

2021

Energy Efficiency Demand Side Management Grant (EEDSM)

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**CLUSTER: URBAN DEVELOPMENT AND
INFRASTRUCTURE**

NATIONAL TREASURY

Key points

Findings

We have conducted a 5-year spending review on the Energy Efficiency and Demand Side Management (EEDSM) grant which is a project under the Department of Mineral Resources and Energy (DMRE) established in 2008 as an energy saving initiative after the emergence of Eskom's load shedding crisis. Through our analysis of the last five years of reporting data it has been difficult to establish value for money, and we have observed capacity constraints in the implementation. We make findings in 2 main areas namely value for money, and capacity to implement and provide a summary below:

Value for money: The EEDMS grant has been in place for over 10 years and the impact of the reduction energy load at municipalities is difficult to determine. The clear intention of the grant when established in 2008 was to reduce energy consumption and improve energy efficiency through the use of available technologies (i.e. street lighting etc.), however what was not clear was at what cost. We have found that:

1. There were municipalities who used the funds for activities not linked to the purpose of the grant.
2. Looking at the grant framework as well as the DMRE's Annual Performance Plans (APP), there is misalignment between the indicators and the aim/output of the project.
3. In some instances, there were some scope changes in the business plan of municipalities and of which we could not find any approval for by the DMRE. Scope changes can compromise the value for money in that the revised activities may not yield the intended outputs with regards to the energy saving targets as set.
4. There was no standardized costing of inputs components and this might create an affordability issue. There is no set benchmark that serves as a guide for how much Municipalities are expected to pay for when procuring for a similar activity. e.g. Price of streetlights varies between R150-R200 in some instances.
5. Eskom's billing system is not transparent in that in some municipalities they did not understand which tariff level they were being charged by Eskom. This makes municipalities to operate on the estimated tariff and therefore this may affect the payback period on the EEDMS grant.

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Capacity to implement: We have observed challenges with capacity to implement this project at all levels. The challenges cut across all areas i.e. planning, implementation as well as reporting. These challenges are mainly around procurement issues as well as technical capacity to manage the project and we outline them below as follows:

Planning: There is limited capacity in municipalities to undertake the required planning including developing Business Plans, undertaking Baseline analysis & audits etc. In some municipalities, the baseline data does not exist.

Implementation: Procurement process is lengthy for the municipalities to finalise and this has an impact in the agreement signed with the DMRE resulting in project delays and requests for the funds to be rolled over to the next financial year. Furthermore, due to the lack of technical capacity to evaluate tenders at municipal level this result in procurement delays being experienced.

Reporting: *There appears to be not* sufficient human capital is available to monitor the progress on the implementation of the project. We have found that there were some inconsistencies in the data i.e. data from Municipalities; DMRE & IGR. All municipalities in general have inconsistent reporting albeit all using the prescribed template by the DMRE.

Recommendations

It has been the responsibility of DMRE to table the NEES at parliament for approval since 2015. This guiding document should provide for clear requirements of the grant, its updated intent and take into account development of technologies available. This has been delayed for 6 years and it has not been available to analyse to review the way forward.

Considering this and the findings relating to the difficulty to establish value for money and that there seems to be insufficient capacity to implement at all levels, it is recommended that the EEDSM grant be stopped. This would create a saving of R689.8 million over the MTEF.

Actions

Should the recommendation of this report be accepted and endorsed by MINCOMBUD, the implication will be that a total baseline of the Energy Efficiency Demand Side Management (EEDSM) grant which amounts to R689.8 million over the medium term must be removed from the framework and declared as a saving to be reprioritised elsewhere.

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Executive Summary

We have conducted a 5-year spending review on the Energy Efficiency and Demand Side Management (EEDSM) grant which is a project under the Department of Mineral Resources and Energy (DMRE) established in 2008 as an energy saving initiative after the emergence of Eskom's load shedding crisis.

The problem statement and context

South Africa experience load shedding since October 2007 which lead to a state of emergency being declare in 2008 after the disruptions caused by load shedding lead to the closure of the mines for a week. The situation had affected all sectors of the economy. As an intervention to this crisis, government established in 2008, the Energy Efficiency and Demand Side Management (EEDSM) grant under the Department of Mineral Resources and Energy (DMRE) as an energy saving initiative. Through this programme, the DMRE funds proposals by Municipalities to access funding for the energy efficiency projects.

The programme is designed for implementation by the Municipalities who implement such initiatives within their municipal infrastructure in order to reduce electricity consumption and improve energy efficiency and such interventions includes municipal buildings, streetlights, traffic lights, solar photovoltaics, waste-water treatment works and water pump stations. When it was initially introduced, this programme was intended to reduce electricity consumption and improve energy efficiency and was not about cost saving at that time. True demand side management in local government is not just about changing street lighting (which the grant funds), but requires a holistic approach with a strategy and supporting structures.

The review of expenditure over the last 5-year period reveals that over R1 billion has been allocated to this grant which resulted in a spending of R811 million by all 87 municipalities across all 9 Provinces and who were the recipients of this grant. We do not have much information on what the funds were spent on and therefore in undertaking this spending review, we needed to find out what the money was used for, and we also wanted to establish whether this initiative is supported by an approved policy framework. Furthermore, we wanted to determine if municipalities were seeing this project as a priority for them and if so, whether they are adding their own funds to the initiative?

The recipients of this grant are municipalities across all municipality categories i.e. local, District and Metros. This expenditure analysis took an approach to focus on selected municipalities, being 4 Metros which were selected on the basis of their high transfers received which exceed R10 million; 1 District municipality was selected on the basis of consistency of transfers over the reporting period and lastly, 4 Local municipalities which were selected on

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the basis of consistency of transfers over the spending period which appeared to be 2 years and above.

A 5-year comparison of spending across these various categories indicates that largest spending of 63.7% of the total grant expenditure happened at local municipalities who spent R516.4 million followed by the Metros with R196.2 million or 24.2 per cent of the total grant expenditure and lastly the District municipalities who spent R98.3 million or 12.1 per cent of the total grant expenditure. Observation from the deep dive analysis is summarised below:

City of Cape Town leads spending at R52 million or 6,4% of the total programme expenditure and 26.6% of the metros spending. Ekurhuleni is the second leading Metro with a spending of R41.9 million or 5.2% of the total programme expenditure although there was no expenditure in 2019/20 as there was no allocation in that year. Spending for City of Johannesburg and Ethekewini were slightly on par at R29.6 million and R29.1 million respectively and which is above 3.5% of the total programme expenditure. Spending by the City of Johannesburg is 14.9% of the total expenditure by the Metros while City of Tshwane recorded the lowest spending of 2.1% of the total programme expenditure. Total spending of R196.2 million by the Metros translates to a combined total of 39 MWh total actual energy saving realised.

Looking at the local municipalities, King Sabata Dalindyebo leads spending at R30.8 million or 3.8% of the total programme expenditure and 6% of the total expenditure by local municipalities while Polokwane and Dawid Kruiper are also significant recipients of the grant and spent R10m and R12 million respectively. Polokwane's spending is 1.2% of the total programme expenditure and 16% of the total expenditure by local municipalities. JB Marks spending is 1.2% of the total programme expenditure and 15% of the total expenditure by local municipalities. JB Marks municipality did not record any spending for 2020/21 because there was no spending yet in the 1st 3 quarters reported on. Total spending of R62.9 million by the above selected local municipalities translates to a combined total of 54 MWh total actual energy saving realised.

Our specific observations about the performance of the grant is that:

- Of the total spending of R811 million under this grant, R23.4 million was spent on the administration fees which include planning, project management, training and public awareness.
- Across all these municipality as selected, we did not find any municipality that invested their own funds in this project. This is seen as an indication that perhaps this programme is not a priority for municipalities and hence no effort to invest its own funds towards energy efficiency initiatives.

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- We have reviewed the pricing on the input items in this project and observed a concerning trend of variances in the price versus the quantity procured as well as varying price difference for the same items
- Overall over the past 5 years, we have observed that expenditure has been increasing yet the performance in this grant does not reflect the increase in the expenditure. The DMRE Annual Performance Plans (APP) indicates the targets for energy savings realised and verified per year however when considering the targets in the grant conditional framework, the indicators indicated are not the same as what is in the APP. Going forward, allocation should be done on performance of the grant and not inflationary increase on the grant.
- In the general deep dive on the selected municipalities we observed that in some Municipalities we could not establish any approval for scope change or revised business plan for some procurement which appears to have been outside the scope as per the business plan.
- In some Municipalities such as the City of Johannesburg (CoJ) we observed that overall, the City experienced implementation challenges owing to lack of capacity and this lead to the CoJ being placed on the GIZ support program. Similar implementation capacity challenges were noted in Polokwane. Observation in Dawid Kruiper municipality was that there is no tangible performance reported except that the consultant to manage the project has been appointed. The reporting was also not done accordingly in order to provide a clear status update on the project. the City of Cape Town experienced challenges with planning and also project management in 2019/20 and there was no achievement of targets due to delays in procurement process leading to a request for a roll-over of funds at year end.

The main findings

Through our analysis of the last five years of reporting data it has been difficult to establish value for money, and capacity constraints in the implementation are observed. We make findings in 2 main areas namely value for money, and capacity to implement and provide a summary below:

Value for money: The EEDMS grant has been in place for over 10 years and the impact of the reduction energy load at municipalities is difficult to determine. The clear intention of the grant when established in 2008 was to reduce energy consumption and improve energy efficiency through the use of available technologies (i.e. street lighting etc.), however what was not clear was at what cost. We have found that:

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- c. In some instances, there were some scope changes in the business plan of municipalities and of which we could not find any approval for by the DMRE. Scope changes can compromise the value for money in that the revised activities may not yield the intended outputs with regards to the energy saving targets as set.
- d. There was no standardized costing of inputs components and this might create an affordability issue. There is no set benchmark that serves as a guide for how much Municipalities are expected to pay for when procuring for a similar activity. e.g. Price of streetlights varies between R150-R200 in some instances.
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Recommendations

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1 Introduction

The Energy Efficiency and Demand Side Management (EEDSM) grant was established in 2008 and is allocated under the Department of Mineral Resources and Energy (DMRE) as an energy saving initiative after the emergence of Eskom's load shedding crisis. It's been 12 years since South Africans first experienced load shedding and since then, a lot has happened including that load shedding is still a reality mostly in winter months. Load shedding hit the country for the first time, disrupting business, closing mining operations and affecting households. Power outages in 2006 and 2007 were brought about by higher than expected demand, unplanned outages, and a diminishing reserve capacity. The desired 15% reserve margin for generation capacity had shrunk to between 8% and 10%.

Between October 2007 and February 2008, emergency load shedding was implemented in order to avoid a potential overall nationwide blackout. A national electricity emergency was declared in January 2008 which led to the closure of South Africa's mines for a week. Load shedding activities undertaken during this period - and at any other period - were a source of distress and discontent to most South Africans, causing major disruption to all sectors of the economy. Eskom focused on returning three "mothballed" power stations to service. However, regularly scheduled mandatory load shedding started in April 2008, to allow maintenance periods of power generators, and recovery of coal stockpiles before the winter, when electricity usage is expected to surge. The load shedding situation has not yet changed yet despite the Kusile and Medupi power stations being completed.

The EEDSM is a programme which is intended to reduce electricity consumption and improve energy efficiency and it was not about cost saving. Through this programme, the DMRE funds proposals by Municipalities to access funding for the energy efficiency projects they implement. Municipalities implement such initiatives within their municipal infrastructure in order to reduce electricity consumption and improve energy efficiency and such interventions includes municipal buildings, streetlights, traffic lights, solar photovoltaics, waste-water treatment works and water pump stations. True demand side management in local government is not just about changing street lighting (which the grant funds), but requires a holistic approach with a strategy and supporting structures.

There is also a need to determine if the technology being used is aligned to the new technology compared to what was available in 2005 when the policy was first designed. In that sense, there is a need to determine if spending on this grant is effective and efficient. Any possible indication of inefficiencies and ineffectiveness will provide ground for recommendation to discontinue the grant.

In undertaking this spending review, we sought to review the expenditure and performance of the grant over the past 5 years to see if initiatives implemented within municipal infrastructure reduce electricity consumption and improve energy efficiency. In doing so, we have broadly looked at the overall grant expenditure, and then deep dived into 10 selected municipalities.

Reports shows that in the last 5 years, over R1 billion has been allocated to this grant, however, we do not have much information on what the funds were spent on; whether this initiative is supported by an approved policy framework; whether municipalities actually see this as a priority, and if so whether they are adding their own funds to the initiative? It is therefore necessary to determine if spending on this grant is effective as defined in terms of current grant framework as being to reduce electricity consumption and improve energy efficiency by bringing a change in the demand in an efficient manner as aligned with the business plan. In this case, we attempt to determine if the grant is being used in the right way to produce the intended results and doing so with least use of resources.

In our investigation, we used various sources to obtain expenditure data and this includes, GoMuni (the local government database containing financial information according to the mSCOA classification framework), BAS data to verify the transfer to the municipalities, access to local government data through the IGR division as well as analysis of performance reporting information by the municipalities as submitted to the DMRE.

2 Policy and Institutional Information

This section will outline the department's mandate and highlights the current policy framework which plays a critical role in the implementation of the Energy Efficiency and Demand Side Management (EEDMS) grant. This supports the National Development Plan (NDP) which envisage that South Africa will have adequate supply of liquid fuels to maintain economic activity and prevent economic disruptions. To give effect to this vision, the Department of Mineral Resources and Energy (DMRE) will continue to focus on transforming energy resources, enhancing energy efficiency thus contribute to priority 2 economic transformation and job creation of government's 2019-2024 medium-term strategic framework. The department was able to verify and realise energy savings of 10.3 Tera Watt per hour(TWh) over the past three years and anticipates to realise 1.5 TWh energy savings over the medium term.

Energy White Paper (1998)

The Energy White Paper (1998), states that there is significant potential which exists for energy efficiency improvements in South Africa. The White Paper gave policy direction to establish a National Energy Efficiency Strategy in 2005 when the electricity demand outstripped supply and load shedding had to take place and the fuel scarcity also made consumers aware the energy is finite. The strategy was introduced in 2005 with little energy efficiency measures having taken place. The White Paper on Energy Policy (1998) recognized that standards and appliance labelling should be the first measures to put in place in implementing energy efficiency.

National Energy Act (2008)

The Act plans for to ensure the security of supply for the energy sector; therefore, it aims to provide the nation with wider access to energy services by various means whilst ensuring that the environmental impacts of energy conversion and use are minimised as far as possible. The Act gives the Minister of Minerals and Energy substantial authority to make standards compulsory.

National Energy Efficiency Strategy (2005)

The first National Energy Efficiency Strategy (NEES) was published in March 2005 with the proviso that it would be reviewed every 3 years. The strategy is geared towards the development and implementation of energy efficiency practices in this country. It provides clear and practical guidelines for the implementation of efficient practices within our economy, including the setting of governance structures for activity development, promotion and coordination. It also contributes towards affordable energy for all, and to minimise the negative effects of energy usage upon human health and the environment.

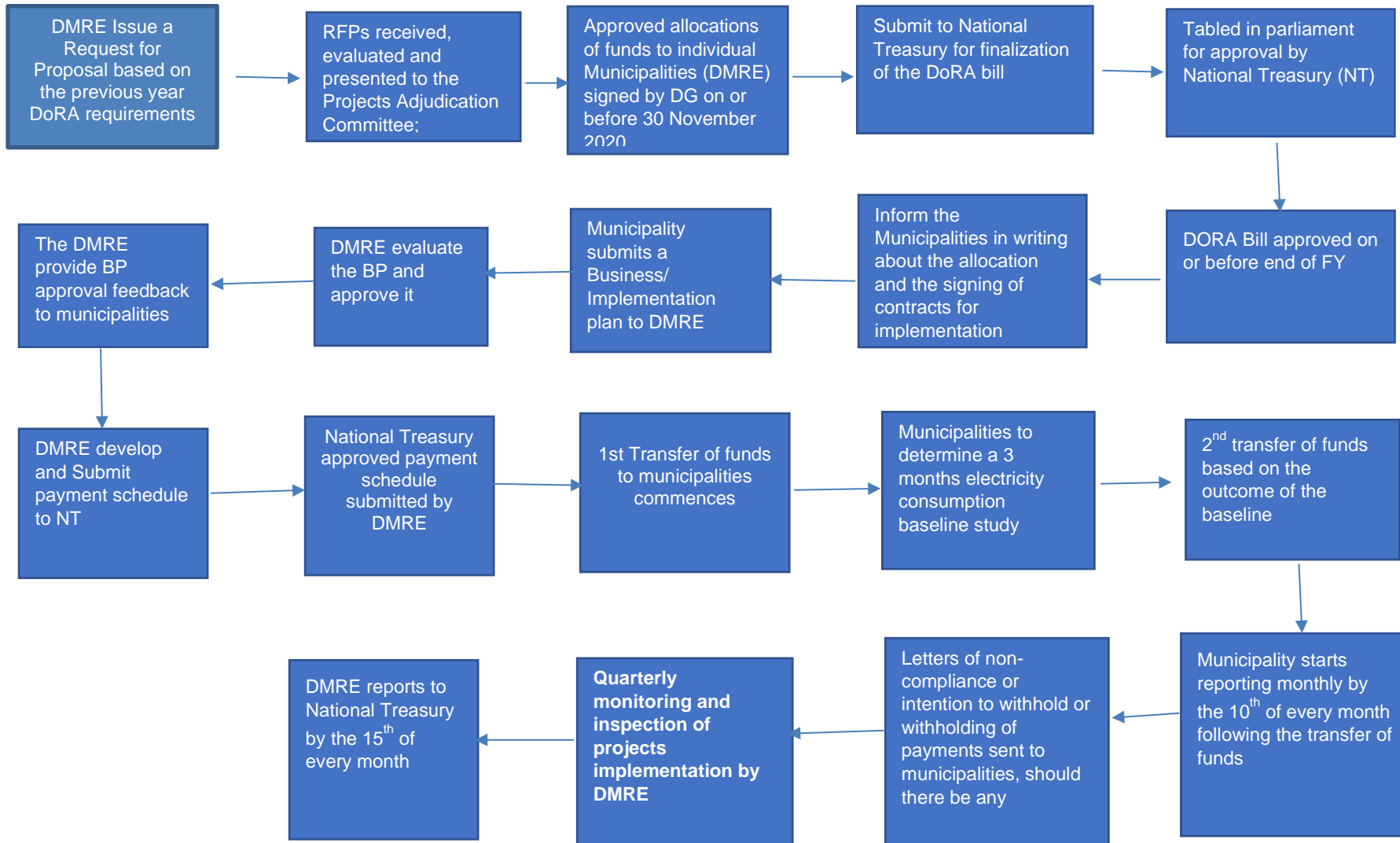
This Strategy has since been reviewed and the results of the 2014 and 2015 Energy Efficiency Target Monitoring System (EETMS) were then used to develop the energy efficiency measures and targets of the post-2015 NEES the targets that were set in 2005 NEES. These updated results of the EETMS were then used to update the measures and targets of the post-2015 NEES, which was then submitted to Cabinet for approval. The post-2015 NEES project a target of 16% reduction in economic wide sector energy consumption by 2030 using the baseline data of 2015. The strategy is currently being routed to Parliament post 2015 for approval.

Energy Efficiency and Demand Side Management (EEDSM) grant

The Energy Efficiency and Demand Side Management (EEDMS) grant is a programme of the Department of Mineral Resources and Energy (DMRE) and it was introduced with the aim of reducing electricity consumption and also to improve energy efficiency. This annual programme is being implemented by the Municipalities on behalf of the DMRE and a been in existence since 2008.

3 Delivery Processes and Logical Framework

Below we illustrate the process as applicable to both DMRE and the Municipalities:



The Energy Efficiency and Demand Side Management (EEDMS) grant is a programme which is aimed at reducing electricity consumption and improve energy efficiency.

Below we outline the process as applicable to both DMRE and the Municipalities:

A summary of the elements incorporated and responsibilities required for the implementation of the EEDMS Programme are outlined below:

3.1 Planning Processes:

3.1.1 DMRE:

- From the onset, and as part of the planning process, the DMRE issues the request for proposal (RFP) to all municipalities using the EEDSM framework and the Division of Revenue Act (DoRA).
- Once the RFP process has closed, all proposals are evaluated using a predefined evaluation and selection criteria.
- The department in consultation with the National Treasury, make the EEDSM allocation to the selected municipalities following the DMRE DG's approval to align with the DORA bill process.
- The proposed allocations will then be gazetted in the DORA Bill for consultation with Parliamentary process and once this gazetting process is completed, the Bill will be signed off by the Minister of Finance on or before the end of the financial year.

3.1.2 Municipalities:

- Municipalities must submit the proposals as per the guidelines issued by the DMRE. These proposals must be completed in the format and template as provide by the DMRE.
- DMRE evaluate the Business Plan and approve.
- DMRE develop and Submit payment schedule to NT. The National Treasury then approve the payment schedule submitted by DMRE. The 1st transfer of funds to municipalities commences.
- The Municipality should further submit the 3 months detailed energy consumption baseline data as well as the narrative/business plan signed by the municipal manager.
- The selected Municipalities will receive the allocation letters and sign a contractual agreement with the DMRE.

Once the planning stage has been completed on the part of the DMRE and the municipality, implementation stage will commence.

3.2 Implementation Processes:

The DMRE starts the process of engaging, through a letter, to all approved municipalities participating informing them about the allocations and the signing of an implementation contract. The municipalities will then be requested by the DMRE to develop a business plan

and the implementation plans as per the standard template developed by the Energy Efficiency unit line function DMRE. DMRE will then allocate funding to the approved municipalities. Following submission of the business plan, the DMRE will then enter into a contract with the municipality concerned. Any scope changes must first be approved by the DMRE as this can compromise the value for money in that the revised activities may not yield the intended outputs with regards to the energy saving targets.

The DMRE would in parallel to this process develop and submit a payment schedule to National Treasury for the purpose of cash flow management and once the Municipality and the department have signed the contract, then the flow of funds shall commence.

Once the contract is in place, Municipalities may appoint the service providers accredited by DMRE to implement the programme on their behalf. In some cases, the municipalities may delegate the implementation of the programme to their entities to implement the project on their behalf. Therefore, the municipalities must sign a binding contractual agreement with the entities. The funds are gazetted on an annual basis under the Division of Revenue Act (DoRA).

3.3 Reporting and Monitoring

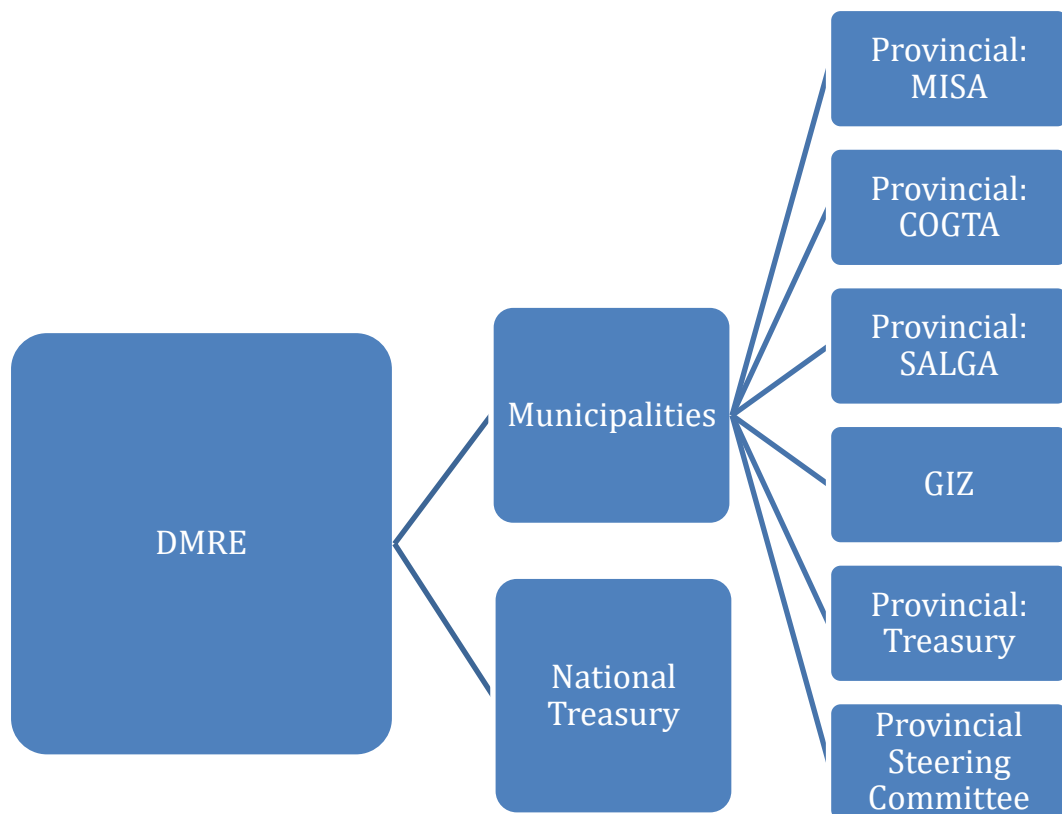
Municipality

During the implementation of the projects, Municipalities reports to both DMRE and National Treasury on challenges and progress on a monthly basis as required in terms of the DORA until the project is completed.

DMRE

The DMRE reports to National Treasury on the 15th of each month. Once the project has been completed, Municipalities send o the DMRE, as close out report in order for the Department to undertake a monitoring and evaluation on the project.

3.4 Stakeholders and their responsibilities in the programme



- DMRE assumes the responsibility of planning, funding, monitoring and evaluation of the energy efficiency demand side programme.
- Municipalities are the implementing agents on this project. Municipalities are invited by the Department of Mineral Resources and Energy to application for funding by submitting their business plan. DMRE then review the business plan to ensure that it meet the criteria.
- SALGA – the body that represents municipalities as mandated in the constitution. SALGA forms part of the Provincial EEDSM steering committee. SALGA is seen as the voice of local government. SALGA provides support to non-performing municipalities which are implementing the Programme.
- MISA – provide support and develop technical capacity towards municipality in respect of the planning and ensure that project management specifications are met. MISA forms part of the Provincial EEDSM steering committee. It assists the municipalities to apply for the grant and provide technical support to the municipality to ensure EEDSM project is executed efficiently. Further, MISA also assist the Municipalities to develop the project document.
- COGTA forms part of the Provincial EEDSM steering committee and report to the Premier on the progress of the implementation of the grant. Provide stability to capacitate municipality who has shortage of personnel.
- GIZ- provide technical support to municipality and help to fast-track implementation of the project through the South African German Energy (SAGEN) programme on the implementation of the EEDSM grant programme to the DMRE, and this support is through a human resource that has been provide by GIZ to support on the management and monitoring of the programme. Moreover, GIZ has supported the

DMRE on the training and capacity building for municipal officials and development of technical specifications for technologies required in the programme.

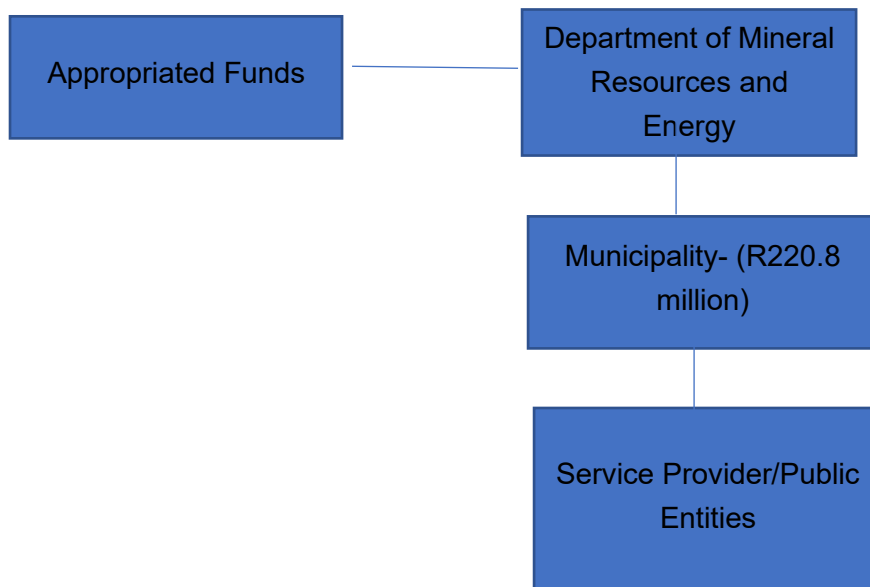
- Provincial Steering committee- consist of DMRE, SALGA, Provincial COGTA, Provincial Treasury, Premier’s Office and GIZ coordinate and will provide strategic leadership and governance oversight on the implementation of the programme at provincial level and municipalities who participate in the programme share their best practice.
- National Treasury – provides financial oversight on the EEDSM and supporting and advice on financial implications that relates to the programme.

Who has the power to make decisions on the implementing of the programme?

LEVEL	WHO	TYPE OF DECISION
Department level	Director General	In consultation with National Treasury can make decision to reduce, withholds and stop the allocation of funds in terms of DORA based on the performance of the grant or where there is a deviation from the purpose of the grant.
Programme level	DDG: Mineral and Energy Resources Programmes & Projects	Part of DMRE EXCO and preside over selectin of municipalities to be approved to receive the grant.
Project level	Municipal Manager	Has the mandate to sign the agreement to procure and change the scope of the programme and at a National level, Cabinet with recommendations from the Ministers Committee on Budget

At a programme level, the DDG: Mineral and Energy Resources Programmes & Projects, at a department level, the DG: Mineral Resources and Energy in consultation with National Treasury can make decision to reduce, withholds and stop the allocation of funds in terms of DORA based on the performance of the grant or where there is a deviation from the purpose of the grant. As implementing agents of the grant Municipal manager is mandated to signed the agreement to procure and change the scope of the programme and at a National level, Cabinet with recommendations from the Ministers Committee on Budget.

Flow of funds from across different sources and institutions



The DMRE receives Parliamentary Budget Appropriations for its Vote which include the allocations for the EEDSM grant as gazetted through the Division of Revenue Act (DORA) for the medium term expenditure Framework (MTEF) period. On the basis of these available funds, the DMRE initiate the request for proposals for Municipalities to apply and access funding for the energy efficiency projects through the EEDMS grant. The DMRE will prepare payment schedules in consultation with the Intergovernmental Relations (IGR) and successful municipalities will be able to draw the funds through these approved schedules.

4 Performance Analysis

The National Development Plan envisages that by 2030, South Africa will have an adequate supply of liquid fuels to maintain economic activity and prevent economic disruptions. From the ten selected municipalities under review, Dawid Kruiper was the highest municipality who had realised energy saving of 26 MWh from the total spending of R12.5 million over a period of 3 years' worth of allocations, followed by Alfred Nzo with 18 MWh from the total spending of R22.1 million over a period of 4 years' worth of allocations and City of Cape Town with 16.8 MWh from the total spending of R52.2 million over a period of 5 years' worth of allocations and the lowest three municipalities was Ekurhuleni from the total spending of R41.9 million over a period of 4 years' worth of allocations who had achieved energy saving of 6 MWh and both City of Johannesburg from the total spending of R29.6 million over a period of 4 years' worth of allocations and JB Marks from the total spending of R9.4 million over a period of 2 years' worth of allocations had achieved energy savings of 5MWh over the past four years.

Looking at the above performance, Ekurhuleni and City of Johannesburg appears to have not achieved much with regards to energy savings performance despite both receiving above R20

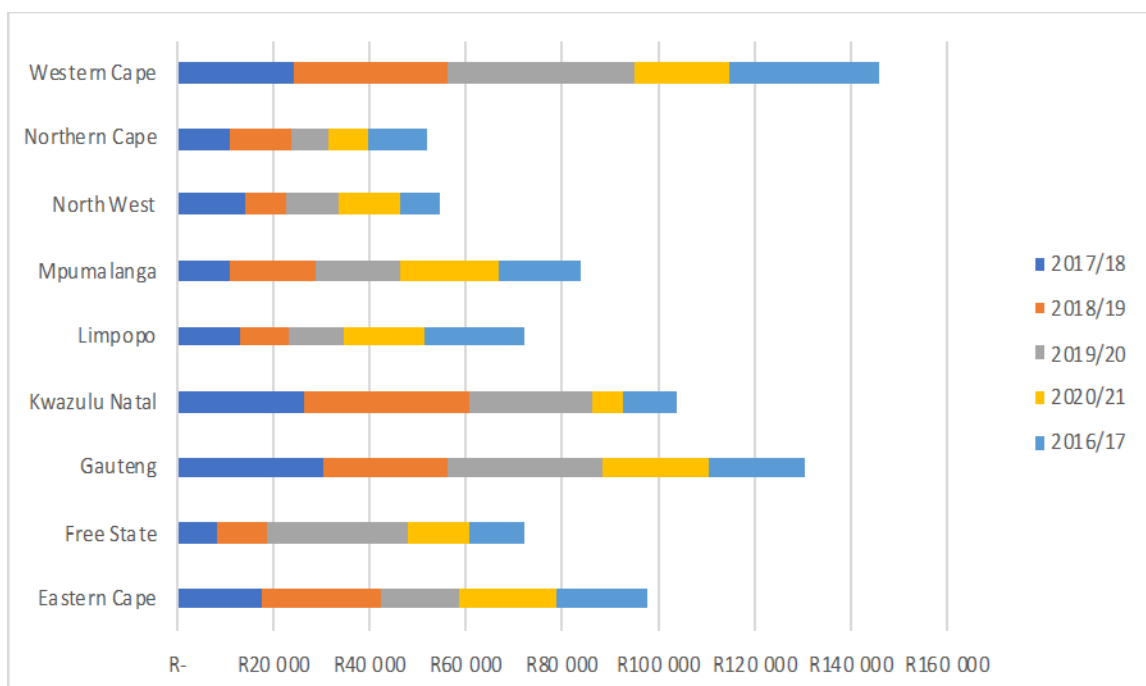
million worth of allocations over 4 years compare to JB Marks who achieved slightly the same energy savings target despite a small allocation over 2 years only.

5 Expenditure Observations

5.1 National

Over a 5-year period from 2016/17 to 2020/21 financial year, a total amount of R1.027 billion was transferred to Municipalities through a conditional grant Energy Efficient Demand Side Management (EEDSM). Of that a total amount of R810.9 million was spent within that period and this accounts for 76% of the total amount transferred with an underspending of R246.2 million, of which R15.7 million was approved as rollovers.

Table: EEDMS reported expenditure 2016/17 – 2020/21 (Q3)



The largest spending per province occurred in Western Cape (R145.6m) followed by Gauteng (R130.4m) then KZN (R103.9m).

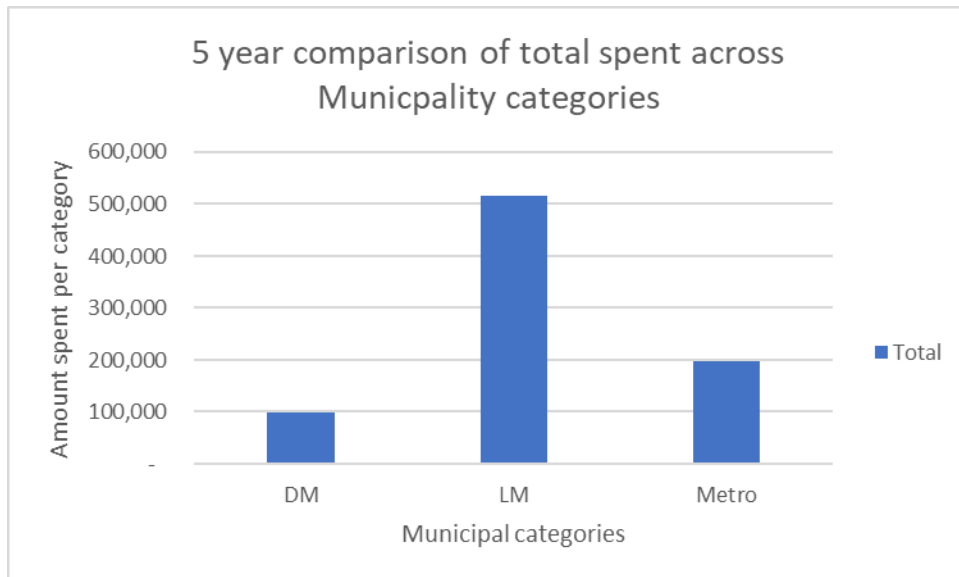
Northern Cape has a smallest expenditure of R51.9million; followed by North West with R54.4million spent.

Overall y-o-y growth shows that expenditure on this grant has dropped by 27% in 2020/21. The largest spending growth was in 2018/19 at 15% year on year.

A total number of 87 Municipalities received the grant over 5years. The lowest grant amount was R374 000 to Kai Garib in the Northern Cape and the highest was R52.2 million to the City of Cape Town in the Western Cape. There were some municipalities who received a once-off allocation across various provinces such as Beaufort West, Bitou; Bojanala; and others.

Eastern Cape has 8 municipalities who received the grant. Free state has 6 municipalities who received the grant. Gauteng has 7 municipalities who received the grant. Kwa-Zulu Natal

has 12 municipalities who received the grant. Limpopo has 9 municipalities who received the grant. Mpumalanga has 10 municipalities who received the grant. North West has 8 municipalities who received the grant. Northern Cape has 9 municipalities who received the grant. Western Cape has 12 municipalities who received the grant.



When doing a 5-year comparison of spending across the various municipality categories, we have observed of the total R810.9 million spent on this grant, the largest spending or 63.7% happened at local municipalities (R516.4m) followed by the Metros 24.2 per cent (R196.2m) and lastly the District municipalities or 12.1 per cent (R98.3m). We have analysed the MSCOA data for all municipalities to determine the spending on the bulk electricity purchases and we could only be able to see Eskom related bulk purchase for only 11 of the total 99 municipalities with seemingly very little money spent on this.

5.2 Expenditure Deep Dive in selected municipalities

There's currently 278 municipalities in South Africa and over a period of 5 years a total number of 171 municipalities received the EEDMS grant. Given this high number of beneficiaries, this expenditure analysis took an approach to focus on selected municipalities across 3 categories Metro; District and Local Municipalities. The 4 Metros were selected on the basis of their high transfers received from DMRE using R10 million as a benchmark; 1 District municipality was selected on the basis of consistency of transfers over the reporting period and lastly, 4 Local municipalities were selected on the basis of consistency of transfers over the spending period which appeared to be 2 years and above. Observation from the deep dive analysis is summarised below:

Metros	District	Local
City of Johannesburg	DC Alfred Nzo	Dawid Kruiper
City of Ekurhuleni		King Sabata Dalindyebo
EThekweni		JB Marks
City of Cape Town		Polokwane

In the general deep dive on the selected municipalities we observed that in some Municipalities such as in Alfred Nzo & Ekurhuleni they were able to deliver more than the projected targets. In Alfred Nzo this relates to the work done for the procurement of office motion sensors which appears to have been outside the scope as per the business plan. We could not establish any approval for scope change or revised business plan.

We also observed that there is no alignment of targets on the Business Plan versus what was being reports in the Quarterly Reports. In 2016/17 we could not establish any approval for scope change or revised business plan as noted at the following municipalities Alfred Nzo, King Sabata Dalindyebo, Ekurhuleni.

In some Municipalities such as the City of Johannesburg (CoJ) we observed that overall, the City appear to have significant implementation challenges which are around lack of capacity. A new CEO was appointed whom was expected to expedite any issues on this matter. There were no reports available to verify if the targets were achieved or not in 16/17 & 17/18. Furthermore, there was no spending in 18/19. The CoJ was placed on GIZ support program. We noted that City Power, being the implementing entity for the CoJ retrofitted street lights not aligned to the EEDSM grant and this resulted in the City having to change the business plan in order to include streetlights specifically for the grant implementation.

City Power also used own funds with the expectations that it will be reimbursed for work done unrelated to the provisions of EEDSM conditions.

In order to address the implementation challenges, a project manager from City Power and believed to have sufficient experience on EEDSM projects was allocated to the project to speed up the projects.

Similar implementation capacity challenges were noted in Polokwane whereby the business plan submitted to the DMRE was incorrect and had to be resubmitted. Funding could not be spent and the DMRE had to withhold some of the grant funds until the disbursed funds were exhausted. Also, this Municipality has consistently not been able to report on the actual performance targets achieved despite intervention by the GIZ.

Observation in Dawid Kruiper municipality is that there was no tangible performance reported except that the consultant to manage the project has been appointed. The reporting was also not done accordingly in order to provide a clear status update on the project.

In 2019/20, the City of Cape Town experienced challenges with planning and also project management. There was no achievement of targets due to delays in procurement process leading to a request for a roll-over of funds at year end.

Across all these municipality as selected, we did not find any municipality that invested their own funds in this project. This is seen as an indication that perhaps this programme is not a priority for municipalities and hence no effort to invest its own funds towards energy efficiency initiatives.

5.2.1 Metropolitan Municipalities

The EEDMS grant has been accessed by all of the 8 metros in the past 5 years as can be seen from the table below. The 8 metros expenditure is R196m / 24.2% of the R811m which represents a significant amount across the programme. City of Cape Town leads spending at 6,4% of the total programme expenditure and 26.6% of the metros. Buffalo City, City of Johannesburg and eThekweni are also significant receipts of the grant.

Table 1: MM 5year expenditure

Municipality name	Category type	Province	2017/18	2018/19	2019/20	2020/21	2016/17	Grand Total
Buffalo City	Metro	EC	4,522	7,995		5,378	-	17,895
Nelson Mandela Bay	Metro	EC	-	-	-	6,071	-	6,071
Mangaung	Metro	FS	-	-	-	-	1,814	1,814
Ekurhuleni	Metro	Gauteng	12,000	13,629	-	1,330	15,000	41,959
City of Johannesburg	Metro	Gauteng	7,987	-	9,447	7,334	4,844	29,612
Tshwane	Metro	Gauteng	-	257	10,853	6,551	-	17,661
Ethekwini	Metro	Kwazulu Natal	14,450	14,619	-	-	-	29,069
City of Cape Town	Metro	Western Cape	7,828	10,000	11,064	8,268	15,000	52,160
Grand Total								196,241

Ekurhuleni is the second leading Metro with a spending of 5.2% of the total programme expenditure although there was no expenditure in 2019/20 as there was no allocation in that year. Spending for City of Johannesburg and that of Ethekwini were on par at slightly above 3.5% of the total programme expenditure. City of Johannesburg spent 14.9% of the total expenditure by the Metros. City of Tshwane recorded the lowest spending of 2.1% of the total programme expenditure. This translates to a combined total of 39 MWh total actual energy saving realised by the Metros.

5.2.2 Local Municipalities

The EEDMS grant has been accessed by 77 local municipalities in the past 5 years and the total expenditure by amounts to R516.4m or 63.67% of the R811m which represents a significant amount across the programme. Spending by the 4 selected local municipalities was R62.9 million or 12.17% of the total spending of R516.4 million by the 77 local municipalities.

Table 2: Local Municipalities 5year expenditure

Name of Municipalities	Category type	Province	2017/18	2018/19	2019/20	2020/21	2016/17	Grand Total
King Sabata Dalindyebo	LM	EC	7923	6880	8000		8000	30,803
Polokwane	LM	Limpopo	4314	1254	4511			10,079
JB Marks	LM	North West	5507		3928	0		9,435
Dawid Kruiper	LM	Northern Cape	2908	2640			7000	12,548
Grand Total								62,865

King Sabata Dalindyebo leads spending at 3.8% of the total programme expenditure and 6% of the total expenditure by local municipalities. Polokwane and Dawid Kruiper are also significant recipients of the grant and spent R10m and R12 million respectively. Polokwane's spending was 1.2% of the total programme expenditure and 16% of the total expenditure by local municipalities

JB Marks spending was 1.2% of the total programme expenditure and 15% of the total expenditure by local municipalities. The municipality did not record any spending for 2020/21 because there was no spending yet in the 1st 3 quarters that they have reported on.

This translates to a combined total of 54 MWh total actual energy saving realised by the local municipalities.

Further Observations

We have performed expenditure analysis which included review of available reporting documents and other sources and we report on several issues below including the efficiency of deep dive municipalities in implementing this project, and also a sensitivity analysis to see the impact on the changing tariff levels determine how long it will take to recover the amount that has been invested in the project. We discuss our observations below:

Efficiency ratios

We have looked at the efficiency ratios by the municipalities and specifically looking at the value of energy saving planned against what was achieved (calculated as actual cost per MWh saved / planned cost per MWh saved?). Our observation is that, for the Metros, City of Cape Town seems to have found better value given that the cost of saving (R16.84) is less than what they had planned for (R17.40) and this gives them an efficiency ratio below 1 which indicates that it is more efficient than City of Johannesburg and City of Tshwane which appears have spent double the amount of what they had planned to do and recorded an efficiency ratios of above 2, 2.2 and 2.5 respectively and indicates that they are not efficient.

Sensitivity analysis

We conducted an analysis on municipalities to determine the average tariff being charged to different municipalities over a period of 5 years and we have observed that Ethekeeni and JB Marks paid on average a tariff level of 1.7KWh; Polokwane and King Sabata Dalindyebo paid on average a tariff of 1.5KWh while Ekurhuleni and City of Johannesburg recorded a 5-year average of 1.4KWh & 1.5KWh respectively. City of Cape Town recorded a 5-year average level of 0.9KWh, the lowest by far for the deep dives.

We noted that in the beginning of this program, cost was not a factor however we observe that the focus has now shifted to the cost of electricity instead of energy efficiency.

Analysis of the payback period

We conducted an analysis to determine the payback period assuming various scenarios of the tariff levels as was charged to municipalities per financial year and over the review period (5years) and we have observed that in some municipalities, the payback period exceeds 10 years such as for the City of Cape Town, Alfred Nzo municipality as well as for Dawid Kruiper municipality. We believe that 10 years is long time before the municipality can recover the returns from this investment and therefore this makes it undesirable.

Misalignment in Outputs

We have reviewed the DMRE's APP document and the business plans submitted by the municipalities to check if the outputs that are reflected there are aligned/consistent and we have observed that the outputs are not aligned. For example, Alfred Nzo's business plan only list the activities to be undertaken in the project and no outputs, whereas the DMREs APP states the number of energy saving realised and verified per year as their performance indicator.

Scope changes

We have reviewed the business plans for all selected municipalities and have observed scope changes that were not accompanied by any approval from the DMRE. For example, in a case of Alfred Nzo in 2019/20, there were some changes in the scope as presented in the business plan (376) however less targets were being reported in the quarterly reporting (396).

Use of grant funds for other purposes

We have observed that there were instances where funds were used for other purposes other than the purpose of the grant. For example, MSCOA data reflected some of the municipalities who were using their funds for activities not linked to the purpose of the grant. Municipalities such as, Edumbe; Alfred Duma; Dikgatlong spent money to purchase bulk electricity from Eskom. The annual report for the Metros such as Ekurhuleni (2016/17) and Ethekwini (2017/18) indicates that these municipalities also spent grant money on the electricity demand side and not on energy efficiency as required by this grant.

Tariffs

We performed the sensitivity analysis on selected municipalities and this required for us to know the tariffs being charged to each of these municipalities by Eskom for example in the City of Johannesburg, Dawid Kruiper, Ekurhuleni and Polokwane in some cases. In terms of this exercise, we observed that Eskom's billing system is not transparent in that (and as confirmed in discussions with the DMRE) some municipalities do not understand which tariff level they are being charged by Eskom and this makes them to operate on the estimated tariff and therefore this may affect the payback period on the EEDMS grant. In our workings, we assumed a default tariff of 1.64 in cases where their tariff was unknown, and this was done consultation with the DMRE.

Data Reporting

We have reviewed data from various sources (Local Government data; GoMuni (MSCOA data) as well as data received from the DMRE), and we observed that the manner in which municipalities reports, is different. For example, total expenditure by the municipalities as per GoMuni was R780.9 million vs the R811m as reported in the data received from the DMRE. Secondly, municipalities in general have inconsistent reporting in their quarterly report albeit all using the prescribed template.eg. JB Marks reporting appears to just be merely reporting for compliance sake without providing any meaningful update in the report. Same thing can be said about Dawid Kruiper & Polokwane. City of Cape Town reporting is based on their actuals presented in terms of percentages and not absolute values and this makes not easy to compare it to the set targets.

Capacity to implement

A review of the quarterly reports as submitted by the municipalities revealed that capacity to implement was a challenge in some municipalities such as in the City of Johannesburg, Polokwane and JB Marks. This observation was confirmed in the meeting with GIZ in July 2021, whom was assigned to provide technical support to struggling municipalities.

City of Johannesburg's reports demonstrated lack of capacity to implement in that for 2 financial years, implementation was not happening and this led to the DMRE to bring in GIZ for support.

Cost of Administration

Of the total spending of R811 million under this grant, R23.4 million was spent on the administration fees which include planning, project management, training and public awareness.

Variances in the Pricing

We have reviewed the pricing on the input items in this project and observed a concerning trend of variances in the price versus the quantity procured as well as varying price difference for the same items. We outline the observations below by making reference to specific cases in municipalities:

- The pricing on streetlight fittings was not consistent in all municipalities, for example the prices ranged from between R150-R200 as noted at City of Johannesburg and Polokwane municipalities.
- Energy Efficiency Lights: A total amount of R200.8 million was spent on the procurement of energy efficiency lights by the selected 10 municipalities. City of Cape Town spent R48.9 million to procure 10 203 light bulbs whereas Ekurhuleni was able to spend R33.5 million to procure 100 316 light bulbs. This reveals a concerning observation on the price/quantity variances.
- Energy Efficiency Air Conditioners: Procurement by the selected 10 municipalities, a total amount of R39.9 million was spent and the pricing for the same items is different as can be seen at Alfred Nzo municipality who spent R1.6 million to procure 58 air

conditioners whereas King Sabata Dalindyebo spent R1.2 million to procure 174 air conditioners. The reasons for this are unknown.

- Energy Efficiency sensors: The selected 10 municipalities spent a combined total amount of R5.7 million to procure energy efficiency sensors. Alfred Nzo spent R320 000 to procure 3921 sensors whereas King Sabata Dalindyebo spent R1.2 million to procure 1918 sensors.
- Spending on the procurement of energy efficiency smart meters as well as water purification plants by 3 of the selected 10 municipalities amounts to R5.9 million and R17.2 million respectively. However, we could not verify if there were any actual targets achieved in this regard due to no information provided.

Reflecting on the analysis above, in our observation, we have noticed that there was no standardized costing of inputs components and this creates an affordability challenge in that in here there is no set benchmark that serves as a guide for how much Municipalities are expected to pay for when procuring for a similar activity. e.g. Price of streetlights varies between R150-R200 in some instances.

Overall over the past 5 years, we have observed that expenditure has been increasing yet the performance in this grant does not reflect the increase in the expenditure. The DMRE Annual Performance Plans (APP) indicates the targets for energy savings realised and verified per year however when considering the targets in the grant conditional framework, the indicators indicated are not the same as what is in the APP. Going forward, allocation should be done on performance of the grant and not inflationary increase on the grant.

6 Options analysis

In order to determine the cost of energy saving by the selected municipalities, we sought to test the various options of reducing energy and the cost implications.

We completed Sensitivity Analysis to consider the cost of the base case and a 10% escalation scenarios. We reflect on the results of each below.

Current existing tariffs

Variation in the tariff levels per municipality over 5 years therefore we used the average tariff level to calculate the price per KWH. Payback period on some of the selected municipalities exceed 10 years, this represent an investment opportunity that is not desirable. The shorter period means that more attractive investment on the project since it will take them a shorter period to recover the amount that has been invested in the project.

Alfred Nzo and Dawid Kruiper has a payback period of 11 & 15.5 years respectively, and therefore have an investment opportunity that is not desirable.

10% escalation in tariffs

As the tariffs increase, payback period is reduced and resulting in more municipalities having a situation where investment opportunity is desirable. Under this scenario, Alfred Nzo and Dawid Kruiper has a payback period of 10 & 14 years respectively, still high and undesirable although a lot better than the previous scenario.

7 Findings

We make findings in 2 main areas namely Value for money, capacity to implement.

7.1 Value for money:

- 7.1.1 It is complex to determine value for money given that when looking at the grant framework as well as the DMRE's Annual Performance Plans (APP), we found that there is a misalignment between the indicators and the aim/output of the project.
- 7.1.2 In some instances, there were some scope changes in the business plan of municipalities and of which we could not find any approval for by the DMRE. Scope changes can compromise the value for money in that the revised activities may not yield the intended outputs with regards to the energy saving targets as set.
- 7.1.3 We have noticed that there was no standardized costing of inputs components and this might create an affordability issue. There is no set benchmark that serves as a guide for how much Municipalities are expected to pay for when procuring for a similar activity. e.g. Price of streetlights varies between R150-R200 in some instances.
- 7.1.4 There were municipalities who used the funds for activities not linked to the purpose of the grant.
- 7.1.5 Eskom's billing system is not transparent in that in some municipalities did not understand which tariff level they were being charged by Eskom which makes these municipalities to operate on the estimated tariff and therefore this may affect the payback period on the EEDMS grant.

7.2 Capacity to implement

We have observed challenges with capacity to implement this project at all levels. These challenges cut across all areas, planning, implementation as well as reporting. The challenges are mainly around procurement issues as well as technical capacity to manage the project itself and we outline them below as follows:

7.2.1 Planning:

- a. There is limited capacity in municipalities to undertake the required planning including developing Business Plans, undertaking Baseline analysis & audits etc. As a result, there is an allowable amount of 7% from the grant that can be used for the procurement of Service providers to undertake this function. It is not clear whether the service providers are required to transfer such skills to municipal officials or not in order to ensure that they are fully capacitated for this function for future projects.
- b. In some municipalities, the baseline data does not exist.

7.2.2 *Implementation:*

- c. Procurement process is lengthy for the municipalities to finalise and this has an impact in the agreement signed with the DMRE resulting in project delays and requests for the funds to be rolled over to the next financial year.
- d. Technical capacity to evaluate tenders is lacking at municipal level and this result in procurement delays

7.2.3 *Reporting:*

- e. Not sufficient human capital is available to monitor the progress on the implementation of the project.
- f. Inconsistencies in the data i.e. data from Municipalities; DMRE & IGR. All municipalities in general have inconsistent reporting albeit all using the prescribed template. i.e. JB Marks reporting appears to just be merely for compliance sake without providing any meaning update in the report, same can be said Dawid Kruiper & Polokwane while City of Johannesburg' reports demonstrated lack of capacity to implement in that for 2 financial years, implementation was not happening and this led to the DMRE to bring in GIZ for support; and City of Cape Town reporting their actual in terms of percentages and not absolute values to make it comparable to the set targets.

Summary of the findings

The EEDMS grant has been in place for over 10 years and the impact of the reduction energy load at municipalities is difficult to determine. The clear intention of the grant when established in 2008 was to reduce energy consumption through the use of available technologies (i.e. street lighting etc.), what was not clear was at what cost. Through analysis of the last five years of reporting data it has been difficult to establish value for money and capacity constraints in implementation are observed.

8 Recommendations

It has been the responsibility of DMRE to table the NEES at parliament for approval since 2015. This guiding document should provide for clear requirements of the grant, its updated intent and take into account development of technologies available. This has been delayed 6 years and it has not been available to analyse to review the way forward.

Considering this and the findings relating to the difficulty to establish value for money and that there seems to be insufficient capacity to implement at all levels, it is recommended that the EEDSM grant be stopped. This would create a saving of R689.8 million over the MTEF.

9 Actions

Should the recommendation of this report be accepted and endorsed by MINCOMBUD, a total baseline of the Energy Efficiency Demand Side Management (EEDSM) grant amounting to R689.8 million over the medium term must be removed from the framework and declared as a saving to be reprioritised elsewhere.

Appendices

Appendix A- Logframe for DMRE

IMPACT	Improved energy Efficiency within Municipalities		
Indicator	Amount of energy saved in KiloWatts hour		
Frequency	Annually		
Source of data	DMRE		
OUTCOME	Reduced demand for electricity	Reduced demand for electricity	
Indicator	Amount of energy saved in KiloWatts hour	Amount of energy saved in KiloWatts hour	
Frequency	Annually	Annual	
Source of data	DMRE	DMRE/Municipalities reports	
Final Output	Budget allocated to approved Municipalities	Energy Efficiency saving on street lights/traffic lights and Buildings retrofitted	
Indicator	Approved budget for Municipality to reduce energy consumption	Number of street lights/traffic lights and Buildings retrofitted	
Frequency	Annually	Monthly	
Source of data	DoRA	DMRE / Municipalities	
Intermediate outputs	Approved plans submitted by Municipalities	Reduce energy consumption and improve Energy efficiency	Site visited
Indicator	List of Municipalities approved by DMRE: DG	Number of energy efficiency street/traffic lights installed Amount of energy saved in KiloWatts hour Number of buildings/units of water services infrastructure retrofitted	Number of sites visited
Frequency	Annually	On-going	As needed
Source of data	Municipality database	Municipality data/reports	DMRE
Activities			
Indicator	Approved allocations of funds to individual Municipalities submitted to Treasury		
Frequency	Annually		
Source of data	DMRE schedules		
Activities	DMRE submit to National Treasury the approved allocations of funds to individual Municipalities as signed by their DG for finalization of the DoRA bill		
Indicator	Lighting technology technical specifications guideline completed		Number of non-compliance letters issued
Frequency	Annually/As needed		As needed
Source of data	DMRE website		DMRE
Activities	DMRE compiles the lighting technology technical specifications guideline which assist the municipalities to buy the right materials	DMRE Transfer funds to municipalities for the project implementation to commence	Non-compliance letters issued to Munics
Indicator	Design of the Accreditation Manual finalised		Number of sites visits conducted/verified and sites verified
Frequency	Annually		As needed
Source of data	DMRE website		DMRE
Activities	DMRE design process of a manual to accredit and establish a panel of competent service providers with technical expertise and suppliers of energy efficient technology to support municipalities	DMRE prepares and submit the payment schedules to National Treasury	DMRE conducts site visits for projects as required
Indicator	Number of projects approved		Number of reports drafted
Frequency	Annually prior to the start of project		Monthly
Source of data	DMRE publication		DMRE
Activities	DMRE conducts proposal evaluation and Adjudication process followed by Project recommendations	DMRE evaluate and approve the Business/Implementation plan as received from the Municipalities and provide feedback to the Munics	DMRE submit reports to National Treasury by the 15th of every month
Indicator	Number of Request for Proposal (RFP) issued	Number of Contracts signed	Actual versus Target
Frequency	Annually	Annually prior to the start of project	Monthly
Source of data	DMRE website	DMRE Internal documents	Municipalities
Activities	DMRE issues Request for Proposal based on the EEDSM framework and the previous year DoRA requirements	DMRE informs the Municipalities in writing about the allocation and the Signs contracts for implementation	Monitor progress against the implementation plan
Indicator		Approved plans, areas and budget	% of sites completed
Frequency	Annually	Annually	Ongoing
Source of data			
Input	Goods & Services (Advertising; Travel and Venues budget)		Goods & Services (Travel and Venues budget)
Inputs	Consultants		Site inspectors (specialised independent experts to verify)
Inputs	Project Administrator: DMRE Officials	Project Administrator: DMRE Officials	Project Administrator: DMRE Officials as Verifiers
Performance indicator	National Energy Efficiency Strategy for economy- wide developed	Number of energy efficiency street/traffic lights installed Number of buildings/units of water services infrastructure retrofitted	Number of energy savings (TWh) realised and verified from EEDSM projects
Frequency	Annually	As from Q2 - Q4 of the financial year	Ongoing
Programme elements	EEDSM Planning	EEDSM: Implementation	EEDSM: Monitoring and Reporting
Responsibility	Director: Sub-Prog: Energy Efficient Projects (Programme 5: Mineral and Energy Resources Programs & Projects)	Director: Sub-Prog: Energy Efficient Projects (Programme 5: Mineral and Energy Resources Programs & Projects)	Director: Sub-Prog: Energy Efficient Projects (Programme 5: Mineral and Energy Resources Programs & Projects)

Appendix B-Logframe for Municipalities

IMPACT	Improved energy Efficiency within Municipalities		
Indicator	Amount of energy saved in KiloWatts hour		
Frequency	Annually		
Source of data	Municipalities Data		
OUTCOME	Reduced demand for electricity	Reduced demand for electricity	
Indicator	Amount of energy saved in KiloWatts hour	Amount of energy saved in KiloWatts hour	
Frequency	Annually	Annual	
Source of data	Municipality data	DMRE/Municipalities reports	
Final Output	Budget allocated to approved Municipalities	Energy Efficiency saving on street lights/traffic lights and Buildings retrofitted	
Indicator	Approved budget for Municipality to reduce energy consumption	Number of street lights/traffic lights and Buildings retrofitted	
Frequency	Annually	Monthly	
Source of data	DoRA	DMRE / Municipalities	
Intermediate outputs	Approved plans adhered to policy and funding criteria	Reduce energy consumption and improve Energy efficiency	Site visited
Indicator	List of approved plans by DMRE: DG	Number of energy efficiency street/traffic lights installed Amount of energy saved in KiloWatts hour Number of buildings/units of water services infrastructure retrofitted	Number of sites visited
Frequency	Annually	On-going	As needed
Source of data	DMRE	DMRE and Municipalities	DMRE/ Municipalities
Activities			
Indicator			
Frequency			
Source of data			
Activities			
Indicator			
Frequency			
Source of data			
Activities			Provincial Steering Committee forums held where feedback is received Municipalities and experiences shared
Indicator			Number of quarterly forums held
Frequency			Quarterly
Source of data			DMRE with MISA; GIZ; CoGTA
Activities	Municipality receive the allocation letter and sign a contractual agreement with the DMRE	Roll out the implementation plan	Site visits for projects as required
Indicator	Funding Allocation received & contact signed with DMRE	Actual versus budgeted expenditure	Number of sites visits conducted
Frequency	Annually	Monthly	As needed
Source of data	DoRA	Municipalities	DMRE/Municipalities
Activities	Municipality submit a detailed energy consumption baseline data as well as the narrative/business plan signed by the municipal manager	Municipalities sign contractual agreement with Service Provider/Entities	Municipalities submits reports on monthly basis
Indicator	Number of Business Plans submitted to the DMRE	Number of Signed Agreements with ServiceProviders/Entities	Number of reports drafted
Frequency	Annually	Annually	Monthly
Source of data	Municipalities	Municipalities	Municipalities
Activities	Municipalities submit the proposals as per the guidelines issued by the DMRE	Municipalities sign contractual agreement with DMRE	Monitor progress against the implementation plan
Indicator	Number of proposals submitted to the DMRE	Approved Plans and Budget	% of sites completed
Frequency	Annually	Annually	Ongoing
Inputs		Goods and Services: Material & Supplies	
Inputs	Consultants	Municipal Entities	
Inputs	Project Administrator	Contractor/Service providers accredited by DMRE	Site inspectors
Inputs	Municipality Planning unit	Municipal Officials	Technical Managers
Performance indicator			% of reports compiled
Frequency	Annually	Annually	Monthly
Programme elements	Municipality Electrification Planning	Implementation	Monitoring and Reporting
Responsibility	Municipalities: Municipal Manager	Municipalities	Energy Efficiency Unit/Municipalities

Appendix C- Total Expenditure for Municipalities over 5 years

Row Labels	2017/18	2018/19	2019/20	2020/21	2016/17	Grand Total
Eastern Cape	R 17 445	R 24 875	R 15 999	R 20 090	R 19 000	R 97 409
King Sabata Dalindyebo	R 7 923	R 6 880	R 8 000		R 8 000	R 30 803
Alfred Nzo	R 5 000	R 5 000	R -	R 4 141	R 8 000	R 22 141
Buffalo City	R 4 522	R 7 995		R 5 378		R 17 895
Elundini		R 5 000		R 4 500		R 9 500
Nelson Mandela Bay				R 6 071		R 6 071
Raymond Mhlaba			R 4 000			R 4 000
Kouga			R 3 999			R 3 999
Dr Beyers Naude					R 3 000	R 3 000
Port St Johns				R -		R -
Free State	R 8 076	R 10 521	R 29 078	R 12 868	R 11 432	R 71 975
Nala		R 4 999	R 6 997	R 4 500	R 6 000	R 22 496
Thabo Mafutsanyana	R 6 000	R 5 522	R 7 260	R 2 135		R 20 917
Ngwathe			R 4 785	R 4 450		R 9 235
Fezile Dabi			R 5 213	R 1 783		R 6 996
Masilonyana	R 2 076				R 3 618	R 5 694
Matjhabeng			R 4 823	R -		R 4 823
Mangaung					R 1 814	R 1 814
Mafube					R -	R -
Gauteng	R 30 255	R 25 704	R 32 183	R 22 414	R 19 844	R 130 400
Ekurhuleni	R 12 000	R 13 629		R 1 330	R 15 000	R 41 959
City of Johannesburg	R 7 987			R 7 334	R 4 844	R 20 165
Tshwane		R 257	R 10 853	R 6 551		R 17 661
Fezile Dabi	R 6 000		R 6 883			R 12 883
Johannesburg			R 9 447			R 9 447
Rand West		R 5 818		R 3 599		R 9 417
Emfuleni			R 5 000	R 3 600		R 8 600
Lesedi		R 6 000				R 6 000
Mogale City	R 4 268					R 4 268
Kwazulu Natal	R 26 300	R 34 520	R 25 385	R 5 988	R 11 770	R 103 963
Ethekwini	R 14 450	R 14 619		R -		R 29 069
Harry Gwala	R 6 032		R 7 000		R 3 770	R 16 802
Mkunduzi			R 8 000		R 8 000	R 16 000
Ray Nkonyeni	R 1 537	R 2 573	R 8 000			R 12 110
Ilembe	R 4 201	R 7 000	R 61	R -		R 11 262
City of UMhlatuze		R 6 000				R 6 000
KwaDukuza		R 4 328				R 4 328
Endumeni				R 3 510		R 3 510
Umlathuze	R 80			R 2 478		R 2 558
Zululand			R 2 324			R 2 324
Newcastle			R -			R -
Limpopo	R 12 802	R 10 285	R 11 510	R 16 623	R 20 625	R 71 845
Polokwane	R 4 314	R 1 254	R 4 511			R 10 079
Greater Letaba			R 4 999	R 3 600		R 8 599
Thulamela					R 8 000	R 8 000
Ba Phalaborwa	R 4 105			R 3 617		R 7 722
Greater Tzaneen					R 7 000	R 7 000
Blouberg		R 4 531	R 2 000			R 6 531
Makhado					R 5 625	R 5 625
Elias Motsoaledi		R 4 500				R 4 500
Musina	R 4 383					R 4 383
Bela Bela				R 3 600		R 3 600
Ephraim Mogale				R 3 268		R 3 268
Molemole				R 2 538		R 2 538
Mogalakwena					R -	R -
Mpumalanga	R 10 665	R 17 954	R 17 563	R 20 470	R 16 802	R 83 454
Mbombela	R 10 371		R 7 815	R 6 971	R 10 000	R 35 157
Bushbuckridge		R 6 000		R 4 500		R 10 500
Victor Khanye					R 6 802	R 6 802
Thembisile Hani			R 3 118	R 3 599		R 6 717
Govan Mbeki	R -	R 6 000				R 6 000
Lekwa Teemane		R 5 954				R 5 954
Mkhondo			R 4 000			R 4 000
Dipaleseng				R 2 700		R 2 700
Chief Albert Luthuli				R 2 700		R 2 700
Nkomazi			R 2 630			R 2 630
Thaba Chueu	R 294					R 294
North West	R 14 086	R 8 606	R 10 748	R 12 945	R 8 000	R 54 385
Mafikeng	R 6 000	R 5 721		R 4 347		R 16 068
JB Marks	R 5 507		R 3 928	R -		R 9 435
City of Matlosana		R 91	R 2 894	R 5 903		R 8 888
Lekwa Teemane		R 2 794	R 3 926			R 6 720
Bojanala					R 5 000	R 5 000
Maquassi Hills					R 3 000	R 3 000
Tswaing				R 2 695		R 2 695
Naledi	R 2 579					R 2 579
Rustenburg				R -		R -
Mamusa		R -				R -
Northern Cape	R 10 856	R 12 636	R 8 000	R 8 079	R 12 374	R 51 945
Sol Plaatje	R 6 000	R 6 996				R 12 996
Dawid Kruiper	R 2 908	R 2 640			R 7 000	R 12 548
Gamagara			R 5 000	R 5 118		R 10 118
Umsobomvu					R 5 000	R 5 000
Karoo Hoogland	R 1 948	R 3 000				R 4 948
Siyancuma			R 3 000			R 3 000
Kgatelopele				R 1 443		R 1 443
Kheis				R 1 266		R 1 266
Kai Garib					R 374	R 374
eMthanjeni				R 252		R 252
Renosterberg			R -			R -
Western Cape	R 24 141	R 32 031	R 39 039	R 19 067	R 31 296	R 145 574
City of Cape Town	R 7 828	R 10 000	R 11 064	R 8 268	R 15 000	R 52 160
George	R 4 880	R 8 085	R 7 000	R 2 708		R 22 673
Stellenbosch	R 7 236				R 8 000	R 15 236
Cape Agulhas		R 5 000	R 6 000			R 11 000
Swartland		R 3 000	R 4 000	R 3 600		R 10 600
Drakenstein			R 4 999		R 5 000	R 9 999
Bitou			R 5 976			R 5 976
Knysna		R 5 946				R 5 946
Beaufort West	R 4 197					R 4 197
Hassequa				R 3 486		R 3 486
Breede Valley					R 3 296	R 3 296
Theewaterskloof				R 1 005		R 1 005
Eden	R -					R -
Grand Total	R 154 626	R 177 132	R 189 505	R 138 544	R 151 143	R 810 950

