnerable economy in Afghanistan. In doing so, another value added by this project is to involve local communities of the investors. This involvement is critical to sustain the alignment of the private co-financing to promote low-carbon and energy efficient refrigeration technologies in the post-project period.

16. Cooling systems are a substantial part of the market and according to the economic models, it is forecasted to grow rapidly during the next years. According to a new econometric model developed by the Economist Intelligence Unit (EIU) that has been commissioned by the Kigali Cooling Efficiency Program (K-CEP) total market value of cooling equipment could reach almost US\$170bn in 2030, up from \$135bn in 2018 in the world. This globally growing pattern is also subject to Afghanistan as an underdeveloped country. In addition to the temperature and heatwaves which are natural consequences of climate change in the world, an increase in electricity access, urbanization, and income are the most influential drivers of cooling demand in Afghanistan.

<sup>2</sup> Person responsible for report content

Please refer to the explanatory note at the end of the document and select corresponding ratings for the current reporting period, i.e. FY23. Please also provide a short justification for the selected ratings for FY23.

In view of the GEF Secretariat's intent to start following the ability of projects to adopt the concept of adaptive management<sup>3</sup>, Agencies are expected to closely monitor changes that occur from year to year and demonstrate that they are not simply implementing plans but modifying them in response to developments and circumstances or understanding. In order to facilitate with this assessment, please introduce the ratings as reported in the previous reporting cycle, i.e. FY22, in the last column.

| Overall Ratings <sup>4</sup>  | FY23                              | FY22                        |
|---|-----------------------------------|-----------------------------|
| Global Environmental Objectives <b>(GEOs)</b> / Development Objectives <b>(DOs)</b> Rating    | <i>Highly Unsatisfactory (HU)</i> | <i>Unknown</i>              |
| <i>No project activities could be initiated due to the domestic situation of the country.</i> |                                   |                             |
| Implementation Progress <b>(IP)</b> Rating  | <i>Highly Unsatisfactory (HU)</i> | <i>Unknown</i>              |
| <i>No project activities could be initiated due to the domestic situation of the country.</i> |                                   |                             |
| Overall <b>Risk</b> Rating  | <i>Substantial Risk (S)</i>       | <i>Substantial Risk (S)</i> |
| <i>The risk remains substantial, there's no change from the last reporting period.</i>        |                                   |                             |

## II. Targeted results and progress to-date

Please describe the progress made in achieving the outputs against key performance indicator's targets in the project's **M&E Plan/Log-Frame at the time of CEO Endorsement/Approval**. Please expand the table as needed.

Since the revised project proposal has been endorsed by the de-facto government, an international bidding has been initiated following UNIDO's new grant manual, a grant evaluation committee has been organized internally. UNIDO received some offers and the evaluation will be concluded by September 2023. As a result, a national execution agency will be chosen. An official request to revise the project will be submitted to the GEF.

Please fill in the below table or make a reference to any supporting documents that may be submitted as annexes to this report.

| Project Strategy | KPIs/Indicators | Baseline | Target level | Progress in FY23 |
|------------------|-----------------|----------|--------------|------------------|
|------------------|-----------------|----------|--------------|------------------|

<sup>3</sup> Adaptive management in the context of an intentional approach to decision-making and adjustments in response to new available information, evidence gathered from monitoring, evaluation or research, and experience acquired from implementation, to ensure that the goals of the activity are being reached efficiently

<sup>4</sup> Please refer to the explanatory note at the end of the document and assure that the indicated ratings correspond to the narrative of the report

**Component 1 –****Outcome 1: Renewable energy sources and raw materials are made available to selected beneficiaries**

|   |  |     |     |      |
|---|--|-----|-----|------|
| Output 1.1: Beneficiary companies selected technical specifications on renewable energy sources and raw materials finalized | Number of actors gaining awareness/knowledge (UNIDO KASA.1)  | TBD | TBD | None |
| Output 1.2: Renewable energy sources installed  | Tons of CO2 equivalent GHG emission avoided (ENV. 1)<br>Number of capacity building activities provided (TCO. 1)   | TBD | TBD | None |
| Output 1.3: Perishable food collection activities supported   | Number of institutions strengthened (GOV.1)<br>Number of actors engaged (by kind of actor: people, firms, intermediary institutions, government bodies, and global actors in a sex-segregated list) (REA. 2) | TBD | TBD | None |

**Component 2 –****Outcome 2: Selected beneficiaries improve the stability of the production process and improve quality of the nutritious food products**

|  |  |     |     |      |
|--|--|-----|-----|------|
| Output 2.1: Hygienic food processing supported by renewable energy sources | Number of firms with improved management practices (Bus.1)                                   | TBD | TBD | None |
| Output 2.2: Safe packaging of food products strengthened                   | Number of guidelines adopted by relevant actors (POL.3)                                      | TBD | TBD | None |
| Output 2.3: Distribution cold chains of nutritious food products enhanced  | Number of new or improved green products made available or used (ENV. 5)<br>Number of actors | TBD | TBD | None |

|  |   |     |     |      |
|--|---|-----|-----|------|
|  | participating in enhanced collaboration settings (GOV. 2)   |     |     |      |
| <b>Component 3 –</b>   |   |     |     |      |
| <b>Outcome 3: Project monitoring and evaluation</b>              |   |     |     |      |
| Output 3.1: Baseline set and communication strategy mainstreamed | # of pre-project survey responses received from stakeholders (ENV 7)<br># of post-project survey responses received from stakeholders (ENV 7) | TBD | TBD | None |
| Output 3.2: Project monitored                                    | # of project steering committee minutes and sex-disaggregated participant lists<br><br># of biannual progress reports                         | TBD | TBD | None |

### III. Project Risk Management

1. Please indicate the overall project-level risks and the related risk management measures: (i) as identified in the CEO Endorsement document, and (ii) progress to-date. Please expand the table as needed.

Describe in tabular form the risks observed and priority mitigation activities undertaken during the reporting period in line with the project document. Note that risks, risk level and mitigations measures should be consistent with the ones identified in the CEO Endorsement/Approval document. Please also consider the project's ability to adopt the adaptive management approach in remediating any of the risks that had been sub-optimally rated (H, S) in the previous reporting cycle.

|   | (i) Risks at CEO stage   | (i) Risk level FY 22 | (i) Risk level FY 23 | (i) Mitigation measures  | (ii) Progress to-date   | New defined risk <sup>5</sup> |
|---|--|----------------------|----------------------|--|---|-------------------------------|
| 1 | Security risk<br>The security situation in the country might worsen and there might be more white cities | Unknown              | High Risk (H)        | UNIDO plans to engage a national execution agency which has political and social relationships with the national and communal de factor governments. | UNIDO's grant evaluation committee is evaluating the offers received from potential national execution agencies in Afghanistan. | <input type="checkbox"/>      |

<sup>5</sup> New risk added in reporting period. Check only if applicable.

|   |  |         |               |   |  |                          |
|---|--|---------|---------------|---|--|--------------------------|
|   | movement restrictions instructed by the UN Security team |         |               |   | It is said that the security situation in terms of violence and armed attacks is in fact better since the regime change in 2021. This risk became a reality.<br><br>The de-facto government may not be cooperative for policy support and public service provision   |                          |
| 2 | Energy efficiency effect risk                            | Unknown | NA            | Energy efficiency is no longer a priority in the country. A revised proposal will be submitted to the GEF.  | UNIDO's grant evaluation committee will conclude its evaluation in Q3 or early Q4 to select a national execution agency. Based on which the revised proposal will be submitted which focuses on provision of nutritious foods relying on renewable energy-powered cold chain. This risk has been invalidated due to the regime change. | <input type="checkbox"/> |
| 3 | Policy priority risk                                     | Unknown | High Risk (H) | The same as above.  | The same as above.   | X                        |
| 4 | Investment and financing shortage risk                   | Unknown | High Risk (H) | A national execution agency which is financially stable will be chosen.   | The same as above.   | <input type="checkbox"/> |
| 5 | SME's capacity risk                                      | Unknown | High Risk (H) | The same as above.  | The same as above.   | X                        |
| 6 | Climate change risk                                      | Unknown | High Risk (H) | Project sites will be selected on resilience to climate risks.  | The same as above.   | X                        |
| 7 | Female entrepreneur specific risk                        | Unknown | High Risk (H) | The selection process of the national execution agency and beneficiaries is on-going by ensuring they are committed to engaging female workers where possible such as work from home or working as beneficiaries. | The same as above.   | <input type="checkbox"/> |

2. If the project received a sub-optimal risk rating (H, S) in the previous reporting period, please state the actions taken since then to mitigate the relevant risks and improve the related risk rating. Please also elaborate on reasons that may have impeded any of the sub-optimal risk ratings from improving in the current reporting cycle; please indicate actions planned for the next reporting cycle to remediate this.

N/A

3. Please indicate any implication of the **COVID-19** pandemic on the progress of the project.

None.

4. Please clarify if the project is facing delays and is expected to request an **extension**.

The project has not selected a national execution organization yet since the regime change. The grant evaluation committee evaluating the offers received for the revised project activities will conclude its evaluation in a month or so. A 2-year extension is required.

5. Please provide the **main findings and recommendations of completed MTR**, and elaborate on any actions taken towards the recommendations included in the report.

If the project has undergone a Mid-Term Review, please summarize the outcome and elaborate on specific actions taken towards implementing the recommendations included in the report.

NB: The information provided in this section will be used by the GEF Secretariat to measure the project's ability to adopt an **adaptive management approach**. This will be measured through the assignment of a **project-level proactivity index**.

The MTR has not been conducted.

#### IV. Environmental and Social Safeguards (ESS)

1. As part of the requirements for **projects from GEF-6 onwards**, and based on the screening as per the UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP), which category is the project?

☐ Category A project

X Category B project

☐ Category C project

(By selecting Category C, I confirm that the E&S risks of the project have not escalated to Category A or B).

Notes on new risks:

- If new risks have been identified during implementation due to changes in, i.e. project design or context, these should also be listed in (ii) below.
- If these new/additional risks are related to Operational Safeguards # 2, 3, 5, 6, or 8, please consult with UNIDO GEF Coordination to discuss next steps.
- Please refer to the UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP) on how to report on E&S issues.

Please expand the table as needed.

|   | E&S risk  | Mitigation measures undertaken during the reporting period | Monitoring methods and procedures used in the reporting period |
|---|---|--|--|
| (i) Risks identified in ESMP at time of CEO Endorsement | Energy demand increase might not be mitigated compared to the business as a usual | N/A  | N/A  |

|   |   |     |     |
|---|---|-----|-----|
|   | baseline for domestic and commercial equipment.   |     |     |
|   | Energy efficiency standards and labelling for refrigerators and air-conditioners (RAC) may not be adopted by governmental institutes in line with Afghanistan Energy Efficiency at the speed and scale necessary to mitigate increased energy use | N/A | N/A |
|   | SMEs along the cold value chains might not be fully trained for energy efficiency and safe handling of flammable refrigerant charged equipment, as budgets, capacities and enforcement are too weak   | N/A | N/A |
|   | The Climate Change risk might adversely affect the cold value chain resulting in produce being spoiled before being able to be placed on the market.  | N/A | N/A |
|   | Technical and financial assistance might not be tailored specifically to be accepted by target female entrepreneurs and female local investors mainly in the dairy sector   | N/A | N/A |
| (ii) New risks identified during project implementation (if not applicable, please insert 'NA' in each box) |   |     |     |

## V. Stakeholder Engagement

1. Using the previous reporting period as a basis, please provide information on **progress, challenges and outcomes** regarding engagement of stakeholders in the project (based on the Stakeholder Engagement Plan or equivalent document submitted at CEO Endorsement/Approval).

The revised logframe was endorsed by the government. A procurement process has been initiated. A Grant Evaluation Committee has been organized and is currently evaluating the offers received.

2. Please provide any feedback submitted by national counterparts, GEF OFP, co-financiers, and other partners/stakeholders of the project (e.g. private sector, CSOs, NGOs, etc.).

The de facto government orally agreed to revise the project as planned.

3. Please provide any **relevant stakeholder consultation** documents.

N/A

## VI. Gender Mainstreaming

1. Using the previous reporting period as a basis, please report on the **progress achieved on implementing gender-responsive measures** and **using gender-sensitive indicators**, as documented at CEO Endorsement/Approval (in the project results framework, gender action plan or equivalent),.

The Grant Evaluation Committee has asked all the bidders if they can engage female staff members. It seems the private sector can engage female staff members but their field visits or activities might be restricted.

## VII. Knowledge Management

1. Using the previous reporting period as a basis, please elaborate on any **knowledge management activities / products**, as documented at CEO Endorsement / Approval.

N/A

2. Please list any **relevant knowledge management mechanisms / tools** that the project has generated.

N/A

## VIII. Implementation progress

1. Using the previous reporting period as a basis, please provide information on **progress, challenges and outcomes achieved/observed** with regards to project implementation.

After the regime change in 2021, in 2022, the UN Transitional Engagement Framework (TEF) for Afghanistan was announced as the overarching strategic planning document for the UN system's assistance. The urgent and prioritized actions were called for, because 23 million people are projected to face acute food insecurity, and over one million children risk dying from severe acute malnutrition. Poverty may become nearly universal affecting 95-97 percent of the population. TEF's priorities are to: provide life-saving assistance; sustain essential services; and preserve social investments and community-level systems essential to meeting basic human needs.

It is proposed that this project is to be revised as “Perishable food collection activities and hygienic food processing to strengthen distribution of nutritious food products in an environmentally friendly cold chain in the Islamic Republic of Afghanistan” to adjust the project to meet the TEF principle.

In line with the TEF's priorities, the overall project objective is to enhance perishable food collection activities and hygienic food processing to facilitate distribution of nutritious food products in an environmentally friendly cold chain. Inefficiencies within the supply chain result in the food becoming spoilt and being wasted. Small and medium-sized enterprises (SMEs) are crucial nodes of the cold chain as well as service providers to maintain the cold chain. However, the technical capacities of such SMEs are not properly supported, despite the government's efforts to strengthen the basic technical absorption capacities of the SME stakeholders by designing certification systems and raising awareness.

The above proposal is a major revision to the original project document. The global environmental benefits of this revised project proposal have been estimated, subject to UNIDO's procurement process, as 886 metric tonnes per year. During the life time of the solar power unit, it could reduce as much as 22,151 metric tonnes. The original GEB was 1.28 million metric tonnes, and therefore the revised proposal expects 1.7% of the original GEB.

Considering the current status of the country and international relationship with the government, UNIDO needs to keep its field office for monitoring the project progress closely.

Without this project, the country would lose an opportunity to boost its food sector for nutritious food products distributed to the people in hunger.

The selection of a national execution agency is to be concluded in approximately a month. UNIDO's Afghanistan Office is assisting to make virtual site visits to the bidders and target beneficiaries.

**2. Please briefly elaborate on any **minor amendments**<sup>6</sup> to the approved project that may have been introduced during the implementation period or indicate as not applicable (NA).**

Please tick each category for which a change has occurred and provide a description of the change in the related textbox. You may attach supporting documentation, as appropriate.

|                                     |   |   |
|-------------------------------------|---|---|
| <input checked="" type="checkbox"/> | Results Framework                             | The entire logframe has been changed and published for the procurement process to identify a national execution agency. Once UNIDO chooses an agency successfully or fails to choose a competent agency, UNIDO will consult with the GEF on the proposed major change and project execution modality. |
| <input checked="" type="checkbox"/> | Components and Cost                           | See above   |
| <input checked="" type="checkbox"/> | Institutional and Implementation Arrangements | See above   |
| <input checked="" type="checkbox"/> | Financial Management                          | See above   |
| <input checked="" type="checkbox"/> | Implementation Schedule                       | See above   |
| <input checked="" type="checkbox"/> | Executing Entity                              | See above   |
| <input checked="" type="checkbox"/> | Executing Entity Category                     | See above   |
| <input type="checkbox"/>            | Minor Project Objective Change                |   |
| <input type="checkbox"/>            | Safeguards                                    |   |

<sup>6</sup> As described in Annex 9 of the *GEF Project and Program Cycle Policy Guidelines*, **minor amendments** are changes to the project design or implementation that do not have significant impact on the project objectives or scope, or an increase of the GEF project financing up to 5%.

|                                     |  |           |
|-------------------------------------|--|-----------|
| <input checked="" type="checkbox"/> | Risk Analysis                              | See above |
| <input type="checkbox"/>            | Increase of GEF Project Financing Up to 5% |           |
| <input checked="" type="checkbox"/> | Co-Financing                               | See above |
| <input type="checkbox"/>            | Location of Project Activities             |           |
| <input type="checkbox"/>            | Others                                     |           |

3. Please provide progress related to the **financial implementation** of the project.

The project activities have not been paid yet.

## IX. Work Plan and Budget

1. Please provide **an updated project work plan and budget** for the remaining duration of the project, as per last approved project extension. Please expand/modify the table as needed.

No project activities have been initiated yet.

## X. Synergies

1. **Synergies** achieved:

No project activities have been initiated.

3. **Stories to be shared** (Optional)

No project activities have been initiated.

## XI. GEO LOCATION INFORMATION

The Location Name, Latitude and Longitude are required fields insofar as an Agency chooses to enter a project location under the set format. The Geo Name ID is required in instances where the location is not exact, such as in the case of a city, as opposed to the exact site of a physical infrastructure. The Location & Activity Description fields are optional. Project longitude and latitude must follow the Decimal Degrees WGS84 format and Agencies are encouraged to use at least four decimal points for greater accuracy. Users may add as many locations as appropriate.

Web mapping applications such as [OpenStreetMap](#) or [GeoNames](#) use this format. Consider using a conversion tool as needed, such as: <https://coordinates-converter.com>

Please see the Geocoding User Guide by clicking [here](#)

Not applicable.

**Please provide any further geo-referenced information and map where the project interventions is taking place as appropriate.**

N/A

## EXPLANATORY NOTE

1. **Timing & duration:** Each report covers a twelve-month period, i.e. 1 July 2022 – 30 June 2023.
2. **Responsibility:** The responsibility for preparing the report lies with the project manager in consultation with the Division Chief and Director.
3. **Evaluation:** For the report to be used effectively as a tool for annual self-evaluation, project counterparts need to be fully involved. The (main) counterpart can provide any additional information considered essential, including a simple rating of project progress.
4. **Results-based management:** The annual project/programme progress reports are required by the RBM programme component focal points to obtain information on outcomes observed.

| Global Environmental Objectives (GEOs) / Development Objectives (DOs) ratings |   |
|---|---|
| <b>Highly Satisfactory (HS)</b>   | Project is expected to achieve or exceed <u>all</u> its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.  |
| <b>Satisfactory (S)</b>   | Project is expected to <u>achieve most</u> of its <u>major</u> global environmental objectives, and yields satisfactory global environmental benefits, with only minor shortcomings.  |
| <b>Moderately Satisfactory (MS)</b>   | Project is expected to <u>achieve most</u> of its major <u>relevant</u> objectives but with either significant shortcomings or modes overall relevance. Project is expected not to achieve some of its major global environmental objectives or yield some of the expected global environmental benefits. |
| <b>Moderately Unsatisfactory (MU)</b>   | Project is expected to achieve <u>some</u> of its major global environmental objectives with major shortcomings or is expected to <u>achieve only some</u> of its major global environmental objectives.  |
| <b>Unsatisfactory (U)</b>   | Project is expected <u>not</u> to achieve <u>most</u> of its major global environmental objectives or to yield any satisfactory global environmental benefits.  |
| <b>Highly Unsatisfactory (HU)</b>   | The project has failed to achieve, and is not expected to achieve, <u>any</u> of its major global environmental objectives with no worthwhile benefits.   |

| Implementation Progress (IP)          |   |
|---------------------------------------|---|
| <b>Highly Satisfactory (HS)</b>       | Implementation of <u>all</u> components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”. |
| <b>Satisfactory (S)</b>               | Implementation of <u>most</u> components is in substantial compliance with the original/formally revised plan except for only few that are subject to remedial action.                        |
| <b>Moderately Satisfactory (MS)</b>   | Implementation of <u>some</u> components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.                                 |
| <b>Moderately Unsatisfactory (MU)</b> | Implementation of <u>some</u> components is <u>not</u> in substantial compliance with the original/formally revised plan with most components requiring remedial action.                      |
| <b>Unsatisfactory (U)</b>             | Implementation of <u>most</u> components in <u>not</u> in substantial compliance with the original/formally revised plan.   |
| <b>Highly Unsatisfactory (HU)</b>     | Implementation of <u>none</u> of the components is in substantial compliance with the original/formally revised plan.   |

| Risk ratings   |   |
|--|---|
| Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risk of projects should be rated on the following scale: |   |
| <b>High Risk (H)</b>   | There is a probability of greater than <b>75%</b> that assumptions may fail to hold or materialize, and/or the project may face high risks.                   |
| <b>Substantial Risk (S)</b>  | There is a probability of between <b>51%</b> and <b>75%</b> that assumptions may fail to hold or materialize, and/or the project may face substantial risks.  |
| <b>Moderate Risk (M)</b>   | There is a probability of between <b>26%</b> and <b>50%</b> that assumptions may fail to hold or materialize, and/or the project may face only moderate risk. |

|                     |  |
|---------------------|--|
| <b>Low Risk (L)</b> | There is a probability of up to <b>25%</b> that assumptions may fail to hold or materialize, and/or the project may face only low risks. |
|---------------------|--|