

United Nations Development Programme



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16 December 2020

INTER-OFFICE MEMORANDUM

To: Dr Ayodele Odusola
Resident Representative

Approved:

A handwritten signature in black ink, appearing to be 'Ayodele Odusola', is written over the 'Approved:' label.

Through: Mr Gabriel Dava
Deputy Resident Representative: Operations

Cleared:

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From: Ms Janice Golding
Environment Manager

SUBJECT: REQUEST FOR ENDORSEMENT OF 6 MONTH EXTENSION OF UNDP-GEF PROJECT, SOUTH AFRICAN WIND ENERGY PROJECT (SAWEP) PHASE 2, PIMS 5256), FROM 01 JANUARY 2021 – 30 JUNE 2021):

1. Purpose

1.1 To request endorsement of the SAWEP project extension request submitted by the Implementing Partner, DMRE, for a 6 month extension from 01 January 2021 – 30 June 2021.

2. Background

Find the extension request for PIMS 5256, from the Implementing Partner (Department of Mineral Resources and Energy), as received per email on 07 December 2021

The budget-based work plan for the envisaged extension period is confirmed with the most recent figures, closest to year-end (November 2020). The work plan for the envisaged extension period was approved at the Project Board Meeting held on Thursday, 10 December 2020.

Following the CO programme and finance review of the DMRE request to extend the project, I wish to present a context that supports granting of the 6-month extension.

-In the UNDP South Africa Country Office context, the SAWEP project was amongst the hardest hit by the pandemic. The effect and anticipated covid-19 impact was registered in the PIMS covid risk

system, and also in the PIR process in July 2020. Anticipated SAWEP 2020 delivery bottlenecks were well understood by CO, RSC and HQ.

-The project retains a sizeable financial volume (30% of total budget, including exchange rate gains) envisaged to be implemented during the extension phase. The extension phase work plan is compact and excellently defined, with the majority of activities a continuation of 2020 activities. At present, Purchase Orders for specialized goods (including wind turbines) and consultancy services are yet to be reflected on the system, totaling in excess of \$300,000.

-Following recent budget revision of PIMS 5256, the Project Management Unit (PMU) budget is confirmed in a reasonable zone, with the 5% PMU budget threshold under close monitoring by the Finance Associate and Programme Head.

-The mandatory Terminal Evaluation and Audit costs have been budgeted in the extension period.

-The support costs associated with Country Office personnel are minimal, and fall into the category of general management of the project cycle which is already budgeted for in the 8% GMS fee charge. The project cycle milestone activities during the extension period pertain to CO attendance of 2x local/virtual Steering Committee Meetings, and project closure aspects (terminal evaluation and audit).

3. Recommendation

In order for UNDP to exercise prudent financial control, it is advised that important conditions are associated with the extension, namely:

3.1. All and any project cost-overruns incurred during the extension period, should be recovered by non-GEF and non-UNDP sources (i.e. borne by the Implementing Partner).

3.2. The Terminal Evaluation must commence in March 2021 in order to be on time of project operational closure, 30 June 2021.

3.3. No new activities and transactions should take place after the project operational closure (30 June 2021), but continuation of pre-existing activities may fall into the financial closure phase.

3.4. Financial closure should be concluded 6 months after operational closure, with the final date being 31 December 2021. Hereto, all unutilized resources should be managed in accordance to UNDP-GEF compliance requirements.

3.5. A detailed letter from HQ to DMRE via CO will be received as some point, and will be transmitted to DMRE.

4. Summary of Recommendation

4.1 The Resident Representative is recommended to endorse the DMRE extension under the above described terms, for the perusal of the RSC/HQ.

Supporting Documents attached

- Extension Request Letter from DMRE, including justification
- Confirmed budget workplan as at end of November 2020, approved by PSC (Rand value)
- CO pro forma timesheet