Leapfrogging South Africa's Markets to High Efficiency LED Lighting and High Efficiency Distribution Transformers

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

9492

Countries

South Africa

Project Name

Leapfrogging South Africa's Markets to High Efficiency LED Lighting and High Efficiency Distribution Transformers

Agencies

UNDP, DBSA

Date received by PM

4/30/2019

Review completed by PM

8/28/2019

Program Manager

Filippo Berardi

Focal Area

Climate Change

Project Type

FSP

PIF

CEO Endorsement

Project Design and Financing

1. If there are any changes from that presented in the PIF, have justifications been provided?

Secretariat Comment at CEO Endorsement

This section is cleared.

The project is generally in line with the structure presented in the short description of this child project at the time of the presentation of the PFD. Where changes have been done, they have been justified in the ProDoc of UNDP and DBSA, together with useful referencing.

Response to Secretariat comments

2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?

Secretariat Comment at CEO Endorsement

The project design is appropriate, however the following changes are requested:

- Part I - Project information: mention of DBSA is missing from the listed GEF Agencies. "Other Executing Partners" (DOE), and "Executing Partner Type" is also missing.

8/21/2019 - Asked IT to change this.

8/28/2019 - Fixed. Comment cleared.

Response to Secretariat comments

MA, Aug 6, 2019
Grateful if GefSec IT colleagues could kindly update Part I with the above information. We can not reflect those changes in the portal.

3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?

Secretariat Comment at CEO Endorsement

The following clarifications are sought:

1. Please correct Table D: there is no agency listed for the second tranche of GEFTF resources.

2. Project management unit: Project management staff described in the Annex C or the UNDP ProDoc (and correspondent DBSA ProDoc) are not aligned with the budget lines as per the detailed budget (section 10 of UNDP ProDoc). It is difficult to understand which positions will be financed by the Project Management Budget, as the budget lines in components and in project management sections are repeated. Please indicate the budget that will be used to cover project management unit costs.

3. Detailed Budget, Outcome 3: $151k/year (total of $606k) are used for a budget line "Staff" in component 3. GEF Resources cannot be used to cover staff cost for a GEF Agency. Any project staff should be included in Project Management Costs, and not under any of the components. The "project management cost" section should clearly indicate which positions are funded with project resources for project management.

4. Consultants: Please clarify the difference between "International consultants" / "local consultants" and "contracts - individual".

5. Large Capital Expenditures: there is a large expenditure in year 3 under component 1 (400k, for "equipment"). Please offer more details on what this would refer to.

8/21/2019

1. Please correct Table D: Please add DBSA to Table D on the portal submission. Now that DBSA will be added by IT as one of the agencies, the option should be enabled.

2. Project management unit: comment cleared

3. Detailed Budget, Outcome 3: comment cleared

4. Consultants: comment cleared

5. Large Capital Expenditures: comment cleared

8/28/2019 - Fixed. Comment cleared.

Response to Secretariat comments

MA, Aug 6, 2019
1. Table (on page 3 of CEO ER document): both UNDP and DBSA are listed

2. Project management cost: USD 267,900 for longer-term project staff (project manager, admin assistant). In addition, there are costs related to ‘monitoring and evaluation’ (M&E; incl. short-term consultancy for mid-term review and the final evaluation), totaling USD 120,000. USD 42,100 is for office cost for office supplies, printing, miscellaneous and travel cost (as far as not included in M&E)

3. Terminology and categorization used by DBSA is somewhat different than used by UNDP. “Staff” in the detailed budget of component 3 is not to be interpreted as DBSA staff. Analogous to question 4: “staff” is to interpreted as longer-term *project* staff (in this case, the Financial Advisor will be on a longer-term contract; equal

to ‘çontracts-individual’ for UNDP) and short-term “consultants” in the DBSA budget are both international and national (of which USD 52,000 for international consultants and USD 90,000 for national consultants)

4. UNDP: For the three Components, individuals contracted can be short-term (assignments of short duration) and either be international or local (meaning: South African) consultants. If on longer assignments (> 6 months) these are in the category ‘contracts-individual’. The latter includes time allocation of the project manager for non-management, technical, tasks

5. Equipment in Year 3 is for strengthening testing laboratories for lighting and distribution transformers, as described in Activity 1.3.2 of the UNDP Project document (page 27)

MH. 8/26/2019
Comments have been addressed in accordance with the email decision with GEF SEC IT.

4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)

Secretariat Comment at CEO Endorsement

item cleared.

The project considers a number of key risks and the relative mitigation measures (UNDP ProDoc, section 4.3).

Response to Secretariat comments

5. Is co-financing confirmed and evidence provided?

Secretariat Comment at CEO Endorsement

1. The co-financing letter from the Dept of Energy mentions that **USD41million per year** will be provided in co-financing. Please confirm that this is the correct intended amount, as this is not consistent with the original amount presented at PFD level nor with the one included in the CEO ER.   In addition, this amount is indicated in the cofinancing letter as capital investment, and not grant, so it should be listed as "investment mobilized". Please clarify.

2. The Eskom cofinancing letter refers to a confinancing package of USD19M **in kind**. However, Table C splits such amount in two tranches, one in kind and the other listed as grant. Please clarify.

3. On the last row of Table C, there may be a typo in the name of the cofinancier (maybe GELC instead of GTLC?). Also, the amount listed on the relative co-financing letter is USD150,000 per year over 3 year. This would be a total of $450,000. Please clarify.

8/21/2019

1. Thank you for the clarification. Comment cleared.

2. Comment cleared.

3. The typo remain in the Co-financing table in the Portal submission. Please fix.

8/28/2019 - Fixed. Comment cleared.

Response to Secretariat comments

MA, Aug 6, 2019

1. The correct phrase is "USD 41 million" (over the 4 years), which consists of two parts, a) grant support from DOE for municipalities to undertake investments in EE public and street lighting (as part of the EEDSM programme), and b) grant support for municipalities to upgrade/expand distribution system with high-efficiency distribution transformers. The amount mentioned in the CEO ER is USD 20 million DOE grant support under its EEDSM programme. At the time of finalizing the project documentation, it was not known yet that DOE would also commit to cofinancing of EE distribution transformers under the INEP (national electrification programme). With the co-financing signed only and made available on 29-04-2019, the final co-financing figures were not updated in the project documentation. Changes are now made at the appropriate place in the ProDoc (indicated in red colour). The total grant co-financing from DOE is USD 41 million-plus in-kind of USD 1.65 million.

This is not the same as capital investment in EE lighting and HE transformers. The DoE grant are a contribution to the municipalities and form part of the overall nationwide investments in public/street lighting and transformers (paid for from municipal and Eskom budgets and other funding).

2. The Eskom co-financing letter of USD 19 million dates from 2015. While Eskom management reconfirmed the commitment to USD 19 million co-financing, the nature of co-financing activities have shifted over the period 2015-2019 from consumer lighting (and energy efficiency) advice services and campaign to more industrial energy efficiency and EE transformers. Activities include the replacement of end-of-life transformers with new and more EE types. The latter is actually an investment and therefore we think should be labelled as grant (USD 15 million) rather than in-kind. However, since the letter labels the whole contribution as in-kind, we, therefore, consider the Eskom co-financing as in-kind.

3. Correct, the name should appear as the Global Efficient Lighting Centre (GELC). The letter states 'USD 150,000 over 3 years'. The intention is that this is USD 150,000 *total* over the time of the project (thus, USD 50,000 per year on average, as indicated in Section 10 of the UNDP ProDoc and DBSA Doc).

MH. 8/26/2019
Comments have been addressed in accordance with the email decision with GEF SEC IT.

6. Are relevant tracking tools completed?

Secretariat Comment at CEO Endorsement

GHG emission reductions, M&E plan and logical framework are provided and satisfactory.

This section is cleared.

Response to Secretariat comments

7. Only for Non-Grant Instrument: Has a reflow calendar been presented?

Secretariat Comment at CEO Endorsement

n/a

Response to Secretariat comments

8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?

Secretariat Comment at CEO Endorsement

The project is coordinated with the United For Efficiency GEF project. It is also related to the a GEF proposal currently under preparation by DBSA and which will include the issue of PCBs in transformers.

This section is cleared.

Response to Secretariat comments

9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat Comment at CEO Endorsement

Yes, the project lists indicators and targets.

However, please remove indicator 6.1 (AFOLU) as irrelevant for this project.

8/21/2019

Please fix the entry in the portal submission under Core Indicator 6. The entry should be made under Indicator 6.2 not 6.1.

8/28/2019 - Fixed. Comment cleared.

Response to Secretariat comments

MA, Aug 6, 2019
Core indicators included are 6 (greenhouses gases mitigated) and 11 (beneficiaries disaggregated by gender)

MH. 8/26/2019
Comments have been addressed in accordance with the email decision with GEF SEC IT.

10. Does the project have descriptions of a knowledge management plan?

Secretariat Comment at CEO Endorsement

This section needs strengthening.

There are seven elements that are recommended in a knowledge management approach as best practices: 1) Overview of existing lessons and best practice that inform project concept; 2) Plans to learn from relevant projects, programs, initiatives & evaluations; 3) Proposed processes to capture, assess and document info, lessons, best practice & expertise generated during implementation; 4) Proposed tools and methods for knowledge exchange, learning & collaboration; 5) Proposed knowledge outputs to be produced and shared with stakeholders; 6) Discussion on how knowledge and learning will contribute to overall child project impact, as well as to the impact of the overall program, and their sustainability and 7) Plans for strategic communications.

We urge the agency to consider these elements more thoroughly in the project documents and to include an overview on how existing lessons and best practices have informed the child project concept to strengthen this section.

In addition, there should be a clear discussion on how the knowledge generated will flow from Child to Program and vice versa.

8/21/2019

Comment cleared.

Response to Secretariat comments

MA, Aug 6, 2019
A description of knowledge (communications) plan has been added in the CEO ER doc (section A.3)

UN Environment U4E will be part of the PSC and also the Working Groups (Lighting, Distribution Transformers and Finance). This will assist in allowing exchange in both directions between the South Africa child project and the UN Environment global project (U4E).

The following text has been added in the CEO ER doc (page 15): The project design was informed by UNDP's earlier project (3277 on Standards and Labeling in South Africa), and also by UNDP's lighting projects done before (including under Enlighten platform led by UNEP in its initial conception, and now continued by the U4E platform that UNDP is also a partner of) as well as UNDP's own portfolio of prior EE lighting projects (these are almost all GEF financed, e.g. in China, Ukraine, Russia, Kazakhstan, Egypt and others).

On new knowledge products and training/conferences etc to be done under the new child project, this will be guided mostly through U4E and UNEP's lead role in the global Leapfrogging Program Framework Document and our project in South Africa is one of several in this grouping. It will benefit both from exchanges with sister projects managed by UNDP (in Sudan, Kazakhstan and Indonesia) and others handled by UNEP. On transformers, the project will establish and exchange link with the UNDP Kazakhstan project, which also has a focus on transformers. Also, the Project will the project will seek cooperation with relevant international organisations, for example, the International Copper Association, or the inter-governmental Super-efficient Equipment and Appliance Deployment (SEAD) Initiative.

Similarly, additional text has been added in the UNDP (page 38; Box 10) and DBSA ProDocs: "Reporting to GEF will be shared with U4E to keep the global project informed on progress on the national activities, sharing experiences (from South Africa to other countries and vice versa) and providing technical guidance. In addition, the Global Project (U4E) will convene regular conference calls with the South Africa Project Management Unit to assist in this process as well." and in the UNDP ProDoc section 4.4 (page 37) and DBSA ProDoc: "On new knowledge products and training/conferences etc to be done under the new child project, this will be guided mostly through U4E and UNEP's lead role in the global Leapfrogging Program Framework Document, and our project in South Africa is one of several in this grouping. It will benefit both from exchanges with sister projects managed by UNDP (in Sudan, Kazakhstan and Indonesia) and others handled by UNEP. On transformers the project will establish and exchange link with the UNDP Kazakhstan project, which also has a focus on transformers. Also, the Project will the project will seek cooperation with relevant international organisations, for example, the International Copper Association, or the inter-governmental Super-efficient Equipment and Appliance Deployment (SEAD) Initiative"

Agency Responses

11. Has the Agency adequately responded to comments at the PIF stage from:

GEFSEC

Secretariat Comment at CEO Endorsement

There is an outstanding comment that needs additional information:

4) Large size project in South Africa is defended in the response, however, the justification is not clear. Specifically, the UNDP project 2692, "Market Transformation through Energy Efficiency Standards and Labeling of Appliances" is currently under implementation. The ratings to date have not been good and the mid-term review has not been completed. Before proceeding with a new project in this area, managed in part by UNDP, additional justification will be required.

- While a response to this was provided, the latest information to assess the status of project ID 2692 dates back to 2017. Before moving ahead with the CEO Endorsement approval, please provide an update on 2692 since the submission of the latest progress report (2017).

8/28/2019 - Comment cleared.

Response to Secretariat comments

MA, Aug 6, 2019

The leadership in key stakeholder institutions has been a major contributing factor in the protracted growth in project maturity. Since 2014, the Department of Energy (DoE) as the project's implementing partner, has been under the leadership of six different Ministers which caused confusions and delays as a result of internal restructuring in the Implementing Partner. The project has absorbed the recommendations of the Mid Term Review; in addition, the project steering committee has become more functional since instatement of new project leadership (UNDP South Africa focal point and project manager November 2016 and April 2017 respectively). The project has since gained substantial momentum, and is on course to meet the original project goals and objectives. The major successes:

- Commissioned test laboratories at the South African Bureau of Standards (SABS) are now capable of receiving appliances for testing;
- The National Regulator for Compulsory Specifications (NRCS) has been strengthened to undertake national market surveillance inspections, by visiting retail stores and manufacturers (>30) , and hosting industry workshops.
- The NRCS is also empowered to enforce sanctions against appliance manufacturers whose products did not meet the Minimum Energy Performance Standards (MEPS), sending a strong market signal of the South African Government's intent to ensure that industry complies with the regulations;
- Major consumer awareness campaigns (co-financed by private sector) and wide media coverage
- Innovative use of technology for consumer and retailer education (mobile apps; QR codes)

See sources below for impact success:

Website: www.saavingenergy.org.za

Facebook: https://www.facebook.com/South-African-Energy-Efficiency-Label-1714392518781942/

Twitter: https://twitter.com/SA_Energy_Label

Mobile APP https://app.savingenergy.org.za/

Online:

http://www.engineeringnews.co.za/article/mobile-application-cost-calculator-for-major-household-appliances-to-reduce-greenhouse-gas-emissions-2018-06-11

http://allafrica.com/stories/201806110532.html

https://www.iol.co.za/mercury/new-app-monitors-energy-usage-15452304 https://www.moneyweb.co.za/moneyweb-radio/new-app-launched-to-help-reduce-greenhouse-gas-emissions/

https://fourwaysreview.co.za/283747/the-fight-for-energy-efficiency-comes-to-fourways/

The project will undergo a quality assurance review in July-August 2019, and a Terminal Evaluation before closure in March 2020

STAP

Secretariat Comment at CEO Endorsement

Response to Secretariat comments

GEF Council

Secretariat Comment at CEO Endorsement

n/a

Response to Secretariat comments

Convention Secretariat

Secretariat Comment at CEO Endorsement

n/a

Response to Secretariat comments

Recommendation

12. Is CEO endorsement recommended?

Secretariat Comment at CEO Endorsement

05/21/2019: Not yet, comments above need to be addressed first.

8/21/2019: Please address remaining comments.

8/28/2019 - all technical comments cleared. PM recommends CEO Endorsement.

9/10/2019 - After review from policy and operations, the following issues have been raised. Please address these comments:

Core Indicators: The value recorded on the portal core Indicator 6.2 is 15.23 (tCO2e). According to the project this should be *millions* tCO2e. Please add the necessary zeroes to reflect the correct units on the portal.

M&E budget: The M&E plan shows charges of USD 15,000 for *Audit service* . This expense is ineligible expense under M&E costs to be charged to the project budget, instead, this expense can be charged to the PMC. Please fix M&E plan and project budget to reflect this.

Project budget: The budget in the Project Document shows charges to the project outputs 1, 2 and 4 to pay for project manager's and assistant's time on project components indicated as "Contractual services - individual" charges. Per GEF project guidelines, the project manager and assistant should be paid for solely by the PMC (both GEF and cofinancing). Please fix accordingly. In addition, we note that the M&E is included in the PMC, when it should be a separate component of the project cost. Finally, please remove reference to direct project costs in the project budget as per the guidelines execution services cannot be carried out by the implementing agency.

Response to Secretariat comments

M.A. Jan 21, 2020

Core indicator - The changes requested have been made in the portal.

M&E Budget – the Audit fee is now separated from the M&E budget. The audit fee is charged to PMC Component.

Project Budget –
The cost of project manager and assistant have now been charged only to the PMC budget. The M&E budget was distributed among other components. The direct project costs have been removed from the budget as well as any reference to it.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation

Brief Reasoning for CEO Recommendations

This is a child project of the global program Leapfrogging Markets to High Efficiency Products (Appliances, including Lighting, and Electrical Equipment) (PROGRAM) that is supporting the expansion of existing efforts to accelerate the use of energy efficient appliances. The program follows on and is complementary to the GEF project "Establishing the Foundations of a Partnership to Accelerate the Global Market Transformation for Efficient Appliances and Equipment," which focused on the development of best practices and tool-kits, while this program goes further to expand the number of countries receiving support and technical assistance and adding focused child projects in selected countries for intensive project activities. Both the global project and this program are fully aligned with the SE4All energy efficiency accelerators platform.

This child project in South Africa is one of nine child projects including the global one (other country child projects include Chile, Costa Rica, Indonesia, Sudan, Kazakhstan, Myanmar, and Tunisia). The objective of this child project is accelerating South Africa's efforts to transition the economy to energy-efficient products, by a) developing South Africa's market for LEDs on the electricity demand-side, and b) developing South Africa's market for high-efficiency distribution transformers on the electricity supply-side, resulting in climate change mitigation, stable power supply and therefore economic development and improved energy access.This child project is implemented jointly by South Africa, with a focus on LEDs, and by DBSA with a focus on replacement of transformers.

The project has the following main components:

1) Development of national strategy and regulatory mechanisms;

2) Support mechanisms to accelerate market penetration of LEDs and HE distribution transformers; and

3) Sensitizing city dwellers and capacity strengthening for low-carbon urban initiatives

The project will mobilize close to $80 million in co-financing, including $41 million of national investments. The projects aims to mitigate over 15 million tCO2e directly and over 35 million tCO2e indirectly through the lifetime of these investments.