

2019

Project Implementation Review (PIR)

**Market Transformation through Energy Efficien**

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# Basic Data

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| **Project Information** | |
| UNDP PIMS ID | 3277 |
| GEF ID | 2692 |
| Title | Market Transformation through Energy Efficiency Standards & Labeling of Appliances in South Africa |
| Country(ies) | South Africa, South Africa |
| UNDP-GEF Technical Team | Energy, Infrastructure, Transport and Technology |
| Project Implementing Partner | Government |
| Joint Agencies | *(not set or not applicable)* |
| Project Type | Full Size |

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| **Project Description** |
| Creating and marketing Labels and Standards for energy efficient appliances is the focus of this project. The overall goal is to reduce electricity consumption and therewith GHG emmissions.  The GEF intervention strategy of the project would be to address the policy, financial, information and technological barriers that block the widespread introduction of more energy efficient domestic appliances in general, as well as the introduction of a standards and labelling programme in particular. To this end, the DME proposes to use GEF funds to set up comprehensive consumer awareness and information dissemination campaigns and to target retailers who play a very important role in influencing the consumerÔÇÖs purchase decision. Assistance will be provided to manufacturers in the form of assessment of the technological upgrade and energy efficiency improvement potential and marketing support. Also, relevant institutional capacity building will be identified and strengthened by training and technical assistance to formulate standards and labelling policy, planning and decision-making. Specific attention will be given to addressing financial barrier issues, while potential funding sources for energy efficiency will be identified and evaluated. The project will support DME in seeking implementation commitment from the main stakeholders to achieve an effective market transformation. |

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| **Project Contacts** | |
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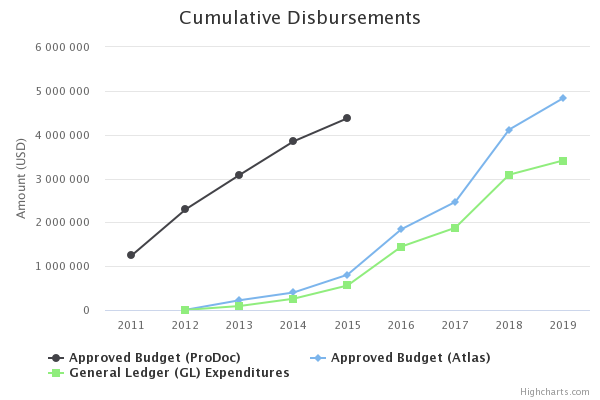
# Overall Ratings

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| Overall DO Rating | Satisfactory |
| Overall IP Rating | Moderately Satisfactory |
| Overall Risk Rating | Low |

# Development Progress

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| **Description** | | | | | | |
| **Objective**  **Reduce greenhouse gas (GHG) emissions caused by the electricity consumption of household appliances in South Africa by facilitating a comprehensive transformation of the home appliance market through the introduction of a combination of two regulatory tools – Minimum Energy Performance Standards and Information Labels (S&L) – and a series of associated awareness-building and monitoring activities.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| kWh of electricity demand reduction in the residential sector by year 5 of project implementation        Tons of CO2 emissions reduction by year 5 of the project implementation | The average efficiency of most appliances sold in SA is lower than the previous European class G. | *(not set or not applicable)* | Increase awareness of energy efficiency        Increase market share of high efficient appliances        Reduce electricity demand by 4.41 TWh over the project time.        Reduce CO2 emissions by 4.54 MtCo2 over the project time | Subject to pre-agreed conditions the project was granted a no-cost extension to March 2019. Building on the assessment undertaken in the three months up to June 2018, the project manager formulated a realistic and achievable implementation plan to meet the project objectives. Over the last 12 months significant implementation progress has been achieved and there is a high probability that all the objectives will be met by the revised project closure date. The seven contract extension conditions are listed with their status as at 20 June 2018 and reference made to where more detailed is provided (Outcome and Activity). All activities have either been completed or have commenced.  1. By end 2017 provide evidence that a preferred supplier has been identified, and letter of acceptance of contract for provision of the incentive program received – Ongoing (O1, A1.3)  2. By end June 2018, submit a progress report on implementation of the incentive program: Ongoing (O1)  3. By end of 2017, provide evidence that equipment was procured (at least contract awarded): Ongoing (O3, A3.1)  4. By end of 2017, provide evidence that a media coordinator was appointed: Achieved and ongoing – (O4, A4.2)  5. By end of June 2018, submit a progress report on implementation of the media campaign: Achieved and ongoing – (O4, A4.2)  6. By end of 2017, provide evidence that website has been created and is active: Achieved and ongoing (O4, A4.2)  7. By end of 2017, provide evidence that the database system was developed in-house by SABS: Contract awarded – (O6) | The 2017 S&L project extension was subject to seven conditions – please refer to last year’s reporting. Although it was necessary to change the implementation manner of some of these activities due to Government input or market conditions, all the conditions have been met. The project, as at 31 May 2019, has less than $150k available and therefore will be closed on March 31 2020. The PM will therefore focus on the completion of existing contracts and embedding the project within Government institutions to ensure, to the greatest extent possible, its sustainability.  With regards the project’s success indicators:  1- Increase in Energy Efficiency (EE): The average South African electricity consumer is acutely aware of the need and the benefits of reducing their electricity usage – over a ten year period (2007 to 2017) electricity tariffs have increased by 495% compared to 74% for inflation, during a period of no or very low economic growth. The country’s ongoing electricity supply crisis remains, with the threat of blackouts constant. The program has leveraged this opportunity through a dual approach of regulatory (minimum energy performance standards - MEPS) and an active and highly visible awareness campaign. A survey undertaken by the project (report attached) with a sample size of 5 064 found that 79% of respondents were aware of the energy label and 90% of those found it to be useful  2- Increase in market share of efficient appliances: This has occurred and evidenced by industry’s acceptance to strengthen the MEPS: Standby Power 1w to  3- Reduce electricity demand by 4.41 TWh over the project time: This cannot be confirmed at this time and will need to be calculated as part of the project’s Terminal Evaluation to be undertaken in the second half of 2019.07.19  4- Reduce CO2 emissions by 4.54 MtCo2 over the project time: As per point 3 above. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Objective**  **Review of existing policies and regulations. Provide feedback and advice for any corrective or new action to be taken to reduce project risks.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of stakeholders engaged in consultations        Ensure any other programme (energy or environmental) is identified to avoid confusion amongst consumers | S&L Action plan developed by DoE & DTI        DoE to introduce law to allow for MEPS    (The MEPS are currently regulated under the NRCS Act, hence introduction lf law by DoE will not be necessary.)      DTI plans to develop enforcement regulations | *(not set or not applicable)* | Majority of stakeholders review Standards and Labels implementation regulations and approve final proposal of energy classes and MEPS thresholds.        Standards and Labels programme extended to a new set of products. | The fourth and final incentive study was completed in March 2018. The study evaluated previous and existing energy efficiency incentive programmes undertaken by all government ministries and agencies. The findings were present to three ministries and four state owned agencies. It is hoped that this study will prove to be a useful and informative source in the design of future incentive programmes. The DoE was satisfied with the report and requested that the recommended activities be reduced and prioritized. | A study to determine whether the existing minimum energy performance standards could be strengthened was completed in December 2018. A parallel study to identify new electrical equipment was completed in 2019. Both studies have undergone stakeholder consultation and the findings and recommendations have been accepted by the SA Government. The PM will during the course of 2019 start the process of revising the MEPS and legislation for new appliances. This work falls outside the scope of this project and will be handed over to the Department to complete when the project ends |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Evaluation of financial incentives such as the rebate program operated by the Eskom DSM for purchasing efficient appliances. Development of new financial incentives if needed.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of existing rebate programmes | Current ESKOM rebate programme | *(not set or not applicable)* | Increase in market share of efficient appliances | Incentive programmes had been developed for LED lighting, electric water heaters and refrigerators. After careful consideration of the all the influencing factors (available budget, time, resources, the upcoming UNDP/GEF leapfrogging project) it was decided to allocate the entire budget to the promotion of LED lighting. A dedicated project manager was contracted during Q4 2017 to design and implement the programme, which was made up of the following components:  1. Develop minimum performance specifications for the LED lamps – Activity completed  2. Buy market data from research company to develop a baseline – Activity abandoned due to failure of UNDP and successful bidder to agree to the contractual T&C’s. This has been absorbed into activity 4 and 5 (below)  3. Undertake market research to develop appropriate awareness material for the rollout – Service provider appointed and work ongoing. To be completed before start of public incentive programme  4. Appoint retailer/manufacturer to anchor the LED incentive programme. A ToR has been issued – a compulsory briefing session will be held on 22 July and the closing date for proposals is 8 July. Due to the high value of the activity ($450k) internal procurement is expected to take long as regional approval will be required. This presents a project risk which will be managed with the Programme Director. Ideally, the programme should commence mid to late August 2018. To address point 2 the successful candidate will be required to provide 3 years of historic sales as part of their proposal  5. Market research and surveillance – A service provider will be appointed to 1) confirm that the LED used meet the minimum performance specifications by drawing and testing 10 random samples 2) Confirm that the number of lamps reported as distributed is accurate 3) Undertake in store market surveys on clients to gather additional market research data (point 2). | Several incentives programs were undertaken in the last year. The most recent was with the country's biggest retailer Massmart (Walmart). Consumers were offered a $35 discount to buy best in class appliances. A close out report which details the impact is available |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Conduct market and engineering analysis for the products selected for S&L regulation** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Cost benefits analysis conducted for the 12 products selected for S&L regulation        Number of market research and industry studies conducted.        • Market transformation benefits demonstrated to stakeholders. | None | *(not set or not applicable)* | Propose energy classes and MEPS thresholds applicable for the South African market. | Objective completed in 2017 | Report completed - please refer to commentary above (Objective 1.1) |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Adopt labeling specifications and MEPS thresholds for the 12 products selected for S&L regulations** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Labelling energy classes and MEPS adopted | None | *(not set or not applicable)* | Implementation of energy classes and MEPS thresholds    Agreement with stakeholders on schedule to phase out inefficient appliances | Objective completed in 2017 | Objective completed in 2017 |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Strengthen institutions (testing facilities, enforcement institution...)** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of testing facilities audited    Number of testing facilities upgraded    Number of testing facilities accredited    Accreditation of enforcement institution | None | *(not set or not applicable)* | Upgrade the existing facilities    Ensure test facilities are operational, sufficient & available for compliance checking. | This objective remains problematic and presents the greatest risk to the project. The arrival of the new SABS project manager brought stability and significant improvements at SABS. Unfortunately, he resigned in May 2018 and to date SABS have not given a clear indication as to how this position will be filled.  The water heater test laboratory has not been able to handle the testing volumes created by the MEPS regulation which came into effect on 18 August 2017. To address this shortcoming, the project paid a specialist consultant to evaluate the laboratory to identify procedural enhancements and equipment. The assessment, which included a detailed costing, was delivered in December 2017 and it was agreed that the project would pay for the upgrade but due to the specialized nature of the equipment and services required that SABS would be best placed to procure the services. To date the SABS has not finalized procurement and have asked the project for a third extension. The extension is in the process of being granted but with very strict conditions being placed as a measure to try and ensure that action is prioritised. To mitigate the risk, the project manager and the Department have considered alternative options and it has been agreed for the project to provide limited financial assistance to a private test laboratory to upgrade their testing laboratory. The private company has been approached and they have responded favourably – the project is waiting for them to submit a proposal.  With regards the AC test chamber, the project approached the Japanese International Cooperation Agency (JICA) who have funded such projects in several countries. Unfortunately, they declined citing budget constraints. This issue will be addressed in the AC market study which is about to commence, however it is unlikely that a solution will be found by March 2019 | The project has appointed an international test laboratory (VDE in Germany) to train the SABS lab technicians and to calibrate their test equipment. It is believed that the skill set in testing appliances is rather limited and it is hoped that this will make a difference. As at 30 June the electric water heater and refrigerator labs are operational. Dishwasher and ovens are waiting for physical test conditions to be stabilised (room temp as AC system has failed) - once this is done the labs will be functional. Laundry is not functional and will be addressed with VDE. There is little more that this project can do to improve the test labs as major capital and operational investments are required to upgrade the entire facility |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Objective**  **Strengthen employee skills** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Necessary intergovernmental forums established to ensure coordinate effort    Number of employees trained | None | *(not set or not applicable)* | Train the required number of people based on sales & number of units to be tested per year.    Train all staff involved on testing and enforcement on accreditation requirements & constraints    Adoption of conversion factors for testing considering the South African conditions    Train the required number of inspectors for trade inspections and compliance checking | Three activities were identified at the last evaluation:  • A ToR has been issued to undertake retail (shop-floor) training of sales staff. The training will cover the country’s six biggest cities – Activity completed  • A ToR has been issued on behalf of the NRCS to assist with the development of market surveillance and compliance monitoring (MSC) training materials for VC9008 – Activity completed  • Included in the SABS funding for the laboratory upgrades is an amount for internal training. SABS will be responsible for appointing a suitably qualified consultancy to undertake the training and develop the training material – Delays experienced due to SABS Procurement. This is now being handled by the UNDP office and the ToR closes on 22 June 2018 | Activities listed in 2018 have been completed |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Test and adopt Label design** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of dissemination activities offered to consumers and retailers        Number of consumers (particularly low incomes) and retailers covered by dissemination activities | None | *(not set or not applicable)* | At least 50% of consumers and retailers contacted (within the sample group) are able to understand the meaning of the label and its benefits | The public awareness campaign commenced in May and will continue until end August 2018. Recognition of the energy label by consumers will be tested as part of the market research that will be undertaken as part of the LED incentive programme – please refer to Objective 1.2 | Activity achieved and completed. A survey undertaken in January 2019 which questioned over 5500 consumers found that 90% identified the label and 85% found it useful. Report is available from PM on request |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Develop communication campaign towards manufacturers, importers, distributors, retailers and consumers about appliances' energy efficiency** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of dissemination activities offered to each category    Number of people covered by dissemination activities | None | *(not set or not applicable)* | A statistically relevant sample of households will be drawn on to determine the market penetration & effectiveness of the project    Ensure consumers distinguish between MEPS & extra financial benefits of exceeding MEPS voluntarily.    At minimum, the staff of top 10 manufacturers, distributors are aware about S&L programmes | A media coordinator was appointed in October 2017. The first action was to review and refine the existing communications campaign. This was submitted to the Department in December. Rollout took longer than expected but commenced in May. The media campaign is ongoing, as at 20 June 2018 the following has been achieved:  1. A dedicated S&L website www.savingenergy.org.za  2. A free mobile application on Google and iPhone (search for Appliance Energy Calculator)  3. Half page advertisements in weekend and daily newspapers (in excess of 12 placed)  4. Interviews published in national and local newspapers  5. Several radio interviews with DoE officials  6. A two week online media advertising campaign will run from 15-30 June 2018    The campaign has been under-pinned by an official store activation where the Minister of Energy (Mr J Radebe) visited a major appliance store in Johannesburg. A press conference was held where the UNDP country representative and the minister addressed guests. This was followed by the launch of the APP, the unveiling of Captain Energy (programme mascot) and concluded with media interviews. | Activity completed. The project has a dedicated website www.savingenergy.org.za; a free mobile APP (Appliance Energy Calculator) and is active on FaceBook and Twitter - SA Energy Label.    Short promotional and educational videos are available on these electronic platforms |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Develop and deliver training programs for distributors and retailers staff.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of trainings delivered.    Numbers of trainers involved | None | *(not set or not applicable)* | Retailers and distributors able to deliver S&L message to end-users | A service provider was appointed in Q3 2017. The material was developed and delivered via free training workshops at convenient locations in the country's four biggest. A online training facility was made available for individuals who were not able to attend the workshops. The training was completed in May 2018 | Activity completed |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Development of MSC procedures for regulated products** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| MSC procedures adopted | None | *(not set or not applicable)* | Dissemination of MSC procedures    Train NRCS staff on MSC activities and compliance procedures | Completed - see objective 5.2 | Activity completed in previous reporting period |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Integration of product energy performance compliance checking with local manufacturers and country pre-import inspections.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| MSC procedures implemented | None | *(not set or not applicable)* | Develop database of S&L products | Due to the excessively high price quoted by SABS to develop the database it was decided to advertise this function. The PM’s approach was to hire an international expert to write the business rules which would then be used as supporting documentation to the ToR that would be advertised. The rules were completed in March and the ToR advertised shortly thereafter. Nine proposals were received and the best combination of expertise and value for money led to the appointed of the successful vendor who has started developing the database. | Database under development. User Acceptance Testing has been completed and currently awaiting sign off from the Regulator before it goes live. This is expected to occur during Q3 of 2019 |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Objective**  **Replication of S&L program for new set of products** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Work plan to replicate the S&L for a new set of products | None. | *(not set or not applicable)* | Extend S&L programme for other appliances and equipment | The study has commenced. The review of existing MEPS has been completed and the identification of new electrical equipment will be finalised in September 2018, which will include a stakeholder workshop | Study completed - Refer to Objective 1.1 |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Objective**  **Implementation of Monitoring and Evaluation methodology for S&L programs** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of staff trained on M&E of S&L programs    Launching of metering campaigns and data collection studies | Eskom has developed expertise on metering campaigns | *(not set or not applicable)* | Make M&E activities part of the whole process    Record lessons learnt | This will be addressed in the second half of 2018 and will form part of Objective 5.2 | To be addressed during handover project process to the Department of Energy. All project files are being consolidated into a single drive for easy access. Project reports have also been centralised |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 1**  **Policy and regulatory framework for the S&L program: Strengthen structures and mechanisms for appliance energy efficiency standards and labels (S&L)** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Evidence of applicable S&L implementing regulations gazetted and enacted        Evidence that relevant regulations are disseminated to key industry stakeholders | Insufficient policy/regulatory framework to implement S&L programme | *(not set or not applicable)* | Policy / institutional / regulatory framework on energy efficient appliances is gazetted and enacted into law under the National Energy Act by end of 2013 | A legal adviser has been contracted to evaluate and comment on the existing framework which governs compliance. This Act (NRCS Act) has been found to be deficient for the purposes of S&L and the objective is for a legal opinion to provide relevant and appropriately sound recommendations for the minister's of energy and the dti to consider | MEPS are mandatory. A legal advisory is finalising the drafting of a Service Level Agreement between the Department of Energy and its implementing partners in Government (Test Labs and Regulator)  This will provide a legal requirement for each of the stakeholders to execute their allocated duties and functions |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 2**  **Define labeling specifications and MEPS thresholds for the 12 products considered by the DoE & DTI for S&L regulation** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Energy classes and MEPS thresholds for the 12 products included in DoE & DTI action plan | Labelling specifications and MEPS are unknown | *(not set or not applicable)* | By 2012, reach an agreement with stakeholders on energy classes and MEPS requirements for the 12 products included in DoE and DTI action plan | No change from 2017. The regulator has postponed the development MEPS for lighting during 2018 | No change from 2018 for MEPS. Technology neutral technical specifications for lighting are being developed and in the process of public consultation |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 3**  **Strengthen the capacity of institutions and individuals involved in the S&L program.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Number of institutions audited and capacities upgraded        Number of staff trained | None | *(not set or not applicable)* | Accreditation of testing facilities (public & private) and enforcement institution        Adaptation of International/EU test procedures to the South African climatic and usage conditions when needed | Please refer to Objective 3.1 and 3.2 | No change in status |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Outcome 4**  **Awareness raising campaign for standards and labels, targeting manufacturers, distributors, retailers and end-users.** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Consumers and retailers become more aware of appliance energy efficiency standards and labels and retailers via sampling and surveys | None | *(not set or not applicable)* | At least 50% of consumers and retailers contacted (within the sample group) become more aware of appliance energy efficiency standards and labels and retailers provide evidence of marketing efforts to support the scheme | Ongoing. Please see Objective 4.1, 4.2 and 4.3 above | Task completed - Refer to Objective 4.1 |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Outcome 5**  **Implementation of S&L Market Surveillance & Compliance (MSC) regime to ensure energy performance standards is met** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| MSC procedures adopted and implemented    Number of models/product excluded from the S&L programme | None | *(not set or not applicable)* | Minimum number of products sold in the market (ratio TBD for each appliance type) which comply with the S&L requirements | See Outcome 1 (above) and Outcome 6 (below) | Regulator, hampered by non-functioning test laboratories, has been reluctant to withdraw samples from the market. This is to be addressed through the SLA being developed which will compel them to be more active.  However over 2.5 million illegal household lamps have been confiscated and destroyed |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 6**  **Development of Monitoring and Evaluation (M&E) capacity** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Skilled South African professionals trained on M&E of energy projects | Limited | *(not set or not applicable)* | All those skilled South African professionals trained demonstrate appropriate level of knowledge | Concerns have been raised regarding the Regultor's effectiveness. An alternative plan is being considered by the Department of Energy, which is subject to the findings of the legal opinion - see Outcome 1. The project however continues to engage with the regulator and has agreed to more regular reporting, increased feedback and greater cooperation | Rather subjective criteria and subject to new employees etc. However, the project is well established and supported by industry and government agencies |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |

# Implementation Progress



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| Cumulative GL delivery against total approved amount (in prodoc): | 77.95% |
| Cumulative GL delivery against expected delivery as of this year: | 77.95% |
| Cumulative disbursement as of 30 June (note: amount to be updated in late August): | 3,410,488 |

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| **Key Financing Amounts** | |
| PPG Amount | 95,000 |
| GEF Grant Amount | 4,375,000 |
| Co-financing | 8,750,000 |

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| **Key Project Dates** | |
| PIF Approval Date | Mar 16, 2009 |
| CEO Endorsement Date | Jul 25, 2011 |
| Project Document Signature Date (project start date): | Nov 11, 2011 |
| Date of Inception Workshop | *(not set or not applicable)* |
| Expected Date of Mid-term Review | Jun 1, 2015 |
| Actual Date of Mid-term Review | Dec 1, 2015 |
| Expected Date of Terminal Evaluation | Mar 31, 2020 |
| Original Planned Closing Date | Mar 31, 2019 |
| Revised Planned Closing Date | Mar 31, 2020 |

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| **Dates of Project Steering Committee/Board Meetings during reporting period (30 June 2018 to 1 July 2019)** |
| 2019-06-20 |
| 2019-04-11 |
| 2018-11-01 |
| 2018-07-05 |

# Critical Risk Management

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| Current Types of Critical Risks | Critical risk management measures undertaken this reporting period |
| N/A | None |

# Adjustments

**Comments on delays in key project milestones**

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| **Project Manager: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| In response to the delay in close the project.    S&L programmes are complex and require coordination and cooperation if they are to succeed – a function that can only be delivered by a dedicated project management team. On the one hand, the project in the last eighteen months has experienced internal challenges which were predictable. By example, the time and effort to issue and manage over 25 service contracts - writing the Terms of References, advertising, evaluation of proposals, internal approvals, contract issue and then project oversight (cost, quality and time) has been time consuming, often complicated and the process extended further by dependencies, amongst others competing priorities of government partners (attend meetings, review reports etc) and especially UNDP support – the procurement department is under-resourced resulting in long turnaround times. This has been one of the project’s biggest bottlenecks and is raised regularly with UNDP management, and worthwhile noting that this has not gone unnoticed by the DoE. Additional setbacks have included non-responsive proposals necessitating re-advertising, protracted internal approval processes, low quality work delivered by consultants etc.    On the other hand, many national institutions in South Africa are in a precarious state. Under the previous President (Zuma), the performance of many government agencies declined (widely reported in the media and being investigated by Commission of Inquiries set up by President Ramaphosa). Relevant to the project is: 1) In the last 28 months the DoE has had four different ministers; 2) The South African Bureau of Standards (SABS), whose test laboratories and competencies deteriorated to such an extent that the development of standards stalled and testing ceased. The replacement of the CEO and the Board in mid-2018 is slowly restoring SABS to a functional state, but gains are incremental and take time; 3) The Regulator’s (NRCS) effectiveness is limited, but in recent months pressure from the private sector and its parent ministry (DTI) has resulted in greater urgency and increased output, but not to an extent where the project will witness a fully functional Regulator; and 4) Towards the end of 2018 the DoE resolved to transfer the project to its wholly owned subsidiary, SANEDI. To support the project an initial contribution of R2.4 million was pledged. However, these plans stalled with the uncertainty surrounding the project during Q1 of 2019. These have subsequently been restarted but momentum has been lost, which is a concern as this institution has limited capacity and the longest possible handover period is crucial. |

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| **Country Office: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| Hence, the Terminal Evaluation will be commissioned in Q4 2019 and will be completed before March 2020. |

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| **UNDP-GEF Technical Adviser: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| I fully concur with the analysis of the delays presented above by the project manager. I was able to confirm the challenging context during a supervision mission in March 2019. The circumstances given, in particular those related to accelerated turnover in DoE, the problems faced by SABS and the need to restore its credibility, the limited effectiveness of the regulator and the issues related to the transfer of the project to SANEDI, are all well beyond the capacity/ability of the project to control. The project management team has effectively adapted its actions to ensure the best possible outcome. The internal delays, such as those related to UNDP procurement support compounded these delays. Even so, the project has been able to achieve most of its outcomes and is likely to achieve its development objective. Due attention to the impact of the delays will be given during the terminal evaluation later this year. |

# Ratings and Overall Assessments

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| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Manager/Coordinator** | Highly Satisfactory | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | As at end June 2019 the project's available budget is    The S&L project office has made significant achievements over the last two years, meeting all its project objectives and elevating the initiative both locally and internationally. Indeed, the project featured at COP 24 HTTP://BIT.LY/COP24EE (page 32) and other global events. Strong ties have been developed with international roleplayers, amongst others the EU Head of Sector for EE products; CLASP; IEA; and USAID. Nationally, S&L continues to gain traction and momentum as demonstrated by the country’s national retailers’ willingness to associate themselves and promote energy efficiency. Industry support has also grown and the monthly newsletter (https://www.savingenergy.org.za/asl/newsletter/) is well received by stakeholders.    Notwithstanding the successes achieved, the project is not without challenges, key amongst these is the Regulators poor performance to date with respect to market surveillance and the national laboratory inability to maintain conditions in its test laboratory. The lack of enforcement is being dealt with directly by the Department of Energy who have formally communicated with CEO of the Regulator and its parent ministry to raise its concerns about their performance and commitment to date. However, transforming the Regulator is not a technical but a political solution which will require time and political pressure. The national test laboratory is undergoing a major infrastructure modernization upgrade with a capital and operational budget in excess of $20million being made available by its parent ministry. It is believed that the appliance test laboratories will benefit from this exercise, but this will only occur after project closure.    In closing, the PM is working closely with his colleagues at the DoE to ensure a smooth transition and his focus will be to set up the new business unit to build on the sound foundation that has been laid by the UNDP GEF funded project which is nearing closure. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP Country Office Programme Officer** | Satisfactory | Satisfactory |
| Overall Assessment | The project is on track to implement the annual work plan 2019, and is now planning for a Terminal Evaluation. Outstanding, though currently being addressed, is the refinement of energy labels (include QR code). The dominant challenge taking centre stage remains one of institutional embedment into the South African National Energy Development Institute (SANEDI), and maintaining and scaling up the good practices involving standards and labels, and covering other appliances not included in this project. This requires fortification of effort on capacities (especially in test facilities), well-defined roles and responsibilities of institutions involved in the market surveillance and compliance regime (especially enforcement), and functional structures and mechanisms to make this possible. Dialogue, wherein UNDP plays a facilitation role, will continue with the IP, the Department of Minerals and Energy (formerly Department of Energy) and partners (SANEDI, SABS, NRCS). The project is on track to achieve its end-of-project objectives and targets by project closure, , and can thus be presented as project exemplifying 'good practice'. Hence, it is assigned Satisfactory. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **GEF Operational Focal point** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Implementing Partner** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Other Partners** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP-GEF Technical Adviser** | Satisfactory | Moderately Satisfactory |
| Overall Assessment | The project has come a long way, since things started to turn around with the appointment of the current manager and our decision to extend the project in 2017. The project is nearing completion, with a terminal evaluation being planned for Q 4 2019. The project funds have all but been exhausted. On this latter point, the disbursement numbers shown in this PIR show as if there is a considerable balance of funds. This is not correct, the numbers shown the actual funds disbursed, but not those that are committed against issued contracts that remain to be fully closed out. Because of the somewhat lower than expected disbursement figures for this year's exercise, I have rated the IP as only "moderately satisfactory". I also think that the fact that there was again some slippage in the time frame for finishing off some of the remaining activities, now leading to a somewhat delayed terminal evaluation (about six months later than initially planned), further justifies the MS IP rating. With regards to the DO, the project has achieved most of its outcomes and those not fully achieved as of today, are all on track to still be achieved, either by the end of the project, or just thereafter through continued engagement by the South African institutional partners, testimony to the project's success to create ownership and capacity and to lay the foundations for continuing a solid standards and labeling practice in the country. While it is impossible for projects of this nature to fully attest the eventual outcome (the full impact typically is seen 5-10 years after the close of a project), the indications are that the project will fully achieve its DO. The Terminal evaluation will be able to give an independent assessment and verification of this assessment. One area of concern is the lack of progress made with the Regulator. As pointed out correctly below, this is first and foremost a political issue and not technical. Policy and regulation based projects like this stand or fall by the ability and willingness to effectively enforce their implementation. A key hurdle has been the status of the testing facilities, which the project has helped strengthen, but which require still a lot more investment. Fortunately, the funds for this have been allocated from the national budget, but the work will not be completed by the end of the project. There is however sufficient positive momentum, in particular with rising pressure from the industry and retailers to fully implement the introduced S&L. The focus of the project in the remaining months is correctly put on ensuring a proper handover and integration in SANEDI, which should ensure the future sustainability of the project's impacts. I concur with an overall assessment of satisfactory for this project. | |

# Gender

**Progress in Advancing Gender Equality and Women's Empowerment**

This information is used in the UNDP-GEF Annual Performance Report, UNDP-GEF Annual Gender Report, reporting to the UNDP Gender Steering and Implementation Committee and for other internal and external communications and learning.  The Project Manager and/or Project Gender Officer should complete this section with support from the UNDP Country Office.

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| **Gender Analysis and Action Plan:** *not available* |
| **Please review the project's Gender Analysis and Action Plan. If the document is not attached or an updated Gender Analysis and/or Gender Action Plan is available please upload the document below or send to the Regional Programme Associate to upload in PIMS+. Please note that all projects approved since 1 July 2014 are required to carry out a gender analysis and all projects approved since 1 July 2018 are required to have a gender analysis and action plan.** |
| *(not set or not applicable)* |

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| **Please indicate in which results areas the project is contributing to gender equality (you may select more than one results area, or select not applicable):** |
| Contributing to closing gender gaps in access to and control over resources: No |
| Improving the participation and decision-making of women in natural resource governance: No |
| Targeting socio-economic benefits and services for women: No |
| Not applicable: Yes |

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| **Atlas Gender Marker Rating** |
| **GEN1:** some contribution to gender equality |

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| **Please describe any experiences or linkages (direct or indirect) between project activities and gender-based violence (GBV). This information is for UNDP use only and will not be shared with GEF Secretariat.** |
| N/A |

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| **Please specify results achieved this reporting period that focus on increasing gender equality and the empowerment of women.**    **Please explain how the results reported addressed the different needs of men or women, changed norms, values, and power structures, and/or contributed to transforming or challenging gender inequalities and discrimination.** |
| Market Transformation was approved in 2011 and has no gender equality requirements. |

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| **Please describe how work to advance gender equality and women's empowerment enhanced the project's environmental and/or resilience outcomes.** |
| N/A |

# Social and Environmental Standards

**Social and Environmental Standards (Safeguards)**

The Project Manager and/or the project’s Safeguards Officer should complete this section of the PIR with support from the UNDP Country Office. The UNDP-GEF RTA should review to ensure it is complete and accurate.

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| **1) Have any new social and/or environmental risks been identified during project implementation?** |
| No |

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| **If any new social and/or environmental risks have been identified during project implementation please describe the new risk(s) and the response to it.** |
| No |

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| **2) Have any existing social and/or environmental risks been escalated during the reporting period? For example, when a low risk increased to moderate, or a moderate risk increased to high.** |
| No |

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| **If any existing social and/or environmental risks have been escalated during implementation please describe the change(s) and the response to it.** |
| *(not set or not applicable)* |

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| **SESP:** *not available*  **Environmental and Social Management Plan/Framework:** *not available* |
| **For reference, please find below the project's safeguards screening (Social and Environmental Screening Procedure (SESP) or the old ESSP tool); management plans (if any); and its SESP categorization above. Please note that the SESP categorization might have been corrected during a centralized review.** |
| *(not set or not applicable)* |

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| **3) Have any required social and environmental assessments and/or management plans been prepared in the reporting period? For example, an updated Stakeholder Engagement Plan, Environmental and Social Impact Assessment (ESIA) or Indigenous Peoples Plan.** |
| Not Applicable |

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| **If yes, please upload the document(s) above. If no, please explain when the required documents will be prepared.** |
| *(not set or not applicable)* |

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| **4) Has the project received complaints related to social and/or environmental impacts (actual or potential )?** |
| No |

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| **If yes, please describe the complaint(s) or grievance(s) in detail including the status, significance, who was involved and what action was taken.** |
| *(not set or not applicable)* |

# Communicating Impact

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| **Tell us the story of the project focusing on how the project has helped to improve people’s lives.**  **(This text will be used for UNDP corporate communications, the UNDP-GEF website, and/or other internal and external knowledge and learning efforts.)** |
| Appliance Standards and Labelling has significant benefits because of the role it plays in helping to reduce electricity demand. The three main areas of benefit are:    1) Environmental: In South Africa most of the electricity is generated by coal-fired power stations. Reduced electricity use, results if less air pollution, lower Greenhouse Gas emissions and less water use.  2) Financial: Reduced electricity use, results in lower electricity bills for appliance owners.  3) National: Reduced electricity use lowers the pressure on the already stressed national electricity supply system and can contribute to a reduction in load shedding days.    It is estimated (see attached report) that the project will save 5,500,000 MWh of electricity by 2030. The annual benefits of this electricity saving in the South African context are :  Savings of R12,000,000,000 in annual energy bills  Reduction of 6,000,000 tons of CO2 emissions  Savings of 8,000,000,000 litres of water  Reduction of 3,000,000 tons of coal burned  Reduction of 2,000 tons of particulate emissions  Reduction of 50,000 tons of SOx emissions  Reduction of 24,000 tons of NOx emissions |

**Knowledge Management, Project Links and Social Media**

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| **Please describe knowledge activities / products as outlined in knowledge management approved at CEO Endorsement /Approval.**    **Please also include: project's website, project page on the UNDP website, blogs, photos stories (e.g. Exposure), Facebook, Twitter, Flickr, YouTube, as well as hyperlinks to any media coverage of the project, for example, stories written by an outside source. Please upload any supporting files, including photos, videos, stories, and other documents using the 'file lirbary' button in the top right of the PIR.** |
| The project employed a social media agency to help run the South African Energy Efficiency Label’s social media platforms, namely Facebook and Twitter. The main focus has been to introduce and build awareness around the label as well as educating consumers and retailers on the benefits of using the label. Social media has been used to increase the awareness around specific campaigns being run, including a retail campaign with the country’s biggest appliance retailer (Makro, a subsidiary of WalMart). This private public partnership (PPP) offered consumers a R400 discount for buying ‘best in class’ electric appliance. This approach ensured that appliances from all manufacturers and across all price points could participate. In return, Makro agreed to ensure that all appliances advertised on its online sales website displayed the energy label. The label already has high visibility on appliances displayed in its stores.    The residential lighting programme was launched on social media in July 2019. This campaign has included short and engaging video content about various lighting types and their advantages and also focusses on better light quality and long-term savings. The South African Energy Efficiency label website (www.savingenergy.org.za) has recently undergone a revamp. Usability improvements have been made to help simplify and reduce the time needed to navigate on the website. View the progress and campaigns here:    https://www.facebook.com/SAEnergyLabel  https://twitter.com/SA\_Energy\_Label |

# Partnerships

**Partnerships & Stakeholder Engagment**

Please select yes or no whether the project is working with any of the following partners. Please also provide an update on stakeholder engagement. This information is used by the GEF and UNDP for reporting and is therefore very important!  All sections must be completed by the Project Manager and reviewed by the CO and RTA.

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| **Does the project work with any Civil Society Organisations and/or NGOs?** |
| Yes |

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| **Does the project work with any Indigenous Peoples?** |
| No |

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| **Does the project work with the Private Sector?** |
| Yes |
| Yes |

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| **Does the project work with the GEF Small Grants Programme?** |
| No |

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| **Does the project work with UN Volunteers?** |
| No |
| No |

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| **Did the project support South-South Cooperation and/or Triangular Cooperation efforts in the reporting year?** |
| Yes |

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| **CEO Endorsement Request:** [PIMS 3277 - SA S&L project - GEF cover letter.doc](https://undpgefpims.org/attachments/3277/212471/1621834/1622122/PIMS%203277%20-%20SA%20S%26L%20project%20-%20GEF%20cover%20letter.doc) |
| **Provide an update on progress, challenges and outcomes related to stakeholder engagement based on the description of the Stakeholder Engagement Plan as documented at CEO endorsement/approval (see document below). If any surveys have been conducted please upload all survey documents to the PIR file library.** |
| The private sector continues to engage with the project. Three industry associations (ETIA electro technical industry association, SADA South African Domestic Manufacturers and the air conditioning association) are members of the PSC and the PM communicates regularly with them.  The project undertook a study to strengthen the performance of existing appliances and identify the next set of electrical equipment. This work required extensive public consultation and the outcomes were satisfactory.  The project also conducted consumer research to determine public acceptance of the label, over 5 000 people participated in the survey (which was supported with prizes) with over 80% state that they recognise the label and find it useful. - report attached.    The project has worked closely and regularly with major appliance retail stores - see attachment |

# Annex - Ratings Definitions

**Development Objective Progress Ratings Definitions**

(HS) Highly Satisfactory: Project is on track to exceed its end-of-project targets, and is likely to achieve transformational change by project closure. The project can be presented as 'outstanding practice'.

(S) Satisfactory: Project is on track to fully achieve its end-of-project targets by project closure. The project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Project is on track to achieve its end-of-project targets by project closure with minor shortcomings only.

(MU) Moderately Unsatisfactory: Project is off track and is expected to partially achieve its end-of-project targets by project closure with significant shortcomings. Project results might be fully achieved by project closure if adaptive management is undertaken immediately.

(U) Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets by project closure. Project results might be partially achieved by project closure if major adaptive management is undertaken immediately.

(HU) Highly Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets without major restructuring.

**Implementation Progress Ratings Definitions**

(HS) Highly Satisfactory: Implementation is exceeding expectations. Cumulative financial delivery, timing of key implementation milestones, and risk management are fully on track. The project is managed extremely efficiently and effectively. The implementation of the project can be presented as 'outstanding practice'.

(S) Satisfactory: Implementation is proceeding as planned. Cumulative financial delivery, timing of key implementation milestones, and risk management are on track. The project is managed efficiently and effectively. The implementation of the project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Implementation is proceeding as planned with minor deviations. Cumulative financial delivery and management of risks are mostly on track, with minor delays. The project is managed well.

(MU) Moderately Unsatisfactory: Implementation is not proceeding as planned and faces significant implementation issues. Implementation progress could be improved if adaptive management is undertaken immediately. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are significantly off track. The project is not fully or well supported.

(U) Unsatisfactory: Implementation is not proceeding as planned and faces major implementation issues and restructuring may be necessary. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are off track with major issues and/or concerns. The project is not fully or well supported.

(HU) Highly Unsatisfactory: Implementation is seriously under performing and major restructuring is required. Cumulative financial delivery, timing of key implementation milestones (e.g. start of activities), and management of critical risks are severely off track with severe issues and/or concerns. The project is not effectively or efficiently supported.